



US\$299,872,000 8.750% Senior Secured Notes due 2030

issued by

VOLCAN COMPAÑÍA MINERA S.A.A.

and guaranteed by the Guarantors (as defined below)

Volcan Compañía Minera S.A.A., a *sociedad anónima abierta* organized under Peruvian law (Legal Entity Identifier: 549300XKJ91C4SZLG750) (the “Company”) has issued US\$299,872,000 aggregate principal amount of its 8.750% Senior Secured Notes due 2030 (the “Notes”), pursuant to its offer to exchange any and all of its 4.375% Senior Notes due 2026 (the “Existing Notes”) for the Notes.

These listing particulars dated October 11, 2024 (these “Listing Particulars”) have been prepared solely in connection with the listing of the Notes (as defined below) on the Official List of the Luxembourg Stock Exchange.

These Listing Particulars should be read together with the Exchange Offering Memorandum and Consent Solicitation Statement dated July 13, 2023 (the “Base Offering Memorandum”), as supplemented by Supplement No. 1 dated as of August 15, 2024 (the “Offering Memorandum Supplement” and, together with the Base Offering Memorandum, hereinafter collectively referred to as the “Exchange Offering Memorandum”), pursuant to which the Notes were offered and sold, both of which are attached as Exhibits hereto. The Exhibits form part of these Listing Particulars. Any capitalized terms used herein but not defined shall have the meaning given to them in the Exchange Offering Memorandum.

Terms of the Notes

The Notes are issued by the Company and initially guaranteed on a senior basis by each of the following subsidiary guarantors (together, the “Subsidiary Guarantors”): (i) Compañía Minera Chungar S.A.C, (ii) Empresa Administradora Cerro S.A.C., (iii) Empresa Minera Paragsha S.A.C., (iv) Compañía Industrial Limitada de Huacho S.A., (v) Roquel Global S.A.C., and (vi) Compañía Hidroeléctrica Tingo S.A.. The terms of the Notes, including the Collateral that secures the Notes, are as described in the Exchange Offering Memorandum.

Security Identifiers

The security identifiers for the Notes are set forth in the table below:

Notes	Form	CUSIP	ISIN	Common Code
8.750% Senior Secured Notes due 2030	Rule 144A	92863UAC0	US92863UAC09	290269016
8.750% Senior Secured Notes due 2030	Regulation S	P98047AD8	USP98047AD80	290269024

Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and for the Notes to be traded on the Euro MTF Market operated by the Luxembourg Stock Exchange, which is a multilateral trading facility for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended (“MiFID II”), and, therefore, not an EU-regulated market.

These Listing Particulars constitute a prospectus for the purposes of Part IV of the Luxembourg law on prospectuses for securities, dated July 16, 2019. These Listing Particulars do not constitute a prospectus within the meaning of Regulation (EU) No 1129/2017 of the European Parliament and of the Council of 14 June 2017 (as amended, the “Prospectus Regulation”). Neither the Luxembourg Financial Supervisory Authority (*Commission de Surveillance du Secteur Financier*), nor any other “competent authority” (as defined in the Prospectus Regulation) has approved these Listing Particulars or reviewed information contained in the Listing Particulars.

The Luxembourg Stock Exchange has only scrutinized and approved the sections of the Exchange Offering Memorandum that relate to the listing of the Notes and not the sections that relate to the Exchange Offer. The sections relating to the Exchange Offer are provided for informational purposes only.

These Listing Particulars (including the Exchange Offering Memorandum) will be published on the internet website of the Luxembourg Stock Exchange www.luxse.com and will be available for download free of charge.

The Company did not register the Notes under the Securities Act of 1933, as amended (the “Securities Act”). Accordingly, the Notes were only offered and sold pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

EXHIBIT A
EXCHANGE OFFERING MEMORANDUM

EXCHANGE OFFER MEMORANDUM AND CONSENT SOLICITATION STATEMENT



Offer to Exchange any and all of the 4.375% Senior Notes due 2026 (the “Existing Notes”) for Newly Issued 8.750% Senior Secured Notes due 2030 (the “New Notes”) and Solicitation of Consents to Proposed Amendments to the Existing Indenture governing the Existing Notes

To be eligible to receive the Total Consideration (as defined below), which includes the Early Participation Premium (as defined below), registered holders of the Existing Notes (each such holder, a “Holder”) must validly tender their Existing Notes and deliver their Consents (as defined below) on or prior to 5:00 p.m., New York City time, on August 22, 2024, unless extended or earlier terminated by the Company (as defined below), in its sole discretion (such date and time, as the same may be extended or earlier terminated, the “Early Participation Deadline”). Existing Notes tendered for exchange on or prior to the Early Participation Deadline may be validly withdrawn, and the related Consents may be validly revoked, at any time prior to 5:00 p.m., New York City time, on August 22, 2024, unless extended by the Company, in its sole discretion (such date and time, as the same may be extended, the “Withdrawal Deadline”). The Exchange Offer (as defined below) will expire at 5:00 p.m., New York City time, on September 6, 2024, unless extended by the Company, in its sole discretion (such date and time, as the same may be extended, the “Expiration Deadline”). Eligible Holders who validly tender their Existing Notes and deliver their Consents after the Early Participation Deadline, but on or prior to the Expiration Deadline, will be eligible to receive only the Exchange Consideration (as defined below).

Volcan Compañía Minera S.A.A., a *sociedad anónima abierta* organized under Peruvian law (the “Company”), hereby offers to Eligible Holders (as defined below) the opportunity to exchange (the “Exchange Offer”) upon the terms and subject to the conditions set forth in this Exchange Offer Memorandum and Consent Solicitation Statement (as it may be amended or supplemented from time to time, this “Exchange Offer Memorandum”) any and all of the Existing Notes for the consideration described in “Description of the Exchange Offer and the Solicitation—Total Consideration, Exchange Consideration and Early Participation Premium.” The Existing Notes will be exchanged for newly issued 8.750% Senior Secured Notes due 2030 (the “New Notes”), issued by the Company, initially guaranteed on a senior basis by the subsidiary guarantors described in “Description of New Notes” (the “Subsidiary Guarantors”) and secured by the Collateral (as defined in “Description of New Notes”).

Simultaneously with the Exchange Offer, the Company is conducting a solicitation (the “Solicitation”) of consents (the “Consents”) from Eligible Holders to effect certain proposed amendments (the “Proposed Amendments”) to the indenture dated as of February 11, 2021, between the Company, as issuer, and certain subsidiaries of the Company, as guarantors, and the Trustee under which the Existing Notes were issued (as amended and supplemented, the “Existing Indenture”). See “Description of New Notes” and “Proposed Amendments to the Existing Indenture.” The Exchange Offer and Solicitation may be amended, extended, terminated or withdrawn, *provided* that the Exchange Offer is subject to the satisfaction of the Minimum Exchange Condition and Expenses Payment Condition (both as defined below), unless waived pursuant to the terms of the Exchange Offer.

We have entered into a Transaction Support Agreement (the “Transaction Support Agreement”) dated August 5, 2024, between the Company, the Subsidiary Guarantors and an ad hoc group of holders of Existing Notes (the “Supporting Noteholders”). Subject to the terms and conditions set forth in the Transaction Support Agreement, the Supporting Noteholders have agreed to tender their Existing Notes in the Exchange Offer and deliver Consents to the Proposed Amendments prior to the Early Participation Deadline. The Supporting Noteholders represented pursuant to the Transaction Support Agreement that they hold 36.3% of the aggregate principal amount of the Existing Notes as of the date of this Exchange Offer Memorandum. Under the Transaction Support Agreement, the Company has agreed to pay the reasonable and documented fees and expenses of the legal counsel and financial advisor to the Supporting Noteholders in accordance with the terms of the respective reimbursement letters entered into by the Company with each such party (“Ad Hoc Group Expenses”).

The obligation of the Company to accept Existing Notes tendered and Consents delivered pursuant to the Exchange Offer and the Solicitation, respectively, is subject to certain conditions, which include the tender of Existing Notes and the receipt of Consents from Eligible Holders representing not less than 90% of the aggregate principal amount of the Existing Notes outstanding (the “Required Holders”) prior to the Expiration Deadline (the “Minimum Exchange Condition”) and the payment of the Ad Hoc Group Expenses prior to or on the Settlement Date (as defined below) (the “Expenses Payment Condition”). The Company reserves the right, subject to applicable law, to waive any and all conditions to the Exchange Offer, *provided* that the majority of the Supporting Noteholders under the Transaction Support Agreement shall approve in writing a waiver of (i) the Expenses Payment Condition and (ii) the Minimum Exchange Condition to reduce it below a certain percentage of the Required Holders which must tender their Existing Notes and deliver their Consents pursuant to the Exchange Offer and the Solicitation; and *provided further* that, pursuant to the terms of the Credit Agreement, as defined below, approval of lenders representing a majority of the loan obligations will be required for the waiver of the Minimum Exchange Condition. See “Description of the Exchange Offer and the Solicitation—Conditions to the Exchange Offer and the Solicitation.”

Existing Notes	CUSIP/ISIN Numbers	Principal Amount Outstanding	Early Participation Premium ⁽¹⁾	Exchange Consideration ⁽²⁾	Total Consideration ⁽³⁾
4.375% Senior Notes due 2026	92863U AB2 / P98047 AC0 US92863UAB26 / USP98047AC08	US\$365,000,000	US\$50.00	US\$960.00	US\$1,010.00

(1) Early Participation Premium payable on the Settlement Date (as defined below) per each US\$1,000 aggregate principal amount of Existing Notes validly tendered (and not validly withdrawn) on or prior to the Early Participation Deadline. The Early Participation Premium will be payable in principal amount of New Notes on the Settlement Date.

- (2) Exchange Consideration per each US\$1,000 aggregate principal amount of Existing Notes validly tendered (and not validly withdrawn) after the Early Participation Deadline but on or prior to the Expiration Deadline. The Exchange Consideration will be payable in principal amount of New Notes on the Settlement Date. The Exchange Consideration does not include the Accrued Interest (as defined below). Accrued Interest will be paid in cash on the Settlement Date. Holders who validly tender Existing Notes after the Early Participation Deadline but prior to the Expiration Deadline will receive only the Exchange Consideration and Accrued Interest.
- (3) Total Consideration payable per each US\$1,000 aggregate principal amount of Existing Notes validly tendered (and not validly withdrawn) on or prior to the Early Participation Deadline. The Total Consideration for the Existing Notes will be payable in principal amount of New Notes, on the Settlement Date. The Total Consideration includes the Early Participation Premium, and does not include the Accrued Interest, which will be paid in cash on the Settlement Date. Holders who tender after the Early Participation Deadline but prior to the Expiration Deadline will receive only the Exchange Consideration.

Upon the terms and subject to the conditions set forth in the Exchange Offer Documents (as defined below), Eligible Holders who validly tender Existing Notes and deliver Consents, and do not validly revoke such tenders and Consents, on or prior to the Early Participation Deadline and whose Existing Notes are accepted for exchange by us will receive the Total Consideration. Eligible Holders who validly tender Existing Notes and deliver Consents after the Early Participation Deadline and before the Expiration Deadline and whose Existing Notes are accepted for exchange by us will receive the Exchange Consideration. The exchange consideration for each US\$1,000 aggregate principal amount of Existing Notes is equal to US\$960.00 principal amount of New Notes (the “Exchange Consideration”). The early participation premium for each US\$1,000 aggregate principal amount of Existing Notes validly tendered (and not validly withdrawn) on or prior to the Early Participation Deadline will be equal to US\$50.00, payable on the Settlement Date (the “Early Participation Premium”). The total consideration for each US\$1,000 aggregate principal amount of Existing Notes validly tendered (and not validly withdrawn) on or prior to the Early Participation Deadline is equal to US\$1,010 (the “Total Consideration”), which will be payable in principal amount of New Notes on the Settlement Date.

Eligible Holders whose Existing Notes are accepted for exchange will be paid accrued and unpaid interest on such Existing Notes from, and including, the most recent date on which interest was paid on such Holder’s Existing Notes to, but not including, the Settlement Date (the “Accrued Interest”), payable on the Settlement Date. Accrued Interest will be paid in cash on the Settlement Date. Interest will cease to accrue on the Settlement Date for all Existing Notes accepted for exchange in the Exchange Offer.

The New Notes will mature on January 24, 2030. Interest on the New Notes will accrue from the Settlement Date and will be payable semi-annually, in arrears on January 24 and July 24 of each year, commencing on January 24, 2025. The New Notes and the guarantees will be senior obligations of the Company and the Subsidiary Guarantors (as defined herein), respectively, secured by first priority liens on the Collateral (as defined herein), subject to permitted liens and certain other exceptions as described under “Description of New Notes—*Security for the New Notes—Collateral*.” The New Notes will rank equal in right of payment with all other existing and future senior indebtedness of the Company, including the Existing Notes to the extent they remain outstanding following the Exchange Offer and the Company’s guarantee of indebtedness under the Credit Agreement (as defined herein), and the guarantees will rank equal in right of payment with all other existing and future indebtedness of the Subsidiary Guarantors, including indebtedness under the Credit Agreement and the guarantees of the Existing Notes that remain outstanding following the completion of the Exchange Offer and the Solicitation of Consents. See “Description of New Notes—*The New Notes, the Guarantees and the Indenture*.” The New Notes and the guarantees will be effectively *pari passu* with all existing and future indebtedness permitted to be secured by a first-priority lien on the Collateral, subject to permitted collateral liens and existing liens and rights on the Collateral, be effectively senior in right of payment to all existing and future subordinated indebtedness of the Company and the Subsidiary Guarantors, and be effectively senior to all other existing and future senior indebtedness of the Company and the Subsidiary Guarantors that is unsecured or that is secured by junior liens or liens that are not on the Collateral, in each case to the extent of the value of the Collateral. The New Notes and the guarantees will be effectively subordinated to (i) the extent of the value of the collateral securing (x) all existing and future secured indebtedness of the Company to the extent such security interest does not also secure the New Notes, and (y) all existing and future secured indebtedness of the Subsidiary Guarantors to the extent such security interest does not also secure the guarantees, (ii) all additional existing and future indebtedness of the Company’s subsidiaries that does not provide a guarantee, and (iii) obligations of the Company or the Subsidiary Guarantors preferred by statute or by operation of law.

We may redeem some or all of the New Notes at any time at the redemption prices described under “Description of New Notes—*Optional Redemption*.” The New Notes will be issued to Eligible Holders in minimum denominations of US\$2,000 and multiples of US\$1,000 above that amount.

The New Notes and the guarantees of the New Notes have not been and will not be registered or qualified under the Securities Act of 1933, as amended (the “Securities Act”), any state securities laws, or the securities laws of Canada or any other jurisdiction. The New Notes may not be offered or sold in the United States or to any “U.S. persons” (as defined in Rule 902 under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of certain restrictions on resale and transfer of the New Notes, see “*Transfer Restrictions*” and “*Notice to Certain Non-U.S. Holders*” in this Exchange Offer Memorandum. The New Notes are being offered for exchange only (1) to Holders of Existing Notes that are reasonably believed to be “qualified institutional buyers” as defined in Rule 144A under the Securities Act (“QIBs”), in a private transaction in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof, and (2) outside the United States, to Holders of Existing Notes who are not U.S. persons and who are not acquiring New Notes for the account or benefit of a U.S. person, in offshore transactions in compliance with Regulation S under the Securities Act. The offer and sale of the New Notes are also subject to limitations in certain other jurisdictions. See “*Notice to Certain Non-U.S. Holders*.” Only Holders who have returned a duly completed Eligibility Letter (as defined below) certifying that they are within one of the categories described in the second preceding sentence and meet the other requirements set forth in “*Description of the Exchange Offer and the Solicitation—Other Matters*” are authorized to receive and review this Exchange Offer Memorandum and participate in the Exchange Offer and the Solicitation (such Holders, the “Eligible Holders”). Holders may not tender their Existing Notes for exchange pursuant to the Exchange Offer without delivering their Consents pursuant to the Solicitation and Holders may not deliver their Consents pursuant to the Solicitation without tendering their Existing Notes for exchange pursuant to the Exchange Offer. The tender of Existing Notes by a Holder for exchange pursuant to the Exchange Offer will constitute the Consent of such Holder to the Proposed Amendments.

There is currently no public market for the New Notes. We will apply to list the amount of US\$299,872,000 of New Notes, as a result of the Exchange Offer, on the Official List of the Luxembourg Stock Exchange and admit them for trading on the Euro MTF Market of the Luxembourg Stock Exchange. Our LEI code is 549300XKJ91C4SZLG750. This offering memorandum constitutes a prospectus for the purposes of Part IV of the Luxembourg law on prospectuses for securities, dated July 16, 2019. The Luxembourg Stock Exchange has only scrutinized and approved the sections of the Exchange Offer Memorandum that relate to the listing of the New Notes and not the sections that relate to the Exchange Offer. The sections relating to the Exchange Offer are provided for informational purposes only.

Neither the U.S. Securities Exchange Commission (the “SEC”) nor any state securities commission or any other regulatory body has approved or disapproved of these securities or determined if this Exchange Offer Memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

You should consider the risk factors beginning on page 24 of this Exchange Offer Memorandum before you decide whether to participate in the Exchange Offer and the Solicitation of Consents, and invest in the New Notes.

Dealer Managers and Solicitation Agents

BofA Securities

Moelis & Company

August 5, 2024

TABLE OF CONTENTS

	<u>Page</u>
Important Dates and Times.....	i
About this Exchange Offer Memorandum and Consent Solicitation Statement.....	iii
Notice to Certain Investors	v
General Matters	vi
Additional Information	vi
Enforcement of Judgments	vi
Cautionary Statement Regarding Forward-Looking Statements	viii
Presentation of Financial Information	viii
Presentation of Country, Market and Other Information.....	ix
Mineral Resource and Reserve Data.....	x
Glossary of Certain Mining Terms	xi
Summary.....	1
Summary of the New Notes.....	8
Summary Consolidated Financial Data	15
Risk Factors	25
Use of Proceeds	52
Description of the Exchange Offer and the Solicitation	53
Proposed Amendments to the Existing Indenture.....	65
Capitalization.....	67
Exchange Rates	69
Selected Consolidated Financial Data	70
Selected Operating Data	73
Management’s Discussion and Analysis of Financial Condition and Results of Operations	75
Business	88
Industry Overview	117
Regulatory Framework	126
Management	136
Principal Shareholders and Description of Share Capital	139
Related Party Transactions	141
Description of Certain Material Agreements.....	142
Description of New Notes	145
Book-Entry, Delivery and Form	224
Transfer Restrictions.....	227
Notice to Certain Non-U.S. Holders.....	232
Taxation.....	239
Validity of the New Notes	245
Information Related to the Exchange Agent, the Information Agent and the Dealer Managers	245
Independent Auditors	247
Listing and General Information.....	248
Index to Financial Statements.....	F-1

IMPORTANT DATES AND TIMES

Please take note of the following important dates and times in connection with the Exchange Offer and the Solicitation.

Date	Calendar Date	Event
Commencement of the Exchange Offer and the Solicitation	August 5, 2024.	The day the Exchange Offer and the Solicitation are announced and this Exchange Offer Memorandum is made available to Eligible Holders.
Early Participation Deadline	5:00 p.m., New York City time, on August 22, 2024, unless extended or earlier terminated by the Company, in its sole discretion, in which case the term “Early Participation Deadline” will mean the latest date and time to which it is extended.	The deadline for Eligible Holders to validly tender Existing Notes for exchange for New Notes and deliver Consents in order to be eligible to receive the Total Consideration on the Settlement Date.
Withdrawal Deadline	5:00 p.m., New York City time, on August 22, 2024, unless extended or earlier terminated by the Company, in its sole discretion, in which case the term “Withdrawal Deadline” will mean the latest date and time to which it is extended.	The deadline for Existing Notes validly tendered for exchange and Consents validly delivered prior to the Early Participation Deadline to be validly withdrawn and revoked, unless a later deadline is required by law. See “<i>Description of the Exchange Offer and the Solicitation—Withdrawal of Tenders and Revocation of Consents.</i>” At any time after the Withdrawal Deadline and before the Expiration Deadline, if the Minimum Exchange Condition has been satisfied and the Company has received the Consents from the Eligible Holders, on such date, the Company and the Trustee may execute and deliver a supplemental indenture to the Existing Indenture (the “Supplemental Indenture”). The Supplemental Indenture will give effect to the Proposed Amendments to the Existing Notes that will be effective upon execution but will only become operative upon consummation of the Exchange Offer on the Settlement Date. However, the Supplemental Indenture, by its terms, will provide that the Proposed Amendments will not become operative unless and until the Total Consideration and the Exchange Consideration, as applicable, is paid to tendering holders of the Existing Notes at the Settlement Date.

		Unless the context indicates otherwise, all references to a valid tender of the Existing Notes and delivery of the Consents in this Exchange Offer Memorandum shall mean that such Existing Notes and such Consents have been validly tendered or delivered, at or prior to the Early Participation Deadline or the Expiration Deadline, as applicable, and such tender or delivery has not been validly withdrawn or revoked at or prior to the Withdrawal Deadline.
Expiration Deadline	5:00 p.m., New York City time, on September 6, 2024, unless extended or terminated earlier by the Company, in its sole discretion, in which case the term “Expiration Deadline” will mean the latest date and time to which it is extended.	The deadline for Eligible Holders to validly tender Existing Notes for their exchange for New Notes and deliver Consents to be eligible to receive the Exchange Consideration on the Settlement Date.
Settlement Date	The “Settlement Date” will be promptly following the Expiration Deadline and is expected to be the second Business Day (as defined below) after the Expiration Deadline. The expected Settlement Date is September 10, 2024, unless extended.	New Notes will be issued in connection with the exchange of any Existing Notes validly tendered in the Exchange Offer and accepted by the Company prior to the Expiration Deadline, in the amount and manner described in this Exchange Offer Memorandum.

The above times and dates are subject to the Company’s right to extend, amend and/or terminate either of the Exchange Offer and the Solicitation of Consents (subject to applicable law and as provided in this Exchange Offer Memorandum). The Exchange Offer and Solicitation may be amended, extended, terminated or withdrawn, *provided* that the Exchange Offer is subject to the satisfaction of the Minimum Exchange Condition and Expenses Payment Condition, unless waived pursuant to the terms of the Exchange Offer. Eligible Holders of Existing Notes are advised to check with any bank, securities broker or other intermediary through which they hold Existing Notes as to when such intermediary would need to receive instructions from a beneficial owner in order for that beneficial owner to be able to participate in, or withdraw their instruction to participate in, the Exchange Offer before the deadlines specified in this Exchange Offer Memorandum. The deadlines set by any such intermediary, The Depository Trust Company (“DTC”), Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”), and Clearstream Banking, *société anonyme* (“Clearstream”) for the submission of tender instructions may be earlier than the relevant deadlines specified above.

A “Business Day” means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law, regulation or executive order to close in New York City, United States or in Lima, Peru.

ABOUT THIS EXCHANGE OFFER MEMORANDUM AND CONSENT SOLICITATION STATEMENT

In this Exchange Offer Memorandum, unless otherwise indicated or the context otherwise requires, all references in this Exchange Offer Memorandum to:

- the “Company,” “issuer,” “Volcan,” “we,” “our,” and “us” are to Volcan Compañía Minera S.A.A., a *sociedad anónima abierta* organized under Peruvian law;
- the “Subsidiary Guarantors” are to Compañía Minera Chungar S.A.C. (“Compañía Minera Chungar”), Empresa Administradora Cerro S.A.C. (“Empresa Administradora Cerro”), Empresa Minera Paragsha S.A.C. (“Empresa Minera Paragsha”), Compañía Industrial Limitada de Huacho S.A. (“Compañía Industrial Huacho”) Roquel Global S.A.C. (“Roquel Global”) and Compañía Hidroeléctrica Tingo S.A. (“Compañía Hidroeléctrica Tingo”);
- the “Dealer Managers” is to BofA Securities, Inc. and Moelis & Company LLC, the Dealer Managers and Solicitation Agents for the Exchange Offer and the Solicitation;
- the “Trustee,” the “Registrar,” the “Paying Agent,” or the “Transfer Agent” are to Citibank, National Association, acting in such capacities under the Existing Indenture and the indenture governing the New Notes (the “New Notes Indenture”), as applicable;
- the “Exchange Agent” or the “Information Agent” are to D.F. King & Co., Inc.; and
- “US\$” and “U.S. dollars” are to the lawful currency of the United States of America.

None of the Company, the Subsidiary Guarantors, the Dealer Managers, the Trustee, the Registrar, the Paying Agent, the Transfer Agent, the Exchange Agent or the Information Agent have authorized anyone to provide you with any information or to make any representation not contained, or incorporated by reference, in this Exchange Offer Memorandum or to which we have referred you. Accordingly, none of the Company, the Subsidiary Guarantors, the Dealer Managers, the Trustee, the Registrar, the Paying Agent, the Transfer Agent, the Exchange Agent or the Information Agent takes responsibility for, and can provide no assurance as to the reliability of, any other information. You should assume that the information appearing in this Exchange Offer Memorandum is accurate only as of the date on the front cover of this Exchange Offer Memorandum. Neither the delivery of this Exchange Offer Memorandum nor any exchange hereunder will, under any circumstance, create any implication that the information herein is current as of any time subsequent to the date hereof, or that there has been no change in the affairs of the Company as of such date. Our business, financial condition, results of operations and prospects may have changed since such date.

Neither we nor the Dealer Managers are making, and this Exchange Offer Memorandum does not constitute, an offer or sale of New Notes, or an offer or an invitation by, or on behalf of, us or by, or on behalf of, the Dealer Managers to participate in the Exchange Offer in any jurisdiction in which it is unlawful to make such an offer, sale or solicitation. The distribution of this Exchange Offer Memorandum and the Exchange Offer of the Existing Notes for the New Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum comes are required by us and the Dealer Managers to inform themselves about and to observe any such restrictions. This Exchange Offer Memorandum may not be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. See “Notice to Certain Non-U.S. Holders.”

This Exchange Offer Memorandum is a confidential document that is being provided for informational use solely in connection with the consideration of the Exchange Offer and an investment in the New Notes (i) to Holders that are reasonably believed to be QIBs in a private transaction in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof and (ii) outside the United States, to Holders who are not “U.S. persons” (as defined in Rule 902 under the Securities Act) and who are not acquiring New Notes for the account or benefit of a U.S. person, in offshore transactions in compliance with Regulation S under the Securities Act. The offer and sale of the New Notes are also subject to limitations in certain other jurisdictions. See “Notice to Certain Non-U.S. Holders.” Only Holders who have returned a duly completed eligibility letter related to

this Exchange Offer Memorandum certifying that they are within one of the categories described in the second preceding sentence (the “Eligibility Letter” and, together with this Exchange Offer Memorandum, the “Exchange Offer Documents”) and meet the other requirements set forth in “*Description of the Exchange Offer and the Solicitation—Other Matters*” are authorized to receive and review this Exchange Offer Memorandum and participate in the Exchange Offer and the Solicitation.

The use of this Exchange Offer Memorandum for any other purpose is not authorized. Distribution of this Exchange Offer Memorandum to any person other than the offeree and any person retained to advise such offeree with respect to its participation in the Exchange Offer is unauthorized, and any disclosure of any of its contents is prohibited. Each prospective participant in the Exchange Offer, by accepting delivery of this Exchange Offer Memorandum, agrees to the foregoing and to make no copies or reproductions of this Exchange Offer Memorandum or any Exchange Offer Documents in whole or in part.

We are relying on exemptions from registration under the Securities Act for the Exchange Offer of the Existing Notes for the New Notes that do not involve a public offering. Because the New Notes have not been and will not be registered under the Securities Act or any other laws, they are subject to certain restrictions on transfer. You should read the information contained under “*Transfer Restrictions*” in this Exchange Offer Memorandum for a description of the restrictions on transfers of beneficial interests in the New Notes. By delivering the Eligibility Letter related to this Exchange Offer Memorandum and by tendering your Existing Notes and accepting the New Notes in the Exchange Offer, you will be agreeing with certain statements, and you will be making certain acknowledgements, representations and agreements, described under “*Transfer Restrictions*” and “*Description of the Exchange Offer and the Solicitation—Other Matters*” in this Exchange Offer Memorandum. You may be required to bear the financial risks of your investment for an indefinite period of time.

Neither the SEC nor any other regulatory body has registered, recommended or approved of these securities or passed upon the accuracy or adequacy of this Exchange Offer Memorandum. Any representation to the contrary is a criminal offense. Neither we nor the Dealer Managers are making any representations to any offeree of the New Notes described herein regarding the legality of an investment therein by such offeree under applicable legal investment or similar laws or regulations. None of the Company, the Subsidiary Guarantors, the Dealer Managers, the Trustee, the Registrar, the Paying Agent, the Transfer Agent, the Exchange Agent or the Information Agent makes any recommendation as to whether or not Eligible Holders of the Existing Notes should exchange their Existing Notes or deliver Consents in the Exchange Offer and the Solicitation.

You should read this entire Exchange Offer Memorandum and any related documents and any amendments or supplements carefully before making your decision to participate in the Exchange Offer. In making an investment decision regarding the New Notes, you must rely on your own examination of us, the terms of the Exchange Offer, the terms of the Solicitation of Consents, and the terms of the New Notes, including the merits and risks involved. You should not consider any information in this Exchange Offer Memorandum to be legal, business, financial or tax advice. You should consult your own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of participating in the Exchange Offer.

This Exchange Offer Memorandum contains summaries of certain documents which we believe are accurate, and it incorporates certain documents and information by reference. We refer you to the actual documents and information for a more complete understanding of what is discussed in this Exchange Offer Memorandum, and we qualify all summaries by such reference. We will make copies of such documents and information available to you upon request. Eligible Holders must tender their Existing Notes in accordance with the procedures described under “*Description of the Exchange Offer and the Solicitation—Procedures for Tendering*.”

Any questions regarding the terms of the Exchange Offer and the Solicitation should be directed to the Dealer Managers. The address and telephone numbers of the Dealer Managers are listed on the back-cover page of this Exchange Offer Memorandum. Any questions concerning tender procedures and requests for additional copies of the Exchange Offer Documents should be directed to the Information Agent at its address or telephone numbers listed on the back-cover page of this Exchange Offer Memorandum. Any questions concerning the terms of the Exchange Offer should be directed to the Dealer Managers at the telephone numbers listed on the back-cover page of this Exchange Offer Memorandum.

After the Expiration Deadline, the Company or any of its affiliates may, from time to time, purchase additional Existing Notes in the open market, in privately negotiated transactions, through cash tender offers, exchange offer or otherwise, or the Company may redeem Existing Notes pursuant to the terms of the Existing Indenture or repay the Existing Notes at or prior to maturity. Any future purchases may be on the same terms or on terms that are more or less favorable to Eligible Holders of Existing Notes than the terms of the Exchange Offer and, in either case, could be for cash or other consideration. Any future purchases or transactions will depend on various factors existing at that time. There can be no assurance as to which, if any, of these alternatives (or combinations thereof) we choose to pursue in the future.

NOTICE TO CERTAIN INVESTORS

Notice to Investors within the United Kingdom

The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (“FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the New Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

Notice to Investors within the European Economic Area

The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the New Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Notice to Investors within Canada

The New Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the New Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

GENERAL MATTERS

The information in this Exchange Offer Memorandum relates to an exchange offer that is exempt from the registration requirements under the Securities Act. The information included in this Exchange Offer Memorandum is not intended to, and does not, comply with all of the disclosure requirements of the SEC that would apply if the Exchange Offer and Solicitation of Consents were being made pursuant to a registration statement filed with the SEC. Compliance with such requirements could require the modification or exclusion of certain financial measures, and the presentation of certain other information not included in this Exchange Offer Memorandum or the exclusion of certain information included herein. There are no SEC registration rights associated with the New Notes, and we have no intention to offer to exchange the New Notes pursuant to a registration statement to be filed with the SEC. The New Notes Indenture will not be qualified under the Trust Indenture Act of 1939, as amended.

This Exchange Offer Memorandum does not contain, nor does it purport to contain, a summary of all of the terms and conditions of the New Notes. Any reference in this Exchange Offer Memorandum to the terms and conditions of the New Notes is qualified in its entirety by the terms and conditions of the New Notes Indenture. See “Description of New Notes.”

ADDITIONAL INFORMATION

We have agreed that while any notes remain outstanding and are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act, we will make available, upon request, to any holder or prospective purchaser of New Notes the information required pursuant to Rule 144A(d)(4) under the Securities Act with respect to us during any period in which we are not subject to Section 13 or 15(d) of the Exchange Act or exempt by virtue of Rule 12g3-2(b) thereunder. Any such request should be directed to us at our principal office at Av. Manuel Olguín 373, Santiago de Surco, Lima, Republic of Peru (“Peru”).

We are a publicly held corporation (*sociedad anónima abierta*). Our Class A voting common shares are registered with the Public Registry of Securities (*Registro Público del Mercado de Valores*) of the Peruvian Superintendency of the Securities Market (*Superintendencia del Mercado de Valores*, or “SMV”), and listed on the Lima Stock Exchange (*Bolsa de Valores de Lima*) and the Santiago Offshore Stock Exchange (*Bolsa de Comercio de Santiago*). In addition, our Class B non-voting shares are listed on the Lima Stock Exchange, on the Latibex segment of the Madrid Stock Exchange (*Bolsa de Madrid*) and on the Santiago Offshore Stock Exchange. Accordingly, we are currently required to file certain information in Spanish with the SMV, the Lima Stock Exchange, the Santiago Offshore Stock Exchange and the Madrid Stock Exchange, such as quarterly and annual reports and notices of material events (*hechos de importancia*). The documents filed with the SMV, the Lima Stock Exchange, the Santiago Stock Exchange and the Madrid Stock Exchange are not a part of this Exchange Offer Memorandum and are not incorporated by reference herein.

ENFORCEMENT OF JUDGMENTS

We are incorporated as a publicly held corporation (*sociedad anónima abierta*) under the laws of Peru. Substantially all of our directors and officers, as well as certain of the experts named herein, reside in Peru or elsewhere outside the United States and a substantial portion of their assets may be, and substantially all of our assets are, located in Peru or elsewhere outside the United States. As a result, it may not be possible for investors to effect service of process within the United States or elsewhere outside Peru upon us or upon any of our directors or officers or to enforce against such parties in courts outside Peru judgments predicated solely upon the civil liability provisions of the federal securities laws of the United States or other foreign regulations. In addition, there may be doubt as to whether the courts of Peru would enforce in all respects, to the same extent and in as timely a manner as a U.S. court or foreign court, an action predicated solely upon the civil liability provisions of the U.S. federal securities laws or other foreign regulations.

We have been advised by Payet, Rey, Cauvi, Pérez Abogados, our Peruvian counsel, that any final and conclusive judgment for a fixed and definitive sum obtained against us and/or any of the guarantors in any foreign court having jurisdiction in respect of any suit, action or proceeding against us and/or any of the guarantors for the enforcement of any of the obligations assumed under this Exchange Offer Memorandum or the New Notes would, upon request, be deemed valid and enforceable in Peru through an *exequatur* judiciary proceeding (which does not involve the reopening of the case or reexamination of the merits of the case), *provided* that: (a) there is in effect a

treaty between the country where said foreign court sits and Peru regarding the recognition and enforcement of foreign judgments; or (b) in the absence of such a treaty, the original judgment is ratified by the Peruvian courts (*Cortes de la República del Perú*), provided that the following conditions and requirements are met:

- (i) the foreign judgment does not resolve matters under the exclusive jurisdiction of Peruvian courts (and the matters contemplated by this Exchange Offer Memorandum or the New Notes are not matters under the exclusive jurisdiction of Peruvian courts);
- (ii) the relevant foreign court had jurisdiction under its own conflicts of law rules and under general principles of international procedural jurisdiction;
- (iii) the defendant was served in accordance with the laws of the place where such proceeding took place, was granted a reasonable opportunity to appear before such foreign court, and was guaranteed due process rights;
- (iv) the foreign judgment has the status of *res judicata* in the jurisdiction of the court rendering such judgment;
- (v) there is no pending litigation in Peru between the same parties for the same dispute, which shall have been initiated before the commencement of the proceeding that concluded with the foreign judgment;
- (vi) the foreign judgment is not incompatible with another judgment that fulfills the requirements of recognition and enforceability established by Peruvian law unless such foreign judgment was rendered first;
- (vii) the foreign judgment is not contrary to public policy (*orden público*) or good morals (*buenas costumbres*) of Peru;
- (viii) it is not proven that the foreign court that rendered the foreign judgment denies enforcement of Peruvian judgments or engages in a review of the merits thereof;
- (ix) a copy of such judgment has been (a) in case of jurisdictions that are party to the 1961 Hague Convention Abolishing the Requirements of Legalization of Foreign Public Documents (“The Hague Apostille Convention”), duly apostilled by the competent authority of the jurisdiction of the issuing court, or (b) in case of jurisdictions that are not party to The Hague Apostille Convention, certified by Peruvian consular authorities and, in each case, is accompanied by a certified and officially translated copy of such judgment into Spanish by a Peruvian Certified translator; and
- (x) the applicable court taxes or fees have been paid.

We have no reason to believe that any of our obligations relating to the New Notes would be contrary to Peruvian public policy (*orden público*), good morals (*buenas costumbres*) and international treaties binding upon Peru or generally accepted principles of international law.

Some of our properties could be subject to the exemption set forth under Article No. 616 of the Peruvian Civil Procedure Code (Legislative Decree No. 768, whose sole unified text was approved through Ministerial Resolution No. 10-93-JUS) pursuant to which the property of any private entity assigned to render essential public services may not be subject to preliminary attachments (*medida cautelar*) that could affect the normal rendering of such services.

In the past, Peruvian courts have enforced judgments rendered in the United States based on legal principles of reciprocity and comity. However, the United States does not currently have a treaty with Peru providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, unless the above-mentioned requirements are satisfied, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Peru. However, if the party in whose favor

such unenforced final judgment was rendered brings a new suit in a competent court in Peru, such party may submit to the Peruvian court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against us and/or of the Guarantors may be regarded by a Peruvian court only as evidence of the outcome of the dispute to which such judgment relates, and a Peruvian court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere are unenforceable in Peru.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Exchange Offer Memorandum contains certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Statements that do not relate strictly to historical or current facts are forward-looking and usually identified by the use of words such as “anticipate,” “estimate,” “forecasts,” “approximate,” “expect,” “project,” “intend,” “plan,” “believe,” “will,” “may” and other words of similar meaning in connection with any discussion of future operating or financial matters. Such statements are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Without limiting the generality of the foregoing, forward-looking statements in this Exchange Offer Memorandum include statements regarding expected commencement dates of mining or metal production operations, projected quantities of future metal production, anticipated production rates, operating efficiencies, costs and expenditures, including taxes, as well as projected demand or supply for our products. Actual results could differ materially depending upon factors including the risks and uncertainties relating to general Peruvian and international economic and political conditions, the cyclical and volatile prices of the metals we produce, other commodities and supplies, including fuel and electricity, availability of materials, insurance coverage, equipment, required permits or approvals and financing, the occurrence of unusual weather or operating conditions, epidemics and pandemics and other health outbreaks, cyber-attacks and system integrity, lower than expected ore grades, water and geological problems, the failure of equipment or processes to operate in accordance with specifications, failure to obtain financial assurance to meet closure and remediation obligations, labor relations, litigation and environmental risks, as well as political and economic risk associated with our operations. Results of operations are directly affected by metals prices, which can be volatile. These statements involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. We have based these forward-looking statements on current expectations and assumptions about future events. While we consider these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. The risks and uncertainties that may affect our operations, performance and results and the forward-looking statements include, but are not limited to, those set forth under “Risk Factors.”

PRESENTATION OF FINANCIAL INFORMATION

Currencies and Exchange Rates

Unless otherwise specified herein or the context otherwise requires, in this Exchange Offer Memorandum references to “Peru” are to the Republic of Peru; references to the “Peruvian government” are to the government of the Republic of Peru; references to the “United States” or the “U.S.” are to the United States of America; references to “US\$” and “U.S. dollars” are to United States dollars, and references to “S/” and “soles” are to Peruvian soles.

Unless otherwise indicated, translations of sol amounts into U.S. dollars in this Exchange Offer Memorandum have been made at the period-end rates of each corresponding period. For a complete description of the exchange rates between the sol and the U.S. dollar, see “*Exchange Rates*.” The Federal Reserve Bank of New York does not report a noon buying rate for soles.

Financial Statements

We prepare our financial statements in U.S. dollars. Our audited consolidated financial statements included in this Exchange Offer Memorandum fairly represent our financial position as of December 31, 2022, and 2023 and our results of operations and cash flows for each of the two years ended December 31, 2022 and 2023. Our unaudited interim condensed consolidated financial statements included in this Exchange Offer Memorandum fairly represent our financial position as of March 31, 2024, and our results of operation and cash flows for the three months ended March 31, 2023, and 2024.

Our consolidated financial statements as of and for the years ended December 31, 2022, and 2023 have been audited by Velásquez, Loli y Asociados S. Civil de R.L., member firm of Deloitte Touche Tohmatsu Limited.

Special Note Regarding Non-IFRS Financial Measures

We prepare our financial statements in conformity with International Financial Reporting Standards (“IFRS”), as adopted by the International Accounting Standards Board (“IASB”) and, in respect of our unaudited interim condensed consolidated financial statements as of March 31, 2024, and for the three months ended March 31, 2023 and 2024, in conformity with IAS 34, *Interim Financial Reporting*.

This Exchange Offer Memorandum presents our EBITDA and Adjusted EBITDA information for the convenience of investors. EBITDA and Adjusted EBITDA are presented because we deem them to better represent our operating and economic performance, although they are not IFRS-based measures of liquidity or performance. EBITDA is calculated as net (loss) profit for the year/period before income tax expense, financial expenses (income), depreciation and amortization during such period. Adjusted EBITDA is calculated by eliminating from the calculation of EBITDA: (a) any non-recurring items during such period, (b) gains or losses on the sale of property (other than the sale of property in the ordinary course of business) during such period, (c) any other non-cash items deducted from or included in the calculation of pre-tax net income for such period (other than items that will require cash payments and for which an accrual or reserve has been, or is required by IFRS to be, made), and (d) foreign exchange gains or losses upon loans and foreign currency translation adjustments or monetary correction and bank charges. We believe that EBITDA and Adjusted EBITDA, while providing useful information, should not be considered in isolation or as a substitute for net income as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, our calculation of EBITDA and Adjusted EBITDA may be different from the calculation used by other companies and therefore, comparability may be affected.

As used in this Exchange Offer Memorandum, “cash cost” is on a by-product basis, is calculated in accordance with the methodology specified by Wood Mackenzie Limited (“Wood Mackenzie”) for determination of C1 cost (cash cost) and includes all direct cash costs of mining, including costs associated with extraction, leaching and further processing of metal ores, as well as labor, transportation and physical plant costs associated with those processes, and net of income from sales of by-products. Cash cost figures are given as nominal dollar amounts, usually expressed as dollars per metric tonne, and exclude provisions, amortization, depreciation and central office costs and purchases of concentrates. Cash cost is presented because it is a widely used measure of costs, although it is not an IFRS-based measure of cost. We believe that cash cost, while providing useful information, should not be considered in isolation or as a substitute for costs of sales, costs of selling and administrative expenses, or as an indicator of costs.

Rounding

Rounding adjustments have been made to figures included in this Exchange Offer Memorandum. Unless otherwise stated or the context otherwise requires, all financial information in this Exchange Offer Memorandum is rounded to the nearest one hundred thousand U.S. dollars, and percentage figures included in this Exchange Offer Memorandum are rounded to the nearest one-tenth of one percent. As a result, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

PRESENTATION OF COUNTRY, MARKET AND OTHER INFORMATION

This Exchange Offer Memorandum contains and refers to information and statistics regarding Peru and the markets of the metals we produce. These data were obtained from independent public sources, including

publications and materials from participants in the industry such as Wood Mackenzie and GFMS Limited (“GFMS”), and from governmental entities such as the Peruvian Superintendency of Banking, Insurance and Private Pension Fund Administrators (*Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones* or “SBS”), the Peruvian Central Bank (*Banco Central de Reserva* or “BCRP”), the Peruvian Ministry of Economy and Finance (*Ministerio de Economía y Finanzas* or “MEF”), the Peruvian Ministry of Energy and Mines (*Ministerio de Energía y Minas* or “MINEM”) and the Peruvian National Institute of Statistics and Information Processing (*Instituto Nacional de Estadística e Informática*, or “INEI”). Some data are also based on our estimates, which are derived from our review of internal reports, as well as independent sources. Although we believe these external sources are reliable, neither we nor the Dealer Managers have independently verified, and do not make any representation as to the accuracy and completeness of, the information contained therein.

All tonnage information in this Exchange Offer Memorandum is expressed in metric tonnes and all references to ounces are to troy ounces, in each case, unless otherwise specified.

MINERAL RESOURCE AND RESERVE DATA

In this Exchange Offer Memorandum, we present our holdings in, or rights to, mineral deposits in two categories: (i) resources and (ii) reserves, as is standard in the industry. Our ore reserve and mineral resource estimates are consistent with the application of internationally used classifications. The information on reserves and resources included in this Exchange Offer Memorandum has been estimated following the intent of international definitions as established by the Joint Ore Reserves Committee Code of Australia (“JORC”). Such information has been prepared under the general supervision of our chief geological engineer in consultation with recognized consultant geologists and engineers, acting as competent persons. This information is not, however, typically subject to review or audit by independent or external experts.

Mineral resources are ore bodies of economic value that have been identified and evaluated through exploration, reconnaissance and sampling. Resources are estimated based on geological knowledge about the deposit, which is based on scientific concepts concerning the formation of minerals such as oxides, sulfides and mixed ores, as well as available knowledge concerning the geological continuity of the mineralized sectors. This is based on technical parameters, such as robustness of the genetic-geological model and its validation through drillings.

Resources may be subdivided further, based on the degree of knowledge that we have of their extent and composition. If our knowledge of the resources is extensive and direct, they are measured resources; if our knowledge of them is substantial but less extensive, they are indicated resources; and if our knowledge of them is only indirect, they are inferred resources. Measured resources are based on a dense grid of regularly distributed drillings, indicated resources are based on an intermediate grid of regularly distributed drillings, and inferred resources are based on irregularly, sometimes sporadically distributed drillings, where the continuity of ore grades is mostly supported by concepts on the theoretical continuity of geological events, such as lithology, alteration and mineralization. Resources that are either measured or indicated, as opposed to inferred, are sometimes together referred to as demonstrated resources. Resources of all three categories are sometimes referred to, together, as identified resources.

A “reserve” is that part of a mineral resource, which, at the time of determination, may be economically and legally extracted. Reserve estimates are the result of studies that take into account certain technical, economic and legal factors, which are not considered when estimating mineral resources. Reserve estimates are based on mineral resource estimates but also reflect beliefs, at the time of determination, regarding the amount of such resources that can be recovered and sold at prices in excess of the total costs associated with extraction and processing. Reserve estimates are adjusted as technical, economic and legal circumstances change. Reserves are typically first determined at the time of planning a full-scale mining project. As a result, reserves are not reported for certain of our mineral deposits. Reserves may be “proven” or “probable.” Our proven reserves are based on our measured mineral resources, while our probable reserves are based on our indicated mineral resources, in each case after undertaking studies regarding certain technical, economic and legal factors.

GLOSSARY OF CERTAIN MINING TERMS

Alteration: Changes in the chemical or mineralogical composition of a rock, generally produced by weathering or hydrothermal solution.

Assay: The chemical analysis of mineral samples to determine the metal content.

Breccia: A rock composed of broken fragments of minerals or rock cemented together that can be either similar to or different from the composition of the fragments.

Brownfield exploration: An exploration or development project near or within an existing operation, which can share infrastructure and management.

Concentration: The process by which crushed and ground ore is separated into metal concentrates and reject material through processes such as flotation.

Concentrator Plant: A plant where concentration takes place.

Crushing and Grinding: The processes by which ore is broken into small pieces to prepare it for further processing.

Deposit: A mineralized body that has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as a commercially mineable ore body or as containing reserves or ore, unless final legal, technical and economic factors are resolved.

Development: Activities related to the building of infrastructure and the stripping and opening of mineral deposits, commencing when economically recoverable reserves can reasonably be estimated to exist and generally continuing until commercial production begins.

Diamond Drilling: Diamond drilling is used in the mining industry to probe the contents of known ore deposits and potential sites. By withdrawing a small diameter core of rock from the ore deposit, geologists can analyze the core by chemical assay and conduct structural and mineralogical studies of the rock.

Exploration: Activities associated with ascertaining the existence, location, extent or quality of a mineral deposit.

Indicated Resources: Resources about which our knowledge is substantial but less extensive than our knowledge of measured resources.

Inferred Resources: Resources about which our knowledge is only indirect.

Leaching: The process of extracting a soluble metallic compound from an ore by selectively dissolving it in a suitable solvent.

Leaching plant: A plant where leaching takes place.

LME: London Metal Exchange.

Measured Resources: Resources about which our knowledge is both extensive and direct.

Mill: A machine used to grind ore to the consistency of powder or (in wet grinding) slurry.

Milling: A treatment process in which ore is ground into a fine powder.

Mine: Mines are the source of mineral-bearing material found near the surface or deep in the ground.

Mineral Deposit or Mineralized Material: A mineralized underground body that has been probed by a sufficient number of closely-spaced drill holes and/or underground sampling measurements to support an estimate of sufficient tonnage and ore grade to warrant further exploration or development. Mineral deposits or mineralized materials do

not qualify as commercially minable ore reserves (*i.e.*, probable reserves or proven reserves), as prescribed under standards of the U.S. Bureau of Mines Circular 831 of 1980, until a final and comprehensive economic, technical, and legal feasibility study based upon the test results has been concluded.

Mineralization: A deposit of rock containing one or more minerals for which the economics of recovery have not yet been established.

Ore: A mineral or aggregate of minerals from which metal can be economically mined or extracted.

Ore Grade: The average amount of metal expressed as a percentage or in ounces per metric tonne.

Ore Deposit: Category including all resources and reserves.

Ounces: Unit of weight. A troy ounce equals 31,103 grams or 1.097 avoirdupois ounces.

Oxide Ore: Metalliferous minerals altered by weathering, surface waters, and their conversion, partly or wholly, into oxides, carbonates, or sulfates.

Porphyry: A variety of igneous rock consisting of large-grained crystals, such as feldspar or quartz, dispersed in a fine-grained groundmass.

Probable Reserves: Reserves about which our knowledge is substantial but less extensive than our knowledge of Proven Reserves.

Proven Reserves: Reserves about which our knowledge is both extensive and direct. Quantities of Proven Reserves are computed from dimensions revealed in outcrops, trenches, workings or drill holes, and grade and quality are computed from the results of detailed sampling. Sites for inspection, sampling and measurement of Proven Reserves are spaced so closely together, and the geologic character of the ore is so well defined, that its size, shape, depth and mineral content are well established.

Reclamation: The process of restoring mined land to a condition established by applicable law. Reclamation standards vary widely, but usually address issues of ground and surface water, topsoil, final slope gradients, overburden and revegetation.

Refining: The purification of crude metallic substances.

Reserves: Ore deposits for which we have established a business development plan.

Resources: Ore deposits for which we have not yet established a business development plan.

Sett: Settlement price.

SHG: Special High Grade.

Skarn: Metamorphic zone developed in the contact area around igneous rock intrusions when carbonate sedimentary rocks are invaded by large amounts of silicon, aluminum, iron and magnesium. The minerals commonly present in a skarn include iron oxides, calc-silicates, andradite and grossularite garnet, epidote and calcite. Many skarns also include ore minerals, several productive deposits of copper or other base metals have been found in and adjacent to skarns.

Tailings: Finely ground rock from which valuable minerals have been extracted by concentration.

Tonne: A unit of weight. One metric tonne equals 2,204.6 pounds. One short tonne equals 2,000 pounds. Unless otherwise specified in this document, “tonnes” refers to metric tonnes.

SUMMARY

This summary highlights information presented in greater detail elsewhere in this Exchange Offer Memorandum. This summary is not complete and does not contain all the information you should consider before investing in the New Notes. Please read the following summary together with the information set forth under the heading “Risk Factors” and in the financial statements and accompanying notes appearing elsewhere in this Exchange Offer Memorandum.

We are a diversified Peruvian mining company and a major global producer of zinc, silver and lead. We began operations in the early 1940s and have consistently ranked among the largest producers of these metals globally every year from 2006 to 2024, according to Wood Mackenzie and GFMS. We were the second-leading producer of zinc and lead and the third-leading producer of silver in Peru in February 2024, according to MINEM. We believe that the quality of our ore deposits, the efficiency of our operations and our economies of scale make us competitive among metal producers worldwide.

Our operations are divided into five main units that currently consist of five underground mines and two open pit mines in operation, five operating concentrator plants and one leaching plant extending across the Junín and Pasco departments in Peru, with San Cristobal - Carahuacra the largest mine accounting for approximately 19% of our 2023 treated tonnage. Our mining units are all located between 170 and 295 kilometers from Lima, in the Central Andean region, a center of mining activity in Peru for centuries. As of December 31, 2023, our proven and probable reserves were 29.7 million tonnes and our measured, indicated and inferred resources were 470.8 million tonnes, which represented an average mine life of approximately 13 years at 2023 production levels (in each case, excluding the Cerro de Pasco Unit and the Óxidos de Pasco Unit, each as defined below). We have been granted mining concessions totaling approximately 341,000 hectares, of which: (i) 21% are currently being exploited, (ii) 27% are being explored, and (iii) approximately 52% remain unexploited and unexplored. In addition to our mining operations, we also own 842.5 hectares of land near the Chancay port that we expect to develop directly or through potential partnerships.

In the three-month period ended March 31, 2024, we had sales of US\$176.7 million, net loss of US\$19.2 million and Adjusted EBITDA of US\$44.8 million. In the first three months of 2024, zinc represented 50.9%, silver represented 31.9%, lead represented 12.4%, gold represented 2.3% and copper represented 2.5% of our sales by value. For the year ended December 31, 2023, we had sales of US\$883.1 million, net loss of US\$10.0 million and Adjusted EBITDA of US\$276.9 million. In 2023, zinc represented 48%, silver represented 33%, lead represented 13%, gold represented 3% and copper represented 3% of our sales by value. In 2023, concentrator plants treated 8.47 million dry tonnes of ore grading on average, 3.51% zinc, 2.04 silver ounces per tonne, 0.99% lead and 0.12% copper, and the Oxides leaching plant treated 0.95 million dry tonnes of ore grading 5.94 silver ounces per tonne and 0.59 gold grams per tonne. We are currently developing projects to expand our production such as Romina, Esperanza and Zoraida. See “*Business—Growth Projects.*” For a reconciliation of Adjusted EBITDA to profit for the period/year, see “*Selected Consolidated Financial Data.*”

Our main units are:

- **Yauli.** The Yauli unit (the “Yauli Unit”) is comprised mainly of three underground mines (San Cristobal - Carahuacra, Andaychagua and Ticlio) producing an aggregate of approximately 3.1 million tonnes per year of ore bearing zinc, silver, lead, and copper. The ore is treated at two concentrator plants, Victoria and Andaychagua, with an aggregate processing capacity of 8,650 tonnes of ore per day. In 2023, this unit produced approximately 166,900 tonnes of zinc, 7.8 million ounces of silver, 28,400 tonnes of lead and 2,800 tonnes of copper, representing approximately 59% of our sales by value. In the first quarter of 2024, this unit produced approximately 34,300 tonnes of zinc, 1.4 million ounces of silver, 5,100 tonnes of lead, 300 tonnes of copper and 800 ounces of gold, representing approximately 54% of our sales by value in the period, as compared to the approximate production of 37,200 tonnes of zinc, 1.5 million ounces of silver, 5,100 tonnes of lead, 600 tonnes of copper and 1,400 ounces of gold in the first quarter of 2023. As of December 31, 2023, our proven and probable reserves were approximately 16.1 million tonnes and our measured, indicated and inferred resources were 63.1 million tonnes. The estimated mine life of the Yauli Unit is approximately 10.5 years at 2023 production levels, taking into account resources from advanced exploration targets.

- *Chungar.* The Chungar unit (the “Chungar Unit”) is comprised of two underground mines, one in production and one in suspension since July 2023, producing an aggregate of approximately 1.3 million tonnes per year of ore bearing zinc, silver, lead and copper. The ore is treated at a concentrator plant, which has a processing capacity of 5,500 tonnes of ore per day. In 2023, this unit produced approximately 49,900 tonnes of zinc, 2.2 million ounces of silver, 21,000 tonnes of lead and 1,200 tonnes of copper, representing approximately 20% of our sales by value. In the first quarter of 2024, this unit produced approximately 10,100 tonnes of zinc, 0.3 million ounces of silver, 3,300 tonnes of lead, 100 tonnes of copper and 200 ounces of gold, representing approximately 20% of our sales by value in the period, as compared to the approximate production of 12,800 tonnes of zinc, 0.6 million ounces of silver, 5,500 tonnes of lead, 300 tonnes of copper and 300 ounces of gold in the first quarter of 2023. As of December 31, 2023, our proven and probable reserves were 4.6 million tonnes and our measured, indicated and inferred resources were 29.2 million tonnes. The Chungar Unit mine life is estimated at approximately 22 years at 2023 production levels, taking into account resources from advanced exploration targets.
- *Óxidos de Pasco.* The Óxidos de Pasco unit (the “Óxidos de Pasco Unit”) consists of one leaching plant, which has a processing capacity of 2,500 tonnes of ore per day. In 2023, this unit produced approximately 2.6 million ounces of silver and 11.4 thousand ounces of gold, representing approximately 9% of our sales by value. In the first quarter of 2024, this unit produced approximately 0.7 million ounces of silver and 1,686 ounces of gold, representing approximately 9% of our sales by value in the period, as compared to the approximate production of 0.7 million ounces of silver and 2,069 ounces of gold in the first quarter of 2023.
- *Alpamarca.* The Alpamarca unit (the “Alpamarca Unit”) is comprised of an open pit mine and mineral stockpiles producing an aggregate of approximately 0.96 million tonnes per year of ore bearing zinc, silver, lead and copper. The ore is treated at a concentrator plant, which has a processing capacity of 2,500 tonnes of ore per day. In 2023, this unit produced approximately 5,800 tonnes of zinc, one million ounces of silver, 4,000 tonnes of lead and 300 tonnes of copper, representing approximately 5% of our sales by value. In the first quarter of 2024, this unit produced approximately 1,200 tonnes of zinc, 0.2 million ounces of silver, 1,200 tonnes of lead and 100 tonnes of copper, representing approximately 5% of our sales by value in the period, as compared to the approximate production of 1,800 tonnes of zinc, 0.2 million ounces of silver, 700 tonnes of lead and 100 tonnes of copper in the first quarter of 2023. As of December 31, 2023, our proven and probable reserves were 0.3 million tonnes and our measured, indicated and inferred resources were 1.2 million tonnes. The Alpamarca Unit mine life is estimated at one year at 2023 production levels, taking into account resources from advanced exploration targets. We believe that the future of the Alpamarca Unit is in the Romina project, which consists of zinc, lead and silver polymetallic mineralization in the form of replacement bodies. Romina is expected to enter production around 2026, with an estimated average annual production of 40,000 tonnes of zinc, 20,000 tonnes of lead and one million ounces of silver during the life of the mine, which is estimated at 13 years. For additional information on the Romina and other projects, please see “Business—Growth Projects.”
- *Cerro de Pasco.* The Cerro de Pasco unit (the “Cerro de Pasco Unit”) consists of an open pit mine and mineral stockpiles producing an aggregate of approximately 3.15 million tonnes per year of ore bearing zinc, silver and lead. The ore is treated at one concentrator plant, which has an aggregate processing capacity of approximately 9,300 tonnes of ore per day. In 2023, this unit produced approximately 19,360 tonnes of zinc, 1.5 million ounces of silver and 7,460 tonnes of lead, representing approximately 7% of our sales by value. In the first quarter of 2024, this unit produced approximately 4,690 tonnes of zinc, 0.4 million ounces of silver, 1,640 tonnes of lead and 200 tonnes of copper, representing approximately 12% of our sales by value in the period, as compared to the approximate production of 4,800 tonnes of zinc, 0.2 million ounces of silver, 1,900 tonnes of lead and 200 tonnes of copper in the first quarter of 2023.

Competitive Strengths

We believe that the following competitive strengths will provide us with a significant advantage as we execute our business strategy:

- *Significant Reserves in an Extensive Concession Area.* As of December 31, 2023, our proven and probable reserves were 29.7 million tonnes and our measured, indicated and inferred resources were 470.8 million

tonnes. Our average estimated mine life is approximately 13 years at 2023 production levels, taking into account resources from advanced exploration targets (excluding the Cerro de Pasco Unit and Óxidos de Pasco Unit). We are currently exploiting only 21% and exploring an additional 27% of our approximately 341,000 hectares of concessions in a region with high geological potential.

- *Mix of Low-Correlation Metals.* The diversified mix of base and precious metals we produce reduces volatility in our earnings caused by commodity price cycles, because silver prices and prices for our base metals have historically exhibited low correlation. Silver prices have shown resilience in times of economic uncertainty because it is seen as store of value in addition to its uses in industrial processes. Diversification allows us to mitigate, to some extent, the effects of the decrease in prices of certain metals.
- *Leading Producer in an Attractive Mining Jurisdiction.* Our concessions are located in Peru, which has shown economic resilience over time and has a long history in the mining industry. Our mining units are located in the Central Andean region, home to a number of well-known international and local mining companies, including Buenaventura, Chinalco, Glencore and Nexa Resources. This region has a developed infrastructure of electricity, roads, railroads, water reservoirs and township facilities, as well as a trained labor force, local supply chains and communities with long-standing ties to the mining industry. In April 2024, the Peruvian government announced that investments for mining projects in Peru during 2024 should amount to US\$4.6 billion. We ranked second in the production of zinc and lead and third in the production of silver in Peru in February 2024, according to MINEM. In 2023, Peru was the third largest producer of silver and the second largest producer of zinc and copper worldwide. As of December 31, 2023, Peru accounted for 18%, 12% and 9.5% of global silver, copper, and zinc reserves, respectively, according to the United States Geological Survey.
- *Long History of Operating in Cooperation with Surrounding Communities.* Since we were founded over 80 years ago, we have been working closely with the communities surrounding our operations. We are committed to upholding our tradition of building and developing strong relationships with local communities by providing employment and demand for local products and services and investing in community development programs. As of March 31, 2024, we have entered into 76 agreements with local communities that mainly provide for the use of land for our operations with no material conflicts with such local communities up to date.
- *Diversified Operational Base and Logistical Network.* Our operations are divided into five main units that currently consist of five underground mines and two open pit mines in operation, five operating concentrator plants and one leaching plant extending across the Junin and Pasco departments in Peru, with San Cristobal - Carahuacra being the largest mine accounting for approximately 19% of our 2023 treated tonnage production. The mining units have access to multiple energy sources and transport routes connecting them to refineries and port facilities in Peru. We believe that our mines and processing facilities provide a diversified operational base and redundant logistical network that reduce the risk of significant disruptions to our operations.
- *Qualified and Experienced Management.* Our workforce and management have extensive experience in the Peruvian and global mining industry. Our management has a proven track record of developing large mining prospects and consists of seasoned industry professionals with executive experience in leading global companies. We believe that the extensive experience of our management has resulted in our ability to manage our operations cost-effectively and maintain profitability through different commodity price cycles. We also benefit from an experienced board of directors, which includes independent members and former executives of leading mining companies. In addition, as a public company registered with the SMV in Peru, our management team complies with periodic reporting requirements and high corporate governance standards.
- *ESG/Sustainability.* We are committed to seeking positive returns in a sustainable way. Therefore, our management handles our business and operations considering long-term impacts on society and the environment. Our business is focused on generating a positive impact in the communities in which we operate, identifying and preventing potential negative environmental impacts and ensuring the health and safety of our workers. We have implemented a program called CleanWork, which strives to implement better environmental practices and achieve an environmentally conscious operation. We also maintain agreements

with local communities through which we sponsor programs in education and health, and also promote activities to improve the performance of other economic activities of such communities apart from the mining business.

- *Attractive Development Projects:* We are constantly developing projects to grow and further diversify our operations, both through exploration activities at our existing mines and surroundings areas as well as expansion projects. As an example, we are currently engaged in the Romina project to expand our zinc, lead and silver production, as summarized above and further detailed below. See “*Business—Growth Projects—Exploration and Growth Projects.*”

Business Strategy

Our strategy is focused on consolidating our position as a world-class diversified mining company. We are investing in increasing our base and precious metals production. We prioritize operational excellence while upholding the highest standards of health, safety and environmental compliance and maintaining close community and labor relations and financial discipline. In order to implement our strategy, we intend to execute the following key initiatives:

- *Expand Production.* We plan to continue consolidating and growing our product portfolio. For this purpose, we are currently engaged in the Romina project to expand our zinc, lead and silver production, which is expected to represent an investment of approximately US\$140 million over the next three years and is expected to produce an average of approximately 40,000 tonnes of zinc, 20,000 tonnes of lead and 1 million ounces of silver per year during the life of the mine, which is estimated at 13 years. We believe that we will benefit from the strong fundamentals we anticipate for these three metals. We also continuously evaluate opportunities to make acquisitions to expand our operations and resource base. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures,*” “*Business—Growth Projects*” for additional detail on our capital expenditure plan.
- *Strengthen our Balance Sheet and Leverage Profile:* We intend to improve on our balance sheet and achieve low leverage with ample liquidity, which will help us manage volatility through future commodity cycles. We plan to accomplish such goals by selling non-core assets and exploring hedging alternatives. Also, we plan to continue our financial policies, reducing leverage over the following years and taking a measured approach to investments in new projects and prospects.
- *Strive for Sustainable Growth and Close Collaboration with Our Surrounding Communities:* We are focused on generating a positive impact in the surrounding communities where we operate, identifying and preventing potential negative environmental impacts and ensuring the health and safety of our workers. We are committed to upholding our longstanding tradition of building and developing strong relationships with local communities and services and investing in community development programs.
- *Operational Excellence:* Through our Volcan Avanza program, our continuous improvement program, we constantly seek for process improvement initiatives, cost reduction and for the optimization and prioritization of sustainable capital expenditures. This continuous improvement program is monitored monthly by our officers.

Recent Developments

Change in controlling person in Volcan

On May 8, 2024, Glencore International AG (“Glencore International”), a subsidiary of Glencore PLC (“Glencore”), and Blomara Financing Corp., Earthwind International S.A. and Sandown Resources S.A., entities belonging to Glencore’s economic group, sold their controlling stake in our capital stock and their stake in Inversiones Portuarias Chancay to Transition Metals AG (“Transition Metals”), a subsidiary of Integra Capital, a financial and investment firm that has invested in a diversified portfolio in Argentina and overseas. Transition Metals paid Glencore International US\$20 million for 55.03% of our Class A voting shares (which represent 22.06% of our total capital stock).

Each of the parties made customary representations, warranties and covenants in the purchase agreement and agreed to provide customary post-closing indemnification for certain losses arising from breaches of certain of the representations, warranties and covenants made in the purchase agreement, and for losses arising from certain other liabilities, subject to certain limitations. As part of the transaction, Glencore International also agreed to provide Transition Metals financing of up to US\$40 million to cover tender offer obligations pursuant to Peruvian legislation.

Sale of Hidroeléctrica Huanchor S.A.C.

On June 14, 2024, we entered into a definitive agreement to sell our subsidiary Hidroeléctrica Huanchor S.A.C. (“Huanchor”) to a vehicle to be incorporated by EDF Perú S.A.C. and the following funds: (i) AC Capitaes Infraestructure II L.P., managed by AC Capitaes Infraestructure II GP LLC; (ii) AC Capitaes Fondo Infraestructura II; and (iii) AC Capitaes Fondo Infraestructura II GP, the last two managed by AC Capitaes Sociedad Administradora de Fondos de Inversión S.A., for the amount of US\$46.8 million. The transaction is subject to customary closing conditions and subject to prior regulatory approval by the Peruvian antitrust regulator, which is expected to be obtained during the third quarter of 2024.

Sale of Empresa de Generación Eléctrica Río Baños S.A.C.

On May 31, 2024, we finalized the sale of our subsidiary Empresa de Generación Eléctrica Río Baños S.A.C. (“Empresa de Generación Eléctrica Río Baños”) to Sindicato Energético S.A. for an amount of US\$31.7 million.

Chancay Port investment spin off

On May 23, 2024, we finalized the partial spin-off of our port business related to the port of Chancay to our affiliate Inversiones Portuarias Chancay S.A.A. (“Inversiones Portuarias Chancay”). The Chancay port is a natural port with a depth of up to 16 meters located 80 kilometers north of Lima. Once completed, the port is expected to include two specialized terminals, one of which would be a container terminal that would include 11 berths and the other would be destined for bulk cargo, general cargo and rolling cargo, with four berths. It is expected that the port will be able to receive the world’s largest Triple E-type vessels. The main objective of the spin-off was to separate the administration, operation and risks of the port business from our main activity, the exploration and exploitation of mining concessions.

As a result of the spin-off, we indirectly own 12.66% of the Class A shares of Inversiones Portuarias Chancay through our subsidiaries Empresa Minera Paragsha (11.20%), Compañía Minera Chungar (1.44%) and Compañía Industrial Huacho (0.02%). Inversiones Portuarias Chancay currently holds 40% of the ownership interests in Cosco Shipping Ports Chancay Perú S.A. (“CSPCP”). The remaining 60% of CSPCP is owned by Cosco Shipping Ports (Chancay) Limited (“CSPL”).

Suspension of Activities in Junin Mining Units

We halted mining activities at San Cristobal, Carahuacra, and Ticlio mines, located in Yauli, in the Department of Junin, from March 19, 2024 to April 20, 2024, in order to comply with the order imposed by the Supervisory Agency of Investment in Energy and Mining (*Organismo Supervisor de la Inversión en Energía y Minería*, or “OSINERGMIN”) to suspend disposals in the Rumichaca tailings facility, due to an alleged inconsistency in our operating permits as a result of an incorrect interpretation by OSINERGMIN of such permits. On April 20, 2024, we resumed operations at all the three mines after MINEM authorized the reinitiation of disposals in the Rumichaca tailings facility. While we cannot estimate the full impact of this stoppage on our financial results for the first half of 2024, we do expect such impact to be material but limited in time given that the halt in production and sales only lasted approximately one month and resumed without other issues, but we did incur some fixed and stoppage costs during this period, which increased our working capital requirements. While we believe our permits are in full compliance with regulatory requirements, we cannot offer you any assurance that such regulations, or the regulatory agencies’ interpretation of the same, may not change in the future.

Refinancing of Loan Indebtedness

On July 24, 2024, we entered into an amendment to the credit agreement dated as of December 29, 2021 (as amended by the first amendment dated April 23, 2024, the second amendment dated May 14, 2024 and the third amendment dated June 24, 2024) by and among the Company, certain subsidiary guarantors, the syndicated lenders party thereto and Citibank, N.A., as administrative agent (the “Original Credit Agreement” and, as amended, the “Credit Agreement”). The commercial terms of the refinancing included (i) the extension of the maturity date to July 24, 2029, (ii) the addition of Empresa Minera Paragsha, Roquel Global, Compañía Industrial Huacho and Compañía Hidroeléctrica Tingo as subsidiary guarantors; and (iii) the creation of security interests over the Collateral that is also intended to secure the New Notes and other Additional First Lien Debt (as defined in “*Description of New Notes*”), on a *pari passu* basis, subject to the terms thereof, and (iv) certain additional restrictive maintenance and incurrence financial covenants, among others. The Credit Agreement requires, in order for the issuance of New Notes to be permitted thereunder, that the Minimum Exchange Condition is met under this Exchange Offer and Solicitation, subject to the rights of certain lenders to waive such provision. For more details on the amendments to the Original Credit Agreement see “*Description of Certain Material Agreements*.”

Short-term Facilities

In the month of July, we entered into ordinary course short-term loans for general corporate purposes, including working capital, with certain non-affiliate third parties for an aggregate amount of US\$48.0 million, of which we have disbursed US\$30.0 million as of the date of this Exchange Offer Memorandum

Execution of the Transaction Support Agreement

On August 5, 2024, we entered into the Transaction Support Agreement, under which the Supporting Noteholders have agreed to tender their Existing Notes in the Exchange Offer and deliver Consents to the Proposed Amendments prior to the Early Participation Deadline. The Supporting Noteholders represented pursuant to the Transaction Support Agreement that they hold 36.3% of the aggregate principal amount of the Existing Notes as of the date of this Exchange Offer Memorandum. Under the Transaction Support Agreement, the Company has agreed to pay the Ad Hoc Group Expenses.

Second Quarter 2024 Financial Information

On July 31, 2024, as required by the SMV, we published our unaudited interim condensed consolidated financial statements as of June 30, 2024 and for the six months ending on June 30, 2023 and 2024 (our “second quarter financial statements”).

Pursuant to our second quarter financial statements, we had (i) sales of US\$394.9 million, cost of sales of US\$323.9 million and a net loss of US\$8.8 million for the six-month period ended June 30, 2024 as compared to sales of US\$434.4 million, cost of sales of US\$362.8 million and a net loss of US\$11.0 million for the six-month period ended June 30, 2023 and (ii) total current assets of US\$232.7 million, total non-current assets of US\$1,583.1 million, total non-current liabilities of US\$439.9 million and total liabilities of US\$1,045.0 million as of June 30, 2024 as compared to total current assets of US\$224.6 million, total non-current assets of US\$1,499.2 million, total non-current liabilities of US\$1,050.9 million and total liabilities of US\$1,524.9 million as of March 31, 2024. We believe that such results have generally followed the discussions and reflect the trends disclosed in this Exchange Offer Memorandum in respect of our unaudited interim condensed consolidated financial statements as of March 31, 2024, and for the three months ended March 31, 2023 and 2024, as further described in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*.”

Our second quarter financial statements are still undergoing a limited review by our auditors and, as a result, may be subject to adjustments as a result of such review. While we do not currently expect any material changes to our second quarter financial statements as published with the SMV on July 31, 2024 or the selected information presented above, we cannot offer any assurance that our second quarter 2024 results will not differ from the information presented in the paragraph above. Once the limited of our second quarter financial statements has concluded, we will distribute a supplement to this Offering Memorandum adding such second quarter financial statements. See “*Risk Factors*” and “*Cautionary Statement Regarding Forward-Looking Statements*.”

Corporate Information

We are a publicly held corporation, or *sociedad anónima abierta*, organized under the laws of Peru. Our shares are listed on the Lima Stock Exchange, Santiago Offshore Stock Exchange and Latibex segment of the Madrid Stock Exchange. Our principal executive office is located at Av. Manuel Olguín 373, Santiago de Surco, Lima, Peru, and our telephone number is +51-1-416-7000.

SUMMARY OF THE NEW NOTES

The following summary contains basic information about the New Notes and is not intended to be complete. For a more complete understanding of the New Notes, please refer to the section entitled “Description of New Notes” in this Exchange Offer Memorandum. You can find the definition of capitalized terms used in this section under “Description of New Notes— Certain Definitions.”

Issuer	Volcan Compañía Minera S.A.A.
Subsidiary Guarantors	Compañía Minera Chungar, Empresa Administradora Cerro, Empresa Minera Paragsha, Compañía Industrial Huacho, Roquel Global and Compañía Hidroeléctrica Tingo.
Notes Offered	8.750% Senior Secured Notes due 2030.
Issue Date	The Settlement Date
Maturity	January 24, 2030, unless earlier redeemed or repurchased and cancelled in accordance with the terms of the New Notes.
Interest	8.750%, per annum, in each case payable semi-annually on January 24, and July 24 of each year. The first Scheduled Payment Date (as defined under “Description of New Notes— Principal, Maturity and Interest”) will be January 24, 2025.
Subsidiary Guarantees	The New Notes will be guaranteed on a senior basis by the Subsidiary Guarantors. The guarantees and any future guarantees may be subject to certain limitations as described under “Description of New Notes— Subsidiary Guarantees.”
Collateral	The New Notes (and any other Secured Obligations) will be secured by first priority liens on the Collateral, subject to permitted collateral liens and certain other exceptions, under and in accordance with the terms of the agreements set forth below: (a) a trust (<i>fideicomiso en administración y garantía</i>) created under Peruvian law by an agreement dated as of July 24, 2024, among the Company, Compañía Minera Chungar, Empresa Administradora Cerro, the Existing Trusts, La Fiduciaria S.A. (the “Peruvian Collateral Trustee”) and Citibank del Perú (the “Peruvian Collateral Agent”), over, among others (i) 100% of the cash flows released from the Existing Trusts (after deducting reasonable and documented (x) expenses related to the Existing Trusts and (y) operating expenses of and other customary related costs incurred in the ordinary course of business by the Company, Compañía Minera Chungar and Empresa Administradora Cerro, respectively, in each case consistent with historical past practice as of the Issue Date), (ii) 100% of the credit rights and, if any, 100% of the cash flows derived from the intercompany loans between and among the Company and the Subsidiary Guarantors (unless the Company or the Subsidiary Guarantors have capitalized such intercompany loans in accordance with the terms and conditions of the New Cash Flow Trust Agreement) and (iii) 100% of the insurance proceeds received from insurance policies maintained by the Company or the Subsidiary Guarantors with respect to their respective material properties and businesses against loss or damage of the kinds customarily insured against by persons engaged in the same or similar businesses and (iv) 100% of any proceeds from any casualty event. For the avoidance of

doubt, the Romina Capex Reserve Account is among the bank accounts subject to, and a security interest therein is granted under, the New Cash Flows Trust Agreement.

- (b) a trust (*fideicomiso en garantía sobre acciones*) created under Peruvian law by an agreement dated as of July 24, 2024, among the Company, Empresa Minera Paragsha, Compañía Minera Chungar, the Peruvian Collateral Agent and the Peruvian Collateral Trustee over the following Equity Interests, whether now owned or in the future acquired: (i) 100% of the shares of Compañía Minera Chungar, (ii) 100% of the shares of Empresa Administradora Cerro, (iii) 100% of the shares of Empresa Minera Paragsha, (iv) 100% of the shares of Roquel Global, (v) 100% of the Equity Interest that the Company and/or its Subsidiaries hold in Compañía Industrial Huacho, (vi) 100% of the shares of Compañía Hidroeléctrica Tingo, (vii) 100% of the Equity Interest that the Company and/or its Subsidiaries hold in Minera Aurífera Toruna S.A.C. (“Toruna”) and Empresa Explotadora de Vinchos Ltda. S.A.C. (“Vinchos”); (viii) all Equity Interests owned by Empresa Minera Paragsha in the Company (11.20% Class A shares and 0.50% Class B shares) and in Inversiones Portuarias Chancay S.A.A. (11.20% Class A shares and 0.50% Class B shares), (ix) upon the contribution of Roquel Global or Compañía Hidroeléctrica Tingo, respectively, to a Permitted Joint Venture as permitted under the Indenture and Collateral Documents, 100% of the Equity Interests in such Permitted Joint Venture, and (x) 100% of the Equity Interests held by the Company or the Subsidiary Guarantors in any Subsidiary organized in Peru newly acquired or created from time to time; *provided that* to the extent such security interest is prohibited as of the date of the Issue Date or on the date of which such security interest is to be granted, the Company and the Subsidiary Guarantors shall use commercially reasonable efforts to provide the Secured Parties with a security interest in the Company’s or the Subsidiary Guarantors’ economic percentage in such venture entity, provided further that the grant of such replacement security interest shall not be a condition to the release of such Guarantor, which could include, among other structures, the creation of an intermediate company;
- (c) a pledge without conveyance agreement (*prenda sin desplazamiento y prohibición*) under Chilean law, dated as of July 24, 2024, entered into by way of public deed between Empresa Minera Paragsha and the Chilean Collateral Agent, granting a security interest for the benefit of the Secured Parties in 4,056,708 shares issued by Cemento Polpaico S.A.;
- (d) mining mortgages (*hipotecas sobre unidades de producción*) created under Peruvian law by an agreement dated as of July 24, 2024, over the operational and non-operational mining units known as San Cristobal - Carahuacra, Andaychagua, Ticlio; Mahr Tunel, Chungar, El Pilar, Huascan, Vichaycocha, San Sebastian, Cerro and Oxidos, in each case, owned by the Company and its Subsidiaries (including mining concessions, land, infrastructure and fixed assets related to selected production units of the Company or certain of the Subsidiary Guarantors, as specified therein), and excluding, for the avoidance of doubt, the mining unit of Alpamarca and the Romina Project; and

- (e) mortgages (*hipotecas sobre inmuebles*) created under Peruvian law over real property of the Company and Compañía Industrial Huacho, as follows (i) the mortgage agreement, dated as of July 24, 2024, between the Company and the Peruvian Collateral Agent over offices and parking lots owned by the Company and (ii) the mortgage agreement, to be executed prior to the Settlement Date, between Compañía Industrial Huacho and the Peruvian Collateral Agent over offices and parking lots owned by Compañía Industrial Huacho, in each case granting a Lien for the benefit of the Secured Parties over specified real property of the Company and Compañía Industrial Huacho.

Secured obligations secured by the Collateral

On the Issue Date, the Collateral will secure the New Notes issued pursuant to the Exchange Offer and the obligations under the Credit Agreement on a *pari passu* basis. The terms of the New Notes Indenture provide that the Trustee in its capacity as such and the Trustee in its capacity as the Notes Collateral Agent under the Intercreditor Agreement (the “Notes Collateral Agent”) shall enter into a joinder agreement to the Intercreditor Agreement, as defined herein, which provides that the Collateral which shall secure the Notes also secures the Credit Agreement and any future Additional First Lien Debt, subject to the terms described in “*Description of New Notes.*”

Ranking.....

The New Notes will:

- (a) be senior obligations of the Company;
- (b) be secured by first priority liens on the Collateral, which Collateral also secures the Credit Agreement and shall secure any future Additional First Lien Debt on a *pari passu* basis, subject to the terms of the Collateral Documents and the Permitted Liens, as defined in “*Description of New Notes.*”
- (c) be unconditionally Guaranteed by each Subsidiary Guarantor with such Subsidiary Guarantee ranking equal in right of payment with all other existing and future Senior Indebtedness of such Subsidiary Guarantor, including indebtedness under the Guarantees of the Existing Notes to the extent they remain outstanding following the consummation of the Exchange Offer;
- (d) rank *pari passu* in right of payment with any existing and future Senior Indebtedness of the Company (including the Credit Agreement, any Additional Notes and any Existing Notes that remain outstanding following the consummation of the Exchange Offer);
- (e) rank senior in right of payment to all existing and future Subordinated Indebtedness of the Company, if any;
- (f) be effectively senior to all other existing and future Senior Indebtedness of the Company that is unsecured, including any Existing Notes that remain outstanding following the consummation of the Exchange Offer, or that is secured by junior Liens on the Collateral or Liens that are not on the Collateral, in each case to the extent of the value of the Collateral;
- (g) be effectively subordinated to (i) the extent of the value of the assets securing (x) all existing and future secured Indebtedness of the Company to the extent such security interest does not also secure the New Notes and (y) all existing and future secured

	Indebtedness of the Subsidiary Guarantors to the extent such security interest does not also secure the Subsidiary Guarantees (including Indebtedness under the Credit Agreement) and (ii) all additional existing and future Indebtedness of any Subsidiary that does not provide a Subsidiary Guarantee; and (h) be subordinated to obligations of the Company or the Subsidiary Guarantors preferred by statute or by operation of law.
Optional Redemption.....	Before September 10, 2026, the Company may redeem the New Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of each note to be redeemed plus a make-whole premium described in “<i>Description of New Notes—Optional Redemption—Optional Redemption with a Make-Whole Premium.</i>” At any time on or after September 10, 2026, the Company may redeem the New Notes, in whole or in part, at its option at the prices set forth in “<i>Description of New Notes—Optional Redemption—Optional Redemption Without a Make-Whole Premium,</i>” plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. A notice of redemption may be subject to one or more conditions precedent, which shall be stated in the redemption notice. In addition, at any time prior to September 10, 2026, the Company may redeem up to 35% of the New Notes with the net cash proceeds from specified equity offerings at a redemption price equal to 108.750% of the principal amount of each note to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption. Notice of any redemption of the New Notes may, at the Company’s discretion, be subject to one or more conditions precedent. If such redemption is so subject to the satisfaction of one or more conditions precedent, such notice shall describe each such condition and, if applicable, shall state that such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date.
Optional Redemption Upon Tax Event	The New Notes are also redeemable at our option, in whole but not in part, at any time, at the principal amount thereof plus accrued and unpaid interest, if any, and any additional amounts due thereon to, but excluding, the redemption date if certain changes in applicable tax laws occur. See “<i>Description of New Notes—Optional Redemption—Optional Redemption Upon Tax Event.</i>”
Optional Clean-Up Redemption	The New Notes are also redeemable at our option, in whole but not in part, at any time, at the principal amount thereof plus accrued and unpaid interest, in the event that Holders of not less than 90% of the aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer, Asset Sale Offer, or other tender offer. See “<i>Description of New Notes—Optional Redemption—Optional Clean-Up Redemption.</i>”
Quarterly Prepayment Date (when applicable)	January 24, April 24, July 24 and October 24 of each year.
Excess Cash Flow Redemption	For so long as there are Secured Obligations outstanding under the Credit Agreement, the Company shall apply (or cause to be applied)

any Excess Cash Flow Amount, calculated as of the Calculation Date, as follows:

(i) before the earlier of the Romina Full Funding Date and June 30, 2026, an amount equal to 50% of the Excess Cash Flow Amount shall be applied to prepay the aggregate principal amount outstanding under the Credit Agreement and an amount equal to 50% of the Excess Cash Flow Amount shall be deposited into the Romina Capex Reserve Account; and

(ii) following the earlier of the Romina Full Funding Date and June 30, 2026, (x) in the event that the aggregate amount of the Obligations outstanding under the Credit Agreement is greater than US\$160,000,000, 85% of the Excess Cash Flow Amount shall be applied to prepay the aggregate principal amount outstanding under the Credit Agreement and an amount equal to 15% of the Excess Cash Flow Amount shall be deposited into the Excess Cash Segregated Account and (y) commencing on the date the outstanding Obligations under the Credit Agreement are equal to or less than US\$160,000,000 (the “Loan Payment Milestone Date”), 25% of the Excess Cash Flow Amount shall be applied to prepay on a pro rata basis the Obligations outstanding under the Credit Agreement and the Notes (the “First Lien Cash Sweep”) and an amount equal to 75% of the Excess Cash Flow shall be deposited into the Excess Cash Segregated Account.

The Company shall apply the amount from the First Lien Cash Sweep which is to be allocated for the redemption of the Notes on the Quarterly Prepayment Date immediately following such Calculation Date, to redeem an outstanding principal amount of the Notes, plus any accrued and unpaid interest to the Quarterly Prepayment Date due thereon up to, but excluding, the Quarterly Prepayment Date, and any additional amounts due thereon, in accordance with the terms of the Indenture.

Asset Sale Redemption

For so long as there are outstanding Secured Obligations under the Credit Agreement, the Company shall apply the Net Cash Proceeds of any Asset Sale constituting Collateral as follows:

(i) prior to the Loan Payment Milestone Date, to prepay the outstanding Secured Obligations under the Credit Agreement; and

(ii) after the Loan Payment Milestone Date and as long as there are Secured Obligations outstanding under the Credit Agreement, at the sole discretion of the Company, to either (a) prepay the Credit Agreement only, or (b) on a pro rata basis, prepay the Credit Agreement and the Notes (the amount to be allocated for the prepayment of the Notes, if any, being the “Collateral Sale Notes Prepayment Amount”). The Company shall apply the Collateral Sale Notes Prepayment Amount, on the Quarterly Prepayment Date immediately following such Calculation Date, to redeem an outstanding principal amount of the Notes, in accordance with the terms of the Indenture.

On such Quarterly Prepayment Date, the Trustee will, subject to receipt thereof, apply the Collateral Sale Notes Prepayment Amount to prepay the maximum principal amount of Notes that may be prepaid with such Collateral Sale Notes Prepayment Amount at redemption

	price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest to the Quarterly Prepayment Date due thereon up to, but excluding, the Quarterly Prepayment Date (without prejudice to the right of the Holders of record on the relevant record date to receive interest on the related Scheduled Payment Date) plus Additional Amounts, if any, payable in respect of such Notes..
Change of Control Offer	Upon the occurrence of a Change of Control Triggering Event (as defined in “ <i>Description of New Notes—Change of Control Offer</i> ” and “ <i>—Certain Definitions</i> ”), we will be required to make an offer to purchase the New Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of purchase. See “ <i>Description of New Notes—Change of Control Offer</i> ” and “ <i>—Certain Definitions</i> .”
Additional Amounts	All payments in respect of the New Notes will be made free and clear of and without any deduction or withholding for or on account of any present or future taxes, duties, levies, imposts, assessments or other government charges and any interest, penalties or other liabilities with respect thereto (“Taxes”), unless the withholding or deduction of such Taxes is required by law or the official interpretation thereof, or by the administration thereof as set forth under “ <i>Description of New Notes—Additional Amounts</i> .” The Company or the Subsidiary Guarantors, as applicable, will pay such additional amounts as will result in receipt by the holders of New Notes of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions (including an exception for U.S. federal withholding taxes) set forth under “ <i>Description of New Notes—Additional Amounts</i> .”
Covenants	The indenture governing the New Notes will, among other things, limit our ability to: • incur additional indebtedness; • make dividend payments or other restricted payments; • prepay, redeem or repurchase certain indebtedness; • make loans and investments; • sell assets; • incur liens; • enter into sale and leaseback transactions; • designate unrestricted subsidiaries and non-guarantor restricted subsidiaries; • create or assume indebtedness for borrowed money that is secured by a lien; and • engage in mergers, consolidations and transfers of substantially all of our assets.

However, these covenants are subject to a number of significant exceptions.

See “*Description of New Notes—Covenants*.”

Events of Default.....	For a discussion of certain events of default that will permit acceleration of the principal of the New Notes plus accrued interest, and any other amounts due with respect to the New Notes, see “ <i>Description of New Notes—Events of Default.</i> ”
Use of Proceeds	The Company will not receive any cash proceeds from the Exchange Offer or the issuance of the New Notes. The Existing Notes acquired by the Company pursuant to the Exchange Offer will be cancelled and will not be reissued. See “ <i>Use of Proceeds.</i> ”
Book-Entry System; Delivery and Form and Denomination of the New Notes	The New Notes will be issued only in fully registered form, without interest coupons, in the form of beneficial interests in respect of one or more global securities in denominations of US\$2,000 and integral multiples of US\$1,000 in excess thereof. Beneficial interests in respect of the global securities will be shown on, and transfers thereof will be effected only through, the book-entry records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream. The New Notes will not be issued in definitive form except under certain limited circumstances.
Governing Law	The New Notes, the guarantees and the indenture will be governed by the laws of the State of New York.
Listing.....	Application will be made to list the New Notes on the Official List of the Luxembourg Stock Exchange and to admit the New Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange.
Trustee, Registrar, Paying Agent and Transfer Agent.....	Citibank, N.A.
Luxembourg Listing Agent.....	Allen Overy Shearman Sterling SCS.
Transfer Restrictions.....	The New Notes have not been registered under the Securities Act and are subject to restrictions on transfer and resale. See “ <i>Transfer Restrictions</i> ” and “ <i>Plan of Distribution.</i> ”
Risk Factors.....	Investing in the New Notes involves substantial risks and uncertainties. See “ <i>Risk Factors</i> ” and other information included in this Exchange Offer Memorandum for a discussion of factors you should carefully consider before deciding to invest in the New Notes.

SUMMARY CONSOLIDATED FINANCIAL DATA

We set forth below certain financial and operating data as of and for the years ended December 31, 2022 and 2023 and the three-month periods ended March 31, 2023 and 2024. Our interim condensed consolidated financial data as of and for the three-month periods ended March 31, 2023 and 2024 is unaudited.

You should read this information together with our audited consolidated financial statements and unaudited interim condensed consolidated financial statements, and related notes, included elsewhere in this Exchange Offer Memorandum, as well as the information presented in the sections “Presentation of Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These results are not necessarily indicative of our future results of operations or financial condition.

	As of or for the year ended		As of or for the	
	December 31,		three months ended	
	2022	2023	2023	2024
(In millions of U.S. dollars, except for ratios, cash cost, production data, reserves and resources, and prices)				
Consolidated Statement of Comprehensive Income				
Net Sales	951.3	883.1	221.1	176.7
Cost of sales	(762.7)	(725.5)	(174.2)	(159.4)
Gross profit	188.5	157.6	46.9	17.3
Administrative expenses	(69.3)	(55.2)	(13.7)	(11.9)
Selling expenses	(24.9)	(30.6)	(7.4)	(7.1)
Other income	60.1	63.4	15.1	11.2
Other expenses	(87.5)	(78.5)	(19.6)	(11.5)
Impairment loss of long-lived assets	(126.1)	(36.2)	-	-
Operating profit (losses)	(59.1)	20.6	21.3	(2.0)
Financial income (expenses)	(42.4)	(64.7)	(15.0)	(18.0)
Profit (loss) before income tax	(101.5)	(44.2)	6.3	(20.0)
Income tax expense (benefit)	20.1	34.2	(5.5)	0.7
Net (loss) profit	(81.4)	(10.0)	0.8	(19.2)
Consolidated Statement of Financial Position				
Cash and cash equivalents	73.6	61.6	67.2	62.2
Trade accounts receivable (net)	28.6	20.3	17.4	18.8
Other accounts receivable	65.4	77.0	67.4	92.6
Other financial assets	-	0.7	-	0.1
Inventories (net)	57.1	48.3	57.4	50.8
Assets classified as held for sale	-	-	-	-
Total current assets	224.7	208.0	209.4	224.6
Other accounts receivable (net)	34.3	36.0	36.1	34.1
Financial investments	186.5	185.3	189.4	33.3
Inventories (net)	6.2	5.6	6.1	5.5
Property, plant and equipment, net	812.9	771.8	795.5	754.6
Right-of-use assets	11.4	17.9	13.6	18.9
Mining concessions, costs of exploration and development costs, and other intangibles (net)	699.9	650.7	698.2	652.8
Total non-current assets	1,751.2	1,667.2	1,738.8	1,499.2
Total assets	1,975.9	1,875.2	1,948.1	1,723.8
Total current liabilities	361.0	440.1	335.0	474.0
Total non-current liabilities	1,239.5	1,070.5	1,235.1	1,050.9
Total liabilities	1,600.5	1,510.6	1,570.2	1,524.9
Total equity	375.4	364.6	378.0	198.8
Total liabilities and equity	1,975.9	1,875.2	1,948.1	1,723.8

	As of or for the year ended		As of or for the three months ended	
	December 31,		March 31,	
	2022	2023	2023	2024
(In millions of U.S. dollars, except for ratios, cash cost, production data, reserves and resources, and prices)				
Consolidated Statement of Cash Flow				
Cash from operating activities	335.9	248.4	89.0	52.6
Cash used in investing activities	(289.5)	(179.9)	(73.0)	(50.0)
Cash resulting from (used in) financing activities	(203.9)	(80.4)	(22.5)	(2.0)
Net increase (decrease) in cash and cash equivalents.....	(157.6)	(12.0)	(6.5)	0.6
Other Items				
Depreciation and amortization.....	224.8	207.1	49.4	46.8
Interest expense ⁽¹⁾	42.9	55.9	12.7	14.5
Adjusted EBITDA ⁽²⁾	298.6	276.9	71.4	44.8
Ratio of net financial debt to Adjusted EBITDA ⁽³⁾	2.7	2.9	2.9	2.8
Adjusted EBITDA coverage ratio ⁽⁴⁾	7.0	4.9	5.6	3.1
Accrued capital expenditures (non-cash) ⁽⁵⁾	242.7	179.6	36.2	33.8
Working capital ⁽⁶⁾	(136.3)	(232.1)	(125.7)	(249.4)
Sales by metal and adjustments				
Zinc	564.4	438.4	134.5	95.9
Silver	162.8	153.3	34.1	30.3
Lead	178.8	228.6	50.7	42.6
Copper	53.1	60.6	10.3	10.5
Subtotal.....	959.0	881.0	229.6	179.2
Execution of financial instruments	-	3.9	-	0.1
Embedded derivatives	(5.0)	(1.8)	(8.5)	(2.6)
Estimate of committed sales	(2.7)	-	-	-
Total	951.3	883.1	221.1	176.7
Cash Cost⁽⁷⁾				
Zinc (U.S. dollars per finished metric tonne)	1,542	1,207	1,429	1,289
Silver (U.S. dollars per ounce).....	(8.5)	2.8	(5.2)	4.1
Fine Metal Production				
Zinc (in thousands of tonnes)	224.7	242.0	56.5	50.3
Silver (in millions of ounces).....	14.3	15.2	3.5	3.1
Lead (in thousands of tonnes).....	54.9	60.8	13.2	11.2
Copper (in thousands of tonnes)	4.3	5.3	1.3	0.8
Gold (in thousands of ounces)	20.8	18.4	3.7	2.9
Average Spot Prices				
Zinc (US\$/tonne – LME SHG Sett)	3,485	2,649	3,130	2,449
Silver (US\$/ounce – London Spot).....	21.8	23.4	22.6	23.4
Lead (US\$/tonne – LME Sett).....	2,153	2,137	2,141	2,076
Copper (US\$/tonne – LME Sett)	8,815	8,483	8,930	8,444
Gold (US\$/ounce – London Spot)	1,802	1,943	1,888	2,073

- (1) The components of interest expense are as follows:

	For the year ended December 31,		For the three months ended March 31,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Interest Expense				
Syndicated loan.....	20.8	38.5	8.3	10.2
Financial institutions.....	0.1	-	-	-
Third parties (bonds).....	21.1	16.8	4.2	4.2
Financial leasing.....	0.9	0.7	0.2	0.1
Total interest expense	42.9	55.9	12.7	14.5

- (2) EBITDA is calculated as net (loss) profit for the year/period before income tax expense, financial expenses (income), depreciation and amortization during such period. Adjusted EBITDA is calculated by eliminating from the calculation of EBITDA: (a) any non-recurring items during such period, (b) gains or losses on the sale of property (other than the sale of property in the ordinary course of business) during such period, (c) any other non-cash items deducted from or included in the calculation of pre-tax net income for such period (other than items that will require cash payments and for which an accrual or reserve has been, or is required by IFRS to be, made), and (d) foreign exchange gains or losses upon loans and foreign currency translation adjustments or monetary correction and bank charges. We believe that EBITDA and Adjusted EBITDA, while providing useful information, should not be considered in isolation or as a substitute for net income as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, our calculation of EBITDA and Adjusted EBITDA may be different from the calculation used by other companies and therefore, comparability may be affected.

The following table sets forth the Adjusted EBITDA reconciliation:

	As of and for the year ended December 31,		As of and for the three months ended March 31,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Net (loss) profit	(81.4)	(10.0)	0.8	(19.2)
Income tax expense.....	(20.1)	(34.2)	5.5	(0.7)
Financial expenses, net ⁽¹⁾	38.4	57.1	12.3	18.0
Depreciation and amortization	224.8	207.1	49.4	46.8
EBITDA	161.7	220.1	68.0	44.8
Adjustments ⁽²⁾	137.0	56.8	3.4	-
Adjusted EBITDA.....	298.6	276.9	71.4	44.8

⁽¹⁾ Excluding exchange difference loss, net and bank charges.

⁽²⁾ The components of the adjustments are as follows:

	As of and for the year ended December 31,		As of and for the three months ended March 31,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Adjustments				
Impairment loss of long-lived assets, net of reversal.....	126.1	36.2	0.7	-
VAT impairment.....	(7.7)	-	-	-
Doubtful recovery provision	-	4.8	-	-
Adjustment of contingencies provision.....	-	-	-	-
Adjustment of inventories.....	3.9	0.5	-	-
Net present value change of mine closure and communities agreements	6.7	6.8	-	-
Others.....	3.9	1.2	-	-
Exchange difference loss, net.....	-	(1.0)	(0.1)	-
Bank charges.....	4.0	8.3	2.8	-
Adjustments	137.0	56.8	3.4	-

- (3) The following table sets forth a description of our financial debt:

	As of December 31,		As of March 31,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Financial debt				
Syndicated loan*.....	397.0	398.0	397.2	398.2
Financial institutions.....	2.8	-	1.4	-
Third parties (bonds)**.....	361.6	362.7	361.9	363.0
Financial leasing	26.6	13.9	22.5	12.4
Total gross financial debt***.....	787.9	774.5	783.0	773.6
Cash and cash equivalents.....	73.6	61.6	67.2	62.2

Total net financial debt	714.3	712.9	715.8	711.4

* Includes fees amortized cost for US\$3.0 million, US\$2.0 million, US\$2.8 million and US\$1.8 million as of December 31, 2022, December 31, 2023 March 31, 2023 and March 31, 2024, respectively.

** Includes fees amortized cost for US\$3.4 million, US\$2.3 million, US\$3.1 million and US\$2.0 million as of December 31, 2022, December 31, 2023 March 31, 2023 and March 31, 2024, respectively.

***Does not include operating leases (IFRS 16) or bank overdrafts.

- (4) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA for the applicable period to interest expense for the same period.
- (5) Capital expenditures differ from cash used in investing activities because cash used in investing activities includes investments accrued in previous periods paid during the current period and excludes investments accrued in the current period but not paid in the current period. The components of capital expenditures are as follows:

	For the year ended December 31,		For the three months ended March 31,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Capital Expenditures				
Local exploration	11.0	13.1	2.6	2.0
Mine development	82.7	76.3	18.4	17.6
Plants and tailing facilities.....	62.3	32.0	4.1	7.0
Mine and infrastructure.....	40.7	34.5	7.3	5.5
Electrical infrastructure in units	12.8	8.7	0.7	0.1
Regional explorations	0.3	0.1	-	-
Romina Project*	17.3	10.9	2.9	0.6
Energy	1.1	0.5	-	-
Support and others	14.5	3.5	0.3	0.9
Total accrued capital expenditures (non-cash)	242.7	179.6	36.2	33.8

* For a description of the projects, see “*Business—Growth Projects.*”

- (6) Working capital is current assets less current liabilities.
- (7) Zinc and silver cash cost includes all expenses incurred in the production and sale of concentrate, such as production costs (excluding depreciation and amortization), treatment and refining charges, selling expenses, and royalties.

SUMMARY OF THE EXCHANGE OFFER AND THE SOLICITATION

The following is a brief summary of the material terms of the Exchange Offer and the Solicitation. For a more complete description of the Exchange Offer and the Solicitation, see “Description of the Exchange Offer and the Solicitation” in this Exchange Offer Memorandum.

The Exchange Offer	The Company is offering to all Eligible Holders of Existing Notes the opportunity to exchange, upon the terms and subject to the conditions set forth in this Exchange Offer Memorandum and the related Eligibility Letter, any and all of their Existing Notes for New Notes, all as described below under “<i>Description of the Exchange Offer and the Solicitation—Total Consideration, Exchange Consideration and Early Participation Premium.</i>” The Existing Notes were originally issued on February 4, 2021, in an aggregate principal amount of US\$475,000,000. As of the date of this Exchange Offer Memorandum, US\$365,000,000 aggregate principal amount of the Existing Notes remains outstanding.
The Solicitation	Concurrently with the Exchange Offer, the Company is soliciting from Eligible Holders of the Existing Notes the Consents to the Proposed Amendments to the Existing Indenture. Holders may not tender their Existing Notes for exchange pursuant to the Exchange Offer without delivering their Consents pursuant to the Solicitation and Holders may not deliver their Consents pursuant to the Solicitation without tendering their Existing Notes for exchange pursuant to the Exchange Offer. The tender of Existing Notes by a Holder for exchange pursuant to the Exchange Offer will constitute the Consent of such Holder to the Proposed Amendments.
Proposed Amendments.....	The Proposed Amendments would eliminate substantially all of the restrictive covenants and events of default and related provisions under the Existing Indenture with respect to the Existing Notes. See “<i>Proposed Amendments to the Existing Indenture</i>” and “<i>Risk Factors—Risks Relating to the Non-Exchanging Holders of the Existing Notes—The Proposed Amendments will, if adopted, reduce protections to the Holders of the Existing Notes.</i>”
Purpose of Exchange Offer and Solicitation	The purpose of the Exchange Offer is to exchange the Existing Notes for the New Notes. The purpose of the Solicitation is to obtain the Consents of Eligible Holders of Existing Notes to effect the Proposed Amendments, which would eliminate substantially all of the restrictive covenants and events of default and related provisions under the Existing Indenture with respect to the Existing Notes. The Exchange Offer and the Solicitation are designed to (i) optimize our capital structure in light of the future growth of our business, and (ii) facilitate the achievement of growth objectives through organic and inorganic strategies.

Eligibility to Participate in the Exchange

Offer

We have not registered, and will not register, the Exchange Offer or the issuance of the New Notes under the Securities Act or any other laws. Subject to the laws of the jurisdictions in which Eligible Holders reside, only Eligible Holders who have duly completed and returned the Eligibility Letter certifying that they are either (i) QIBs or (ii) non-U.S. persons (as defined in Rule 902 under the Securities Act) located outside of the United States are authorized to receive and review this Exchange Offer Memorandum and participate in the Exchange Offer.

Total Consideration, Exchange

Consideration and Early Participation

Premium

Upon the terms and subject to the conditions set forth in the Exchange Offer Documents, Eligible Holders who validly tender Existing Notes and deliver Consents, and do not validly revoke such tenders and Consents on or prior to the Early Participation Deadline and whose Existing Notes are accepted for exchange by us will receive the Total Consideration.

Eligible Holders who validly tender Existing Notes and deliver Consents after the Early Participation Deadline and before the Expiration Deadline and whose Existing Notes are accepted for exchange by us will receive the Exchange Consideration.

The Exchange Consideration for each US\$1,000 aggregate principal amount of Existing Notes is equal to US\$960.00 principal amount of New Notes, payable on the Settlement Date.

The Early Participation Premium for each US\$1,000 aggregate principal amount of Existing Notes validly tendered (and not validly withdrawn) on or prior to the Early Participation Deadline will be equal to US\$50.00 principal amount of New Notes, payable on the Settlement Date.

The Total Consideration for each US\$1,000 aggregate principal amount of Existing Notes validly tendered (and not validly withdrawn) on or prior to the Early Participation Deadline is equal to US\$1,010.00 principal amount of New Notes, payable on the Settlement Date.

See “*Description of the Exchange Offer and the Solicitation—Total Consideration, Exchange Consideration and Early Participation Premium.*”

Accrued Interest

Eligible Holders whose Existing Notes are accepted for exchange will be paid Accrued Interest on such Existing Notes, which is from, and including, the most recent date on which interest was paid on such Eligible Holder’s Existing Notes to, but not including, the Settlement Date, payable on the Settlement Date. Accrued Interest will be paid in cash on the Settlement Date (rounded to the nearest cent US\$0.01). Interest will cease to accrue on the Settlement Date for all Existing Notes accepted for exchange in the Exchange Offer.

Additional Amounts

The Company will pay additional amounts to Eligible Holders that participate in the Exchange Offer with respect to the exchange of Existing Notes tendered in the Exchange Offer (including the Early Participation Premium) and the Accrued Interest, such that the amount received by Eligible Holders after deduction of any withholding taxes, including any withholding taxes on any income

	treated as interest with respect to the exchange of Existing Notes tendered in the Exchange Offer (including the Early Participation Premium) and the Accrued Interest will equal the Exchange Consideration, Early Participation Premium and the Accrued Interest, as if no deduction were due.
Authorized Denominations	Existing Notes may be tendered only in minimum denominations of US\$2,000 and integral multiples of US\$1,000 in excess thereof. We will not accept any tender of Existing Notes that would result in the issuance of less than US\$2,000 principal amount of New Notes.
Rounding.....	If, with respect to any tender of Existing Notes, it is determined that an Eligible Holder would be entitled, pursuant to the Exchange Offer, to receive New Notes in an aggregate principal amount that is at least US\$2,000 but not an integral multiple of US\$1,000 in excess thereof, the Company will round downward the principal amount of such New Notes to the nearest multiple of US\$1,000 and no cash will be paid in lieu of the principal amount not received as a result of such rounding.
Conditions to the Exchange Offer and the Solicitation of Consents	Our obligation to accept Existing Notes tendered in an Exchange Offer is subject to the satisfaction of certain conditions applicable to the Exchange Offer described under “<i>Description of the Exchange Offer and the Solicitation—Conditions to the Exchange Offer and the Solicitation</i>,” including (i) the non-occurrence of an event or events or the likely non-occurrence of an event or events that would or might reasonably be expected to prohibit, restrict or delay the consummation of the Exchange Offer or materially impair the contemplated benefits to us of the Exchange Offer, (ii) the satisfaction of the Minimum Exchange Condition and (iii) certain other customary conditions. The Company reserves the right, subject to applicable law, to waive any and all conditions to the Exchange Offer, provided that the majority of the Supporting Noteholders under the Transaction Support Agreement shall approve in writing a waiver of (i) the Expenses Payment Condition and (ii) the Minimum Exchange Condition to reduce it below a certain percentage of the Required Holders which must tender their Existing Notes and deliver their Consents pursuant to the Exchange Offer and the Solicitation; and provided further that, pursuant to the terms of the Credit Agreement, as defined below, approval of lenders representing a majority of the loan obligations will be required for the waiver of the Minimum Exchange Condition and permit the issuance of New Notes on the Settlement Date. See “<i>Description of the Exchange Offer and the Solicitation—Conditions to the Exchange Offer and the Solicitation</i>” and “<i>Risk Factors Relating to the Exchange Offer—The Exchange Offer and the Solicitation may be cancelled, delayed or amended and the conditions for the Exchange Offer may not be satisfied.</i>”
Early Participation Deadline	5:00 p.m., New York City time, on August 22, 2024, unless extended by the Company, in its sole discretion, and subject to applicable law, in which case the term “Early Participation Deadline” will mean the latest date and time to which it is extended.

Withdrawal Deadline	5:00 p.m., New York City time, on August 22, 2024, unless extended by the Company, in its sole discretion, and subject to applicable law, in which case the term “Withdrawal Deadline” will mean the latest date and time to which it is extended.
Expiration Deadline	5:00 p.m., New York City time, on September 6, 2024, unless extended or terminated earlier by the Company, in its sole discretion, in which case the term “Expiration Deadline” will mean the latest date and time to which it is extended.
Settlement Date	Expected to be the second Business Day after the Expiration Deadline. The expected Settlement Date is September 10, 2024, unless extended.
Withdrawal of Tenders and Consents	Existing Notes tendered for exchange and Consents delivered may be validly withdrawn or revoked at any time at or prior to the Withdrawal Deadline, except in certain limited circumstances as set forth herein. The Withdrawal Deadline is 5:00 p.m., New York City time, on August 22, 2024 (as the same may be extended). At any time after the Withdrawal Deadline and before the Expiration Deadline, if the Minimum Exchange Condition has been satisfied and the Company has received the applicable Consent from the Required Holders, on such date, the Company and the Trustee may execute and deliver the Supplemental Indenture. The Supplemental Indenture will give effect to the Proposed Amendments to the Existing Notes, that will be effective upon execution but will only become operative upon consummation of the Exchange Offer on the Settlement Date. However, the Supplemental Indenture, by its terms, will provide that the Proposed Amendments will not become operative unless and until the Total Consideration and the Exchange Consideration is paid to tendering holders of the Existing Notes at the Settlement Date. A valid withdrawal of tendered Existing Notes will also constitute the revocation of the related Consent to the related Proposed Amendments to the Existing Indenture. Consents may only be revoked by validly withdrawing the tendered Existing Notes prior to the Withdrawal Deadline. Existing Notes tendered for exchange and Consents delivered may not be withdrawn or revoked after the Withdrawal Deadline; therefore, any tender of Existing Notes and delivery of Consents after the Withdrawal Deadline are irrevocable. See “<i>Description of the Exchange Offer and the Solicitation—Withdrawal of Tenders and Revocation of Consents.</i>”
Right to Amend or Terminate	Subject to applicable law, the Exchange Offer and Solicitation may be amended, extended, terminated or withdrawn, provided that the Exchange Offer is subject to the satisfaction of the Minimum Exchange Condition and Expenses Payment Condition, unless waived pursuant to the terms of the Exchange Offer. Although we have no present plans or arrangements to do so, we reserve the right to amend, at any time, the terms of the Exchange Offer and the Solicitation in accordance with applicable law. We will give Eligible Holders notice of any amendments and will extend the Expiration Deadline if required by applicable law.
Procedures for Tendering	The tender of Existing Notes by a Holder pursuant to the Exchange Offer will constitute the Consent of such Holder to the Proposed

Amendments. Any beneficial owner desiring to tender Existing Notes pursuant to the Exchange Offer should request such beneficial owner's nominee to effect the transaction for such beneficial owner. Participants in DTC must electronically transmit their acceptance of the Exchange Offer (which will also constitute delivery of Consents) by causing DTC to transfer Existing Notes to the Exchange Agent and Information Agent in accordance with DTC's Automated Tender Option Program ("ATOP") procedures for transfers.

There is no separate letter of transmittal in connection with this Exchange Offer Memorandum. See "*Description of the Exchange Offer and the Solicitation—Procedures for Tendering.*" For further information, call the Exchange Agent and Information Agent or the Dealer Managers at the telephone numbers set forth on the back cover of this Exchange Offer Memorandum or consult your nominee for assistance.

Holders may not tender their Existing Notes for exchange pursuant to the Exchange Offer without delivering their Consents pursuant to the Solicitation and Holders may not deliver their Consents pursuant to the Solicitation without tendering their Existing Notes for exchange pursuant to the Exchange Offer. The tender of Existing Notes by a Holder for exchange pursuant to the Exchange Offer will constitute the Consent of such Holder to the Proposed Amendments.

Certain Tax Considerations	For a summary of certain U.S. federal income tax considerations of the Exchange Offer to Eligible Holders of Existing Notes, see " <i>Certain Tax Considerations.</i> "
Use of Proceeds	The Company will not receive any cash proceeds from the Exchange Offer or the issuance of the New Notes. The Existing Notes acquired by the Company pursuant to the Exchange Offer will be cancelled and will not be reissued. See " <i>Use of Proceeds.</i> "
Exchange Agent and Information Agent	D.F. King & Co., Inc. is the exchange agent and also is the information agent for the Exchange Offer and the Solicitation of Consents. The address and telephone numbers of D.F. King & Co., Inc. are listed on the back-cover page of this Exchange Offer Memorandum. The website for the Exchange Offer Documents is: www.dfking.com/volcan .
Dealer Managers	BofA Securities, Inc. and Moelis & Company LLC are the Dealer Managers for the Exchange Offer and the Solicitation Agents for the Solicitation of Consents. The address and telephone numbers of the Dealer Managers and the Solicitation Agents are listed on the back-cover page of this Exchange Offer Memorandum.
Further Information; Questions	Questions concerning tender procedures and requests for additional copies of the Exchange Offer Documents should be directed to the Information Agent at its address or telephone numbers listed on the back-cover page of this Exchange Offer Memorandum. Any questions concerning the terms of the Exchange Offer should be directed to the Dealer Managers at the telephone numbers listed on the back-cover page of this Exchange Offer Memorandum.
No Recommendation to Tender	The Exchange Offer has been approved by the shareholders of the Company. However, neither the shareholders nor our board of directors have made any determination that the consideration to be received in the Exchange Offer represents a fair valuation of either the Existing Notes or the New Notes, and we have not obtained a

fairness opinion from any financial advisor about the fairness to us or to you of the consideration to be received by Holders of Existing Notes. Accordingly, none of us, our shareholders, our board of directors, the Subsidiary Guarantors or any other person is making any recommendation as to whether you should tender your Existing Notes for exchange and accept the New Notes offered in the Exchange Offer. Furthermore, none of the Dealer Managers, the Trustee, the Registrar, the Paying Agent, the Transfer Agent, the Exchange Agent or the Information Agent is making any recommendation as to whether you should tender your Existing Notes for exchange and accept the New Notes offered in the Exchange Offer. You must make your own determination as to whether to tender your Existing Notes for exchange.

Risks Relating to the Exchange Offer and the Solicitation

For a description of certain risks relating to the Holders of Existing Notes participating in the Exchange Offer and the Solicitation of Consents, see “*Risk Factors—Risks Relating to the Exchange Offer and the Solicitation.*”

Risks Relating to the Non-Exchanging Holders of the Existing Notes

For a description of certain risks relating to the Holders of Existing Notes not participating in the Exchange Offer and Solicitation of Consents, see “*Risk Factors—Risks Relating to the Non-Exchanging Holders of the Existing Notes.*”

RISK FACTORS

You should carefully consider the following risk factors, as well as the other information presented in this Exchange Offer Memorandum, before buying our notes. The risks and uncertainties described below are not the only ones that we face. Additional risks and uncertainties that we do not know about or that we currently think are immaterial may also impair our business operations. Any of the following risks, if they actually occur, could materially and adversely affect our business, results of operations, prospects and financial condition. In that event, the market price of the New Notes could decline, and you could lose all or part of your investment.

Risks Relating to Our Business

We have incurred losses in the past and may incur losses in the future.

For the years ended December 31, 2023 and 2022, our net profit (loss) was US\$(10.0) million, and US\$(81.4) million, respectively. We may incur losses in the future and there can be no assurance that we will be able to operate profitably during future periods. If we are unable to operate profitably during future periods, and are not successful in obtaining additional financing, we could be forced to cease certain exploration and evaluation programs and mine development activities as a result of insufficient cash resources.

Our business is highly dependent on the price of the metals we produce.

Our financial performance is significantly affected by the market prices of the metals we produce, particularly the market prices of zinc, silver, lead and, to a lesser extent, copper and gold. Historically, prices of such metals have been subject to wide fluctuations and are affected by numerous factors beyond our control, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by users, actions of participants in the commodities markets and currency exchange rates. In addition, the market prices of zinc, silver, lead, copper, gold and certain other metals have on occasion been subject to rapid short-term changes.

During the last 3-year period ended March 31, 2024, zinc, silver, lead, copper and gold showed average highs and lows as follows: zinc US\$2,368 per tonne, low in 2023 and US\$4,371 per tonne, high in 2022; silver US\$18.84 per ounce, low in 2022 and US\$27.46 per ounce, high in 2021; lead US\$1,874 per tonne, low in 2022 and US\$2,429 per tonne, high in 2021; copper US\$7,530 per tonne, low in 2022 and US\$10,237 per tonne, high in 2022; and gold US\$1,665 per ounce, low in 2022 and US\$2,158 per ounce, high in 2024. We cannot predict whether metal prices will rise or fall in the future. Future declines in metal prices, and especially zinc, silver, lead, copper and gold prices, could have an adverse impact on our results of operations and financial condition, and we might consider curtailing or modifying certain of our operations.

Changes in the demand for the metals we produce could adversely affect our sales volume and revenues.

Our revenues depend on the volume of metals we sell, which in turn depends on the level of industrial and consumer demand for these metals. Demand for these metals is mostly driven by: in the case of zinc, consumption of galvanized steel for construction and infrastructure, the production of brass and die-casting; in the case of silver, its general perception as a store of value as well as its uses in industrial processes and products, such as batteries, bearings, brazing and soldering, catalysts, electronics and photographic material, and its use by direct consumers, such as for jewelry, silverware and coins; in the case of lead, its uses as energy storage and in certain other products such as chemicals, ammunition, oxides in glass and ceramics, casting metals and sheet lead; in the case of copper, its uses in the construction industry, electronic product manufacturing, power generation, transmission and distribution, and the production of industrial machinery; and in the case of gold, its general perception as a store of value as well as global economic activity outlook. See “Industry Overview.” An increase in the production of these metals world-wide or changes in technology, industrial processes or consumer habits, including increased demand for substitute materials, may decrease the demand for these metals. A fall in demand, resulting from economic slow-downs or recessions or other factors, could also decrease the volume of metals we sell and therefore materially and adversely impact our results of operations and financial condition.

Our results and financial condition are affected by global and local market conditions which we do not control and cannot predict.

We are subject to the risks arising from adverse changes in domestic and global economic and political conditions. Our industry is cyclical by nature, fluctuates with economic cycles and is impacted by economic instability.

If the global economic recovery continues to be weak or deteriorates or if Chinese economic growth weakens, it could have an impact on our business and our financial condition. Continued global economic weakness may prompt banks to limit or deny lending to us or to our customers, which could have a material adverse effect on our liquidity, on our operations, on our ability to carry out our announced capital investment programs and may prompt our customers to slow down or reduce the purchase of our products. We may experience longer sales cycles, difficulty in collecting sales proceeds, and lower prices for our products. We cannot provide any assurance that any of these events will not have a material adverse effect on market conditions, the prices of our securities, our ability to obtain financing, and our results of operations and financial condition.

The mining industry is highly competitive.

We face competition from other mining, processing, trading and industrial companies in Peru and around the world. Competition principally involves sales, supply and labor prices, contractual terms and conditions, attracting and retaining qualified personnel and securing the services and supplies we need for our operations. We cannot assure you that competition will not adversely affect us in the future. For example, lower cost producers of the metals we mine could be better positioned to manage future volatility through commodity price cycles. In addition, mines have limited lives and, as a result, we must periodically seek to replace and expand our reserves by increasing exploration expenses or acquiring new properties. Significant competition exists to acquire mining concessions, land and related assets.

Potential changes to international trade regulations and agreements, as well as other political and economic arrangements (including direct or indirect subsidies) may benefit metal producers or traders operating in countries other than where our mining operations are currently located or adversely affect the prices we pay for the supplies we need and our export costs when we engage in international transactions. Although we are constantly searching for initiatives that allow us to gain efficiencies and offset upward pressures to maintain competitive cost levels, we cannot assure you that we will be able to compete on the basis of price or other factors with companies that in the future may benefit from favorable regulations, trading or other arrangements or that we will be able to maintain the cost of the supplies we require and our export costs.

Our estimates of reserves and resources may be materially different from mineral quantities we actually recover and we depend on our ability to replenish ore reserves and resources for our long-term viability.

There is a degree of uncertainty attributable to the calculation of mineral reserves and resources. Until reserves are actually mined and processed, the quantity of ore and grades must be considered as estimates only. The proven and probable ore reserves and resources data included in this Exchange Offer Memorandum follow the information management guidelines and international definitions established by the JORC, using specialized software, and are estimates prepared under the general supervision of our geology and planning managers in consultation with recognized consultant geologists and engineers, acting as competent persons. This information, however, is not reviewed or audited by independent or external experts. We may be required in the future to revise our reserves and resources estimates and we cannot assure you that our reserves and resources conform to geological, metallurgical or other expectations or that the estimated volume and grade of ore will be recovered. Market prices of our metals, increased production costs, reduced recovery rates, short-term operating factors, royalty taxes and other factors may render proven and probable reserves uneconomic to exploit and may result in revisions of reserves data from time to time. Reserves and resources data are not indicative of future results of operations and are depleted as we mine. We depend on our ability to replenish our ore reserves for our long-term viability. We use several strategies to replenish and increase our ore reserves, including exploration, acquisition of mining concessions and investing in technology that could extend the life of a mine by allowing us to cost-effectively process ore types that were previously considered uneconomic. However, we cannot assure you that we will be able to continue with our strategy to replenish reserves indefinitely.

Our exploration efforts are highly speculative in nature and may be unsuccessful.

Mining exploration is highly speculative in nature, involves many risks and is frequently unsuccessful. Moreover, once mineralization is discovered, it may take a number of years from the initial phases of drilling before production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable ore reserves through drilling, to determine processes to extract the metals and, if required, to construct mining and processing facilities and obtaining the rights on the land and resources required to develop the mining activities. We have approximately 341,000 hectares of mining concessions, of which 21% are currently being exploited, 27% are being explored and 52% remain unexploited and unexplored. We cannot assure you that our exploration programs will result in the expansion or replacement of current production with new proven and probable reserves.

Development projects have no operating history upon which to base estimates of proven and probable ore reserves and estimates of future cash operating costs. Estimates are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metal from the ore, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, actual cash operating costs and economic returns based upon development of proven and probable ore reserves may differ significantly from those originally estimated. Moreover, significant decreases in actual or expected prices may mean reserves, once found, will be uneconomical to mine.

Public health threats could have an adverse effect on the Peruvian economy.

Peru has been and could in the future be adversely affected by the effects of contagious diseases. In recent years, the COVID-19 pandemic has spread globally and disrupted various markets, severely impacting the economies exposed to the outbreak. The COVID-19 pandemic has also caused significant volatility in the financial markets, undermining investors' confidence in the growth of countries and businesses.

As most economic sectors, the Peruvian mining sector was negatively affected by the COVID-19 pandemic both directly and indirectly, mostly because of public health measures imposed, such as business closings, lock-downs, and restrictions on travel and gatherings, among others, which negatively impacted mining companies as well as their customers, counterparties, employees, supply chain and other stakeholders. The exact ramifications of any future public health threats on the mining sector and on the global and Peruvian economy are difficult to predict. Any of those ramifications, or any future adverse conditions related to public health threats, not yet known, could have a material adverse effect on the Peruvian mining sector or on the Peruvian economy.

Health and safety law, environmental laws and other law and regulations may increase our costs of doing business, restrict our operations, or result in the application of fines, revocation of permits or shutdown of our facilities.

Our exploration, exploitation and processing activities are subject to a number of Peruvian laws and regulations, including relating to health and safety, environmental protection, as well as governmental authorizations and certain industry standards. Additional matters subject to regulation include, but are not limited to, concession fees, transportation, production, water use and discharge, power use, electricity generation and transmission, use, handling and storage of explosives and other hazardous materials, land use rights, housing and other facilities for workers, taxation, labor standards, safety, and occupational health.

We are required to comply with occupational health and safety and environmental laws and regulations in Peru where our operations are subject to periodic inspections by the relevant governmental authorities. These laws and regulations govern, among others: workplace conditions, use of safety equipment, workers insurance coverage, and the handling, storage and disposal of hazardous substances. Compliance with these laws and regulations and new or existing regulations that may be applicable to us in the future could increase our operating costs and adversely affect our financial results of operations and cash flows.

We monitor occupational health and safety and environmental performance and compliance regularly through programs, reports, and activities at our operations. For example, we issue reports according to Peruvian mining regulations (Supreme Decree No. 024-2016-EM, as amended), which include the establishment of a committee of security and health in the workplace, monthly occupational health and safety statistics, an annual occupational

health and safety program, and a training register, among other measures. We also issue reports according to our safety, health, environmental and quality system. These include, among others, a daily report of accidents, a weekly occupational health and safety report, a monthly occupational health and safety newsletter and an annual occupational health and safety plan. Mining is an inherently dangerous activity which involves substantial risks, and both our workers and our contractors' workers are subject to accidents, some of which may result in injuries or death. Accidents are reported to Peruvian authorities as required. Although we believe we comply with these regulations in all material aspects, we cannot assure you that we have been or will be at all times in full compliance with the laws and regulations. Any violation of such laws or regulations could result in substantial fines, criminal sanctions, temporary or permanent shutdown of the affected operations or facilities or the suspension or revocation of authorizations, permits or licenses. Pursuant to certain applicable environmental laws, we could be found liable for all or substantially all of the damages caused by pollution at our current or former facilities or those of our predecessors at disposal sites. We could also be found liable for all incidental damages due to the exposure of individuals to hazardous substances or other environmental damage. We cannot assure you that our costs of complying with current and future environmental and health and safety laws and regulations, and any liabilities arising from past or future releases of, or exposure to, hazardous substances will not materially and adversely affect our business, financial condition, and results of operations.

Furthermore, there is the risk that relevant regulators may impose work stoppages for alleged breaches of operating permits, which we will have to challenge through administrative or judicial actions. The occurrence of any of these events could delay or halt production, increase production costs and result in financial and regulatory liability for us, which could have a material adverse effect on our business, financial condition, results of operations, prospects or liquidity.

Environmental regulations have become increasingly stringent in Peru and we have been required to dedicate more time and money to compliance and remediation activities. We expect additional laws and regulations will be enacted over time with respect to environmental matters.

Environmental laws and regulations imposing environmental obligations on the mining industry have been enacted in Peru, and we anticipate additional laws and regulations will be enacted over time. Future changes to environmental laws and regulations could increase the extent of investment and work required to be performed by us in order to comply with environmental obligations, including, but not limited to, those related to reclamation and remediation. Any future regulatory developments and resulting increases in future costs related to compliance could materially impact the amounts charged to operations in this regard.

Regulatory and industry response to climate change, restrictions, caps, taxes, or other controls on emissions of greenhouse gasses, including on emissions from the combustion of carbon-based fuels, controls on effluents and restrictions on the use of certain substances or materials could significantly increase our operating costs. This could also affect our customers. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. These regulatory initiatives will be either voluntary or mandatory and may impact our operations directly or through our suppliers or customers.

The potential impact of climate change on our operations is highly uncertain, and would be particular to the geographic circumstances of our facilities and operations. It may include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperatures. These effects may materially and adversely impact the cost, production and financial performance of our operations.

In order to operate, mining operations require an approved environmental impact assessment ("EIA") and a mine closure plan ("PCM"). Both the EIA and the PCM may be amended from time to time in order to account for changes introduced to the mining operation (e.g. due to the inclusion or exclusion of components, the modification of the method of exploitation). Also, the approval process of the EIA and its amendments, and other environmental/social compliance documentation, may require the discussion of the activities proposed to be carried out by the operator at various open hearings with the local communities, where they have the opportunity to voice their opinion and concerns. The National Service of Environmental Certification for Sustainable Investments - SENACE is the entity that approves EIAs for the execution of medium and large scale mining projects, while MINEM approves the PCM. In addition, several other environmental, social and regulatory authorizations or permits are required to be obtained from a variety of governmental entities in order to carry out mining operations.

We cannot assure you that any future projects will be approved or that existing approvals, authorizations, licenses and permits will not be questioned or revoked. Furthermore, we cannot assure you that even if we get the required approvals, licenses, authorizations and permits for any future projects we will not experience opposition from local communities that could impede the development of such projects.

The development of more stringent environmental protection programs in Peru, international conventions and treaties, trade agreements or generally in the industry could impose constraints and additional costs on our operations and require us to make significant capital expenditures in the future. We cannot assure you that future legislative, regulatory, international law, industry, trade or other developments will not have a material adverse effect on our business, properties, operating results, financial condition or prospects.

Our operations depend on our relations and agreements with local communities, and new projects require carrying out a prior consultation procedure.

There are 39 local communities that surround our operations. As of March 31, 2024, we have entered into 76 agreements with 32 of these local communities that mainly provide for the use of their land for our operations. We also interact with regional and local governments and depend on our close relations with local communities and regional/local governments to carry out our operations. In the event that our relations with the communities and regional/local governments were to deteriorate in the future, or the communities do not comply with the existing agreements or renew them upon expiration, it could have a material adverse effect on our business, properties, operating results, financial condition or prospects. Our ability to obtain permits and approvals and to successfully operate in particular communities or to obtain financing may be adversely impacted by real or perceived detrimental events associated with our activities or those of other mining companies affecting the environment, human health and safety or the surrounding communities. Furthermore, in order to develop new projects on land owned by, or in the possession of, third parties, we need to reach an agreement with such third parties in order to use that land. Our failure to reach such agreements or obtain governmental approvals for our new projects could result in a material adverse effect on our business, properties, operating results, financial condition or prospects.

In addition, Law No. 29785 on the Prior Consultation Right of the Indigenous Population, which was passed on September 7, 2011, based on the International Labor Organization's 169th Convention, ratified by Peru in 1994, provides that the government is to carry out a prior consultation procedure with local indigenous population in advance to the issuance of new laws, regulations and administrative measures, as well as national and regional plans, programs and projects, that may directly affect such communities, including the commencement of mining activities. Implementing regulations under the law were approved by Supreme Decree No. 001-2012-MC, as amended, which became effective on April 4, 2012. The implementing regulations specify the form and circumstances of the required consultation and the manner in which agreements will be formalized, and cap that the consultation process must be carried out within 120 calendar days after the date in which the proposed relevant new law, regulation, administrative measure, national or regional plan, program or project is delivered to the corresponding indigenous population. Under the law, the Peruvian governmental body responsible for issuing or approving the administrative measure or decree in question, rather than the affected local indigenous community, retains the right to approve or reject the relevant legislative or administrative matter following such consultation. However, to the extent that any future projects operated by us require legislative or administrative measures that impact local indigenous communities, the required prior consultation procedure may result in delays and additional expenses. The failure to obtain support for such new project from the relevant indigenous communities may also lead to situations of social tension, which could have a material adverse effect on our business, properties, operating results, financial condition or prospects. See "Regulatory Framework."

Lead pollution and contamination as well as high lead blood levels in children living in communities, around our Cerro de Pasco Unit continue to present a community health risk. Although we believe that this contamination was produced prior to our ownership of the mining operations, and that therefore we do not have any legal liability for the contamination, the risk to community health nonetheless exists. We have collaborated with the Peruvian government and other private mining companies in the area as well as the NGO Prisma to address critical lead and pollution-related health concerns in the Cerro de Pasco community. As a result, we maintain our sustainable commitment by encouraging good health and nutrition practices through awareness-raising programs and 22 medical campaigns in cooperation with local communities.

We may be adversely affected by labor disputes.

We employ more than 10,043 workers to carry out our operations, of which approximately 33% are under direct payroll and approximately 67% are from mining service contractor companies. As of March 31, 2024, we had twelve front-line workers unions and one Volcan Workers Union Federation among our direct payroll staff. Front-line workers unions represented approximately 49% of direct payroll workers at the Yauli Unit and our Lima headquarters, 36% of direct payroll workers in the case of the Cerro de Pasco Unit and 40% in the case of the Chungar and the Alparamarca Units. We negotiate collective agreements with the unions annually. These negotiations generally focus on salaries, working conditions and welfare. Although we consider that our relations with employees and contractors are currently positive, we cannot assure you that we will not experience work slowdowns, work stoppages, strikes or other labor disputes in the future, particularly in the context of the annual renegotiation of our collective agreements, which could have a material adverse effect on our business, financial condition, and results of operations.

Changes in tax laws may increase our tax burden and, as a result, could adversely affect our business, financial condition and results of operations.

The Peruvian government from time to time implements changes to tax laws and regulations. Any such changes, as well as changes in the interpretation of such laws and regulations, may result in increases to our overall tax burden, which would negatively affect our profitability. For example, on September 28, 2011, Law No. 29789 and Law No. 29788 were passed and increased taxation on metallic and non-metallic mining activities in Peru, which adversely affected our results of operations beginning October 1, 2011. Moreover, on January 1, 2017, the income tax rate increased from 28% to 29.5%, while the dividend tax rate decreased from 6.8% to 5%. See “Regulatory Framework.” We cannot assure you that the Peruvian government will not implement additional changes to tax regulations in the future, which could adversely affect our business, financial condition and results of operations.

Our business requires substantial capital expenditures and is subject to financing risks.

Our business is capital intensive. Specifically, the exploration and exploitation of zinc, silver, lead and copper reserves, the mining costs, the maintenance of machinery and equipment and the compliance with applicable laws and regulations require substantial capital expenditures. We must continue to invest capital to maintain or to increase the amount of our metal reserves and our production. We expect to invest approximately US\$140 million over the next three years on major expansion projects. We depend on our cash flows for maintenance capital expenditures.

In particular, at our Romina project we have determined the existence of important deposits of zinc, lead and silver, with Puagjanca being the most explored area. In surrounding areas, we determined the existence of the Andrea, Adriana and Esperanza deposits. Our Romina project is expected to produce minerals that will be treated at the concentrator plant located in the Alparamarca Unit and it is estimated that it will enter production in 2026. The detailed environmental impact assessment (*estudio de impacto ambiental detallado*, or “EIAd”) for its exploitation is ongoing and will be resubmitted for evaluation by SENACE in August 2024. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditures” and “Business—Growth Projects.”

No assurance can be given that we will be able to maintain our production levels or generate sufficient cash flow, capitalize a sufficient amount of our net profit or have access to sufficient investments, loans or other financing alternatives to finance our capital expenditure program at a level necessary to continue our exploration and exploitation activities at or above present levels. In addition, we cannot assure you that any of the existing projects or future projects will be approved or, if approved and executed, that such execution will be completed on schedule, within budget or achieve an adequate return on investment.

Our projects are subject to risks that may result in increased costs or delays that prevent their successful implementation.

We are investing to further increase our production capacity, logistics capabilities and to expand the scope of minerals we produce. Our projects are subject to a number of risks that may materially and adversely affect our growth prospects and profitability, including the following:

- we may encounter delays or higher than expected costs in obtaining the necessary equipment, machinery, materials, supplies, labor or services and in implementing new technologies to develop and operate a project;
- our efforts to develop projects according to schedule may be hampered by a lack of infrastructure, including a reliable power supply;
- we may fail to obtain, or experience delays or higher than expected costs in obtaining, the required agreements, authorizations, licenses and permits to develop a project, including the prior consultation procedure and agreements with local communities;
- changes in market conditions or regulations may make a project less profitable than expected at the time we initiated work on it;
- adverse mining conditions may delay and hamper our ability to produce the expected quantities and qualities of minerals;
- pandemics and other public health events may delay implementation and hinder profitability of projects; and
- conflicts with local communities and/or strikes or other labor disputes may delay the implementation or the development of projects.

The mining business is subject to inherent risks, some of which are not completely insurable.

The business of mining zinc, silver, lead, copper and other minerals is generally subject to a number of risks and hazards. Hazards associated with open pit mining operations include flooding of the open pit, collapse of the open pit wall, accidents associated with the operation of large open pit mining and rock transportation equipment or with the preparation and ignition of large scale open pit blasting operations, production disruptions due to causes such as adverse weather conditions and hazards associated with air pollution, the disposal of tailings, hazardous substances and materials and mineralized waste water, such as groundwater and waterway contamination. Hazards associated with underground mining operations include underground fires and explosions, including those caused by flammable gas, gas and coal outbursts, cave ins or falls of ground, fall of rocks, tunnel collapse, lack of oxygen, air pollution, discharges of tailings, hazardous substances and materials, gases and toxic chemicals, flooding, sinkhole formation and ground subsidence, other accidents and conditions resulting from underground mining, such as drilling, blasting, removing and processing material.

Such occurrences could result in damage to, or destruction of, our properties or production facilities, third party property, human exposure to pollution, personal injury or death, environmental and natural resource damage or contamination, delays in mining, monetary losses, reputational damage and legal liability. We maintain insurance policies in accordance with mining industry standards, and in amounts that we believe to be adequate, but which may not provide complete coverage in certain circumstances. Insurance against certain risks (including certain liabilities for environmental contamination and other hazards as a result of exploration and production) is not generally available or is uneconomical to afford.

We may be materially and adversely affected by challenges relating to slope and tunnel stability.

Our open-pit and underground mines get deeper and our waste and tailings deposits increase in size as we continue with our mining activities, presenting certain geotechnical challenges including the possibility of slope and tunnel failure. If we are required to decrease pit or waste or tailings deposit slope angles, provide additional road access, reinforce tunnels or take additional actions to prevent such a failure, we could incur additional expenses and our operations and stated reserves could be negatively affected. We have taken actions in order to maintain the stability of slopes and tunnels, but additional action may be required in the future. Unexpected failure or additional requirements to prevent slope and tunnel failure may materially and adversely affect our costs, the results of our operations and financial condition, as well as have the effect of diminishing our stated ore reserves.

Natural disasters could damage our facilities.

Natural disasters continue to pose a significant threat to mining and production facilities, as well as to general infrastructure in Peru. The central Andes region, where the mines are located, is particularly susceptible to

earthquakes, landslides, and floods. In 2023, the weather phenomenon known as “El Niño” caused heavy rains and floods in several regions of the country, leading to a 1.1% reduction in the Peruvian GDP. Mining operations in the north and center of the country were affected by floods and landslides, which caused production disruptions and damage to infrastructure. We cannot assure you that we will not experience natural disaster-related damage or casualties in the future, which could materially and adversely affect our ability to conduct our operations and, as a result, reduce our future operating results.

The most common consequences of natural disasters on mining operations are damage to infrastructure, supply chain disruptions, increased operating costs and impact on workers safety and health.

We could be subject to information technology system failures, network disruptions, and breaches in data security which could negatively affect our business, financial position, results of operations, and cash flows.

As dependence on digital technologies is expanding, cyber incidents, including deliberate attacks or unintentional events have been increasing worldwide. Computers and telecommunication systems are used to conduct our exploration, development and production activities and have become an integral part of our business. We use these systems to analyze and store financial and operating data, as well as to support our internal communications and interactions with business partners. Cyber-attacks could compromise our computer and telecommunications systems and result in additional costs as well as disruptions to our business operations or the loss of our data. A cyber-attack involving our information systems and related infrastructure, or those of our business partners, could disrupt our business and negatively impact our operations in a variety of ways, such as, among others:

- an attack on the computers which control our mining operations could cause a temporary interruption of our production;
- a cyber-attack on our accounting or accounts payable systems could expose us to liability to employees and third parties if their sensitive personal information is obtained;
- possible loss of material information, which in turn could delay productive processes and selling efforts, causing economic losses; or
- a cyber-attack on a service provider could result in supply chain disruptions, which could delay or halt our major development projects.

During the initial months of the COVID-19 pandemic, there was exponential growth in deliberate attacks on our information technology systems. In particular, our email platform suffered several phishing attacks. All attacks have been associated with increased risks such as identity fraud and theft of user credentials. Although we took the following actions to mitigate the increased risks:

- Implemented multifactor authentication on all our email accounts;
- Enhanced password security by requesting a combination of uppercase, lowercase and special characters;
- Contracted a specialized security service to provide 24-hour management and monitoring of our perimeter security architecture through different security- and cyber-intelligence tools; and
- Implemented an encryption system for all users to increase the security of stored information from theft or loss of the equipment;

we cannot offer any assurance that we will not suffer similar cybersecurity breaches in the future, which could have a material adverse effect on our business and reputation and expose us to increased liability.

Deliveries under our sales agreements may be suspended or cancelled by our customers in certain cases.

Under our sales agreements, our customers may suspend or cancel delivery of our products in some cases, such as force majeure. Events of force majeure under these agreements generally include, among others, acts of god, strikes, fires, floods, wars, government actions or other events that are beyond the control of the parties. Despite the fact that the high quality of our concentrates makes them sought out products in this market, any suspension or cancellation by our customers of deliveries under our sales contracts that are not replaced by deliveries under new contracts would reduce our cash flow and could materially and adversely affect our financial condition and results of operations.

Interruptions of energy supply or increases in energy costs and other production costs may materially and adversely affect our results of operations.

We require substantial amounts of electricity for our operations. Electricity purchase costs constituted approximately 9% and 11% of our total costs in 2022 and 2023, respectively. We obtain the necessary electric power for the operation of our equipment and facilities from (i) our own hydroelectric power plants which cover approximately 17% of our total electricity requirements (a percentage that will not be affected by any on-going or contemplated sale of non-core assets since they do not provide energy to our operations) and (ii) third parties through electricity supply contracts. We also have some small thermoelectric generators that serve only as backup. Recently, we have entered to a long-term electricity supply contract with Fenix Power Perú S.A., which will expire on December 31, 2033. In the event of any interruption or failure of our sources of electricity or in transmission lines or in any part of the grid (*Sistema Eléctrico Interconectado Nacional del Perú*, or “SEIN”), we cannot assure you that we will have access to other energy sources at the same prices and conditions, which could materially and adversely affect our results of operations and have a material adverse effect on our business, financial condition and result of operations.

The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, supply interruptions, equipment damage, worldwide price levels and market conditions. We thus cannot assure you that prices will not increase in the future. In addition, in 2023, thermoelectric generation with gas represented 44.5% of total energy production in Peru. Consequently, electricity prices are highly correlated with gas prices. Disruptions in energy supply or increases in costs of energy resources or increases of other production costs could have a material adverse effect on our financial condition and results of operations.

Shortages of water supply, critical spare parts, maintenance service and new equipment and machinery may materially and adversely affect our operations and development projects.

Our mining operations require significant quantities of water for mining, ore processing and related support facilities. We obtain the majority of the water we use for our operations pursuant to licenses granted for an unlimited period by the Peruvian Water Management Authority (*Autoridad Nacional del Agua* or “ANA”) to exploit our own wells, which are generally granted based on studies of the existing and projected water supply. Although each operation currently has access to sufficient water resources to cover its operational demands, the extinction of some or all water resources, failure in the water supply infrastructure, or the loss of some or all water supply contracts or relevant rights in relation to any of our mines or operations, in whole or in part, or shortages of water could require us to curtail or shut down operations and could prevent us from pursuing expansion opportunities.

Water rights, including licenses, may be terminated by governmental authorities or courts under certain circumstances, including: (i) titleholder’s resignation; (ii) annulment of the resolution approving the corresponding permit, authorization and/or license, declared by the ANA based on certain infringements to the Law of Water Resources, Law No. 29338 (“LWR”), and its regulations enacted by Supreme Decree 001-2010-AG; or (iii) failure to pay applicable water rights fee. According to Peruvian law, authorities may grant temporary water rights, as well as rights for indefinite periods such as those licenses granted to us as on the date hereof, subject to the compliance of certain legal conditions related to the permitted use of the water. Peruvian law establishes that the granting of water rights is subject to the purpose for which would be granted and fluctuations in the availability of water. Water resources must be used efficiently without adversely affecting its quality or the environment, and taking into account primary use (such as water for food preparation, human direct consumption and personal hygiene) and rights for the use of water previously granted.

The available water supply may be adversely affected by shortages or changes in governmental regulations. We cannot assure you that water will be available in sufficient quantities to meet our future production needs or will prove sufficient to meet our water supply needs. In addition, we cannot assure you that our existing licenses related to water rights will be maintained. A reduction of our water supply could materially and adversely affect our business, results of operations, financial condition and ability to repay the New Notes.

In addition to water and energy, our mining operations require intensive use of equipment and machinery. Shortage in the supply of key spare parts or adequate maintenance service or new equipment and machinery to replace old ones and cover expansion requirements could materially and adversely affect our operations and development projects.

Our financial condition and results of operations may be materially and adversely affected by currency exchange rate fluctuations.

The U.S. dollar is our functional currency and our revenues are primarily denominated in U.S. dollars. However, portions of our operating costs are denominated in soles. Accordingly, when inflation in Peru increases without a corresponding devaluation of the sol, our financial position, results of operations and cash flows could be materially and adversely affected. For the three-month period ended March 31, 2024, approximately 40% of our costs were denominated in soles. These costs mainly include electricity, labor, maintenance, local contractors and fuel. To manage the volatility related to the risk of currency rate fluctuations, we have entered into forward exchange contracts in the past and could use them again in the future. We cannot assure you, however, that currency fluctuations will not have an impact on our financial condition and results of operations.

We engage in hedging activity to reduce the risk associated with metal price volatility, which may not be successful and may result in losses to us.

We currently use metal commodity futures to reduce the risk associated with metal price volatility. In addition, we have used in the past and could use in the future foreign currency forwards to mitigate the risk related to our U.S. dollar revenues and certain payments we make in soles. As of December 31, 2023, we had effective hedge transactions with an accrued net gain of US\$3.9 million. As of March 31, 2024, we had effective hedge transactions with an accrued net gain of US\$0.2 million.

Our hedging activities could cause us to lose the benefit of an increase in the prices of the metals we produce if they increase over the level of hedge positions. The cash flows from and the mark-to-market values of our production hedges can be affected by factors such as the volatility of the market price of metals, which are not under our control.

Our hedging agreements contain events of default and termination events that could lead to early close-outs of our hedges such as failure to pay, breach of the agreement, misrepresentation, default under our loans or other hedging agreements and bankruptcy. In the event of an early termination of our hedging agreements, the relevant hedge positions would be settled at that time. In that event, there could be a lump sum payment to be made either to or by us. The magnitude and direction of such a payment would depend upon, among other things, the characteristics of the particular hedge instruments that were terminated and the relevant market prices at the time of termination. See Note 11 to our audited consolidated financial statements and Note 6 to our unaudited interim condensed consolidated financial statements for further information on our hedging activity.

The nature of our business includes risks related to litigation and administrative proceedings that could materially and adversely affect our business and financial performance in the event of an unfavorable ruling.

The nature of our business exposes us to litigation relating to labor, environmental, health and safety matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes, criminal prosecution, among other matters. While we contest these matters vigorously and make insurance claims when appropriate, litigation and other proceedings are inherently costly and unpredictable, making it difficult to accurately estimate the outcome of actual or potential litigation or proceedings. Although we establish provisions as we deem necessary, the amounts that we reserve could vary significantly from any amounts we actually pay due to the inherent uncertainties in the estimation process. We cannot assure you that these or other legal proceedings will not have a material adverse effect on our ability to conduct our business, financial condition and results of operations in the event of an unfavorable ruling.

Our concessions may be terminated or not renewed by governmental authorities.

Under Peruvian law, mineral resources belong to the state and government concessions are required to explore for or exploit mineral reserves. Our mining rights derive from concessions granted by the Geological, Mining and Metallurgical Institute (*Instituto Geológico Minero y Metalúrgico*, or “INGEMMET”) for our exploration and exploitation activities, while our ore processing concessions have been granted by the Directorate General for Mining of MINEM. A concessionaire (concession holder) needs to comply, on an annual basis, with two key obligations to maintain the mining concessions in good standing: (i) paying the applicable validity fees (*derecho de vigencia*), and (ii) achieving a minimum annual production or, if the concessionaire fails to attain such minimum annual production, paying the applicable production penalties. Failure to pay the validity fees and/or the production penalties, if

applicable, for two years, consecutive or not, will result in the forfeiture of the mining concession. In addition, we have been granted concessions in connection with our power generation and transmission operations. See “*Regulatory Framework*.” Failure to comply with such obligations may result in the termination of the concession which could have a material adverse effect on our operations, financial condition or prospects.

Transition Metals exercises control over our affairs and policies and its interests may be different from yours.

Transition Metals, a subsidiary of the Argentinian investment vehicle Integra Capital, owns 55.03% of our Class A voting shares (which represent 22.06% of our total capital stock), granting Transition Metals control over the Company. We cannot assure you that the interests of Transition Metals or Integra Capital will not conflict with yours. Transition Metals has the ability to determine the outcome of substantially all matters submitted for a vote to our shareholders and thus exercises control over our business policies and affairs, including the following:

- the appointment of the majority of our board of directors and, as a result, most determinations of our board with respect to our business direction and policy, including the appointment and removal of our officers;
- decisions with respect to acquisitions, sales and dispositions of assets;
- whether dividends are paid or other distributions are made and the amount of any dividends or other distributions; and
- the amount of debt financing that we incur.

See “*Management*” and “*Principal Shareholders and Description of Share Capital*.”

We depend on key managers.

Our success depends largely on the efforts and strategic visions of our executive management teams and board of directors. The loss of key managers and members of our board of directors, or our inability to attract and retain qualified management personnel could materially and adversely affect the success of our operations. We cannot assure you that we will be able to attract and retain qualified management personnel on acceptable terms.

Any acquisitions we make may not be successful; we may make future acquisitions and dispositions that may not achieve expected benefits.

In the late 1990s, we acquired several mining operations including Mahr Tunel S.A., Empresa Minera Paragsha, Compañía Minera Chungar (formerly Empresa Administradora Chungar S.A.C.) and Vinchos, to expand and consolidate our operations. We regularly consider and evaluate opportunities to acquire mining assets, companies and operations. We may choose to finance these acquisitions through our cash flow, borrowings or the issuance of additional securities. There can be no assurance that we will be able to successfully integrate any acquired assets, companies or operations. In addition, any additional debt we incur to finance an acquisition may materially and adversely affect our financial position and results of operations.

In the future, we may decide to expand our business by acquiring other companies in Peru or abroad in order to diversify our existing portfolio of products and services and expand our geographic footprint, or alternatively, contract our business by disposing some of our assets. Any future acquisitions and dispositions will depend on our ability to identify suitable candidates or buyers, negotiate acceptable terms, and obtain financing in the case of acquisitions. If future acquisitions or dispositions are significant, they could change the scale of our business and expose us to new geographic, political, operating, and financial risks. In addition, each transaction involves a number of risks, such as the diversion of our management’s attention from our existing business, possible adverse effects on our results of operations, our inability to achieve the intended objectives of the transaction and potential unknown liabilities associated with the acquired assets.

We may be liable for additional profit sharing to individuals employed by third party contractors.

We currently have over 3,342 employees. In addition, we engage services from over 6,701 individuals employed by third party contractors. Under Peruvian law, outsourcing of employees from third party contractors is permitted as long as certain requirements are met. To the extent that such requirements are not met, the outsourced

company may be jointly liable for all mandatory employment benefits, salaries and social security contributions and, thus, may be required to pay workers used under an outsourcing scheme salaries, social security contributions and profit sharing benefits as if they were employed directly by the outsourced company. Although we believe that we are in material compliance with Peruvian labor laws, we cannot assure you that any legal proceedings initiated by outsourced employees against us will be resolved in our favor and that we will not be liable for any mandatory employment benefits or for profit sharing benefits. See “*Regulatory Framework—Labor Regulations*” and “—*Outsourcing*.”

Risks Relating to Peru

Our growth and profitability depend on economic, social and political stability in Peru and other emerging markets.

Substantially all of our revenues are derived from our operations in Peru. Accordingly, our results of operations and general financial condition depend in part on Peruvian markets for labor and certain services, materials, supplies, machinery and equipment, and on factors relating to Peruvian economic, social and political stability generally.

Our financial condition and results of operations could be affected by changes in economic conditions (both domestic and international), policies of the Peruvian government (which has exercised and continues to exercise substantial influence over many aspects of the private sector) and by other economic and political developments in Peru, including devaluation, currency exchange controls, limits on interest rates, seizure of private property, financial regulation, inflation, economic downturns, corruption scandals, social unrest and terrorism, among others.

Historically, Peru’s GDP growth rates and external surplus, reflect, in part, the strength of Peru’s economic fundamentals. However, ongoing deterioration of the global economy, rising inflation and fluctuation of commodity prices may adversely affect Peru’s economy. In addition, an economic contraction or weak economic growth in Peru’s trading partners may have an adverse effect on Peru’s economy. Despite Peru’s ongoing economic growth and stabilization, social and political tensions and high levels of poverty and unemployment continue. In recent years, different regions in Peru (including La Oroya in the central region and Arequipa, Apurimac and Cuzco in the south) have experienced strikes and protests related mainly to the environmental impact of metallic mining activities, resulting in political tensions and commercial disruptions in that area. Future government policies in response to social unrest could include increased taxation, restrictions on the ability of companies to dismiss employees, the prohibition to repatriate profits, and other measures intended to address local communities’ demands. These policies could materially and adversely affect the Peruvian economy and, as a result, our business, cash flows, financial condition and results of operations. The combination of these factors may be exacerbated by political events, which may lead to intensified economic, social and/or political crises, sparking a wave of protests and social unrest.

Furthermore, Peru has experienced political instability that has included a succession of regimes with differing economic policies and programs, followed by periods of stability. Beginning in 2018, Peru has suffered a series of government institutional crises due to, among other things, several investigations and allegations of corruption and confrontation on the political front, which have resulted in the resignation of one Peruvian president, the impeachment of three Peruvian Presidents and a shutdown of the Peruvian Congress, including most recently former President Jose Pedro Castillo in December 2022 following an attempted coup, as well as investigations of certain members of the executive, Congress, the judicial system, and the public ministry, among other institutions, who are now facing prosecution.

Peru’s most recent presidential elections took place in April 2021. Following a run-off between the top contenders, José Pedro Castillo Terrones (*Partido Político Nacional Perú Libre*), a far-left candidate, and Keiko Sofia Fujimori Higuchi (*Fuerza Popular*), a center-right candidate. On June 6, 2021, Pedro Castillo was elected and sworn in as President on July 28, 2021.

On December 7, 2022, Mr. Castillo announced his intention to dissolve the Peruvian Congress and to intervene in, among others, the Peruvian judicial branch and Superior Court, the Public Ministry, the Constitutional Tribunal and the National Board of Justice (*Junta Nacional de Justicia*) and to call new elections of Congress with faculties to immediately reform the Peruvian Constitution. Mr. Castillo’s actions were deemed to constitute an attempted coup, which led to his impeachment and arrest. According to the Peruvian Constitution, Mr. Castillo was succeeded by his then vice-president, Dina Boluarte to serve the remaining presidential term until 2026. Since then, President Boluarte has publicly encouraged economic stability and private investment, and is trying to amend some

policies enacted during Castillo's government. Following Mr. Castillo's impeachment, a wave of protests in support of Mr. Castillo erupted across the country, generating multiple clashes between protesters and security forces, roadblocks and damaging several infrastructure assets across the country which led new President Boluarte to declare a state of emergency across several regions in Peru on December 12, 2022 and call for congressional approval of a bill to permit early elections in 2024, which was rejected by the Congress. More recently, early elections have been rejected by Congress, and Ms. Boluarte is expected to remain in office until 2026. We cannot guarantee that the new government will maintain its initial policies. Future initiatives by the new President or other political officials in Peru could impact the country's macroeconomic climate, potentially leading to currency volatility. Such political instability could materially and adversely affect our business, prospects, financial condition, operational results, or cash flows.

Moreover, the mass violent protests in several regions of the country following former President Castillo's impeachment in December 2022, together with the political uncertainty over the past years have raised concerns about the ability of the government to implement long-term and consistent economic and social policies required to combat social and economic issues in the future, including those designed to promote economic growth. The government's failure to address and alleviate these concerns could result in rating agencies downgrading Peru's sovereign debt rating, which in turn could affect our rating and materially impact our business, financial condition or results of operations.

Finally, past administrations have directly intervened in Peru's economy and social structure, implementing measures, such as controls on prices, exchange rates, local and foreign investment and international trade, restricted the ability of companies to dismiss employees, expropriated private sector assets and prohibited the remittance of profits to foreign investors. Such political uncertainty, and any future policies that might be implemented by the Peruvian government, could impact interest rates and currency volatility, as well as adversely and materially affect the Peruvian economy, which could have a material adverse effect on our business, financial condition or results of operations. See "—The re-implementation of certain laws by the Peruvian government, most notably restrictive exchange rate policies, could have an adverse effect on our business, financial condition or results of operations."

There can be no assurance that Peru will not face continued or new economic, political or social problems in the future or that these problems will not adversely affect our business, financial condition and results of operations. Future government policies to pre-empt or respond to social unrest could include, among other things, declarations of state of national emergency, expropriation, nationalization, suspension of the enforcement of creditors' rights and new taxation policies.

The market volatility generated by distortions in the international financial markets may affect the Peruvian capital markets.

The global financial and economic crisis of 2008 and 2009, and more recently, the COVID-19 pandemic and the market turmoil generated by the recent bank failures in the United States and the emergency sale of Credit Suisse, adversely affected and increased the volatility of the performance of the Lima Stock Exchange. The Lima Stock Exchange was downgraded from an "emerging market" to "frontier market" in September 2020, which may in the future affect trading activity in the Peruvian capital markets.

In recent years, the Lima Stock Exchange has experienced increased participation from local and international retail investors that react rapidly to the effects from international markets. The general index of the Lima Stock Exchange increased by 1.4% in 2021, by 1.0% in 2022, by 21.7% in 2023 and by 9.3% in the three months ended March 31, 2024. However, increased volatility in the international markets may adversely affect the Peruvian capital markets and could therefore impact our ability to raise funds from local capital markets at a level necessary to fund our operations.

The re-implementation of certain laws by the Peruvian government, most notably restrictive exchange rate policies, could have an adverse effect on our business, financial condition and results of operations.

Since 1991, the Peruvian economy has undergone a major transformation from a highly protected and regulated system to a free-market economy. During this period, protectionist and interventionist laws and policies have been gradually dismantled to create a liberal economy dominated by private sector and market forces. The Peruvian economy has, in general, responded well to this transformation, growing at an average annual rate of over 4.5% during the period from 1994 to 2019, according to the Peruvian Central Bank. Currency exchange controls and restrictions on remittances of profits, dividends and royalties have ceased. Prior to 1991, Peru exercised control over

the foreign currency exchange markets by imposing multiple exchange rates and placing restrictions on the possession and use of foreign currencies. In 1991, the Peruvian government eliminated all foreign currency exchange controls and unified exchange rates. Currently, foreign currency exchange rates are determined by market conditions, with regular purchases of U.S. dollars in the local market by the Peruvian Central Bank in order to reduce volatility in the value of the sol.

In the future, the Peruvian government may institute restrictive exchange rate policies and restrictions on remittances of profits, dividends and royalties. Any such policies could affect our ability to engage in foreign currency exchange activities, and could also have a material adverse effect on our business, results of operations, financial condition and ability to repay the New Notes.

Peru has different corporate disclosure rules than holders may be familiar with in other markets.

The securities laws and regulations in Peru have as a principal objective promoting disclosure of all material corporate information to the public. Peruvian disclosure requirements, however, differ from those in the United States and other jurisdictions in some important respects. In addition, although Peruvian law imposes restrictions on insider trading and price manipulation, applicable Peruvian laws are different from those in the United States and other countries, and in certain respects the Peruvian securities markets are not as highly regulated and supervised as the securities markets in other jurisdictions.

The perception of higher risk in other emerging economies may materially and adversely affect the Peruvian economy, our business and the market price of securities issued by Peruvian issuers, including the New Notes.

Emerging markets like Peru are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Peru and adversely affect the price of the New Notes. Moreover, financial turmoil in any important emerging market country may materially and adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Peru and materially and adversely affect the Peruvian economy in general, and the interest of investors in our notes, in particular. We cannot assure you that investors' interest in Peru, and in our notes, will not be materially and adversely affected by events in other emerging markets or the global economy in general.

Increased inflation in Peru could have an adverse effect on the Peruvian economy and, therefore, on our financial condition and results of operations.

The Peruvian Central Bank, which sets the Peruvian basic interest rate, may increase, or decrease the basic interest rate to control inflation or foster economic growth. The Peruvian inflation rate from the last nine years oscillated between 4.13% in 2015, and 3.41% in 2023, those later high values as a result of the COVID-19 pandemic. However, a return to a high inflation environment that Peru had in the past would undermine Peru's foreign competitiveness, with negative effects on the level of economic activity and employment, while increasing our operating costs and adversely impacting our operating margins.

The laws of Peru related to anti-bribery and anti-corruption are still developing and could be less stringent than those of other jurisdictions, and our risk management and internal controls may not be successful in preventing or detecting all violations of law or of company-wide policies.

Our business is subject to a significant number of laws, rules and regulations, including those relating to anti-bribery and anti-corruption. However, the Peruvian regulatory regime related to anti-bribery and anti-corruption legislation is still developing and could be less stringent than anti-bribery and anti-corruption legislation which has been implemented in other jurisdictions.

We have implemented a compliance program, in accordance with the requirements of Law N°30424, as amended, and its regulations, in order to prevent acts of bribery, corruption, money laundering and other related criminal actions within our institution. However, our existing compliance processes and internal control systems may not be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by our partners, employees, contractors, agents, officers or any other persons who conduct business with or on behalf of us. We may in the future discover instances in which we have failed to comply with applicable laws and regulations or internal controls. If any of our partners, employees, contractors, agents, officers or other persons with whom we conduct business engage in

fraudulent, corrupt or other improper or unethical business practices or otherwise violate applicable laws, regulations or our own internal compliance systems, we could become subject to one or more enforcement actions by Peruvian or foreign authorities (including the U.S. Department of Justice) or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

Risks Relating to the Exchange Offer and the Solicitation

If we are unable to consummate the Exchange Offer and the Solicitation, we may consider alternative refinancing transactions available to us at that time. Any alternative restructuring could be on terms less favorable to the Holders of Existing Notes than the terms of the Exchange Offer and Solicitation.

If we are unable to consummate the Exchange Offer and the Solicitation, or less than all of the Existing Notes are tendered in the Exchange Offer, we may consider alternative refinancing transactions available to us at that time. There can be no assurance that any alternative refinancing transactions will be pursued or accomplished. Any alternative refinancing transactions could be on terms less favorable to the holders of Existing Notes than the terms of the Exchange Offer and the Solicitation. If the Exchange Offer is not completed or is delayed, the market price of the Existing Notes may decline to the extent that the current market price reflects an assumption that the Exchange Offer (or a similar refinancing transactions) will be completed.

The consideration for the Exchange Offer does not reflect any independent valuation of the Existing Notes or the New Notes.

We have not obtained or requested a fairness opinion from any financial advisor as to the fairness of the Exchange Consideration offered to Eligible Holders in the Exchange Offer or the relative value of the Existing Notes or the New Notes. The consideration offered to Eligible Holders in exchange for validly tendered and accepted Existing Notes does not reflect any independent valuation of the Existing Notes and does not take into account events or changes in financial markets (including interest rates) after the commencement of the Exchange Offer. If you tender your Existing Notes, you may or may not receive more or as much value as you would if you choose to keep them.

You may not receive New Notes in the Exchange Offer if the procedures for the Exchange Offer is not followed.

Eligible Holders of Existing Notes are responsible for complying with all of the procedures for tendering Existing Notes for their exchange for New Notes. The exchange of the Existing Notes for New Notes will only occur upon proper completion of the procedures described in this Exchange Offer Memorandum under “*Description of the Exchange Offer and the Solicitation.*” Therefore, Eligible Holders who voluntarily wish for the Company to exchange their Existing Notes for New Notes should allow sufficient time for timely completion of the exchange procedures. None of the Company, the Subsidiary Guarantors, the Dealer Managers, the Trustee, the Registrar, the Paying Agent, the Transfer Agent, the Exchange Agent or the Information Agent assumes any responsibility for informing any Eligible Holders of Existing Notes of irregularities with respect to such Eligible Holder’s participation in the Exchange Offer and the Solicitation.

If an Eligible Holder tenders its Existing Notes after the Early Participation Deadline, and its Existing Notes are accepted for exchange, such Eligible Holder will not receive the Early Participation Premium.

Holders of Existing Notes are responsible for complying with all the procedures of the Exchange Offer and the Solicitation. Additionally, Eligible Holders who validly tender their Existing Notes after the Early Participation Deadline and whose Existing Notes are accepted for exchange will only receive the Exchange Consideration (and not the Early Participation Premium). The Company is not obligated to extend the Exchange Offer and the Solicitation or notify an Eligible Holder of any failure to follow the proper procedures.

You should not tender any Existing Notes that you do not wish to have accepted for exchange by us.

Existing Notes tendered in the Exchange Offer may be validly withdrawn at any time before the Withdrawal Deadline (but not thereafter). Existing Notes tendered in the Exchange Offer after the Withdrawal Deadline will be irrevocable, unless the Company decides, in its sole discretion, to extend the Withdrawal Deadline and except where additional withdrawal rights are required by law. Accordingly, you should not tender any Existing Notes that you do not wish to have accepted for exchange by us.

We may repay, repurchase or exchange any Existing Notes that are not tendered in the Exchange Offer on terms that are more or less favorable to the Holders of the Existing Notes than the terms of the Exchange Offer.

We or our affiliates may, to the extent permitted by applicable law, after the Expiration Deadline, acquire or exchange Existing Notes that are not tendered and accepted in the Exchange Offer and the Solicitation through open market purchases, privately negotiated transactions, tender offers, exchange offers, redemptions or otherwise or repay the Existing Notes at or prior to maturity, upon such terms and at such prices as we may determine, which with respect to the Existing Notes may be more or less favorable to Holders than the terms of the Exchange Offer. There can be no assurance as to which, if any, of these alternatives or combinations thereof we or our affiliates may choose to pursue in the future.

The Exchange Offer and the Solicitation may be cancelled, delayed or amended pursuant to their terms and the conditions for the Exchange Offer may not be satisfied.

The Exchange Offer and the Solicitation are subject to the satisfaction of certain conditions, including, among other things, the satisfaction of the Minimum Exchange Condition. The Exchange Offer and Solicitation may be amended, extended, terminated or withdrawn, *provided* that the Exchange Offer is subject to the satisfaction of the Minimum Exchange Condition and the Expenses Payment Condition, unless waived pursuant to the terms of the Exchange Offer. See “Description of the Exchange Offer and the Solicitation—Conditions to the Exchange Offer and the Solicitation.”

Even if the Exchange Offer and the Solicitation are consummated, they may not be consummated on the schedule described in this Exchange Offer Memorandum. Accordingly, Eligible Holders participating in the Exchange Offer and the Solicitation may have to wait longer than expected to receive their New Notes (or to have their Existing Notes returned to them in the event that we terminate or cancel the Exchange Offer), during which time such Eligible Holders will not be able to effect transfers or sales of their Existing Notes tendered in the Exchange Offer and the Solicitation. In addition, subject to certain limits, we have the right to amend the terms of the Exchange Offer prior to the Expiration Deadline.

Risks Relating to the Non-Exchanging Holders of the Existing Notes

We cannot assure Holders of Existing Notes that existing rating agency ratings for the Existing Notes will be maintained.

We cannot assure Holders of Existing Notes that as a result of the Proposed Amendments in Exchange Offer and Solicitation or otherwise, one or more rating agencies would not take action to downgrade, negatively comment upon or indicate a selective/restricted default with respect to their respective ratings on the Existing Notes. As a result of the secured status of the New Notes and the ranking of such notes relative to the Existing Notes, we expect one or more rating agencies to lower their credit ratings on the Existing Notes below the rating currently assigned to the Existing Notes. Any downgrade, negative comment or selective/restricted default indication would likely adversely affect the market price of the Existing Notes. If we were to experience any of these actions, this would likely make it difficult for us to refinance our debt and may increase our interest expenses, which could damage our financial condition and results of operations.

Upon consummation of the Exchange Offer, liquidity of the market for outstanding Existing Notes may be substantially reduced, and market prices for outstanding Existing Notes may decline as a result.

To the extent the Exchange Offer is consummated, the aggregate principal amount of outstanding Existing Notes will be reduced, and such reduction is expected to be substantial. If the Exchange Offer is consummated, at least more than 90% of the aggregate principal amount of the Existing Notes will be cancelled and cease to remain outstanding (to the extent such Minimum Exchange Condition is not otherwise waived). A reduction in the amount of outstanding Existing Notes would likely adversely affect the liquidity of the non-tendered or non-accepted Existing Notes. An issue of securities with a small outstanding principal amount available for trading, or float, generally commands a lower price than does a comparable issue of securities with a greater float. Therefore, the market price of Existing Notes that are not tendered or not accepted may be adversely affected. A reduced float may also make the trading prices of Existing Notes that are not tendered or exchanged more volatile. None of the Company, the Subsidiary Guarantors, the Dealer Managers, the Trustee, the Registrar, the Paying Agent, the Transfer Agent, the Exchange Agent or the Information Agent has any duty to make a market in any remaining series of Existing Notes.

The Proposed Amendments will, if adopted, significantly reduce protections to the Holders of the Existing Notes.

If the Proposed Amendments are adopted, the covenants, events of default and some other terms of the Existing Notes will be less restrictive and will afford reduced protection to holders of those securities. The Proposed Amendments would eliminate substantially all of the restrictive covenants and events of default and related provisions contained in the Existing Indenture with respect to the Existing Notes. If the Proposed Amendments become operative, the Existing Notes that are not tendered and exchanged or purchased pursuant to the Exchange Offer will remain outstanding and will be subject to the terms of the Existing Indenture, as amended by the Proposed Amendments. As a result, Holders of such Existing Notes not tendered or not exchanged or purchased pursuant to the Exchange Offer will no longer be entitled to the benefits of substantially all of the restrictive covenants and events of default currently contained in the Existing Indenture.

The elimination or modification of these restrictive covenants, events of default and other provisions would permit us to take certain actions previously prohibited or limited by certain restrictions in the Existing Indenture, in each case, without violating the provisions of the Existing Indenture or the New Notes Indenture. The Proposed Amendments would allow us to take actions that would likely increase the credit risks faced by Holders of Existing Notes not exchanged or purchased pursuant to the Exchange Offer. As a result, the market price, credit ratings and liquidity of any remaining outstanding Existing Notes may be affected negatively. If the Proposed Amendments are adopted, we expect one or more rating agencies to lower their credit ratings on the Existing Notes below the rating currently assigned to the Existing Notes, which could have an adverse effect on the trading price of the Existing Notes.

Any Existing Notes not tendered in the Exchange Offer will be effectively junior to the New Notes and any other secured debt.

All obligations in respect of the New Notes and certain other secured debt are or will be guaranteed by the Subsidiary Guarantors, and, subject to certain limitations, we may incur additional guaranteed debt or debt secured by collateral. As a result, the Existing Notes are effectively junior to all such secured debt (including indebtedness under the Credit Agreement) to the extent of the security interests securing such indebtedness. In addition, if we consummate the Solicitation and the Proposed Amendments become effective, the Existing Notes will not limit our ability to incur additional debt, some of which may be secured. Although there are restrictions in our other debt on our ability to incur additional secured debt (including the New Notes), those restrictions are subject to significant exceptions. As a result, we may also incur substantial additional indebtedness in the future. Upon a default in payment on, or the acceleration of, any obligations in respect of our existing and future indebtedness that is secured, including the New Notes and any other secured debt, or in the event of our, or the Subsidiary Guarantors' bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding, the proceeds or other value in respect of the collateral that secures our existing and future secured indebtedness will be available first to satisfy obligations on such indebtedness. In such event, there can be no assurance that there will be sufficient proceeds or other value in respect of the collateral to make payments to holders of the Existing Notes.

Risks Relating to the New Notes and the Guarantees

Our substantial indebtedness may make it difficult for us to service our debt, including the New Notes, and to operate our businesses.

We have, and assuming the Exchange Offer and Solicitation are consummated, will continue to have, a significant amount of indebtedness. As of March 31, 2024, after excluding intercompany balances and intercompany guarantees, calculated on a pro forma basis and adjusted to give effect to the Exchange Offer as set forth in "Capitalization", as if all such transactions had occurred on March 31, 2024, we and the guarantors had US\$789.4 million of outstanding consolidated indebtedness, all of which was unsecured. We anticipate that our substantial indebtedness will continue for the foreseeable future. Our substantial indebtedness may have important negative consequences for you, including:

- making it more difficult for us and the guarantors to satisfy our obligations with respect to our debt, including the New Notes and other liabilities;
- requiring that a substantial portion of the cash flow from operations of our operating subsidiaries be dedicated to debt service obligations, thus reducing the availability of cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;

- increasing our vulnerability to economic downturns in our industry;
- exposing us to interest rate increases;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities;
- limiting, among other things, our and the guarantors' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings; and
- placing us at a competitive disadvantage compared to our competitors that have less debt.

In the event of significant and/or sustained financial difficulties, there is no guarantee that we would continue to be able to meet all of our debt service obligations. Any inability to meet such debt service obligations could result in insolvency proceedings or reorganization and investors could lose all or a significant portion of their investment.

Despite our current substantial indebtedness, we may be able to incur substantially more debt, which could further exacerbate the risks of our indebtedness.

Subject to the restrictions in the indenture governing the New Notes and in other instruments governing our debt, such as the Credit Agreement and the Collateral Documents, we and our subsidiaries may be able to incur substantial additional debt in the future. Although the terms of the indentures governing New Notes and in other instruments governing our debt, such as the Credit Agreement and the Collateral Documents contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and debt incurred in compliance with these restrictions could be substantial. To the extent new debt is added to our current debt levels, the substantial leverage-related risks described above would increase. For example, we would be required to use a portion of future cash flow from operating activities to service the principal and interest payments on such indebtedness, which will reduce the funds available for operations, including capital investments and business expenses.

In addition, we may be able to incur additional debt that ranks on an equal and ratable basis with the New Notes, and the holders of that debt will be entitled to share ratably with the holders of the New Notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us subject to satisfaction of certain debt limitations. We may also incur additional debt that could mature prior to the New Notes. This may have the effect of reducing the amount of proceeds available to be paid to you. Any such additional debt could further exacerbate the risks of our indebtedness. See "Description of New Notes—Covenants—Limitation on Liens."

The New Notes will be structurally subordinated to the indebtedness and other liabilities of certain of our present and future subsidiaries that do not become guarantors, and to indebtedness secured by assets other than Collateral, to the extent of the value of such assets.

The New Notes are not guaranteed by all of our present subsidiaries and may not be guaranteed by all of our future subsidiaries and therefore will be structurally subordinated to the outstanding indebtedness and other liabilities of certain of our present and future subsidiaries that do not become guarantors. If one of our subsidiaries who is not a guarantor were to be liquidated, subject to the New Cash Flows Trust, the creditors of that subsidiary would be paid in full from the assets of the liquidated subsidiary before holders of the New Notes would be paid from those assets. As of March 31, 2024, our non-guarantor subsidiaries had total debt of US\$0.2 million. For the three months ended March 31, 2024, our revenues combined with the revenues of the Subsidiary Guarantors were US\$176.7 million, representing 100% of our consolidated revenues. As of March 31, 2024, we and the guarantors had combined assets of US\$1,628.4 million, representing 94.4% of our consolidated assets. See "Description of New Notes—Subsidiary Guarantees."

Although Collateral is comprised of the Company's and the Subsidiary Guarantors' material assets as described in "Description of New Notes—Collateral", the liens on the Collateral may be subject to existing liens and permitted liens or rights on the Collateral. These existing and permitted liens or rights may have priority over the

liens securing the New Note to the extent of the assets subject to such liens. As a result, if there is a default, holders of debt secured by such existing and permitted liens, or holders of such rights will have a senior claim to the specified assets ahead of the holders of the New Notes. This could materially and adversely affect the value of the collateral securing the notes and the ability to recover amounts due under the notes, potentially resulting in reduced recoveries or losses for noteholders.

The results of operations of the guarantors and restrictions on the ability of our subsidiaries to make dividend payments or other distributions to us could affect our ability to make payments on the New Notes.

The obligations to make payments of principal, premium, if any, and interest on the New Notes will be solely our and the guarantors' obligations. As some of our assets are held by the guarantors, the results of operations of the guarantors could affect our ability to make principal or interest payments on the New Notes.

Furthermore, in order to pay our obligations under the New Notes, we rely on cash from dividends, loans, interest payments, capital reductions and other distributions from our subsidiaries. Our ability to make interest and principal payments under the New Notes will depend on the ability of our subsidiaries to generate, and our ability to collect, sufficient cash flow from their operations. We cannot assure you that our subsidiaries will be able to generate and that we will be able to collect sufficient cash flow to meet all of our collective expenses, including our debt service requirements. The ability of our subsidiaries to make dividend or other payments to us are affected by, among other factors, the obligations of our subsidiaries to their creditors (including as a result of the Subsidiary Guarantees), requirements of the relevant corporate and other laws in the jurisdiction in which each subsidiary operates, and restrictions contained in agreements entered into by or relating to these entities. To the extent that the cash requirements of any of our subsidiaries exceed their available cash, such subsidiary will not be able to make cash available to us. Any of these conditions could adversely affect our business, results of operations and financial condition, and as a result our ability to make principal and interest payment on the New Notes.

To the extent that any of our future subsidiaries do not become guarantors, such non-guarantor subsidiaries would not have an obligation to pay amounts due on the New Notes or to make funds available to us for that purpose. While the indenture governing the New Notes limits the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make intercompany payments to us, these limitations are subject to certain qualifications and exceptions.

Our obligations under the New Notes and the guarantees will be subordinated to certain statutory liabilities.

Under Peruvian bankruptcy law (*Ley General del Sistema Concursal*), Law No. 27809, our obligations under the New Notes and the guarantees are subordinated to certain statutory preferences. In the event of our liquidation, such statutory preferences, including claims for salaries, wages, secured obligations to the extent of the value of the assets securing such indebtedness, social security, taxes, court fees and expenses related thereto, will have preference over any other claims, including claims by any investor in respect of the New Notes and the guarantees.

It is possible that the guarantees may not be enforceable in the event of insolvency or bankruptcy or may be limited as to enforcement.

The guarantees provide a basis for a direct claim against the guarantors. However, it is possible that the guarantees may not be enforceable under the law of the jurisdiction of the organization of such guarantor or U.S. federal or state law. In particular, while the laws of these jurisdictions do not prevent the guarantees from being granted, in the event that a guarantor is declared insolvent or bankrupt, the relevant guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it provided its guarantee:

- issued such guarantee by means of misrepresentation;
- provided the guarantee with the intent to hinder, delay or defraud current or future creditors;
- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;
- was insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to provide, or believed that it would provide, the guarantee beyond its ability to repay it upon its maturity.

If a court were to find that the incurrence of the guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under such guarantee or subordinate the guarantee to presently existing and future indebtedness of the applicable guarantor, or require the holders of the New Notes to repay any amounts received in respect of such guarantee. In the event of a finding that a fraudulent transfer, conveyance or preference occurred, you may not receive any payment on the New Notes in respect of such guarantee.

Although each guarantee entered into by a Subsidiary Guarantor will contain a provision intended to limit such Subsidiary Guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect those guarantees from being voided under fraudulent transfer law, or may reduce that guarantor's obligation to an amount that effectively makes its guarantee worthless.

Holders of the New Notes may find it difficult to enforce civil liabilities against us, our directors, officers and the guarantors.

The issuer and the guarantors are organized under the laws of Peru. All of our directors and officers reside outside of the United States. In addition, all or a substantial portion of our assets are located outside of the United States. As a result, it may be difficult for holders of the New Notes to effect service of process within the United States on such persons or to enforce judgments against them or us, including in any action based on civil liabilities under the U.S. federal securities laws. There is uncertainty as to the enforceability against such persons in Peru, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on the U.S. federal securities laws. In addition, the bankruptcy, insolvency, administrative and other laws of Peru may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of government entities and other third-party and related-party creditors, treatment of intercompany debt, ability to obtain post-bankruptcy filing loans or to pay interest and the duration of proceedings. The laws of Peru may not be as favorable to your interests as the laws of jurisdictions with which you are familiar. See "*Enforcement of Judgments.*"

The New Notes and the guarantees are a new issue of securities for which there is currently no public market. You may be unable to sell your notes if a trading market for the New Notes does not develop.

The offer and sale of the New Notes and the guarantees have not been registered under the Securities Act or the securities laws of any other jurisdiction and the New Notes are being offered and sold only to qualified institutional buyers within the meaning of Rule 144A and in offshore transactions to persons other than U.S. persons pursuant to Regulation S. The New Notes and the guarantees will constitute a new issue of securities with no established trading market. If a trading market does not develop or is not maintained, holders of the New Notes may experience difficulty in reselling the New Notes or may be unable to sell them at all. Application will be made for the listing of and quotation for the New Notes on the Euro MTF Market of the Luxembourg Stock Exchange.

There are restrictions on your ability to transfer the New Notes.

The New Notes and the guarantees have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A. For a discussion of certain restrictions on resale and transfer, see "*Plan of Distribution*" and "*Transfer Restrictions.*" Consequently, a holder of New Notes and an owner of beneficial interests in those New Notes must be able to bear the economic risk of their investment in the New Notes and the guarantees for the term of the New Notes and the guarantees.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture governing the New Notes.

Under the indenture governing the New Notes, if a Change of Control Triggering Event (as defined in “Description of New Notes—Change of Control Triggering Event” and “—Certain Definitions”) occurs, we must offer to purchase the New Notes for a price equal to 101% of the principal amount of the New Notes, plus any accrued and unpaid interest to the date of purchase. In addition, even if a Change of Control Triggering Event under the indenture does not occur, the occurrence of a Change of Control under the Credit Agreement or other debt instruments, would require us to refinance large amounts of such debt. We may not have sufficient funds available to us to make any required repayments under such credit facilities or repurchases of the New Notes upon a Change of Control Triggering Event. If we fail to repay such indebtedness or repurchase the New Notes in those circumstances, we will be in default under the Credit Agreement and the indenture, which default may, in turn, trigger cross-default provisions in the Credit Agreement and the indenture, as the case may be, and our other debt instruments. Any future debt that we incur may also contain restrictions on repurchasing the New Notes upon a Change of Control.

We cannot assure you that the credit ratings for the New Notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the New Notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the New Notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the New Notes.

The price of the New Notes is subject to volatility.

The market price of the New Notes could be subject to significant fluctuations due to various factors, including actual or anticipated fluctuations in our financial performance, losses of key personnel, economic downturns, political events in Peru or other jurisdictions in which we operate, developments affecting the mining industry, changes in financial estimates by securities analysts, the introduction of new technologies by us or our competitors, or our failure to meet expectations of analysts or investors. In addition, any lowering, suspension or withdrawal of the credit ratings of the New Notes or other debt securities issued by Volcan or its subsidiaries may have an adverse effect on the market price and marketability of the New Notes and/or any other securities issued by Volcan or its subsidiaries. See “—We cannot assure you that the credit ratings for the New Notes will not be lowered, suspended or withdrawn by the rating agencies.”

Developments in other countries may adversely affect the market value of the New Notes.

The market price of the New Notes may be adversely affected by developments in the international financial markets and world economic conditions. Peruvian securities markets are influenced, to varying degrees, by economic and market conditions in other countries, especially those in Latin America and other emerging markets. Although economic conditions are different in each country, investor reaction to the developments in one country may affect the securities of issuers in other countries, including Peru. We cannot assure you that the market for the securities of Peruvian issuers will not be affected negatively by events elsewhere or that such developments will not have a negative impact on the market value of the New Notes.

Risks Relating to the Collateral for the New Notes

Even though the holders of the New Notes will benefit from liens on the Shared Collateral, the representative of the lenders under the Credit Agreement will initially have the exclusive right to control actions (including the exercise of remedies) with respect to the Shared Collateral. The Intercreditor Agreement contains customary provisions for a New York law intercreditor agreement, but it does not contain any provisions that seek to address non-New York law insolvency and restructuring considerations.

The rights of the holders of the New Notes in the Shared Collateral (including the right to exercise remedies) will be subject to the Intercreditor Agreement among the Peruvian Collateral Agent, the Chilean Collateral Agent, the Credit Agreement Administrative Agent, the Trustee, the Notes Collateral Agent and any representative for the holders of future pari passu obligations. Under the Intercreditor Agreement, any actions that may be taken with respect to the Shared Collateral, including the ability to cause the commencement of enforcement proceedings against the Shared Collateral or to control such proceedings, will be at the direction of the Credit Agreement Administrative Agent, as the applicable authorized representative, until the earlier to occur of (x) the discharge of all obligations under the Credit Agreement (which discharge does not include certain refinancings of the Credit Agreement) and (y) 120 days after the occurrence of an event of default under Secured Obligations representing the largest outstanding principal amount of indebtedness secured by a first priority lien on the Shared Collateral (excluding the Credit Agreement); provided that (a) such indebtedness is then due and payable in full (whether as a result of acceleration or otherwise) and (b) the representative of such indebtedness has complied with the applicable notice provisions and; provided further that such 120 day period will be stayed and will not occur and will be deemed not to have occurred with respect to any Shared Collateral (1) at any time the Peruvian Collateral Agent or the Chilean Collateral Agent on the instructions of the Credit Agreement Administrative Agent (or any other applicable authorized representative) has commenced and is diligently pursuing any enforcement action with respect to such Shared Collateral or (2) at any time the grantor of the security interest in such Shared Collateral is then a debtor under or with respect to (or otherwise subject to) any insolvency or liquidation proceeding.

At any time that the Credit Agreement Administrative Agent does not have the right to instruct the Peruvian Collateral Agent or the Chilean Collateral Agent to take action with respect to the Shared Collateral pursuant to the Intercreditor Agreement as described above, then the authorized representative for the New Notes or the authorized representative for the other pari passu debt that has the greatest outstanding principal amount could exercise such right to take action under the Intercreditor Agreement. Under the Intercreditor Agreement, none of the Trustee, the Notes Collateral Agent or the Holders of the New Notes may object following the filing of a bankruptcy petition or commencement of any other insolvency, restructuring or liquidation proceeding to (i) any debtor-in-possession financing that is not opposed or objected to by the controlling authorized representative or (ii) the use of the Shared Collateral to secure debtor-in-possession financing that meets certain specified conditions, subject to limited exceptions. After the filing of any bankruptcy petition or commencement of any other insolvency, restructuring or liquidation proceeding, the value of the Shared Collateral could materially deteriorate. For a description of important waivers by holders of the New Notes and limits on their rights as secured creditors see “Description of New Notes—Collateral—Intercreditor Agreement—Administration and Enforcement of the Collateral.”

The Intercreditor Agreement contains customary provisions for New York Law intercreditor agreements governing priority of claims among secured creditors. See “Description of New Notes—Collateral—Intercreditor Agreement.” While all of the Subsidiary Guarantors are incorporated, organized, formed, registered or have their center of main interest in jurisdictions other than New York, the Intercreditor Agreement does not contain provisions specific to these jurisdictions.

There may not be sufficient collateral to pay all or any of the New Notes or it may be difficult to realize the value of the Collateral.

No appraisal of the value of the Collateral will be made in connection with the Exchange Offer and the value of the Collateral in the event of liquidation will depend on market and economic conditions and other factors. The amount to be received upon a sale of the Collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Collateral at such time, the timing and the manner of the sale and the availability of buyers. By its nature, portions of the Collateral may be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or in an orderly manner. In the event of a foreclosure, liquidation, reorganization, bankruptcy or other insolvency proceeding, we cannot assure you that the proceeds from any sale or liquidation of the Collateral will be sufficient to pay our obligations under the New Notes. In addition, in the event of any such proceeding, the ability of the holders of the New Notes to realize upon any of the Collateral may be subject to bankruptcy and insolvency law limitations. In the event that the proceeds from the foreclosure of the Collateral are insufficient to satisfy our obligations under the New Notes, the overall recovery of a holder of the New Notes could therefore be materially adversely affected. Furthermore, in the event proceeds from the foreclosure of the Collateral were to exceed the

amount required to satisfy our secured obligations, such surplus amount would be returned to us and could be subject to claims from any of our other creditors.

The value of the Collateral and the guarantees could be impaired in the future as a result of changing economic conditions, our failure to implement our business strategy, competition, unforeseen liabilities and other future events. Accordingly, there may not be sufficient Collateral to pay all or any of the amounts due on the New Notes, the Credit Agreement and any future pari passu lien obligations. Any claim for the difference between the amount, if any, realized by holders of the New Notes from the sale of the Collateral and the guarantees and the obligations under the New Notes, the Credit Agreement and any future pari passu lien obligations will rank equally in right of payment with all of our other unsecured unsubordinated indebtedness and other obligations, including trade payables. Also, any disposition of the Collateral during a bankruptcy or insolvency proceeding outside the ordinary course of our business would require approval from the bankruptcy court (which may not be given under the circumstances).

To the extent that third parties enjoy prior liens on any of the Collateral, such third parties may have rights and remedies with respect to the Collateral that, if exercised, could adversely affect the value of the Collateral. In addition, certain assets, including the Alparamar Mining Unit and the Romina Project Assets, will be excluded from the Collateral. Additionally, the terms of the New Notes Indenture will allow us to issue additional notes and additional debt that may rank pari passu with the New Notes and incur refinancing indebtedness in certain circumstances. The New Notes Indenture will not require that we maintain the current level of collateral or maintain a specific ratio of indebtedness to asset values. Under the New Notes Indenture, any such additional notes issued pursuant to the New Notes Indenture and refinancing indebtedness or other additional debt incurred in accordance with the terms of the New Notes Indenture will rank pari passu with the New Notes and be entitled to the same rights and priority with respect to the Collateral. Thus, the issuance of any such additional debt and refinancing indebtedness may have the effect of significantly diluting your ability to recover payment in full of the New Notes from the then existing pool of Collateral.

In addition, the security interest of the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, for the benefit of the holders of the New Notes will be subject to practical problems generally associated with the realization of security interests in collateral. For example, such Peruvian Collateral Agent or Chilean Collateral Agent, as applicable, may need to obtain the consent of a third party, including regulatory consents, to obtain or enforce a security interest in a contract. We cannot assure you that the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, will be able to obtain any such consent. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, may not have the ability to foreclose upon those assets and the value of the Collateral may significantly decrease.

There are circumstances other than repayment or discharge of the New Notes under which the Collateral will be released automatically, without the consent of the holders of the New Notes or the Trustee, including in connection with any release of liens on such Collateral following the sale or disposition of such Collateral.

There are circumstances other than repayment or discharge of the New Notes under which the Collateral will be released automatically, without the consent of the holders of the New Notes or the Trustee. For example, the Collateral will be released automatically upon a sale, transfer or other disposal of such Collateral in a transaction not prohibited under the New Notes Indenture to a person that is not the Company, a Subsidiary Guarantor or a Restricted Subsidiary, or in connection with the taking of an enforcement action by the Peruvian Collateral Agent or the Chilean Collateral Agent on the instructions of the Applicable Collateral Agent subject to the terms of the Indenture, *provided* that the proceeds from such dispositions shall be applied in accordance with the Indenture and the Intercreditor Agreement, which may include the payment of amounts under the Credit Agreement prior to the payment of obligations under the New Notes. See “Description of New Notes—Collateral—Collateral Release.”

We will, in most cases, have control over the Collateral, and the sale of particular assets by us could reduce the pool of assets securing the New Notes and any future guarantees. In addition, certain assets, including the Alparamar Mining Unit and the Romina Project Assets, will be excluded from the Collateral.

Subject to the terms of the Intercreditor Agreement and the Credit Agreement, the Collateral Documents will allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the Collateral. In addition, we will not be required to comply with Section 314(d) of

the Trust Indenture Act of 1939, or any other law governing the delivery of a certificate or opinion to the trustee prior to the release of collateral secured by a lien as the case may be. As a result, so long as no default or event of default under the New Notes Indenture would result therefrom, we may, among other things, without any release or consent by the Trustee, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral and making cash payments (including repayments of indebtedness). The lien on the Collateral will be automatically released upon any permitted disposition thereof to a person that is not the Company, a Subsidiary Guarantor or a Restricted Subsidiary. See “Description of New Notes.”

In addition, certain assets, including the Alpamarca Mining Unit and the Romina Project Assets, will be excluded from the Collateral. See “Description of New Notes—Collateral.”

The value of the Collateral may not be sufficient to secure post-petition interest in bankruptcy.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding commenced by or against us in the U.S., holders of the New Notes will only be entitled to post-petition interest under the Bankruptcy Code to the extent that the value of the Collateral is greater than the obligations outstanding under the New Notes, the Credit Agreement and any other indebtedness secured by *pari passu* liens. In the event the value of the Collateral is equal to or less than such claims, the holders of the New Notes will not be entitled to post-petition interest under the Bankruptcy Code or adequate protection for any undersecured portion thereof. No appraisal of the fair market value of the Collateral has been prepared in connection with the Exchange Offer and we therefore cannot assure you that the value of the Collateral equals or exceeds the amount of such claims. See “—There may not be sufficient collateral to pay all or any of the New Notes or it may be difficult to realize the value of the Collateral.”

In the event of our bankruptcy, the ability of the holders of the New Notes to realize upon the Collateral will be subject to certain bankruptcy law and other limitations.

The ability of holders of the New Notes to realize upon the Collateral will be subject to certain bankruptcy law limitations in the event a bankruptcy, liquidation, dissolution, reorganization or similar proceeding is commenced by or against us. Under the U.S. Bankruptcy Code, secured creditors are prohibited from repossessing their security from a debtor in a bankruptcy case without bankruptcy court approval and may be prohibited from disposing of security repossessed from such a debtor without bankruptcy court approval, which may not be given or could be materially delayed. Moreover, the U.S. Bankruptcy Code generally permits the debtor to continue to retain and use collateral, including cash collateral, during bankruptcy, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given “adequate protection.” The meaning of the term “adequate protection” may vary according to the circumstances, but is intended generally to protect a secured creditor from the diminution in value of its collateral during the pendency of a bankruptcy case and may include cash payments or the granting of additional security or superpriority administrative expense claims if and at such times as the court, in its discretion, determines that there is a risk of diminution in value of the collateral as a result of the “automatic stay” of repossession or the disposition of the collateral during the pendency of the bankruptcy case and/or the ability of a debtor in bankruptcy to use collateral. In view of the lack of a precise definition of the term “adequate protection” and the broad discretionary powers of a U.S. bankruptcy court, we cannot predict whether or when the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, could foreclose upon or sell the Collateral or whether or to what extent holders of New Notes would be compensated for any delay in payment or loss of value of the Collateral through the requirement of “adequate protection.”

See also “Description of New Notes—Collateral—Certain Bankruptcy and Insolvency Limitations” for a summary description of certain limitations on the validity and enforceability of the New Notes and the guarantees and a summary of certain insolvency considerations in Peru.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral, including Collateral acquired in the future.

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the Collateral may not be perfected with respect to the claims of the New Notes if the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, or its designee or predecessor is not able to take the actions necessary to

perfect any of these liens on or prior to the date of the issuance of the New Notes. Moreover, many of the actions required to perfect or secure the priority of security interests in the Collateral require public filings, registrations, permits or other actions that may be substantially delayed or logistically limited due to any office closures or delays in the processing of any such filings, registrations, permits or other actions by the applicable registries or government authorities, which may result in a delay in perfecting or securing the priority of security interests in the Collateral. Such failure may result in the loss of the security interest in the Collateral or the priority of the security interest in favor of the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, for the benefit of the holders of the New Notes against third parties.

In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at the time such property and rights are acquired and identified. Furthermore, in certain jurisdictions, “blanket” or “floating” liens will not be available to secure any Collateral. Although we are required to do so under the terms of the Collateral Documents, we may inadvertently fail to inform the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, of the future acquisitions of property and rights that constitute Collateral, and necessary action may not be taken to properly perfect the security interest in such after-acquired Collateral. None of the Notes Collateral Agent, the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, have any obligation to monitor the acquisition of additional property or rights that constitute Collateral or the perfection of any security interest in favor of the New Notes against third parties. As a result, the inability of our or any Subsidiary Guarantor’s failure to promptly take all actions necessary to create properly perfected security interests in the Collateral may result in the loss of the priority, or a defect in the perfection, of the security interest for the benefit of the noteholders to which they would have been otherwise entitled. In addition, as described further herein, even if the liens on Collateral acquired in the future are properly perfected, such liens may potentially be avoidable as a preference in any bankruptcy or insolvency proceeding under certain circumstances. See “—Any future pledge of collateral or guarantee provided after the New Notes are issued might be avoided by us or by a trustee in bankruptcy.”

The Collateral is subject to casualty risks.

Although we maintain insurance policies to insure against losses in a manner that is customary for our business, there are certain losses that may be either uninsurable or not economically insurable, in whole or in part. As a result, it is possible that the insurance proceeds will not compensate us fully for our losses in the event of a catastrophic loss. If there is a total or partial loss or impairment in value of any of the Collateral, we cannot assure you that any insurance proceeds received by us will be sufficient to satisfy all the secured obligations, including the New Notes.

To the extent it is determined in any jurisdiction that additional actions are required to secure the New Notes on a perfected basis, security interests in certain Collateral may not be in place by the Issue Date or will not be perfected by the Issue Date. Creation or perfection of such security interests after the Issue Date increases the risk that such security interests could be avoided.

To the extent it is determined in any jurisdiction that additional actions are required to secure the New Notes on a perfected basis, certain security interests in favor of the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, may not be in place and/or perfected (to the extent possible under applicable law) as of the Issue Date. With respect to any liens on or security interests in the Collateral that are not created, maintained or perfected (to the extent possible under applicable law) on or prior to such date, we will use our commercially reasonable efforts to have all such security interests created, maintained or perfected (to the extent possible under applicable law) within 90 calendar days following the Issue Date, provided that, an additional 45 calendar day extension shall be automatically granted if the Company is using commercially reasonable best efforts to obtain the registration and observations to the registration have been issued by the relevant registrar, which observations the Company is diligently addressing. Under the U.S. Bankruptcy Code, to the extent a security interest in certain Collateral is granted or perfected (to the extent possible under applicable law) after the date which is 30 days following the Issue Date, that security interest would remain at risk of being avoided as a preferential transfer by the pledgor (as debtor in possession) or by its trustee in bankruptcy if we were to file for bankruptcy within 90 days after the grant or after perfection, as applicable (or, under certain circumstances, including in Peru, up to one year).

In addition, delays in the perfection of the security interests in the Collateral increase the risk that the liens granted could become subject to the liens of intervening creditors. If an intervening creditor were to perfect a security interest in certain of the items included within the Collateral, the security interest in those aspects of the Collateral in favor of the New Notes may be junior in priority as compared to the security interest of the intervening creditor.

Any future pledge of collateral or guarantee provided after the New Notes are issued might be avoided by us or by a trustee in bankruptcy.

The New Notes Indenture and the Collateral Documents will require us to cause any subsidiary that guarantees the Credit Agreement to provide a guarantee of the New Notes and will require us to cause the Parent Company and any such subsidiary guarantors to grant liens on certain assets that we or any such Subsidiary Guarantor holds at the time the New Notes are issued or acquires after the New Notes are issued. Liens recorded or perfected (to the extent possible under applicable law) after the Issue Date may be treated under bankruptcy law as if they were delivered to secure previously existing indebtedness. Any future guarantee or additional lien in favor of the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, for the benefit of the holders of the New Notes might be avoidable by the grantor (as debtor-in possession) or by a trustee in bankruptcy or other third parties if certain events or circumstances exist or occur. For instance, if the entity granting a future guarantee or additional lien was insolvent at the time of the grant and if such grant was made within 90 days before that entity commenced a bankruptcy proceeding (or one year before commencement of a bankruptcy proceeding if the creditor that benefited from the guarantee or lien is an “insider” under the Bankruptcy Code), and the granting of the future guarantee or additional lien enabled the holders of the New Notes to receive more than they would if the grantor were liquidated under chapter 7 of the Bankruptcy Code, then such guarantee or lien could be avoided as a preferential transfer. In bankruptcy proceedings commenced within 90 days of a lien being granted or perfected (to the extent possible under applicable law), as applicable, to secure previously existing indebtedness, such lien is materially more likely to be avoided as a preference by the bankruptcy court than if granted and/or promptly recorded on the issue date (or within a 30-day safe harbor provided for in the Bankruptcy Code). Accordingly, if we or any Subsidiary Guarantor were to file for bankruptcy protection after the Issue Date of the outstanding New Notes and the liens had been perfected (to the extent possible under applicable law) less than 90 days before the commencement of such bankruptcy proceeding, the liens securing the New Notes may be particularly subject to challenge as a preference as a result of having been delivered after the Issue Date. To the extent that such challenge succeeded, the holders of the New Notes would lose the benefit of the security that the Collateral was intended to provide and could be required to turn over any payments on the New Notes already made.

The security interests in the Collateral will be granted to the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, rather than directly to the holders of the New Notes.

The security interests in the Collateral that will secure our and the Subsidiary Guarantors’ obligations under the New Notes and the guarantees will not be granted directly to the holders of the New Notes but will be granted only in favor of the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable. The New Notes Indenture will provide that only the Notes Collateral Agent acting at the direction of the applicable authorized representative pursuant to the Intercreditor Agreement has the right to instruct the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, to enforce the Collateral Documents. As a consequence, holders of the New Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral, except through the Trustee, who will at the time it is entitled to do so pursuant to the Intercreditor Agreement (subject to the provisions of the New Notes Indenture) provide instructions to the Notes Collateral Agent in respect of the Collateral. See “—*Even though the holders of the New Notes will benefit from liens on the Shared Collateral, the representative of the lenders under the Credit Agreement will initially have the exclusive right to control actions (including the exercise of remedies) with respect to the Shared Collateral. The Intercreditor Agreement contains customary provisions for a New York law intercreditor agreement, but it does not contain any provisions that seek to address non-New York law insolvency and restructuring considerations*” and “Description of New Notes—Intercreditor Agreement.”

Lien registers may not reveal all liens on the Collateral.

We cannot guarantee that the lien registers will reveal any or all existing liens on the Collateral. Any such existing lien, including undiscovered liens, could be significant, could be prior in ranking to the liens that will

secure the New Notes and could have an adverse effect on the ability of the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, to realize or foreclose upon the Collateral.

Enforcing your rights against us or under the Collateral Documents across multiple jurisdictions may be difficult.

The Collateral Documents securing the New Notes will be governed by, and not limited to, Peru, Chile and New York. Your rights under the Collateral Documents may be subject to the laws of Peru, Chile and such other jurisdictions, including insolvency and administrative laws, and there can be no assurance that you will be able to effectively enforce your rights in the respective Collateral or in priority to such bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Peru, Chile and such other jurisdictions may be materially different from, or conflict with, each other, including in the areas of rights of creditors, priority of government entities and other third-party and related-party creditors, ability to foreclose on Collateral, obtain post-bankruptcy filing loans or to pay interest and the duration of proceedings. The laws of Peru, Chile or such other jurisdictions may not be as favorable to your interests as the laws of jurisdictions with which you are familiar. The application of these laws, or any conflict among them, could call into question what and how Peru's, Chile's or such other jurisdictions' laws should apply. Such issues may adversely affect your ability to enforce your rights under the Collateral Documents or limit any amounts that you may receive.

Your rights under the Collateral Documents will thus be subject to the laws of several jurisdictions, and you may not be able to effectively enforce your rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

You may have difficulty enforcing U.S. bankruptcy and insolvency laws.

Under the Bankruptcy Code, U.S. bankruptcy courts are given jurisdiction over a debtor's property wherever it is located, including property situated in other countries. However, courts outside of the U.S. may not recognize the U.S. bankruptcy court's jurisdiction. Accordingly, you may have difficulty administering a U.S. bankruptcy case or a ruling of a U.S. bankruptcy court involving the Company or the Subsidiary Guarantors, because their centers of main interest and/or the substantial majority of their respective property are located outside of the U.S. Any orders or judgments of a bankruptcy court in the U.S. may not be enforceable against the Company or the Subsidiary Guarantors with respect to property located outside the U.S.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the New Notes in connection with the Exchange Offer. The Existing Notes surrendered in connection with the Exchange Offer and the Solicitation of Consents will be cancelled.

DESCRIPTION OF THE EXCHANGE OFFER AND THE SOLICITATION

Purpose of the Exchange Offer and the Solicitation

The purpose of the Exchange Offer is to exchange the Existing Notes for the New Notes. The purpose of the Solicitation is to obtain the Consents of Eligible Holders of Existing Notes to effect the Proposed Amendments, which would eliminate substantially all of the restrictive covenants and events of default and related provisions under the Existing Indenture.

The Exchange Offer and the Solicitation are designed to (i) optimize our capital structure in light of the future growth of our business, and (ii) facilitate the achievement of growth objectives through organic and inorganic strategies.

General

The Company hereby invites all Eligible Holders of Existing Notes to exchange, upon the terms and subject to the conditions set forth in the Exchange Offer Documents, any and all of their Existing Notes for New Notes, all as described below under “—*Total Consideration, Exchange Consideration and Early Participation Premium.*”

The Existing Notes were originally issued on February 4, 2021, in an aggregate principal amount of US\$475,000,000. As of the date of this Exchange Offer Memorandum, US\$365,000,000 aggregate principal amount of the Existing Notes remains outstanding.

The Solicitation

Concurrently with the Exchange Offer, the Company is soliciting from Eligible Holders of Existing Notes the Consents to the Proposed Amendments to the Existing Indenture.

The tender of Existing Notes by a Holder for exchange pursuant to the Exchange Offer will constitute the Consent of such Holder to the Proposed Amendments. To effect a tender of Existing Notes and a delivery of Consents to the Proposed Amendments, Holders must electronically transmit their acceptance in accordance with DTC’s ATOP. See “—*Procedures for Tendering.*”

Holders may not tender their Existing Notes for exchange pursuant to the Exchange Offer without delivering their Consents pursuant to the Solicitation and Holders may not deliver their Consents pursuant to the Solicitation without tendering their Existing Notes for exchange pursuant to the Exchange Offer. The tender of Existing Notes by a Holder for exchange pursuant to the Exchange Offer will constitute the Consent of such Holder to the Proposed Amendments.

The Proposed Amendments requires the Consent by at least the Required Holders of the outstanding Existing Notes. After the Withdrawal Deadline, following the satisfaction of the Minimum Exchange Condition and the tender of Existing Notes and the receipt of the Consents from the Required Holders, the Company and the Trustee may execute and deliver the Supplemental Indenture giving effect to the Proposed Amendments. The Proposed Amendments, if they become effective, may have adverse consequences for Eligible Holders of Existing Notes that do not tender their Existing Notes in the Exchange Offer.

Transaction Support Agreement

We have entered into the Transaction Support Agreement dated August 5, 2024, between the Company, the Subsidiary Guarantors and the Supporting Noteholders. Subject to the terms and conditions set forth in the Transaction Support Agreement, the Supporting Noteholders have agreed to tender their Existing Notes in the Exchange Offer and deliver Consents to the Proposed Amendments prior to the Early Participation Deadline. The Supporting Noteholders represented pursuant to the Transaction Support Agreement that they hold 36.3% of the aggregate principal amount of the Existing Notes as of the date of this Exchange Offer Memorandum. Under the Transaction Support Agreement, the Company has agreed to pay the Ad Hoc Group Expenses.

Pursuant to the Transaction Support Agreement, approval in writing by the majority of the Supporting Noteholders under the Transaction Support Agreement will be required for the waiver of the Minimum Exchange Condition to reduce it below a certain percentage of the Required Holders which must tender their Existing Notes and deliver their Consents pursuant to the Exchange Offer and the Solicitation.

The Proposed Amendments

The Proposed Amendments would eliminate substantially all of the restrictive covenants and events of default and related provisions under the Existing Indenture with respect to the Existing Notes. See *“Proposed Amendments to the Existing Indenture.”*

Eligibility to Participate in the Exchange Offer

If and when issued, the New Notes will not be registered under the Securities Act or the securities laws of any other jurisdiction. Therefore, the New Notes may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the Securities Act and any applicable state securities laws.

You may not copy or distribute this Exchange Offer Memorandum in whole or in part to anyone without our prior consent. This Exchange Offer Memorandum is a confidential document that is being provided for informational use solely in connection with the consideration of the Exchange Offer and an investment in the New Notes (i) to Holders of Existing Notes that are reasonably believed to be QIBs in a private transaction in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof and (ii) outside the United States, to Holders of Existing Notes who are not “U.S. persons” (as defined in Rule 902 under the Securities Act) and who are not acquiring New Notes for the account or benefit of a U.S. person, in offshore transactions in compliance with Regulation S under the Securities Act.

Only holders who have returned a duly completed Eligibility Letter certifying that they are within one of the categories described in the immediately preceding sentence, are authorized to receive and review this Exchange Offer Memorandum and participate in the Exchange Offer. If you are not an Eligible Holder, you should dispose of this Exchange Offer Memorandum. Each Eligible Holder that tenders its outstanding Existing Notes will be bound by the Agent’s Message (as defined below) and will be agreeing with and making the representations, warranties and agreements as set forth under *“Description of the Exchange Offer and the Solicitation—Other Matters”* and *“Transfer Restrictions.”*

Total Consideration, Exchange Consideration and Early Participation Premium

Eligible Holders who validly tender Existing Notes and deliver Consents, and do not validly revoke such tenders and Consents, on or prior to the Early Participation Deadline and whose Existing Notes are accepted for exchange by us will receive the Total Consideration (which includes the Early Participation Premium). Eligible Holders who validly tender Existing Notes and deliver Consents after the Early Participation Deadline and before the Expiration Deadline and whose Existing Notes are accepted for exchange by us will receive the Exchange Consideration.

The Exchange Consideration for each US\$1,000 aggregate principal amount of Existing Notes is equal to US\$960.00 principal amount of New Notes, payable on the Settlement Date. The Early Participation Premium for each US\$1,000 aggregate principal amount of Existing Notes validly tendered (and not validly withdrawn) on or prior to the Early Participation Deadline is equal to US\$50.00 principal amount of New Notes, payable on the Settlement Date. The Total Consideration (which includes the Early Participation Premium) for each US\$1,000 aggregate principal amount of Existing Notes validly tendered (and not validly withdrawn) on or prior to the Early Participation Deadline is equal to US\$1,010 principal amount of New Notes, payable on the Settlement Date.

Authorized Denominations

The New Notes will be issued only in minimum principal amounts of US\$2,000 and integral multiples of US\$1,000 in excess thereof. We will not accept any tender of Existing Notes that would result in the issuance of less than US\$2,000 principal amount of New Notes. Existing Notes may be tendered only in minimum denominations of US\$2,000 and integral multiples of US\$1,000 in excess thereof (each, an “Authorized Denomination”). No alternative, conditional or contingent tenders will be accepted. Holders who tender less than all their Existing Notes must continue to hold Existing Notes in the Authorized Denominations.

Rounding

If, with respect to any tender of Existing Notes, it is determined that an Eligible Holder would be entitled, pursuant to the Exchange Offer, to receive New Notes in an aggregate principal amount that is at least US\$2,000 but not an integral multiple of US\$1,000 in excess thereof, the Company will round downward the principal amount of such New Notes to the nearest multiple of US\$1,000 and no cash will be paid in lieu of the principal amount not received as a result of such rounding.

Accrued Interest

Eligible Holders whose Existing Notes are accepted for exchange will be paid Accrued Interest on such Existing Notes, which is from, and including, the most recent date on which interest was paid on such Eligible Holder's Existing Notes to, but not including, the Settlement Date, payable on the Settlement Date. Accrued Interest will be paid in cash on the Settlement Date (rounded to the nearest cent US\$0.01). Interest will cease to accrue on the Settlement Date for all Existing Notes accepted for exchange in the Exchange Offer.

Additional Amounts

The Company will pay additional amounts to Eligible Holders that participate in the Exchange Offer with respect to the exchange of Existing Notes tendered in the Exchange Offer (including the Early Participation Premium) and Accrued Interest, such that the amount received by Eligible Holders after deduction of any withholding taxes, including any withholding taxes on any income treated as interest with respect to the exchange of Existing Notes tendered in the Exchange Offer (including the Early Participation Premium) and Accrued Interest will equal the Exchange Consideration, Early Participation Premium and the Accrued Interest, as if no deduction were due.

Early Participation Deadline; Expiration Deadline; Extensions

The Early Participation Deadline is 5:00 p.m., New York City time, on August 22, 2024, unless extended, in which case the Early Participation Deadline will be such time and date to which the Early Participation Deadline is extended. The Expiration Deadline is 5:00 p.m., New York City time, on September 6, 2024, unless extended, in which case the Expiration Deadline will be such time and date to which the Expiration Deadline is extended.

Subject to applicable law, the Company, in its sole discretion, may extend the Early Participation Deadline or the Expiration Deadline for any reason, with or without extending the Withdrawal Deadline for the Exchange Offer. To extend the Early Participation Deadline or the Expiration Deadline, the Company will notify the Exchange Agent and Information Agent and will make a public announcement thereof before 10:00 a.m., New York City time, on the next Business Day after the previously scheduled Early Participation Deadline or Expiration Deadline, as applicable. Such announcement will state that the Company is extending the Early Participation Deadline or the Expiration Deadline, as the case may be, for a specified period. During any such extension, all Existing Notes previously tendered in an extended Exchange Offer will remain subject to the Exchange Offer and may be accepted for exchange by us.

The Company expressly reserves the right, subject to applicable law, to:

- delay accepting any Existing Notes, extend the Exchange Offer, or terminate the Exchange Offer and not accept any Existing Notes; and
- amend, modify or waive at any time, or from time to time, the terms of the Exchange Offer in any respect, including waiver of any conditions to consummation of the Exchange Offer, *provided* that approval in writing by the majority of the Supporting Noteholders under the Transaction Support Agreement will be required for the waiver of (i) the Expenses Payment Condition and (ii) the Minimum Exchange Condition to reduce it below a certain percentage of the Required Holders which must tender their Existing Notes and deliver their Consents pursuant to the Exchange Offer and the Solicitation. Pursuant to the terms of the Credit Agreement, a majority of certain lenders shall approve in writing a waiver of the Minimum Exchange Condition, in order for the issuance of New Notes to be permitted thereunder.

Subject to the qualifications described above, if the Company exercises any such right, the Company will give written notice thereof to the Exchange Agent and will make a public announcement thereof as promptly as practicable. Without limiting the manner in which the Company may choose to make a public announcement of any extension, amendment or termination of the Exchange Offer, the Company will not be obligated to publish, advertise or otherwise communicate any such public announcement, other than by making a timely press release and in accordance with applicable law.

Settlement Date

Upon the terms and subject to the conditions of the Exchange Offer, including, among other things, the satisfaction of the Minimum Exchange Condition, we will accept for exchange as soon as reasonably practicable in the Exchange Offer all Existing Notes validly tendered at or prior to the Early Participation Deadline or the Expiration Deadline, and we will deliver the New Notes on the Settlement Date. We will not be obligated to

deliver the New Notes with respect to the Exchange Offer unless the Exchange Offer is consummated. The Settlement Date is expected to be the second Business Day after the Expiration Deadline. The expected Settlement Date is September 10, 2024, unless extended.

Conditions to the Exchange Offer and the Solicitation

Notwithstanding any other provision of the Exchange Offer Documents, with respect to the Exchange Offer and Solicitation of Consents, we will not be obligated to (i) accept for exchange any validly tendered Existing Notes, nor (ii) issue any New Notes in exchange for validly tendered Existing Notes or complete the Exchange Offer and Solicitation of Consent, unless each of the following conditions is satisfied or waived at or prior to the Expiration Deadline subject to the terms herein:

- (1) there shall not have been instituted, threatened or be pending any action, proceeding, application, claim, counterclaim or investigation (whether formal or informal) (or there shall not have been any material adverse development to any action, application, claim, counterclaim or proceeding currently instituted, threatened or pending) before or by any court, governmental, regulatory or administrative agency or instrumentality, domestic or foreign, or by any other person, domestic or foreign, in connection with the Exchange Offer and Solicitation that, in our reasonable judgment, either (i) is, or is reasonably likely to be, materially adverse to our business, operations, properties, condition (financial or otherwise), income, assets, liabilities or prospects, (ii) would, or is reasonably likely to, prohibit or prevent, or significantly restrict or delay, consummation of the Exchange Offer, or (iii) would require a modification to the terms of the Exchange Offer that would materially impair the contemplated benefits of the Exchange Offer to us;
- (2) no order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall have been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality that, in our reasonable judgment, either (i) would, or is reasonably likely to, prohibit or prevent, or significantly restrict or delay, consummation of the Exchange Offer, or (ii) is, or is reasonably likely to be, materially adverse to our business, operations, properties, condition (financial or otherwise), income, assets, liabilities or prospects;
- (3) there shall not have occurred or be reasonably likely to occur any event or condition affecting our or our affiliates' business or financial affairs that, in our reasonable judgment, either (i) is, or is reasonably likely to be, materially adverse to our business, operations, properties, condition (financial or otherwise), income, assets, liabilities or prospects, or (ii) would, or is reasonably likely to, prohibit or prevent, or significantly restrict or delay, consummation of the Exchange Offer;
- (4) the Trustee shall not have objected in any respect to or taken action that could, in our reasonable judgment, adversely affect the consummation of the Exchange Offer in any significant manner or shall not have taken any action that challenges the validity or effectiveness of the procedures used by us in the making of any offer or the acceptance or exchange of some or all of the Existing Notes pursuant to the Exchange Offer;
- (5) there shall not exist, in our reasonable judgment, any actual or threatened legal impediment that would prohibit or prevent, or significantly restrict or delay, our acceptance for exchange of, or exchange of, all of the Existing Notes;
- (6) there shall not have occurred (i) any general suspension of, or limitation on prices for, trading in securities in the U.S. securities or financial markets, (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or other major financial markets, (iii) a commencement of a war, armed hostilities, terrorist acts or other national or international calamity directly or indirectly involving the United States, or (iv) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof;
- (7) we shall have obtained all governmental approvals and third-party consents that were necessary for the completion of the Exchange Offer as contemplated by this Exchange Offer Memorandum and all such approvals or consents shall remain in effect;
- (8) the satisfaction of the Expenses Payment Condition; and
- (9) the satisfaction of the Minimum Exchange Condition.

Solely as it relates to the Solicitation, we will not be required to enter into the Supplemental Indenture, and we may, in our sole discretion, terminate the Solicitation or, in our sole discretion, modify, extend or otherwise amend the Solicitation if, at or prior to the Expiration Deadline, we have not received the Consents required to

approve the Proposed Amendments. We reserve the right, in our sole discretion, to amend or terminate the Exchange Offer or the Solicitation and to reject for exchange any Existing Notes not previously accepted by us (and the related Consents), upon the occurrence of any of the conditions of the Exchange Offer specified above. We reserve the right, in our sole discretion subject to applicable law, at any time or at various times, to waive any of the conditions of the Exchange Offer or the Solicitation, in whole or in part, *provided* that the majority of the Supporting Noteholders under the Transaction Support Agreement shall approve in writing a waiver of (i) the Expenses Payment Condition, and (ii) the Minimum Exchange Condition to reduce it below a certain percentage of the Required Holders which must tender their Existing Notes and deliver their Consents pursuant to the Exchange Offer and the Solicitation. See “Description of the Exchange Offer and the Solicitation—Conditions to the Exchange Offer and the Solicitation.”

Pursuant to the terms of the Credit Agreement, a majority of certain lenders shall approve in writing a waiver of the Minimum Exchange Condition, in order for the issuance of New Notes to be permitted thereunder.

We will give oral or written notice (with any oral notice to be promptly confirmed in writing) of any amendment, non-acceptance, termination or waiver to the Exchange Agent as promptly as practicable, followed by a timely press release. These conditions are for our sole benefit, and we may assert them regardless of the circumstances that may give rise to them, or waive them in whole or in part at any or at various times, in our sole discretion. Under the Exchange Offer and the Solicitation, if any of these events occur, subject to the termination rights described above, we may (i) return Existing Notes tendered thereunder to you, (ii) extend the Exchange Offer and the Solicitation and retain all tendered Existing Notes until the expiration of the extended Exchange Offer and extended Solicitation, (iii) amend the Exchange Offer and the Solicitation in any respect by giving oral or written notice of such amendment to the Exchange Agent and making public disclosure of such amendment to the extent required by law, or (iv) waive some or all of such conditions to the Exchange Offer and the Solicitation, subject to the terms of the Transaction Support Agreement and the Credit Agreement.

If we fail at any time to exercise any of the foregoing rights, this failure will not constitute a waiver of such right. Each such right will be deemed an ongoing right that we may assert at any time or at various times. We have not made a decision as to what circumstances would lead us to waive any such condition, and any such waiver would depend on circumstances prevailing at the time of such waiver. Although we have no present plans or arrangements to do so, we reserve the right to amend, at any time, the terms of the Exchange Offer or the Solicitation, in our sole discretion. We will give holders notice of such amendments as may be required by applicable law.

All conditions to the Exchange Offer and the Solicitation must be satisfied or, to the extent permitted by the terms of the Exchange Offer and the Solicitation, waived, at or prior to the Expiration Deadline. In addition, we may, in our sole discretion, terminate the Exchange Offer and the Solicitation for any other reason.

Additional Purchases of Existing Notes

After the Expiration Deadline, the Company or its affiliates may from time to time purchase additional Existing Notes in the open market, in privately negotiated transactions, through tender offers, exchange offer or otherwise, or the Company may redeem the Existing Notes pursuant to the terms of the Existing Indenture. Any future purchases may be on the same terms or on terms that are more or less favorable to Eligible Holders of Existing Notes than the terms of the Exchange Offer and, in either case, could be for cash or other consideration. Any future purchases will depend on various factors existing at that time. Any purchase or offer to purchase will not be made except in accordance with applicable law. There can be no assurance as to which, if any, of these alternatives (or combinations thereof) we choose to pursue in the future.

Procedures for Tendering

All of the Existing Notes are held in book-entry form and registered in the name of Cede & Co., as the nominee of DTC. Only Eligible Holders are authorized to tender their Existing Notes pursuant to the Exchange Offer. To tender Existing Notes that are held through a broker, dealer, commercial bank, trust company or other nominee, a beneficial owner thereof must instruct such nominee to tender the Existing Notes on such beneficial owner's behalf according to the procedure described below. There is no separate letter of transmittal in connection with this Exchange Offer Memorandum. See “—*Book-Entry Transfer*,” “—*Other Matters*” and “*Transfer Restrictions*” for discussions of the items that all Eligible Holders who tender Existing Notes in the Exchange Offer will be deemed to have represented, warranted and agreed. **Subject to the laws of the jurisdictions in which Eligible Holders reside, only Eligible Holders who have duly completed and returned the Eligibility Letter certifying that they are either (1) QIBs or (2) non-U.S. persons (as defined in Rule 902 under the Securities Act) located outside of the United States are authorized receive and review this Exchange Offer**

Memorandum and participate in the Exchange Offer. For further information, call the Exchange Agent and Information Agent or the Dealer Managers at the telephone numbers set forth on the back cover of this Exchange Offer Memorandum or consult your nominee for assistance.

For an Eligible Holder to tender Existing Notes validly pursuant to the Exchange Offer, (1) an Agent's Message must be received by the Exchange Agent via ATOP and (2) tendered Existing Notes must be transferred pursuant to the procedures for book-entry transfer described below and a confirmation of such book-entry transfer must be received by the Exchange Agent at or prior to the Early Participation Deadline or the Expiration Deadline, as applicable.

To effectively tender Existing Notes, DTC participants should transmit their acceptance through ATOP, for which the Exchange Offer will be eligible, and DTC will then edit and verify the acceptance and send an Agent's Message to the Exchange Agent for its acceptance. Delivery of tendered Existing Notes must be made to the Exchange Agent pursuant to the book-entry delivery procedures set forth below.

Book-Entry Transfer

The Exchange Agent will establish an account with respect to the Existing Notes at DTC for purposes of the Exchange Offer, and any financial institution that is a participant in DTC may make book-entry delivery of the Existing Notes by causing DTC to transfer such Existing Notes into the Exchange Agent's account in accordance with DTC's procedures for such transfer. DTC will then send an Agent's Message to the Exchange Agent. The confirmation of a book-entry transfer into the Exchange Agent's account at DTC as described above is referred to herein as a "Book-Entry Confirmation."

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Exchange Agent and forming a part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgment from the participant in DTC described in such Agent's Message, stating the aggregate principal amount of Existing Notes that have been tendered by such participant pursuant to the Exchange Offer, that such participant has received this Exchange Offer Memorandum and that such participant agrees to be bound by and makes the representations and warranties contained therein and that the Company may enforce such agreement against such participant.

The tender by an Eligible Holder pursuant to the procedures set forth herein will constitute an agreement between such Eligible Holder and us in accordance with the terms and subject to the conditions set forth herein and in the other Exchange Offer Documents.

By tendering Existing Notes pursuant to the Exchange Offer, an Eligible Holder will have represented, warranted and agreed that such Eligible Holder is the beneficial owner of, or a duly authorized representative of one or more such beneficial owners of, and has full power and authority to tender, sell, assign and transfer, the Existing Notes tendered thereby and that when such Existing Notes are accepted for exchange and the New Notes are issued by us, we will acquire good, indefeasible, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right and that such Eligible Holder will cause such Existing Notes to be delivered in accordance with the terms of the Exchange Offer. The Eligible Holder by tendering Existing Notes will also have agreed to (i) not sell, pledge, hypothecate or otherwise encumber or transfer any Existing Notes tendered from the date of such tender and that any such purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect, and (ii) execute and deliver such further documents and give such further assurances as may be required in connection with the Exchange Offer, the Solicitation and the transactions contemplated thereby, in each case on and subject to the terms and conditions of the Exchange Offer. In addition, by tendering Existing Notes an Eligible Holder will also have released us and our affiliates from any and all claims that Eligible Holders may have arising out of or relating to the Existing Notes.

Eligible Holders desiring to tender Existing Notes pursuant to ATOP must allow sufficient time for completion of the ATOP procedures during normal business hours of DTC.

Except as otherwise provided herein, delivery of Existing Notes will be made only when the Agent's Message is actually received by the Exchange Agent. No documents should be sent to us or the Dealer Managers. If you are tendering through a nominee, you should check to see whether there is an earlier deadline for instructions with respect to your decision.

Other Matters

Subject to, and effective upon, the acceptance of, and the issuance of the New Notes in exchange for, the principal amount of Existing Notes tendered in accordance with the terms and subject to the conditions of the Exchange Offer and Solicitation of Consents, a tendering Eligible Holder, by submitting or sending an Agent's Message to the Exchange Agent in connection with the tender of Existing Notes, will have:

- irrevocably agreed to sell, assign and transfer to or upon our order or our nominees' order, all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of the tendering Eligible Holder's status as a holder of, all Existing Notes tendered, such that thereafter it shall have no contractual or other rights or claims in law or equity against us or any fiduciary, trustee, fiscal agent or other person connected with the Existing Notes arising under, from or in connection with such Existing Notes;
- waived any and all rights with respect to the Existing Notes tendered (including, without limitation, any existing or past defaults and their consequences in respect of such Existing Notes and the Existing Indenture);
- irrevocably consented to the Proposed Amendments;
- released and discharged us and the Trustee from any and all claims the tendering Eligible Holder may have, now or in the future, arising out of or related to the Existing Notes tendered, including, without limitation, any claims that the tendering Eligible Holder is entitled to receive additional principal or interest payments with respect to the Existing Notes tendered (other than as expressly provided in this Exchange Offer Memorandum) or to participate in any repurchase, redemption or defeasance of the Existing Notes tendered; and
- irrevocably constituted and appointed the Exchange Agent the true and lawful agent and attorney-in-fact of such tendering Eligible Holder (with full knowledge that the Exchange Agent also acts as our agent) with respect to any tendered Existing Notes, with full power of substitution and resubstitution (such power of attorney being deemed to be an irrevocable power coupled with an interest) to (i) deliver such Existing Notes or transfer ownership of such Existing Notes on the account books maintained by DTC together with all accompanying evidences of transfer and authenticity, to or upon our order, (ii) present such Existing Notes for transfer on the register, and (iii) receive all benefits or otherwise exercise all rights of beneficial ownership of such Existing Notes, including receipt of New Notes issued in exchange therefor and the balance of the Exchange Consideration for any Existing Notes tendered pursuant to the Exchange Offer with respect to the Existing Notes that are accepted by us and transfer such New Notes and such funds to the Eligible Holder, all in accordance with the terms of the Exchange Offer.
- represented, warranted and agreed that:
 - it is the beneficial owner of, or a duly authorized representative of one or more beneficial owners of, the Existing Notes tendered hereby, and it has full power and authority to tender the Existing Notes;
 - the Existing Notes being tendered were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and the Company will acquire good, indefeasible and unencumbered title to those Existing Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when the Company accepts the same;
 - it will not sell, pledge, hypothecate or otherwise encumber or transfer any Existing Notes tendered hereby from the date of this Exchange Offer Memorandum, and any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;
 - it is making all representations contained in the Eligibility Letter and it is either (1) a "qualified institutional buyer" as defined in Rule 144A under the Securities Act or (2) a non-U.S. person (as defined in Rule 902 under the Securities Act) located outside of the United States (an Eligible Holder) and is tendering Existing Notes for its own account or for a discretionary account or accounts on behalf of one or more persons who are Eligible Holders as to which it has been instructed and has the authority to make the statements contained in this Exchange Offer Memorandum;

- it is otherwise a person to whom it is lawful to make available this Exchange Offer Memorandum or to make the Exchange Offer and the Solicitation of Consents in accordance with applicable laws (including the transfer restrictions set out in this Exchange Offer Memorandum);
- it has had access to such financial and other information and has been afforded the opportunity to ask such questions of representatives of the Company and receive answers thereto, as it deems necessary in connection with its decision to participate in the Exchange Offer;
- it acknowledges that the Company, the Dealer Managers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and warranties made by its submission of a tender in accordance with the procedures set forth herein, are, at any time prior to the consummation of the Exchange Offer, no longer accurate, it shall promptly notify the Company and the Dealer Managers. If it is tendering the Existing Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account;
- in evaluating the Exchange Offer and in making its decision whether to participate in the Exchange Offer by the tender of Existing Notes, the Eligible Holder has made its own independent appraisal of the matters referred to in this Exchange Offer Memorandum and in any related communications;
- the tender of Existing Notes shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with any of the foregoing, in each case on and subject to the terms and conditions described or referred to in this Exchange Offer Memorandum;
- it is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, it is a person (i) falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Financial Promotion Order”)), (ii) falling within Article 43 of the Financial Promotion Order (non-real time communication by or on behalf of a body corporate to creditors of that body corporate), or (iii) within Article 43 of the Financial Promotion Order, or to whom this Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offer may otherwise lawfully be communicated in accordance with the Financial Promotion Order;
- it is not an investor resident in a Member State of the European Economic Area, or, if it is resident in a Member State of the European Economic Area, it is a qualified investor (within the meaning of Article 2(e) of the Prospectus Regulation) and not a retail investor (as defined in the PRIIPs Regulation);
- it is not located or resident in Belgium, or, if it is located or resident in Belgium, it is a qualified investor (*investisseur qualifié/gekwalificeerde belegger*), in the sense of Article 10 of the law of June 16, 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (*loi relative aux offres publiques d’instruments de placement et aux admissions d’instruments de placement à la négociation sur des marchés réglementés/wet op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een geregementeerde markt*), acting on its own account;
- it is not located or resident in Canada or, if it is located or resident in Canada, it is an “accredited investor” and “permitted client,” each as defined under applicable Canadian provincial securities laws;
- it is not located or resident in France or, if it is located or resident in France, it is a (i) provider of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investor (*investisseur qualifié*) other than an individual (as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*), acting on its own account;

- it is not located or resident in Italy, or if it is located or resident in Italy, it is an authorized person or submitting its Agent's Message through an authorized person and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority;
- it is not located or resident in Switzerland or, if it is located or resident in Switzerland, it is a professional investor or an institutional investor, each within the meaning of the Swiss Financial Services Act of June 15, 2018, as amended;
- it is not located in or resident in Hong Kong, or if it is located or resident in Hong Kong, either (i) it is a professional investor as defined in the Securities and Futures Ordinance of Hong Kong (the "Ordinance") and any rules made under that Ordinance or (ii) its participation in the Exchange Offer will not result in this Exchange Offer Memorandum being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong;
- it and the person receiving New Notes have observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other required consents, complied with all requisite formalities and paid or cause to be paid any issue, transfer or other taxes or requisite payments due from any of them in each respect in connection with any offer or acceptance in any jurisdiction, and that it and such person or persons have not taken or omitted to take any action in breach of the terms of the Exchange Offer or which will or may result in the Company or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Exchange Offer and the Solicitation or the tender of Existing Notes in connection therewith; and
- neither it nor the person receiving New Notes is acting on behalf of any person who could not truthfully make the foregoing representations, warranties and undertakings or those set forth in the Agent's Message.

By tendering Existing Notes pursuant to the Exchange Offer, an Eligible Holder will have agreed that the delivery and surrender of the Existing Notes is not effective, and the risk of loss of the Existing Notes does not pass to the Exchange Agent, until receipt by the Exchange Agent of a properly transmitted Agent's Message. All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders and withdrawals of Existing Notes will be determined by us, in our sole discretion, which determination shall be final and binding.

Notwithstanding any other provision of this Exchange Offer Memorandum, payment of the Exchange Consideration, and the Accrued Interest, if any, with respect to the Existing Notes, in exchange for any Existing Notes tendered for exchange and accepted by us pursuant to the Exchange Offer will occur only after timely receipt by the Exchange Agent of a Book-Entry Confirmation with respect to such Existing Notes, together with an Agent's Message and any other required documents and any other required documentation. The tender of Existing Notes pursuant to the Exchange Offer by the procedures set forth above will constitute an agreement between the tendering Eligible Holder and us in accordance with the terms and subject to the conditions of the Exchange Offer. The method of delivery of Existing Notes, the Agent's Message and all other required documents is at the election and risk of the tendering Eligible Holder. In all cases, sufficient time should be allowed to ensure timely delivery.

Alternative, conditional or contingent tenders will not be considered valid. We reserve the right to reject any or all tenders of Existing Notes that are not in proper form or the acceptance of which would, in our opinion, be unlawful. We also reserve the right, subject to applicable law, to waive any defects, irregularities or conditions of tender as to particular Existing Notes, including any delay in the submission thereof or any instruction with respect thereto. A waiver of any defect or irregularity with respect to the tender of one Existing Note shall not constitute a waiver of the same or any other defect or irregularity with respect to the tender of any other Existing Note. Our interpretations of the terms and conditions of the Exchange Offer will be final and binding on all parties. Any defect or irregularity in connection with tenders of Existing Notes must be cured within such time as we determine, unless waived by us. Tenders of Existing Notes shall not be deemed to have been made until all defects and irregularities have been waived by us or cured. None of the Company, the Subsidiary Guarantors, the guarantors of the Existing Notes, the Dealer Managers, the Trustee, the Registrar, the Paying Agent, the Transfer Agent, the Exchange Agent or the Information Agent or any other person will be under any duty to give notice of any defects or irregularities in tenders of Existing Notes or will incur any liability to Eligible Holders for failure to give any such notice.

Acceptance of Existing Notes for Exchange; Issuance of New Notes

If the conditions to the Exchange Offer are satisfied or waived, we will issue the New Notes in book-entry form on the Settlement Date in exchange for Existing Notes that are validly tendered and accepted in the Exchange Offer.

We reserve the right, in our sole discretion, but subject to applicable law, to (i) delay acceptance of Existing Notes tendered under the Exchange Offer or the issuance of New Notes in exchange for validly tendered Existing Notes (subject to Rule 14e-1 under the Exchange Act, which requires that we pay the consideration offered or return Existing Notes deposited by or on behalf of the Eligible Holders promptly after the termination or withdrawal of such Exchange Offer), or (ii) terminate the Exchange Offer at any time at or prior to the Expiration Deadline if the conditions thereto are not satisfied or waived by us.

For purposes of the Exchange Offer, we will have accepted for exchange validly tendered Existing Notes (or defectively tendered Existing Notes with respect to which we have waived such defect) if, as and when we give oral (promptly confirmed in writing) or written notice thereof to the Exchange Agent. Subject to the terms and conditions of the Exchange Offer, delivery of the New Notes will be made by the Exchange Agent on the Settlement Date upon receipt of such notice. The Exchange Agent will act as agent for participating Eligible Holders of the Existing Notes for the purpose of receiving Existing Notes from, and transmitting New Notes, such Eligible Holders. With respect to tendered Existing Notes that are to be returned to Eligible Holders, such Existing Notes will be credited to the account maintained at DTC from which such Existing Notes were delivered after the expiration or termination of the Exchange Offer.

If, for any reason, acceptance for exchange of tendered Existing Notes, or issuance of New Notes in exchange for validly tendered Existing Notes, pursuant to the Exchange Offer, is delayed, or we are unable to accept tendered Existing Notes for exchange or to issue New Notes in exchange for validly tendered Existing Notes pursuant to the Exchange Offer, then the Exchange Agent may, nevertheless, on behalf of us, retain the tendered Existing Notes, without prejudice to our rights described under “—*Expiration Deadline; Extensions*” and “—*Conditions to the Exchange Offer and the Solicitation*” above and “—*Withdrawal of Tenders and Revocation of Consent*” below, but subject to Rule 14e-1 under the Exchange Act, which requires that we pay the consideration offered or return the Existing Notes tendered promptly after the termination or withdrawal of the Exchange Offer.

If any tendered Existing Notes are not accepted for exchange for any reason pursuant to the terms and conditions of the Exchange Offer, such Existing Notes will be credited to an account maintained at DTC from which such Existing Notes were delivered promptly following the Expiration Deadline or the termination of the Exchange Offer.

Holders of Existing Notes tendered for exchange and accepted by us pursuant to the Exchange Offer will be entitled to accrued and unpaid interest on their Existing Notes to, but excluding, the Settlement Date, which interest shall be payable on such Settlement Date. Under no circumstances will any additional interest be payable because of any delay by the Exchange Agent or DTC in the transmission of funds to Eligible Holders of accepted Existing Notes or otherwise.

Tendering Eligible Holders of Existing Notes accepted in the Exchange Offer will not be obligated to pay brokerage commissions or fees to the Company, the Subsidiary Guarantors, the Dealer Managers, the Trustee, the Registrar, the Paying Agent, the Transfer Agent, the Exchange Agent or the Information Agent, except as set forth below, to pay transfer taxes with respect to the exchange of their Existing Notes.

Withdrawal of Tenders and Revocation of Consents

Existing Notes tendered for exchange and Consents delivered may be validly withdrawn or revoked at any time at or prior to the Withdrawal Deadline, except in certain limited circumstances as set forth herein. If the Exchange Offer is terminated, Existing Notes tendered pursuant to the Exchange Offer will be returned promptly to the tendering Eligible Holders.

At any time after the Withdrawal Deadline and before the Expiration Deadline, if the Minimum Exchange Condition has been satisfied and the Company has received the Consent from the Required Holders, on such date, the Company and the Trustee may execute and deliver the Supplemental Indenture.

The Supplemental Indenture will give effect to the Proposed Amendments to the Existing Notes that will be effective upon execution but will only become operative upon consummation of the Exchange Offer on the

Settlement Date. However, the Supplemental Indenture, by its terms, will provide that the Proposed Amendments will not become operative unless and until the Total Consideration and the Exchange Consideration, as applicable, is paid to tendering holders of the Existing Notes at the Settlement Date.

For a withdrawal of a tender of Existing Notes or a revocation of a Consent to be effective, a properly transmitted “Request Message” through ATOP must be timely received by the Exchange Agent. Any such notice of withdrawal must contain:

- (a) the name of the DTC participant whose name appears on the security position as the owner of such Existing Notes; and
- (b) the description of the Existing Notes to be withdrawn (including the principal amount of the Existing Notes to be withdrawn).

Withdrawal of tenders of Existing Notes and deliveries of Consents may not be rescinded, and any Existing Notes properly withdrawn will thereafter not be validly tendered for purposes of the Exchange Offer. Withdrawal of Existing Notes and revocation of Consents may only be accomplished in accordance with the foregoing procedures. Existing Notes validly withdrawn and Consents validly revoked may thereafter be retendered at any time on or prior to the Early Participation Deadline or the Expiration Deadline, as applicable by following the procedures described under “—*Procedures for Tendering*.”

We will determine all questions as to the form and validity (including time of receipt) of any notice of withdrawal of a tender, in our sole discretion, which determination shall be final and binding. None of the Company, the Subsidiary Guarantors, the Dealer Managers, the Trustee, the Registrar, the Paying Agent, the Transfer Agent, the Exchange Agent or the Information Agent or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal of a tender or incur any liability for failure to give any such notification.

If we are delayed in our acceptance for exchange of, or issuance of New Notes in exchange for, any Existing Notes or if we are unable to accept for exchange any Existing Notes or issue New Notes in exchange therefor pursuant to the Exchange Offer for any reason, then, without prejudice to our rights hereunder, but subject to applicable law, tendered Existing Notes may be retained by the Exchange Agent on our behalf and may not be validly withdrawn (subject to Rule 14e-1 under the Exchange Act, which requires that we issue or pay the consideration offered or return the Existing Notes deposited by or on behalf of the Eligible Holders promptly after the termination or withdrawal of the Exchange Offer).

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of Existing Notes for New Notes pursuant to the Exchange Offer. If transfer taxes are imposed for any reason other than the transfer and tender to us, the amount of those transfer taxes, whether imposed on the registered holders or any other persons, will be payable by the tendering Eligible Holder. Transfer taxes that will not be paid by us include taxes, if any, imposed:

- in respect of income, capital or franchise (in lieu of income) taxes payable by the Eligible Holder, registered holder or other persons in respect of the transfer;
- if New Notes in book-entry form are to be registered in the name of any person other than the person on whose behalf an Agent’s Message was sent; or
- if tendered Existing Notes are to be registered in the name of any person other than the person on whose behalf an Agent’s Message was sent.

If satisfactory evidence of payment of or exemption from transfer taxes that are not required to be borne by us is not submitted with the Agent’s Message, the amount of those transfer taxes will be billed directly to the tendering Eligible Holder and/or withheld from any payments due with respect to the Existing Notes tendered by such Eligible Holder.

Certain Consequences to Holders of Existing Notes Not Tendering in the Exchange Offer

Any of the Existing Notes that are not tendered to us at or prior to the Expiration Deadline or are not accepted for exchange will remain outstanding, will mature on their maturity date and will continue to accrue interest in accordance with, and will otherwise be entitled to all the rights and privileges under, the Existing

Indenture (as amended upon giving effect to the Supplemental Indenture amending the Existing Indenture). The trading markets for Existing Notes that are not exchanged could become more limited than the existing trading markets for the Existing Notes. More limited trading markets might adversely affect the liquidity, market prices and price volatility of the Existing Notes. If markets for Existing Notes that are not exchanged exist or develop, the Existing Notes may trade at a discount to the prices at which they would trade if the principal amount outstanding had not been reduced. See “*Risk Factors*.”

PROPOSED AMENDMENTS TO THE EXISTING INDENTURE

The Proposed Amendments

The Company is soliciting the Consent of Eligible Holders of the Existing Notes, upon the terms and subject to the conditions set forth in this Exchange Offer Memorandum, and to eliminate certain of the covenants, restrictive provisions and events of default under the Existing Indenture and the Existing Notes. The descriptions of the amendments to the Existing Indenture and the Existing Notes set forth below do not purport to be complete.

Eligible Holders of Existing Notes may give their Consents to the Proposed Amendments to the Existing Indenture by tendering their Existing Notes in the Exchange Offer and the Solicitation. The Consent of Eligible Holders representing, in the aggregate, the Required Holders on such date will be required in order to adopt the Proposed Amendments to the Existing Indenture. Eligible Holders of Existing Notes who do not Consent to the Proposed Amendments will nonetheless be subject to the amended Existing Indenture if the Consents of the Required Holders are received and the Existing Indenture is accordingly amended. Eligible Holders of Existing Notes should therefore consider the effect that the Proposed Amendments will have on their positions if they do not tender their Existing Notes in the Exchange Offer and the Solicitation.

At any time after the Withdrawal Deadline and before the Expiration Deadline, if the Minimum Exchange Condition has been satisfied and the Company has received valid Consents sufficient to effect the Proposed Amendments, the Company and the Trustee may execute and deliver the Supplemental Indenture to the Existing Indenture that will be effective at that time but only operative upon consummation of the Exchange Offer with respect to the Existing Notes.

The Proposed Amendments would disapply in their entirety (except as otherwise noted) the following provisions, covenants and events of default from the Existing Indenture with respect to the Existing Notes:

Section 3.7—Change of Control Triggering Event;

Section 3.8—Limitation on Incurrence of Additional Indebtedness;

Section 3.9—Limitation on Restricted Payments;

Section 3.10—Limitation on Asset Sales;

Section 3.11—Limitation on Designation of Unrestricted Subsidiaries;

Section 3.12—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;

Section 3.13—Limitation on Liens;

Section 3.14—Limitation on Transactions with Affiliates;

Section 3.15—Conduct of Business;

Section 3.16—Reports to Holders;

Section 3.17—Listing;

Section 3.19—Limitation on Sale and Leaseback Transactions;

Section 3.20—Anti-Layering;

Section 3.22—Covenant Suspension;

Section 3.23—Compliance Certificates;

Section 4.1—Merger, Consolidation and Sale of Assets (only with respect to clause (a)(ii)); and

Section 6.1(a)—Events of Default and Remedies (only clauses (iii), (iv), (v), (vi) and (vii)).

The Proposed Amendments will amend the Existing Indenture and the Existing Notes to make certain conforming or other changes to the Existing Indenture and the Existing Notes, including modification or deletion of certain definitions and cross references.

The Proposed Amendments constitute a single proposal and a consenting holder must consent to the Proposed Amendments as an entirety and may not consent selectively with respect to certain of the Proposed Amendments.

By consenting to the Proposed Amendments to the Existing Indenture, you will be deemed to have waived, as of the consummation of the Exchange Offer, any default, event of default or other consequence under such Existing Indenture for failure to comply with the terms of the provisions identified above.

CAPITALIZATION

The following table sets forth our capitalization in accordance with IFRS at March 31, 2024 and as adjusted to give effect to the Exchange Offer (assuming all Existing Notes are exchanged for New Notes). See “*Use of Proceeds*” and “*Exchange Offer*.” This table is qualified in its entirety by reference to, and should be read together with, our unaudited interim condensed consolidated financial statements, including the notes thereto, included elsewhere in this Exchange Offer Memorandum and with “*Presentation of Financial Information*,” “*Selected Consolidated Financial Data*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*.”

	As of March 31, 2024		
	Actual ⁽¹⁾	As	As Further
		Adjusted ⁽²⁾	Adjusted ⁽³⁾
	(In millions of U.S. dollars)		
Cash and cash equivalents			
Cash and cash equivalents	62.2	62.2	62.2
Short-term debt			
Original Credit Agreement ⁽⁴⁾	144.5	-	-
Credit Agreement	-	7.5	7.5
Existing Notes	2.3	2.3	0.2
New notes	-	-	-
Other short-term financial obligations ⁽⁵⁾	25.3	25.3	25.3
Total short-term debt	172.2	35.1	33.1
Long-term debt			
Original Credit Agreement	262.8	-	-
Credit Agreement ⁽⁶⁾	-	361.9	361.9
Existing notes	365.0	365.0	36.5
New notes	-	-	331.8
Other long-term financial obligations ⁽⁷⁾	7.3	7.3	7.3
Total long-term debt	635.2	734.2	737.5
Share capital	774.3	774.3	774.3
Treasury shares	(60.9)	(60.9)	(60.9)
Legal reserve	10.4	10.4	10.4
Share premium	(173.2)	(173.2)	(173.2)
Unrealized loss	(13.0)	(13.0)	(13.0)
Accumulated results	(338.7)	(338.7)	(338.7)
Total Equity	198.8	198.8	198.8
Total capitalization⁽⁸⁾	1,006.1	968.1	969.3

- (1) The capitalization table above includes (i) US\$365,000,000 of principal outstanding under the Existing Notes, as of March 31, 2024, given that under IFRS debt is recorded at its amortized cost using the effective interest rate method (amortized cost is calculated by taking into account any initial premium or discount on the notes and includes any transaction costs that are an integral part of the effective interest rate), (ii) US\$400,000,000 of principal outstanding under the Original Credit Agreement, as of March 31, 2024 and (iii) accrued interest of US\$9,709,286 owed under the Existing Notes and the Original Credit Agreement, as of March 31, 2024.
- (2) Adjusted to give effect to the refinancing of the Original Credit Agreement in accordance with commercial terms discussed in “Description of Certain Material Agreements.” The adjustments are presented without giving effect to the deduction of fees and expenses incurred in connection with the refinancing of the Original Credit Agreement, other than the structuring fee that has been included in the total outstanding amount under the loan. The adjustments also give effect to an amortization payment made in June 2024, in the amount of US\$34.3 million, made under the Original Credit Agreement prior to its refinancing.
- (3) Further adjusted to give effect to the Exchange Offer, assuming that Holders of 90% of the aggregate principal amount of the Existing Notes validly tender (and do not validly withdraw) their Existing Notes and deliver related consents on or prior to the Early Participation Deadline, leading to the issuance of US\$331.8 million aggregate principal amount of New Notes in exchange for the Existing Notes. The adjustments are presented without giving effect to the deduction of fees and expenses incurred in connection with the Exchange Offer and the Solicitations.
- (4) The adjusted amount of short-term financial obligations excludes (and transfers to the long-term financial obligations line) the amount due under the Credit Agreement that had been considered as short-term obligations as of March 31, 2024 (US\$144.5 million), including accrued interest, with the exception of an amortization payment of US\$7.5 million expected under the Credit Agreement, after giving effect to the refinancing of the Original Credit Agreement in accordance with the commercial terms included in “Description of Certain Material Agreements.”
- (5) Includes operating leasing, financial leasing and bank overdrafts.

- (6) The adjusted amount of long-term financial obligations due under the Credit Agreement excludes the amount of an amortization payment of US\$7.5 million expected under the Credit Agreement, which has been allocated as a short-term obligation. The adjustments also give effect to an amortization payment made in June 2024, in the amount of US\$34.3 million, made under the Original Credit Agreement prior to its refinancing.
- (7) Includes operating leasing, financial leasing and bank overdrafts.
- (8) Total capitalization is calculated as the sum of total short-term debt, total long-term debt and total equity.

Except as set forth above, there have been no material changes to our total capitalization since March 31, 2024.

EXCHANGE RATES

Currently, Peruvian law does not impose any restrictions on the ability of companies having operations in Peru to transfer foreign currencies from Peru to other countries, to convert soles into any foreign currency or to convert any foreign currency into soles. Companies may freely remit interest and principal payments abroad and investors may repatriate capital from liquidated investments, except for restrictions applicable to companies that have been convicted or have admitted to and/or acknowledged committing crimes against the Peruvian public administration or money laundering, or equivalent crimes (if they have been committed in a foreign country), pursuant to Law No. 30737.

As of the date of this Exchange Offer Memorandum, Law No. 30737 does not apply to us or our subsidiaries and we are not related to any individual that has been convicted or admitted the aforementioned crimes.

Peruvian law in the past has imposed restrictions on the conversion of Peruvian currency and the transfer of funds abroad, and we cannot assure you that Peruvian law will continue to permit such payments, transfers, conversions or remittances without restrictions.

The following table sets forth the high, low, period-end and average exchange rates for the periods indicated, expressed in soles per U.S. dollar.

	Exchange Rates			
	High	Low	Period-end	Average
2014.....	2.987	2.760	2.981	2.837
2015.....	3.408	2.981	3.408	3.183
2016.....	3.536	3.248	3.352	3.373
2017.....	3.391	3.230	3.238	3.259
2018.....	3.383	3.206	3.369	3.285
2019.....	3.403	3.281	3.311	3.335
2020.....	3.654	3.301	3.618	3.493
2021.....	4.132	3.593	3.975	3.877
2022.....	3.994	3.627	3.808	3.831
2023.....	3.892	3.552	3.705	3.740
2024:				
January.....	3.806	3.687	3.799	3.736
February.....	3.877	3.777	3.778	3.824
March	3.768	3.665	3.714	3.706
April	3.747	3.666	3.743	3.708
May.....	3.752	3.701	3.735	3.727
June.....	3.827	3.726	3.827	3.780
July	3.852	3.712	3.726	3.762
August (through August 1).....	3.744	3.744	3.744	3.744

Source: Peruvian Central Bank (banking bid exchange rate).

On March 31, 2024, the exchange rate was S/3.714 per U.S. dollar.

SELECTED CONSOLIDATED FINANCIAL DATA

We set forth below certain financial and operating data as of and for the years ended December 31, 2022 and 2023 and the three-month periods ended March 31, 2023 and 2024. Our interim condensed consolidated financial data as of and for the three-month periods ended March 31, 2023 and 2024 is unaudited.

You should read this information together with our audited consolidated financial statements and unaudited interim condensed consolidated financial statements, and related notes, included elsewhere in this Exchange Offer Memorandum, as well as the information presented in the sections “Presentation of Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These results are not necessarily indicative of our future results of operations or financial condition.

	As of or for the year ended December 31,		As of or for the three months ended March 31,	
	2022	2023	2023	2024
(In millions of U.S. dollars, except for ratios, cash cost, production data, reserves and resources, and prices)				
Consolidated Statement of Comprehensive Income				
Net Sales	951.3	883.1	221.1	176.7
Cost of sales	(762.7)	(725.5)	(174.2)	(159.4)
Gross profit	188.5	157.6	46.9	17.3
Administrative expenses	(69.3)	(55.2)	(13.7)	(11.9)
Selling expenses	(24.9)	(30.6)	(7.4)	(7.1)
Other income	60.1	63.4	15.1	11.2
Other expenses	(87.5)	(78.5)	(19.6)	(11.5)
Impairment loss of long-lived assets	(126.1)	(36.2)	-	-
Operating profit (losses)	(59.1)	20.6	21.3	(2.0)
Financial income (expenses)	(42.4)	(64.7)	(15.0)	(18.0)
Profit (loss) before income tax	(101.5)	(44.2)	6.3	(20.0)
Income tax expense (benefit)	20.1	34.2	(5.5)	0.7
Net (loss) profit	(81.4)	(10.0)	0.8	(19.2)
Consolidated Statement of Financial Position				
Cash and cash equivalents	73.6	61.6	67.2	62.2
Trade accounts receivable (net)	28.6	20.3	17.4	18.8
Other accounts receivable	65.4	77.0	67.4	92.6
Other financial assets	-	0.7	-	0.1
Inventories (net)	57.1	48.3	57.4	50.8
Assets classified as held for sale	-	-	-	-
Total current assets	224.7	208.0	209.4	224.6
Other accounts receivable (net)	34.3	36.0	36.1	34.1
Financial investments	186.5	185.3	189.4	33.3
Inventories (net)	6.2	5.6	6.1	5.5
Property, plant and equipment, net	812.9	771.8	795.5	754.6
Right-of-use assets	11.4	17.9	13.6	18.9
Mining concessions, costs of exploration and development costs, and other intangibles (net)	699.9	650.7	698.2	652.8
Total non-current assets	1,751.2	1,667.2	1,738.8	1,499.2
Total assets	1,975.9	1,875.2	1,948.1	1,723.8
Total current liabilities	361.0	440.1	335.0	474.0
Total non-current liabilities	1,239.5	1,070.5	1,235.1	1,050.9
Total liabilities	1,600.5	1,510.6	1,570.2	1,524.9
Total equity	375.4	364.6	378.0	198.8
Total liabilities and equity	1,975.9	1,875.2	1,948.1	1,723.8

	As of or for the year ended		As of or for the three months ended	
	December 31,		March 31,	
	2022	2023	2023	2024
(In millions of U.S. dollars, except for ratios, cash cost, production data, reserves and resources, and prices)				
Consolidated Statement of Cash Flow				
Cash from operating activities	335.9	248.4	89.0	52.6
Cash used in investing activities	(289.5)	(179.9)	(73.0)	(50.0)
Cash resulting from (used in) financing activities	(203.9)	(80.4)	(22.5)	(2.0)
Net increase (decrease) in cash and cash equivalents	(157.6)	(12.0)	(6.5)	0.6
Other Items				
Depreciation and amortization	224.8	207.1	49.4	46.8
Interest expense ⁽¹⁾	42.9	55.9	12.7	14.5
Adjusted EBITDA ⁽²⁾	298.6	276.9	71.4	44.8
Ratio of financial debt to Adjusted EBITDA ⁽³⁾	2.7	2.9	2.9	2.8
Adjusted EBITDA coverage ratio ⁽⁴⁾	7.0	4.9	5.6	3.1
Capital expenditures ⁽⁵⁾	240.9	178.8	36.2	33.8
Working capital ⁽⁶⁾	(136.3)	(232.1)	(125.7)	(249.4)
Sales by metal and adjustments				
Zinc	564.4	438.4	134.5	95.9
Silver	162.8	153.3	34.1	30.3
Lead	178.8	228.6	50.7	42.6
Copper	53.1	60.6	10.3	10.5
Subtotal	959.0	881.0	229.6	179.2
Execution of financial instruments	-	3.9	-	0.1
Embedded derivatives	(5.0)	(1.8)	(8.5)	(2.6)
Estimate of committed sales	(2.7)	-	-	-
Total	951.3	883.1	221.1	176.7
Financial Investments				
Investment in associate	148.1	148.1	148.4	-
Financial investments.....	38.4	37.2	41.0	33.3

(1) The components of interest expense are as follows:

	For the year ended		For the three months ended	
	December 31,		March 31,	
	2022	2023	2023	2024
(In millions of U.S. dollars)				
Interest Expense				
Syndicated loan.....	20.8	38.5	8.3	10.2
Financial institutions.....	0.1	-	-	-
Third parties (bonds).....	21.1	16.8	4.2	4.2
Financial leasing.....	0.9	0.7	0.2	0.1
Total interest expense	42.9	55.9	12.7	14.5

(2) EBITDA is calculated as net (loss) profit for the year/period before income tax expense, financial expenses (income), depreciation and amortization during such period. Adjusted EBITDA is calculated by eliminating from the calculation of EBITDA: (a) any non-recurring items during such period, (b) gains or losses on the sale of property (other than the sale of property in the ordinary course of business) during such period, (c) any other non-cash items deducted from or included in the calculation of pre-tax net income for such period (other than items that will require cash payments and for which an accrual or reserve has been, or is required by IFRS to be, made), and (d) foreign exchange gains or losses upon loans and foreign currency translation adjustments or monetary correction and bank charges. We believe that EBITDA and Adjusted EBITDA, while providing useful information, should not be considered in isolation or as a substitute for net income as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, our calculation of EBITDA and Adjusted EBITDA may be different from the calculation used by other companies and therefore, comparability may be affected.

The following table sets forth the Adjusted EBITDA reconciliation:

	As of and for the year ended December 31,		As of and for the three months ended March 31,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Net (loss) profit	(81.4)	(10.0)	0.8	(19.2)
Income tax expense	(20.1)	(34.2)	5.5	(0.7)
Financial expenses, net ⁽¹⁾	38.4	57.1	12.3	18.0
Depreciation and amortization	224.8	207.1	49.4	46.8
EBITDA	161.7	220.1	68.0	44.8
Adjustments ⁽²⁾	137.0	56.8	3.4	-
Adjusted EBITDA	298.6	276.9	71.4	44.8

⁽¹⁾ Excluding exchange difference loss, net and bank charges.

⁽²⁾ The components of the adjustments are as follows:

	As of and for the year ended December 31,		As of and for the three months ended March 31,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Adjustments				
Impairment loss of long-lived assets, net of reversal	126.1	36.2	0.7	-
VAT impairment	(7.7)	-	-	-
Doubtful recovery provision	-	4.8	-	-
Adjustment of contingencies provision	-	-	-	-
Adjustment of inventories	3.9	0.5	-	-
Net present value change of mine closure and communities agreements	6.7	6.8	-	-
Others	3.9	1.2	-	-
Exchange difference loss, net	-	(1.0)	(0.1)	-
Bank charges	4.0	8.3	2.8	-
Adjustments	137.0	56.8	3.4	-

(3) The following table sets forth a description of our financial debt:

	As of December 31,		As of March 31,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Financial debt				
Syndicated loan*	397.0	398.0	397.2	398.2
Financial institutions	2.8	-	1.4	-
Third parties (bonds)**	361.6	362.7	361.9	363.0
Financial leasing	26.6	13.9	22.5	12.4
Total gross financial debt***	787.9	774.5	783.0	773.6
Cash and cash equivalents	73.6	61.6	67.2	62.2
Total net financial debt	714.3	712.9	715.8	711.4

* Includes fees amortized cost for US\$3.0 million, US\$2.0 million, US\$2.8 million and US\$1.8 million as of December 31, 2022, December 31, 2023 March 31, 2023 and March 31, 2024, respectively.

** Includes fees amortized cost for US\$3.4 million, US\$2.3 million, US\$3.1 million and US\$2.0 million as of December 31, 2022, December 31, 2023 March 31, 2023 and March 31, 2024, respectively.

***Does not include operating leases (IFRS 16) or bank overdrafts.

- (4) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA for the applicable period to interest expense for the same period.
- (5) Capital expenditures differ from cash used in investing activities because cash used in investing activities includes investments accrued in previous periods paid during the current period and excludes investments accrued in the current period but not paid in the current period. The components of capital expenditures are as follows:

	For the year ended December 31,		For the three months ended March 31,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Capital Expenditures				
Local exploration	11.0	13.1	2.6	2.0
Mine development	82.7	76.3	18.4	17.6
Plants and tailing facilities	62.3	32.0	4.1	7.0
Mine and infrastructure	40.7	34.5	7.3	5.5
Electrical infrastructure in units	12.8	8.7	0.7	0.1
Regional explorations	0.3	0.1	-	-
Romina Project*	17.3	10.9	2.9	0.6
Energy	1.1	0.5	-	-
Support and others	14.5	3.5	0.3	0.9
Total accrued capital expenditures (non-cash)	242.7	179.6	36.2	33.8

* For a description of the projects, see “Business—Growth Projects.”

- (6) Working capital is current assets less current liabilities.

SELECTED OPERATING DATA

The following table sets forth a summary of our production and sales data for each of the years ended December 31, 2022 and 2023 and for the three-month periods ended March 31, 2023 and 2024. For more information regarding such data, see “*Business*.”

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Summary Operating Data				
Treated Mineral (in thousands of dry tonnes).....	8,997	9,429	2,274	2,122
Concentrate Production				
Zinc (in thousands of tonnes)	429.8	461.9	107.1	97.5
Lead (in thousands of tonnes).....	62.0	80.5	14.3	20.0
Copper (in thousands of tonnes)	10.0	11.4	2.2	1.8
Bulk (in thousands of tonnes).....	43.1	32.9	10.9	1.8
Fine Metal Production				
Zinc (in thousands of tonnes)	224.7	242.0	56.5	50.3
Silver (in millions of ounces).....	14.3	15.2	3.5	11.2
Lead (in thousands of tonnes).....	54.9	60.8	13.2	0.8
Copper (in thousands of tonnes)	4.3	5.3	1.3	2.3
Gold (in thousands of ounces)	20.8	18.4	3.7	1.2
Average Ore Grade				
Zinc (%)	3.34%	3.51%	3.40%	3.36%
Silver (ounces per tonne).....	2.46	2.43	2.41	2.30
Lead (%).....	0.91%	0.99%	0.90%	0.91%
Copper (%).....	0.12%	0.12%	0.12%	0.10%
Reserves and Resources (in millions of tonnes)				
Reserves				
Proven	6.9	6.8	n/a	n/a
Probable.....	24.6	22.9	n/a	n/a
Total	31.5	29.7	n/a	n/a
Resources				
Measured	41.0	40.0	n/a	n/a
Indicated	108.4	106.8	n/a	n/a
Inferred	321	324	n/a	n/a
Total	470.3	470.8	n/a	n/a
Total Reserves and Resources.....	501.8	500.5	n/a	n/a
Production of Metal Contained per Mining Unit and Project				
Cerro de Pasco				
Zinc (in thousands of tonnes)	24.5	19.4	4.8	4.7
Silver (in millions of ounces).....	1.3	1.5	0.4	0.4
Lead (in thousands of tonnes).....	9.2	7.5	1.9	1.6
Chungar				
Zinc (in thousands of tonnes)	46.6	49.9	12.8	10.1
Silver (in millions of ounces).....	2.1	2.2	0.6	0.3
Lead (in thousands of tonnes).....	19.4	21.0	5.5	3.3
Copper (in thousands of tonnes)	1.3	1.2	0.3	0.1
Yauli				
Zinc (in thousands of tonnes)	147.9	166.9	37.2	34.3
Silver (in millions of ounces).....	6.7	7.8	1.5	1.4
Lead (in thousands of tonnes).....	22.3	28.4	5.1	5.1
Copper (in thousands of tonnes)	2.7	2.8	0.6	0.3
Óxidos de Pasco				
Silver (in millions of ounces).....	3.5	2.6	0.7	0.7
Gold (in thousands of ounces)	13.8	11.4	2.1	1.7
Alpamarca				
Zinc (in thousands of tonnes)	5.8	5.8	1.8	1.2
Silver (in millions of ounces).....	0.7	1.0	0.2	0.2
Lead (in thousands of tonnes).....	4.0	4.0	0.7	1.2
Copper (in thousands of tonnes)	0.2	0.3	0.1	0.1
Average Ore Grade per Mining Unit and Project				
Cerro de Pasco				
Zinc (%)	1.9%	1.9%	1.8%	1.99%
Silver (ounces per tonne).....	1.43	1.50	1.56	1.51
Lead (%).....	0.7%	0.8%	0.7%	0.81%
Chungar				
Zinc (%)	4.1%	4.3%	4.3%	4.70%
Silver (ounces per tonne).....	1.97	2.04	2.17	1.75
Lead (%).....	1.7%	1.8%	1.8%	1.56%

Copper (%).....	0.2%	0.2%	0.2%	0.14%
Yauli				
Zinc (%)	5.4%	5.7%	5.5%	5.66%
Silver (ounces per tonne).....	2.67	2.83	2.47	2.59
Lead (%).....	0.9%	1.0%	0.8%	0.94%
Copper (%).....	0.2%	0.2%	0.2%	0.13%
Óxidos de Pasco				
Silver (ounces per tonne).....	7.17	5.94	6.40	6.40
Gold (grams per tonne).....	0.7	0.6	0.5	0.43
Alpamarca				
Zinc (%)	0.8%	0.8%	0.9%	0.56%
Silver (ounces per tonne).....	0.91	1.20	1.25	0.85
Lead (%).....	0.5%	0.5%	0.4%	0.51%
Copper (%).....	0.0%	0.0%	0.1%	0.03%

**Reserves and Resources per Mining Unit
(excluding inferred resources)**

Cerro de Pasco				
Reserves (in millions of tonnes)	9.9	8.7*	n/a	n/a
Resources (in millions of tonnes).....	17.3	15.4	n/a	n/a
Total (in millions of tonnes).....	27.1	24.1	n/a	n/a
Chungar				
Reserves (in millions of tonnes)	4.1	4.6	n/a	n/a
Resources (in millions of tonnes).....	12.3	13.2	n/a	n/a
Total (in millions of tonnes).....	16.4	17.8	n/a	n/a
Yauli				
Reserves (in millions of tonnes)	16.1	16.1	n/a	n/a
Resources (in millions of tonnes).....	35.8	35.7	n/a	n/a
Total (in millions of tonnes).....	52.0	51.8	n/a	n/a
Alpamarca				
Reserves (in millions of tonnes).....	0.7	0.3	n/a	n/a
Resources (in millions of tonnes).....	2.0	0.5	n/a	n/a
Total (in millions of tonnes).....	2.6	0.8	n/a	n/a

*Includes 0.4 from Oxides.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based on our consolidated financial statements and should be read in conjunction with such financial statements and the notes thereto included elsewhere in this Exchange Offer Memorandum, as well as the data set forth in "Selected Consolidated Financial Data" and "Summary Consolidated Financial Data." Our audited consolidated financial statements as of December 31, 2022 and 2023 and for each of the years ended December 31, 2022 and 2023, and our unaudited condensed consolidated financial statements as of and for the three month-periods ended March 31, 2023 and 2024 have been prepared in U.S. dollars in accordance with IFRS and IAS 34, respectively. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Exchange Offer Memorandum, particularly in "Risk Factors."

Overview

We are a diversified Peruvian mining company and a major global producer of zinc, silver and lead. We began operations in the early 1940s and have consistently ranked among the largest producers of these metals globally every year from 2006 to 2024, according to Wood Mackenzie and GFMS. We were the second-leading producer of zinc and lead and the third-leading producer of silver in Peru in February 2024, according to MINEM. We believe that the quality of our ore deposits, the efficiency of our operations and our economies of scale make us competitive among metal producers worldwide.

Our operations are divided into five main units that currently consist of five underground mines and two open pit mines in operation, five operating concentrator plants and one leaching plant extending across the Junín and Pasco departments in Peru, with San Cristóbal - Carahuacra the largest mine accounting for approximately 19% of our 2023 treated tonnage. Our mining units are all located between 170 and 295 kilometers from Lima, in the Central Andean region, a center of mining activity in Peru for centuries. As of December 31, 2023, our proven and probable reserves were 29.7 million tonnes and our measured, indicated and inferred resources were 470.8 million tonnes, which represented an average mine life of approximately 13 years at 2023 production levels (in each case, excluding the Cerro de Pasco Unit and the Óxidos de Pasco Unit, each as defined below). We have been granted mining concessions totaling approximately 341,000 hectares, of which: (i) 21% are currently being exploited, (ii) 27% are being explored, and (iii) approximately 52% remain unexploited and unexplored. In addition to our mining operations, we also own 842.5 hectares of land near the Chancay port that we expect to develop directly or through potential partnerships.

In the three-month period ended March 31, 2024, we had sales of US\$176.7 million, net loss of US\$19.2 million and Adjusted EBITDA of US\$44.8 million. In the first three months of 2024, zinc represented 50.9%, silver represented 31.9%, lead represented 12.4%, gold represented 2.3% and copper represented 2.5% of our sales by value. For the year ended December 31, 2023, we had sales of US\$883.1 million, net loss of US\$10.0 million and Adjusted EBITDA of US\$276.9 million. In 2023, zinc represented 48%, silver represented 33%, lead represented 13%, gold represented 3% and copper represented 3% of our sales by value. In 2023, concentrator plants treated 8.47 million dry tonnes of ore grading on average, 3.51% zinc, 2.04 silver ounces per tonne, 0.99% lead and 0.12% copper, and the Oxides leaching plant treated 0.95 million dry tonnes of ore grading 5.94 silver ounces per tonne and 0.59 gold grams per tonne. We are currently developing projects to expand our production such as Romina, Esperanza and Zoraida. See "*Business—Growth Projects.*" For a reconciliation of Adjusted EBITDA to profit for the period/year, see "*Selected Consolidated Financial Data.*"

Key Factors Affecting Our Business and Results of Operations

Metal Prices. Our financial performance is significantly affected by the market prices of zinc, lead, silver and, to a lesser extent, copper. Metal prices have historically been subject to wide fluctuations and are affected by numerous factors beyond our control. These factors, which affect each metal to varying degrees, include international economic and political conditions, levels of supply and demand, the availability and cost of substitutes, inventory levels maintained by producers and others, and, to a lesser degree, inventory carrying costs and currency exchange rates. In addition, the market prices of certain metals have on occasion been subject to rapid short-term changes due to speculative activities. For example, in 2023, metal prices, except for silver, experienced a decline due to global concerns over a potential recession in the United States and Europe, as well as a slowdown in growth in China. The following table sets forth the average published market prices for the metals and periods indicated.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Zinc (US\$/tonne – LME SHG Sett)	3,485	2,649	3,130	2,449
Silver (US\$/ounce – London Spot)	21.8	23.4	22.6	23.4
Lead (US\$/tonne – LME Sett)	2,153	2,137	2,141	2,076
Copper (US\$/tonne – LME Sett)	8,815	8,483	8,930	8,444
Gold (US\$/ounce – London Spot)	1,801	1,943	1,888	2,073

The key drivers and recent trends of each of the metals that we produce are:

- *Zinc* is a major component of the construction and automotive industries, mainly due to its galvanizing applications. While base metal prices were initially negatively impacted in 2023, primarily due to the strong policy of interest rate hikes in the United States and the Eurozone, as well as the deceleration of the construction market in China, such prices, including the price of zinc, have increased in recent months following China's announcement of an economic growth target of 5.0% for 2024 and of a plan to boost growth by issuing long-term bonds over the next several years in order to alleviate a prolonged downturn in the real estate market. As of March 31, 2024, the price of zinc was US\$2,449 per tonne.
- *Silver* is generally seen as store of value and therefore its price tends to be resilient in times of economic uncertainty. In addition, applications in electronics and solar cells have added to the already wide spread uses of silver in photography, currency, jewelry and silverware. Despite the increases in interest rates by the United States Federal Reserve and the strengthening of the dollar in the United States, the price of silver in 2023 increased compared to the average price in 2022 from US\$21.8 per ounce to US\$23.4 per ounce by the end of the year. As of March 31, 2024, the price of silver was US\$23.4 per ounce.
- *Lead* is used as energy storage and in certain other products such as ammunition, oxides in glass and ceramics, casting metals and sheet lead. As in the case of zinc, lead prices have also been guided by the policies of United States and the Eurozone, and to a lesser extent, by the impact of the construction market in China. However, lead's own demand structure as an energy storing metal has resulted in its price diverging from zinc, with lower prices in several periods since late 2015. Opposition to lead-related projects has hampered the potential for increased demand for lead amid more battery demand. However, from the end of 2021 to the present, the price of lead has been on the rise, primarily due to high automobile penetration rates in various countries. Additionally, new technologies have spurred fresh demand for lead, such as mobile data networks and electronic personal vehicles like electric bicycles. As of March 31, 2024, the price of lead stood at US\$2,076 per tonne.
- *Copper* is used for building construction, power generation and transmission, electronic product manufacturing, and the production of industrial machinery and transportation vehicles. Similar to the other metals described above, the price of copper was also initially negatively impacted as a result of the strong policy of interest rate hikes in the United States and the Eurozone. However, this decrease was followed by a considerable increase in the last month of 2023 and so far in 2024. As of March 31, 2024, the price of copper was US\$8,444 per tonne.

For further information on the drivers and trends affecting these metals, see “*Industry Overview*.”

Production Volumes, Ore Grade and Metal Mix. We have consistently ranked among the ten largest producers of zinc, silver and lead globally every year from 2006 to 2024, according to Wood Mackenzie. We were also the second-leading producer of zinc and lead and the third-leading producer of silver in Peru as of February 2024, according to MINEM. In the last year, due to higher treated tonnage at the Yauli Unit and higher grades at the Chungar Unit, our zinc, lead and silver production has increased, meanwhile our copper production remains stable at the production level from previous years. See “*Business—Operations—Mining Units—Cerro de Pasco Unit—Outlook*.” We are currently using 87% of our installed capacity. Our reserves for all metals as of December 31, 2023 demonstrated grades that are consistent with those of the last few years. The following table sets forth our production for the metals and periods indicated, and the average ore grade of our reserves as of December 31, 2023.

Average Ore Grade of Reserves as of December 31, 2023	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024

	(percentages and, in the case of silver, ounces per tonne)	(in thousand tonnes and million ounces in the case of silver)			
Zinc	3.9%	1162	1162	n/a	n/a
Silver	2.3	75	68	n/a	n/a
Lead	0.9%	279	275	n/a	n/a
Copper	0.1%	38	36	n/a	n/a

Costs and Expenses. Our ability to manage our costs and expenses affects our business performance. We strongly focus on controlling and limiting our costs and expenses so that we are better prepared to overcome less favorable pricing conditions. The quality and richness of our ore deposits and our economies of scale allow us to be one of the lowest cost metal producers worldwide. Our unit cost of production increased by 6% in the last five years, from US\$45.2 per metric tonne in the first quarter of 2019 to US\$48.0 per metric tonne in the first quarter of 2024.

The largest components of our cost structure are contractors' expenses, production materials and supplies, labor and energy expenses, which accounted for approximately 45%, 26%, 18% and 11%, respectively, of our production costs in the first three months of 2024. In 2023, contractors' expenses accounted for approximately 47%, production materials and supplies accounted for approximately 26%, labor accounted for approximately 18% and energy expenses accounted for approximately 10% of our production costs. In the past we have been able to react quickly to commodity price cycles by reducing controllable costs, such as exploration projects and mining development, achieving significant cost reductions.

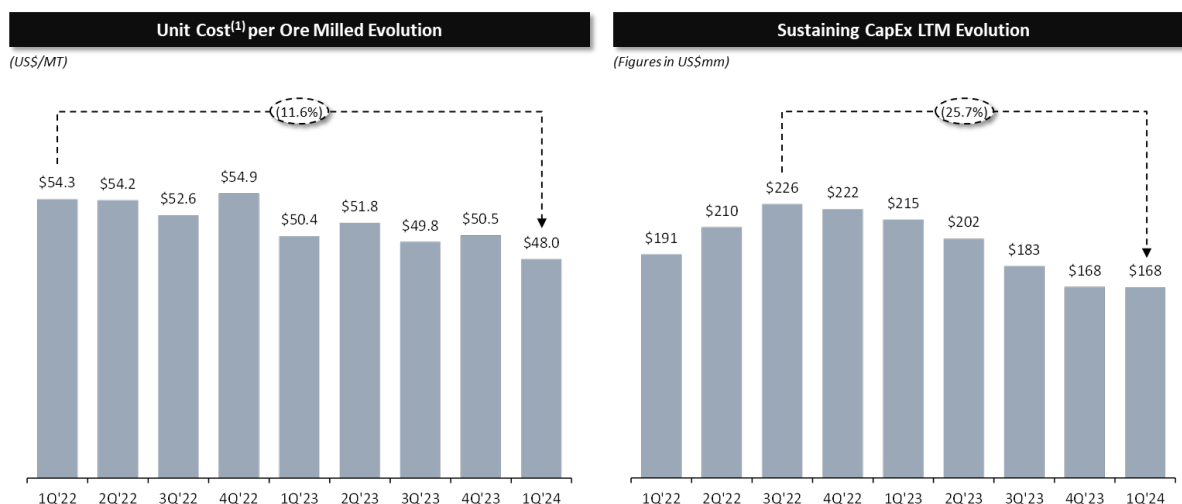
Our continuous improvement program, Volcan Avanza, focuses on the constant search for: process improvement and standardization, cost reduction opportunities, and transforming the culture of operational excellence in all of our mining units. Through Volcan Avanza, during 2023, we have focused our efforts on reducing the consumption of supplies in all mining cycle activities, mechanical and electrical maintenance and use of reagents without disrupting normal course of business and maintaining global safety standards. Among other cost saving and productivity initiatives, we suspended operations at Islay Mine, which has been in suspension since July 2023. We also believe that the Volcan Avanza initiatives allow us to mitigate many external market effects such as international metal prices, inflation and exchange rates, among others.

The following table sets forth our cash cost for the metals and periods indicated.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
(U.S. dollars per finished metric tonne and per ounce in the case of silver)				
Cash Cost By-Product⁽¹⁾				
Zinc	1,542	1,207	1,429	1289
Silver	(8.5)	2.8	(5.0)	4.0

- (1) For the zinc cash cost calculation, silver, lead, copper and gold are considered as by-products. For the silver cash cost calculation, zinc, lead, copper and gold are considered by-products. Therefore, the by-products are not included in this table.

Furthermore, the Volcan Avanza program also helped decrease our unit cost per ore milled and sustaining capital expenditures as shown in the graph below:



(1) Excludes infill drilling cost.

Commercial Terms. The commercial terms that we negotiate for our sales affect our business performance. We sell our products through long-term contracts and tenders. In 2023, approximately 36% of our sales were under long-term contracts and 55% under tenders. Our client base is composed of major global commodity traders and refineries. We have significant negotiating leverage and typically obtain very competitive commercial terms for our products. Sales prices for our products are established principally by reference to prices quoted on the London Metal Exchange and London Bullion Market. Pricing is based on prevailing average prices for the relevant metal for a given period, generally for the month of shipment, the month following the month of shipment or the second month following the month of shipment. Revenues are recorded at provisional prices determined at the time of shipment. Usually, an adjustment is then made after delivery of the products, based on the final pricing terms, the final tonnage delivered (FOB and CIF tonnages are determined at destination) and the final metal contents delivered. Sales to trading companies accounted for approximately 63% of our sales by value in 2023 and 77% in the first three months of 2024.

We take advantage of our leading position in the Central Andes in terms of tonnage and a diversified high quality product basket. The Central Andes is home to several other major mining operations. As a result, this area is one of the most important concentrate hubs of the world. In addition, trading companies have a long history in the region and are generally willing to accept premium terms for our concentrates, as our volume and quality is needed to offset other producers' low volume and especially lower quality concentrates. In general, because of the quality and volume of our production, we have several alternatives to choose from when placing our sales.

Hedging Operations. We generally use metal commodity futures in order to reduce the risk associated with metal price volatility. In addition, we may use foreign currency forwards to mitigate the risk related to our U.S. dollar revenues and certain payments we make in soles. Our hedging policy is approved by our board of directors and our current approval consist of hedging up to 30% of zinc and silver jointly or 50% separately until June 2024. The net result of hedging operations in the comprehensive income statement was a profit of US\$0.2 million in 2023 and a loss of US\$0.1 million in the first three months of 2024. As of December 31, 2023, we had effective hedge transactions with an accrued net effect of gain of US\$3.9 million. As of March 31, 2024, we had effective hedge transactions with an accrued net effect of gain of US\$0.2 million. See "Risk Factors—Risks Relating to Our Business—We engage in hedging activity which may not be successful and may result in losses to us." See also Notes 2(d) and 21 to our financial statements for further information on our hedging activity. Currently, 2.5% of our estimated silver production from the period January to June 2024 has been hedged with a price of US\$26 per ounce.

Peruvian Inflation and Devaluation of the Sol. Our functional currency is the U.S. dollar. Approximately 40% of our expenses are denominated in soles. Since our revenues are primarily denominated in U.S. dollars, when inflation/deflation in Peru is not offset by a change in the exchange rate of the sol to the U.S. dollar, our financial position, results of operations and cash flows may be adversely affected to the extent that the inflation/devaluation effects are passed onto us by our suppliers or reflected in our wage adjustments. In addition, the U.S. dollar value of our net monetary assets denominated in soles may be affected by devaluation of the sol, resulting in a re-measurement loss in our financial statements. Recent inflation and devaluation/appreciation rates are provided in the table below.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Peruvian inflation rate	8.56%	3.41%	1.78%	1.59%
Sol/U.S. dollar devaluation (appreciation) rate.....	(4.61%)	(2.63%)	(1.13%)	0.30%

Source: INEI and BCRP

Critical Accounting Policies and Estimates

We have identified certain significant accounting policies on which our financial condition and results of operations are dependent. These significant accounting policies most often involve complex quantitative analyses or are based on subjective judgments or decisions. A change in these estimates and assumptions could affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. See Note 2 to our audited consolidated financial statements and Note 2 to our unaudited interim condensed consolidated financial statements for a detailed discussion of our significant accounting policies, including ‘Statement of compliance and basis of preparation and presentation’, ‘Consolidation principles’, ‘Functional and presentation currency’, ‘Financial instruments’, ‘Cash and cash equivalents’, ‘Inventories and obsolescence estimate’, ‘Property, plant and equipment (net)’, ‘Mining concessions, exploration and development costs and other intangibles’, ‘Review of impairment of long-term assets’, ‘Assets classified as held for sale’, ‘Investment in associates’, ‘Leases’, ‘Provisions’, ‘Provision for closure of mining units’, ‘Financing costs’, ‘Revenue recognition’, ‘Recognition of costs and expenses’, ‘Employee benefits’, ‘Operating profit’, ‘Income tax’, ‘Contingent assets and liabilities’, ‘Basic and diluted earnings per share’ and ‘Segments’.

Results of Operations

Three Months ended March 31, 2023 compared to Three Months ended March 31, 2024

The following table sets forth our summarized results of operations for the periods indicated.

	Three months ended March 31,		% Change
	2023	2024	1Q 2024/2023
(In millions of U.S. dollars)			
Sales	221.1	176.7	(20%)
Cost of sales	(174.2)	(159.4)	(9%)
Gross profit	46.9	17.3	(63%)
Administrative expenses.....	(13.7)	(11.9)	(13%)
Selling expenses	(7.4)	(7.1)	(5%)
Other income	15.1	11.2	(26%)
Other expenses	(19.6)	(11.5)	(41%)
Impairment loss of long-lived assets	-	-	-
Operating profit	21.3	(2.0)	(109%)
Financial income (expenses)	(15.0)	(18.0)	20%
Profit (loss) before income tax	6.3	(20.0)	(417%)
Income tax expense	(5.5)	0.7	(113%)
Net (loss) profit	0.8	(19.2)	n.a.

The following table sets forth each line item of our summarized results of operations as a percentage of our sales for the periods indicated.

	Three months ended March 31,		% Change
	2023	2024	1Q 2024/2023
Sales	100%	100%	0%
Cost of sales	(79%)	(90%)	(11%)
Gross profit (loss)	21%	10%	(11%)
Administrative expenses	(6%)	(7%)	(1%)
Selling expenses	(3%)	(4%)	(1%)
Other income	7%	6%	(1%)
Other expenses	(9%)	(7%)	(2%)
Impairment loss of long-lived assets	-	-	-
Operating profit (loss)	10%	(1%)	(11%)
Financial income (expenses)	(7%)	(10%)	(3%)
Loss before income tax	3%	(11%)	(14%)
Income tax expense	(2%)	0%	2%
Net profit (loss)	0%	(11%)	(11%)

Sales. The 20.1% decrease in sales during the three months ended March 31, 2024, was primarily due to lower zinc and lead prices and lower production, partially offset by adjustments for final pricing terms on the settlements of sales open positions.

The following table sets forth the components of our sales by value, average realized prices and the production of metal contained in our mined ore for the metals and periods indicated.

	Three months ended March 31,		% Change
	2023	2024	1Q 2024/2023
(In millions of U.S. dollars, except for prices and production data)			
Sales by metal and adjustments			
Zinc	134.5	95.9	(29%)
Silver	34.1	30.3	(14%)
Lead	50.7	42.6	(16%)
Copper	10.3	10.5	2%
Subtotal	229.6	179.2	(22%)
Execution of financial instruments	-	0.1	
Embedded derivatives	(8.5)	(2.6)	(69%)
Estimate of committed sales	-	-	
Total	221.1	176.7	(20%)
Average Realized Prices			
Zinc (US\$/tonne)	3,117	2,473	(20.7%)
Silver (US\$/ounce)	22.5	23.2	3.3%
Lead (US\$/tonne)	2,143	2,099	(2.1%)
Copper (US\$/tonne)	8,900	7,794	(12.4%)
Gold (US\$/ounce)	1,892	2,069	9.4%
Fine Metal Production			
Zinc (in thousands of tonnes)	56.5	50.3	(11%)
Silver (in millions of ounces)	3.5	3.1	(12%)
Lead (in thousands of tonnes)	13.2	11.2	(15%)
Copper (in thousands of tonnes)	1.3	0.8	(40%)
Gold (in thousands of ounces)	3.7	2.9	(22%)

Cost of sales. The 8.5% decrease in cost of sales was mainly due to lower absolute production costs primarily due to the halt of the three Junin mines in March 2024, lower depreciation and amortization, and lower other expenses related to personnel exits and non-operating units. The following table sets forth our cost of sales for the periods indicated.

	Three months ended March 31,		% Change
	2023	2024	1Q 2024/2023
(In millions of U.S. dollars)			
Cost of sales			
Supplies used	31.4	28.7	(8.6%)
Labor	20.4	19.4	(4.9%)

	Three months ended March 31,		% Change
	2023	2024	1Q 2024/2023
Cost of sales	(In millions of U.S. dollars)		
Services provided by third parties, energy and others	64.9	60.7	(6.5%)
Purchase of mineral and concentrates.....	-	-	0%
Depreciation and amortization.....	47.6	42.2	(11.3%)
Plant stoppage cost.....	6.7	11.5	71.6%
Others	1.3	0.3	(76.9%)
Change in inventories of concentrates in process and ore ..	1.9	(3.5)	n.a
Total cost of sales.....	174.2	159.4	(8.5%)

Administrative expenses. The 13.1% decrease in administrative expenses was mainly due to a reduction in expenses related to services provided by contractors and professional fees, partially offset by an increase in personnel expenses, and in mining fees and penalties for concessions rights. The following table sets forth our administrative expenses for the periods indicated.

	Three months ended March 31,		% Change
	2023	2024	1Q 2024/2023
	(In millions of U.S. dollars)		
Administrative expenses⁽¹⁾			
Personnel expenses	4.8	6.6	37.5%
Mails, telecommunications and other minor items	0.7	0.9	28.6%
Services provided by contractors	2.0	0.1	(95.0%)
Professional fees	1.7	0.6	(64.7%)
Insurance.....	1.8	1.0	(44.4%)
Rents	0.6	0.3	(50.0%)
Mining fees and penalties for concessions rights.....	-	1.1	-
Indemnities	-	0.3	-
Communication and information technology.....	0.3	0.1	(66.7%)
Depreciation.....	0.1	0.3	200.0%
Amortization.....	0.1	0.5	400.0%
Depreciation of right-of-use assets	-	0.1	-
Others	1.6	-	(100.0%)
Total administrative expenses.....	13.7	11.9	(13.1%)

(1) Includes administrative expenses for exploitation and exploration activities.

Selling expenses. The 4.1% decrease in selling expenses was mainly attributable to reduced expenses with freight and rents, partially offset by an increase in the expenses with sundry services, which in turn was primarily due to lower sales volume. The following table sets forth our selling expenses for the periods indicated.

	Three months ended March 31,		% Change
	2023	2024	1Q 2024/2023
	(In millions of U.S. dollars)		
Selling expenses			
Freight	4.7	4.4	(6.4%)
Services for the sale of concentrates	0.8	0.8	0.0%
Sundry services.....	0.1	0.4	300.0%
Services provided by contractors	0.2	0.2	0.0%
Personnel expenses	0.2	0.2	0.0%
Samples, assays and supervision.....	0.3	0.3	(0.0%)
Shipment expenses.....	0.4	0.3	(25.0%)
Services provided by third parties.....	0.1	-	-
Rents.....	0.6	0.4	(33.3%)
Total selling expenses	7.4	7.1	(4.1%)

Financial income (expenses). The 20% increase in financial income (expenses) is primarily the result of an increase in the interest rate we paid under our syndicated credit facility.

Income tax expense. The 113% decrease in income tax and royalties is mainly due to lower revenue and profits.

Net profit (loss). Net profit (loss) varied from a US\$0.8 million profit in the three-month period ended March 31, 2023 to a US\$19.2 million loss in the same period in 2024, mainly due to lower revenues, partially offset by lower cost of sales, exploration expenses, energy cost of sales and income tax.

Year ended December 31, 2023 compared to Year ended December 31, 2022

The following table sets forth our summarized results of operations for the periods indicated.

	For year ended December 31,		% Change
	2022	2023	2023/2022
	(In millions of U.S. dollars)		
Sales.....	951.3	883.1	(7%)
Cost of sales.....	(762.7)	(725.5)	(5%)
Gross profit	188.5	157.6	(16%)
Administrative expenses.....	(69.3)	(55.2)	(20%)
Selling expenses.....	(24.9)	(30.6)	23%
Other income	60.1	63.4	6%
Other expenses.....	(87.5)	(78.5)	(10%)
Impairment loss of long-lived assets.....	(126.1)	(36.2)	(71%)
Operating profit.....	(59.1)	20.6	-
Financial income (expenses).....	(42.4)	(64.7)	53%
Profit (loss) before income tax.....	(101.5)	(44.2)	(57%)
Income tax expense.....	20.1	34.2	70%
Net (loss) profit.....	(81.4)	(10.0)	(88%)

The following table sets forth each line item of our summarized results of operations as a percentage of our sales for the periods indicated.

	For year ended December 31,		% Change
	2022	2023	2023/2022
Sales.....	100%	100%	0%
Cost of sales.....	(80%)	(82%)	(2%)
Gross profit	20%	18%	(2%)
Administrative expenses.....	(7%)	(6%)	1%
Selling expenses.....	(3%)	(3%)	(1%)
Other income	13%	17%	4%
Other expenses.....	(16%)	(19%)	(3%)
Impairment loss of long-lived assets.....	(13%)	(4%)	9%
Operating profit.....	(6%)	2%	8%
Financial income (expenses).....	(5%)	(7%)	(2%)
Profit (loss) before income tax.....	(11%)	(5%)	6%
Income tax expense.....	(1%)	(2%)	(1%)
Net (loss) profit.....	(9%)	(1%)	8%

Sales. The 7% decrease in sales in 2023 as compared to 2022 was primarily due to lower zinc and lead prices and lower production, partially offset by adjustments for final pricing terms on the settlements of sales open positions.

The following table sets forth the components of our sales by value, average realized prices and the production of metal contained for the metals and periods indicated.

	For year ended December 31,		% Change
	2022	2023	2023/2022
(In millions of U.S. dollars, except for prices and volume)			
Sales by metal and adjustments			
Zinc	564.4	438.4	(22%)
Silver	162.8	153.3	(6%)
Lead.....	178.8	228.6	28%
Copper.....	53.1	60.6	14%
Subtotal	959.0	881.0	(8%)
Execution of Financial Instruments ...	-	3.9	
Embedded Derivatives.....	(5.0)	(1.8)	(64%)
Estimate of Committed Sales.....	(2.7)	-	(100%)
Total	951.3	883.1	(7%)
 Average Realized Prices			
Zinc (US\$/tonne).....	3,449	2,642	(23.4%)
Silver (US\$/ounce).....	21.8	23.2	6.5%
Lead (US\$/tonne).....	2,116	2,132	0.8%
Copper (US\$/tonne)	8,434	8,428	(0.1%)
Gold (US\$/ounce)	1,822	1,943	6.6%
 Fine Metal Production			
Zinc (in thousands of tonnes)	224.7	242.0	7.7%
Silver (in millions of ounces)	14.3	15.2	6.3%
Lead (in thousands of tonnes).....	54.9	60.8	10.7%
Copper (in thousands of tonnes).....	4.3	5.3	23.3%
Gold (in thousands of ounces).....	20.8	18.4	(11.5%)

Cost of sales. The 5% decrease in the cost of sales of 2023 as compared to 2022 was mainly explained by the decrease in costs of supplies used, in services provided by third parties, optimizations achieved by the Volcan Avanza program, our cost efficiency program, in depreciation and amortization, and in decrease in plant stoppage costs and with the change in inventories. The following table sets forth our cost of sales for the periods indicated.

	For the year ended December 31,		% change
	2022	2023	2023/2022
(In millions of U.S. dollars)			
Cost of sales			
Supplies used	135.3	128.5	(5%)
Labor.....	82.2	87.2	6%
Services provided by third parties, energy and others.....	280.7	276.5	(1%)
Purchase of mineral and concentrates	-	-	-
Depreciation and amortization	225.1	199.1	(12%)
Plant stoppage cost.....	33.1	26.6	(20%)
Others	(0.1)	3.0	n.a.
Change in inventories of concentrates in process and ore..	6.4	4.6	(28%)
Total cost of sales	762.7	725.5	(5%)

Administrative expenses. The 20.3% decrease in 2023 as compared to 2022 was mainly explained by reduced expenses of mails, telecommunication and other minor items, services provided by contractors and professional fees, partially offset by a 19.2% increase in personnel expenses, which in turn, was due to salary increases related to the review of our compensation plan. The following table sets forth our administrative expenses for the periods indicated.

	For the year ended December 31,		% change
	2022	2023	2023/2022
(In millions of U.S. dollars)			
Administrative expenses⁽¹⁾			

	For the year ended December 31,		% change
	2022	2023	2023/2022
(In millions of U.S. dollars)			
Personnel expenses	15.1	18.0	19.2%
Mails, telecommunications and other minor items.....	15.1	9.9	(34.4%)
Services provided by contractors	9.6	4.9	(49.0%)
Professional fees	15.0	5.6	(62.7%)
Insurance.....	4.2	4.3	2.4%
Rents	1.8	2.3	27.8%
Mining fees and penalties for concessions rights.....	3.8	2.9	(23.7%)
Indemnities	0.1	1.3	1200.0%
Samples, assays and supervision.....	0.6	0.7	16.7%
Depreciation.....	1.4	1.5	7.1%
Salaries and bonuses - Board of Directors	2.2	1.2	(45.5%)
Amortization.....	0.4	2.6	550.0%
Total administrative expenses.....	69.3	55.2	(20.3%)

(1) Includes administrative expenses for exploitation and exploration activities.

Selling expenses. The 23% increase in 2023 as compared to 2022 was explained mainly by the increase in the expenses related to services for the sale of concentrates, shipment expenses and rents. The following table sets forth our selling expenses for the periods indicated.

	For the year ended December 31,		% Change
	2022	2023	2023/2022
(In millions of U.S. dollars)			
Selling expenses			
Freight	17.5	19.3	10%
Services for the sale of concentrates	1.6	3.3	106%
Sundry services.....	1.0	0.8	(20%)
Services provided by contractors	1.0	0.9	(10%)
Personnel expenses	1.4	1.2	(14%)
Samples, assays and supervision.....	1.0	1.5	50%
Shipment expenses.....	0.3	1.2	300%
Services provided by third parties.....	0.8	0.4	(50%)
Rents	0.2	2.1	950%
Depreciation.....	0.1	-	(55%)
Total selling expenses	24.9	30.6	23%

Financial income (expenses). The 53% increase in financial income (expenses) is explained mainly by an increase in the interest rate we paid under our syndicated credit facility.

Income tax expense. The 70% increase in income tax is related to an increase in income, offset by a decrease in mining royalties.

Net (loss) profit. Our net loss decreased 88% from a loss of 81.4 million loss in the year 2022 to a loss of 10.0 million in the year 2023, mainly due to lower cost of sales, exploration expenses, energy cost of sales and income tax during the year 2023, as well as the impairment of the Cerro de Pasco Unit which took place in 2022 and negatively impacted our full year 2022 results.

Liquidity and Capital Resources

Our primary source of liquidity is cash provided by operations, with our primary uses of liquidity being working capital and capital expenditures. Other financing sources include financial leasing lines for the acquisition of mine equipment and lines of credit from financial institutions for working capital purposes. As of March 31, 2024, our long-term debt outstanding was US\$667.5 million, excluding accrued interest.

We expect that we will meet our working capital, capital expenditure and exploration expense requirements for the next several years from internally generated funds and cash on hand. Additional financing, if necessary for the construction of any project, is expected to be obtained from borrowings under bank loans or

the issuance of debt securities. There can be no assurance, however, that sufficient funding will be available to us from internal or external sources to finance any future capital expenditure program, or that external funding will be available to us for such purpose on terms or at prices favorable to us. A very significant decline in metal prices would be reasonably likely to affect the availability of such sources of liquidity.

	For the year ended December 31,		For the three months ended March 31,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Cash from operating activities	335.9	248.4	89.0	52.6
Cash used in investing activities	(289.5)	(179.9)	(73.0)	(50.0)
Cash resulting from (used in) financing activities.....	(203.9)	(80.4)	(22.5)	(2.0)

Cash From Operating Activities. The decrease in cash flow generated from operating activities for each of the two years ended December 31, 2023 and 2022 resulted primarily from lower revenues, as well as lower sales and refund taxes and higher labor and suppliers' payments. The decrease in cash flow generated from operating activities for the three months ended March 31, 2024, as compared to the previous period in 2023 is mainly related to lower sales and refund taxes, partially offset by an increase in suppliers and third parties payments.

Cash Used in Investing Activities. The decrease in our capital expenditures in 2023, as compared to 2022, is mainly related to lower investments in the acquisition of property, plant and equipment and in development and exploration activities, as a result of cash saving initiatives and the postponement of certain projects made by our management to preserve liquid cash flows. The decrease in cash used in investing activities for the three months ended March 31, 2024, as compared to the previous period in 2023 was mainly related to liquidity constraints as a result of the stoppage of the Victoria concentrator plant (part of the Yauli Unit) from March 19, 2024 to April 20, 2024.

Cash Resulting from (Used in) Financing Activities. Financing activities during 2022 consisted primarily of interest payments of US\$48.2 million and financial obligations payments of US\$548.4 million. Financing activities during 2023 consisted primarily of interest payments of US\$54.2 million and medium-term loan payments of US\$25.4 million. Financing activities during the first three months of 2024 consisted primarily of interest payments of US\$18.7 million and financial obligations payments of US\$5.2 million, partially offset by the obtainment of a related party loan of US\$25 million (from Glencore Lima Trading); while financing activities during the first three months of 2023 consisted primarily of interest payments of US\$16.7 million and financial obligations payments of US\$7.1 million.

Contractual Obligations and Contingencies

The following table sets forth, in accordance with IFRS, certain contractual obligations and contingencies as of March 31, 2024.

	Payments Due by Period				
	Total	<1 year	1-3 years	3-5 years	More than 5 years
	(In millions of U.S. dollars)				
Financial obligations.....	799.4	167.3	632.1	0	0
Workers' participation ⁽¹⁾	3.1	3.1	0	0	0
Derivatives and financial instruments.....	0.1	0.1	0	0	0
Provision for the closure of mining units ⁽²⁾	263.7	13.1	29.3	45.5	175.8
Total.....	1,066.3	183.6	661.4	45.5	175.8

(1) Workers' participation is currently calculated based on our pre-tax earnings. In Peru, the provision for workers' participation is calculated at 8% of pre-tax earnings. The current portion of this participation, which is accrued during the year, is based on our taxable income and is largely distributed to workers following determination of final results for the year.

(2) Asset retirement obligations include the aggregate amount of the closure and remediation costs of our mines and facilities to be paid under the mine closure plans.

The credit agreements executed by us with financial institutions impose certain financial covenants during the term of these agreements which are usual for these types of agreements. As of March 31, 2024, we were in compliance with all restrictions and covenants related to our obligations in our credit agreements. See Note 16 to our audited consolidated financial statements included elsewhere in this Exchange Offer Memorandum.

Capital Expenditures

The following table sets forth our accrued capital expenditures for the periods indicated.

Accrued Capital Expenditures (non-cash)

	For the year ended December 31,		For the three months ended March 31,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Local exploration	11.0	13.1	2.6	2.0
Mine development	82.7	76.3	18.4	17.6
Plants and tailing facilities	62.3	32.0	4.1	7.0
Mine and infrastructure	40.7	34.5	7.3	5.5
Electrical infrastructure in units	12.8	8.7	0.7	0.1
Regional explorations	0.3	0.1	-	-
Romina Project*	17.3	10.9	2.9	0.6
Energy	1.1	0.5	-	-
Other projects and working capital	14.5	3.5	0.3	0.9
Total accrued capital expenditures (non-cash)	242.7	179.6	36.2	33.8

* For a description of the projects, see “*Business—Growth Projects*.”

We seek to maintain our competitive position in the industry through our capital expenditure program. Over the next three years, we expect to invest more than US\$540 million to sustain and improve our current operations. Besides, our growth investment plan includes the development of the Romina project, which is expected to enter production in 2026, with an estimated average annual production of 40,000 fine tonnes of zinc, 20,000 fine tonnes of lead and around one million ounces of silver during the life of the mine, which is estimated at 13 years.

For the development of the Romina project, we estimate capital expenditures of US\$130 million to US\$145 million, of which from US\$20 to US\$25 million would be invested in 2024, US\$70 to US\$75 million would be invested in 2025 and US\$40 to US\$45 million would be invested in 2026. The sustaining capital expenditures for the Romina project are expected to reach an average of US\$16 million to US\$19 million per year during the first eight years of the mine, and an average of US\$2 million per year in the remaining years of the expected mine life. The operational expenditures expected for the Romina project are around US\$45 per tonne during the first nine years of the mine and US\$25 per tonne in the remaining four years of the estimated mine life.

We plan to fund these projects with cash provided by operations. For a description of these projects, see “*Business—Growth Projects*” and “*Business—Power and Energy Supply*.”

Dividend Policy

Our dividend policy based on past years’ practice has been to pay approximately 20% of our net profits in the form of either cash or stock. There are two kinds of dividend payments: (i) provisional dividends, which are approved by the board of directors and are generally paid during the fourth quarter of each year, and (ii) final dividends, which are paid in accordance with the annual shareholders’ meeting. However, the amount and timing of such payments are subject to the final approval at such annual shareholders’ meeting and board of directors’ meeting, as well as to the availability of earnings to distribute. According to the Peruvian Corporate Law, shareholders can request a dividend of 50% or less of the previous year’s after-tax profits, net of the amount allocated to the legal reserve, with the affirmative vote of at least 20% of the total common stock outstanding.

We have two classes of shares: Class A share have full voting rights while Class B shares have no voting rights (except in certain exceptional cases) and receive a 5% on dividends over what Class A shares receive. We did not make any distribution of dividends in the last three years (2021, 2022, and 2023).

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of December 31, 2023, and 2022, and March 31, 2024 and 2023.

Quantitative and Qualitative Disclosures about Market Risk

During the normal course of our operations, we are exposed to several market risks, such as exchange rate risk, interest rate risk, price risk, credit risk and liquidity risk. Our risk management program is focused on minimizing the potential adverse effects of such risks on our financial performance. For a description of these risks and our capital risk management program as of and for the year ended December 31, 2023, see Note 5 to our audited consolidated financial statements included elsewhere in this Exchange Offer Memorandum. As of March 31, 2024, there has not been any material change in the risk factors as described therein.

BUSINESS

General

We are a diversified Peruvian mining company and a major global producer of zinc, silver and lead. We began operations in the early 1940s and have consistently ranked among the largest producers of these metals globally every year from 2006 to 2024, according to Wood Mackenzie and GFMS. We were the second-leading producer of zinc and lead and the third-leading producer of silver in Peru in February 2024, according to MINEM. We believe that the quality of our ore deposits, the efficiency of our operations and our economies of scale make us competitive among metal producers worldwide.

Our operations are divided into five main units that currently consist of five underground mines and two open pit mines in operation, five operating concentrator plants and one leaching plant extending across the Junín and Pasco departments in Peru, with San Cristobal - Carahuacra the largest mine accounting for approximately 19% of our 2023 treated tonnage. Our mining units are all located between 170 and 295 kilometers from Lima, in the Central Andean region, a center of mining activity in Peru for centuries. As of December 31, 2023, our proven and probable reserves were 29.7 million tonnes and our measured, indicated and inferred resources were 470.8 million tonnes, which represented an average mine life of approximately 13 years at 2023 production levels (in each case, excluding the Cerro de Pasco Unit and the Óxidos de Pasco Unit, each as defined below). We have been granted mining concessions totaling approximately 341,000 hectares, of which: (i) 21% are currently being exploited, (ii) 27% are being explored, and (iii) approximately 52% remain unexploited and unexplored. In addition to our mining operations, we also own 842.5 hectares of land near the Chancay port that we expect to develop directly or through potential partnerships.

In the three-month period ended March 31, 2024, we had sales of US\$176.7 million, net loss of US\$19.2 million and Adjusted EBITDA of US\$44.8 million. In the first three months of 2024, zinc represented 50.9%, silver represented 31.9%, lead represented 12.4%, gold represented 2.3% and copper represented 2.5% of our sales by value. For the year ended December 31, 2023, we had sales of US\$883.1 million, net loss of US\$10.0 million and Adjusted EBITDA of US\$276.9 million. In 2023, zinc represented 48%, silver represented 33%, lead represented 13%, gold represented 3% and copper represented 3% of our sales by value. In 2023, concentrator plants treated 8.47 million dry tonnes of ore grading on average, 3.51% zinc, 2.04 silver ounces per tonne, 0.99% lead and 0.12% copper, and the Oxides leaching plant treated 0.95 million dry tonnes of ore grading 5.94 silver ounces per tonne and 0.59 gold grams per tonne. We are currently developing projects to expand our production such as Romina, Esperanza and Zoraida. See “*Business—Growth Projects.*” For a reconciliation of Adjusted EBITDA to profit for the period/year, see “*Selected Consolidated Financial Data.*”

Our main units are:

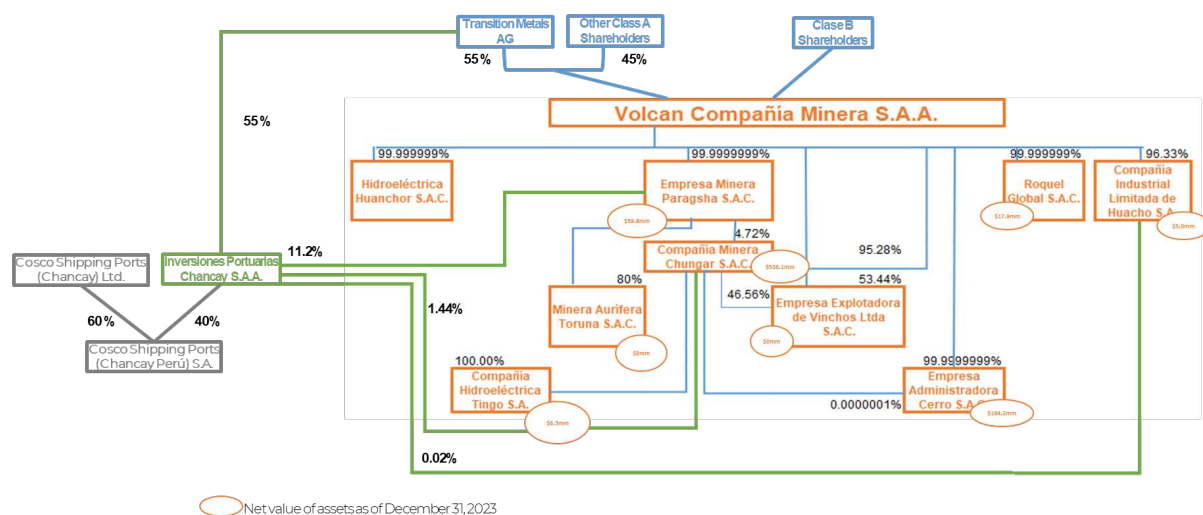
- **Yauli.** The Yauli unit (the “Yauli Unit”) is comprised mainly of three underground mines (San Cristobal - Carahuacra, Andaychagua and Ticlio) producing an aggregate of approximately 3.1 million tonnes per year of ore bearing zinc, silver, lead, and copper. The ore is treated at two concentrator plants, Victoria and Andaychagua, with an aggregate processing capacity of 8,650 tonnes of ore per day. In 2023, this unit produced approximately 166,900 tonnes of zinc, 7.8 million ounces of silver, 28,400 tonnes of lead and 2,800 tonnes of copper, representing approximately 59% of our sales by value. In the first quarter of 2024, this unit produced approximately 34,300 tonnes of zinc, 1.4 million ounces of silver, 5,100 tonnes of lead, 300 tonnes of copper and 800 ounces of gold, representing approximately 54% of our sales by value in the period, as compared to the approximate production of 37,200 tonnes of zinc, 1.5 million ounces of silver, 5,100 tonnes of lead, 600 tonnes of copper and 1,400 ounces of gold in the first quarter of 2023. As of December 31, 2023, our proven and probable reserves were approximately 16.1 million tonnes and our measured, indicated and inferred resources were 63.1 million tonnes. The estimated mine life of the Yauli Unit is approximately 10.5 years at 2023 production levels, taking into account resources from advanced exploration targets.
- **Chungar.** The Chungar unit (the “Chungar Unit”) is comprised of two underground mines, one in production and one in suspension since July 2023, producing an aggregate of approximately 1.3 million tonnes per year of ore bearing zinc, silver, lead and copper. The ore is treated at a concentrator plant, which has a processing capacity of 5,500 tonnes of ore per day. In 2023, this unit produced approximately 49,900 tonnes of zinc, 2.2 million ounces of silver, 21,000 tonnes of lead and 1,200 tonnes of copper, representing approximately 20% of our sales by value. In the first quarter of 2024, this unit produced approximately 10,100 tonnes of zinc, 0.3 million ounces of silver, 3,300 tonnes of lead, 100 tonnes of copper and 200 ounces of gold, representing approximately 20% of our sales by value in the

period, as compared to the approximate production of 12,800 tonnes of zinc, 0.6 million ounces of silver, 5,500 tonnes of lead, 300 tonnes of copper and 300 ounces of gold in the first quarter of 2023. As of December 31, 2023, our proven and probable reserves were 4.6 million tonnes and our measured, indicated and inferred resources were 29.2 million tonnes. The Chungar Unit mine life is estimated at approximately 22 years at 2023 production levels, taking into account resources from advanced exploration targets.

- *Óxidos de Pasco.* The Óxidos de Pasco unit (the “Óxidos de Pasco Unit”) consists of one leaching plant, which has a processing capacity of 2,500 tonnes of ore per day. In 2023, this unit produced approximately 2.6 million ounces of silver and 11.4 thousand ounces of gold, representing approximately 9% of our sales by value. In the first quarter of 2024, this unit produced approximately 0.7 million ounces of silver and 1,686 ounces of gold, representing approximately 9% of our sales by value in the period, as compared to the approximate production of 0.7 million ounces of silver and 2,069 ounces of gold in the first quarter of 2023.
- *Alpamarca.* The Alpamarca unit (the “Alpamarca Unit”) is comprised of an open pit mine and mineral stockpiles producing an aggregate of approximately 0.96 million tonnes per year of ore bearing zinc, silver, lead and copper. The ore is treated at a concentrator plant, which has a processing capacity of 2,500 tonnes of ore per day. In 2023, this unit produced approximately 5,800 tonnes of zinc, one million ounces of silver, 4,000 tonnes of lead and 300 tonnes of copper, representing approximately 5% of our sales by value. In the first quarter of 2024, this unit produced approximately 1,200 tonnes of zinc, 0.2 million ounces of silver, 1,200 tonnes of lead and 100 tonnes of copper, representing approximately 5% of our sales by value in the period, as compared to the approximate production of 1,800 tonnes of zinc, 0.2 million ounces of silver, 700 tonnes of lead and 100 tonnes of copper in the first quarter of 2023. As of December 31, 2023, our proven and probable reserves were 0.3 million tonnes and our measured, indicated and inferred resources were 1.2 million tonnes. The Alpamarca Unit mine life is estimated at one year at 2023 production levels, taking into account resources from advanced exploration targets. We believe that the future of the Alpamarca Unit is in the Romina project, which consists of zinc, lead and silver polymetallic mineralization in the form of replacement bodies. Romina is expected to enter production around 2026, with an estimated average annual production of 40,000 tonnes of zinc, 20,000 tonnes of lead and one million ounces of silver during the life of the mine, which is estimated at 13 years. For additional information on the Romina and other projects, please see “*Business—Growth Projects.*”
- *Cerro de Pasco.* The Cerro de Pasco unit (the “Cerro de Pasco Unit”) consists of an open pit mine and mineral stockpiles producing an aggregate of approximately 3.15 million tonnes per year of ore bearing zinc, silver and lead. The ore is treated at one concentrator plant, which has an aggregate processing capacity of approximately 9,300 tonnes of ore per day. In 2023, this unit produced approximately 19,360 tonnes of zinc, 1.5 million ounces of silver and 7,460 tonnes of lead, representing approximately 7% of our sales by value. In the first quarter of 2024, this unit produced approximately 4,690 tonnes of zinc, 0.4 million ounces of silver, 1,640 tonnes of lead and 200 tonnes of copper, representing approximately 12% of our sales by value in the period, as compared to the approximate production of 4,800 tonnes of zinc, 0.2 million ounces of silver, 1,900 tonnes of lead and 200 tonnes of copper in the first quarter of 2023.

Organizational Structure

We act as the operating parent company of several subsidiaries, all of which are wholly-owned by us. Our corporate structure is shown in the following chart (the Yauli mining operations are owned by us directly and not by a separate subsidiary):



Despite having entered into a definitive agreement to sell our subsidiary Huanchor, the chart above includes that entity since the sale is currently subject to certain closing conditions and the approval of the Peruvian antitrust regulator, as described in “Summary—Recent Developments—Sale of Hidroeléctrica Huanchor S.A.C.

History

We began operations in 1943 as Volcan Mines Limited, with the Ticlio and Carahuacra mines. In the 1990s, as part of several privatizations in Peru, the Peruvian government auctioned certain mining areas and related assets. We acquired several of them and grew at a rapid pace. Most significantly:

- In 1997, Volcan Mines Limited acquired, via an international public auction, Empresa Minera Mahr Tunel S.A., owner of the Mahr Tunel, San Cristobal and Andaychagua mining operations, from Centromin, which had been Peru’s state mining company since 1974. This acquisition started our expansion process, which resulted in a 400% increase in production. In 1998, Volcan Mines Limited and Empresa Minera Mahr Tunel S.A. merged to create Volcan Compañía Minera S.A.A., our current legal name.
- In 1999, we acquired, via an international public auction, Empresa Minera Paragsha from Centromin. This acquisition included the Cerro de Pasco mining operation, which made us the largest zinc mining company in Peru.
- In 2000, we acquired Empresa Administradora Chungar and Vinchos, owners of the Animón and Vinchos mines, respectively.
- Since 2000, in addition to selectively acquiring other smaller mining operations, we have focused on integrating the companies we acquired, placing emphasis on reducing costs and increasing our reserves and resources. Under the leadership of Dr. Roberto Letts Colmenares, majority shareholder and Chairman of the board until his passing in 2010, we expanded our operations and became the largest silver and lead producer in Peru and the second largest in zinc. At the same time, we became a top ten producer in silver, lead and zinc worldwide.
- On February 1, 2011, we spun off the assets that conform our Cerro de Pasco Unit to Empresa Administradora Cerro. In consideration, we received shares representing 99.99% of the capital stock of Empresa Administradora Cerro., which is now our wholly-owned subsidiary.
- In January 2012, we issued an aggregate amount of US\$600 million of 5.375% notes due 2022 in a Rule 144A/Regulation S offering in the international capital markets, the proceeds of which were used to finance the oxide plant expansion project of our Cerro de Pasco Unit and the new Alparamar Unit.
- A month afterwards, in February 2012, we acquired Empresa Hidroeléctrica Huanchor S.A.C. (“Empresa Hidroeléctrica Huanchor”) for US\$47.0 million. The business is comprised of the Huanchor Plant and was previously owned by Sociedad Minera Corona S.A. Halfway through 2012, Empresa

Administradora Chungar S.A.C. also completed the construction and commenced operation of the Baños V hydroelectric plant. This 9.2 MW plant required a total investment of US\$24.0 million.

- In 2013, the Islay mine was consolidated into the Chungar Unit as a result of the acquisition of two nearby mining concessions (Islay and Islay 4) for US\$17.0 million. Earlier that year, we also completed the Animón plant expansion, which increased processing capacity from 4,200 to 5,200 tonnes per day. The upgrade of the Victoria and Andaychagua plants located in the Yauli Unit was also completed in 2013, which increased their processing capacity to 10,500 tonnes per day.
- In 2014, we continued expanding the Yauli Unit plants, which reached a processing capacity of 10,800 tonnes per day. In addition, in the Chungar Unit, the Jacob Timmers shaft commenced operations with a nominal capacity of 4,000 tonnes per day. In July 2014, we acquired a 1.25 MW hydroelectric power plant (the “Tingo Plant”), in addition to 82 kilometers of 22.9 kV and 50 kV transmission lines for a total of US\$13.5 million. The Tingo Plant is expected to be upgraded to approximately 15 MW and connected to the Alparamarca Unit and the Chungar Unit.
- In 2014, the Alparamarca Unit and the oxide plant in Cerro de Pasco commenced operations. With a total investment of US\$280 million, the plant reached full capacity in June 2015.
- In addition, in 2015 the following corporate reorganizations were undertaken: (i) Empresa Administradora Chungar S.A.C. absorbed Compañía Minera El Pilar S.A.C., Compañía Minera Huascarán S.A.C., Compañía Minera Santa Clara y Llacsacocha S.A.C., Shalca Compañía Minera S.A.C., and Recursos Troy S.A.C.; (ii) Óxidos de Pasco S.A.C. was spun off from Empresa Administradora Cerro and (iii) Compañía Minera Alparamarca S.A.C. absorbed Empresa Administradora Chungar S.A.C. In addition, the latter changed its corporate name to Compañía Minera Chungar.
- In August 2016, the Rucuy Plant, with a capacity of 120 GWh per year, began operations. The total investment in this unit was US\$50 million. In 2016, we also acquired the Romina project, which consists of a zinc, lead and silver polymetallic mineralization in the form of replacement bodies, from Compañía Minera Milpo S.A.A. (“Compañía Minera Milpo”) for US\$17.9 million.
- In November 2017, Glencore carried out a public tender offer to acquire our Class A shares where it ultimately purchased a total of 603,077,387 shares. As Glencore and its affiliated companies already held 295,754,888 of our shares, this acquisition increased their total holding of Class A shares to 898,832,275, or 55.028%. Taking into account our Class A and Class B shares, Glencore held 22.06% of our total equity.
- In January 2019, we signed agreements with CSPL for the development of the Chancay port, a natural port with a depth of up to 16 meters located 80 kilometers north of Lima. Once completed, the port is expected to include two specialized terminals, one of which would be a container terminal that would include 11 berths and the other would be for bulk cargo, general cargo and rolling cargo, with four berths. It is expected that the port will be able to receive the world’s largest Triple E-type vessels. The Chancay port is owned by CSPCP, with CSPL holding 60% of the ownership interests thereof. The remaining 40% of CSPCP was owned directly by us until May 30, 2024, when we transferred such shares to our subsidiary Inversiones Portuarias Chancay.
- On May 8, 2024, Glencore International, and Blomara Financing Corp., Earthwind International S.A. and Sandown Resources S.A., entities belonging to Glencore’s economic group, sold their controlling stake in our capital stock and their stake in Inversiones Portuarias Chancay to Transition Metals, a subsidiary of Integra Capital, a financial and investment firm that has invested in a diversified portfolio in Argentina and overseas. Founded in 1995, Integra Capital has developed projects for over 17 billion in financing and investment.
- On May 31, 2024, we finalized the sale of our subsidiary Empresa de Generación Eléctrica Río Baños to Sindicato Energético S.A.
- On June 14, 2024, we entered into a definitive agreement to sell our subsidiary Huanchor to a vehicle to be incorporated by EDF Perú S.A.C. and the following funds: (i) AC Capitales Infraestructure II L.P., managed by AC Capitales Infraestructure II GP LLC; (ii) AC Capitales Fondo Infraestructura II and (iii) AC Capitales Fondo Infraestructura II GP, the last two managed by AC Capitales Sociedad Administradora Fondos de Inversión S.A.

We are a publicly held corporation, or *sociedad anónima abierta*, organized under the laws of Peru. Our shares are listed on the Lima Stock Exchange, Santiago Off Shore Stock Exchange and Madrid Latibex Stock Exchange. Our principal executive office is located at Av. Manuel Olguín 373, Santiago de Surco, Lima, Peru, and our telephone number is +51-1-416-7000.

Concessions

We have been granted mining concessions totaling approximately 341,000 hectares, of which: (i) 21% are currently being exploited, (ii) 27% are being explored, and (iii) approximately 52% remain unexploited and unexplored. We are required to pay an annual validity fees (*derecho de vigencia*) and a production penalty (*penalidad*) if we fail to meet required minimum annual production levels. Notwithstanding the above, our mining concessions will be cancelled if we fail to meet required minimum production levels before the end of the thirtieth (30th) year after the later of (i) the grant of the mining concession or (ii) January 1, 2009, the date of enactment of Legislative Decree No. 1320, as amended. Failure to pay the validity fees and/or the penalty, if applicable, for two years, consecutive or not, will result in the forfeiture of our mining concessions. As of this date, we have paid all applicable fees (both validity and production penalties) on our operating concessions, including penalty fees for mining concessions that remained unexploited or unexplored. See “*Regulatory Framework*.” We paid US\$1.84 million in validity and penalty fees in 2023 and US\$3.7 million in 2022.

Reserves and Resources

Methodology

The information on reserves and resources included in this Exchange Offer Memorandum has been prepared following the reporting guidelines and international definitions established by the JORC. Such information was prepared under the general supervision of our geology and planning managers in consultation with Glencore’s technical services team. In the future, we do not expect to engage in consultation with the Glencore team considering the sale of Glencore’s controlling position in our capital stock in May 2024.

The mineral resources listed in this report also include those that originate reserves. This reporting approach has been consistent since the December 2018 report, and the resource and reserve estimation process follow information management guidelines and international definitions established by the JORC. Our geology and mining planning areas have licenses to best-in-class and state of the art specialized software used for the determination and estimation of mineral resources and reserves. This information is not, however, typically subject to review or audit by independent or external experts.

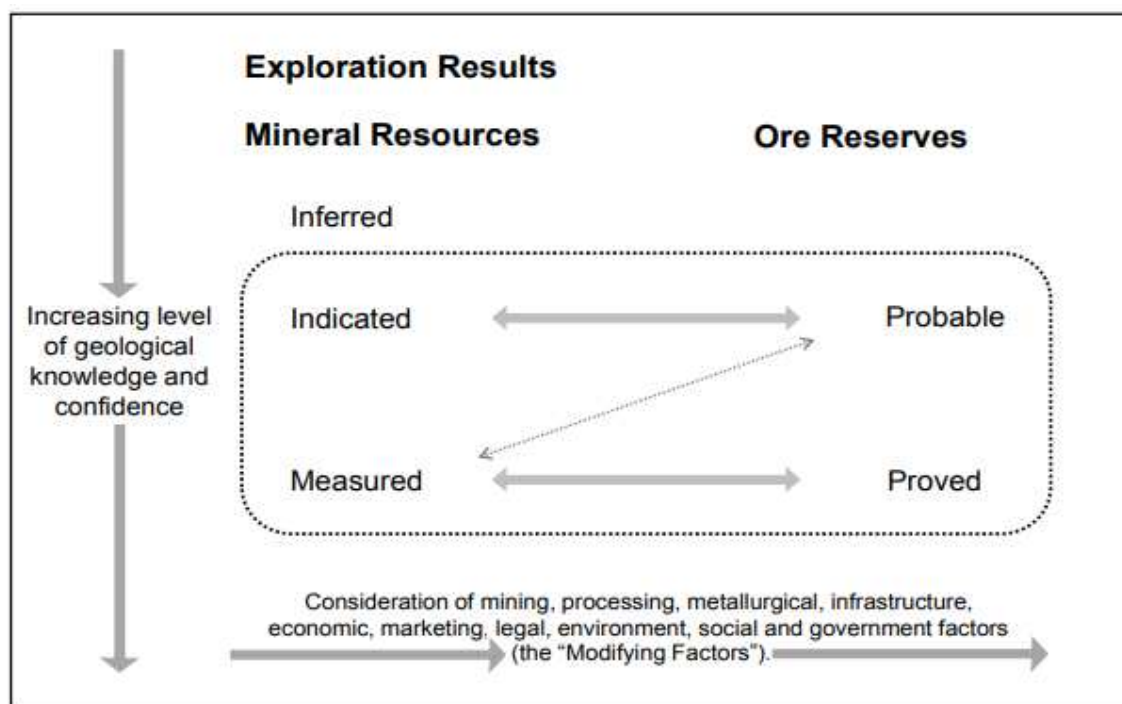
Mineral resources are veins and ore bodies of economic value that have been identified and evaluated through exploration, reconnaissance and sampling. Resources are estimated based on geological knowledge about the deposit, which is based on scientific concepts concerning the formation of minerals such as oxides, sulfides and mixed ores, as well as available knowledge concerning the geological continuity of the mineralized sectors. This is based on technical parameters, such as robustness of the genetic-geological model and its validation through drillings.

Resources may be subdivided further, based on the degree of knowledge that we have of their extent and composition. If our knowledge of the resources is extensive and direct, they are measured resources; if our knowledge of them is substantial but less extensive, they are indicated resources; and if our knowledge of them is only indirect, they are inferred resources. Measured resources are based on a dense grid of regularly distributed drillings, indicated resources are based on an intermediate grid of regularly distributed drillings, and inferred resources are based on irregularly, sometimes sporadically distributed drillings, where the continuity of ore grades is mostly supported by concepts on the theoretical continuity of geological events, such as lithology, alteration and mineralization. Resources that are either measured or indicated, as opposed to inferred, are sometimes together referred to as demonstrated resources. Resources of all three categories are sometimes referred to together as identified resources.

A “reserve” is that part of a mineral resource, which, at the time of determination, may be economically and legally extracted. Reserve estimates are the result of studies that take into account certain technical, economic and legal factors, which are not considered when estimating mineral resources. Reserve estimates are based on mineral resource estimates but also reflect knowledge, at the time of determination, regarding the amount of such resources that can be recovered and sold at prices in excess of the total costs associated with extraction and processing. Reserve estimates are adjusted as technical, economic and legal circumstances change. Reserves are typically first determined at the time of planning a full-scale mining project. As a result, reserves are not reported for certain of our mineral deposits. Reserves may be “proven” or “probable.” Our proven reserves are based on

our measured mineral resources, while our probable reserves are based on our indicated mineral resources, in each case after undertaking studies regarding certain technical, economic and legal factors.

The following graph shows the classification of reserves and resources according to the JORC.



The drilling programs during 2023 were strategically subdivided as follows: (i) exploration drilling, to incorporate new economically inferred resources and evaluate areas with high geological-economic potential, and (ii) infill drilling, aimed at reclassifying inferred resources to indicated and indicated to measured, with the objective of increasing geological certainty of the mining plan blocks and replenishing and increasing reserves, that is, dynamically relocating drilling programs in strategic areas where the highest volume of resources that can be converted into reserves can be obtained. The development of exploration drilling and infill drilling programs allowed for proper production planning and ensured its long-term sustainability.

Mineral reserves are the economically mineable portion of a measured and indicated mineral resource whose mining is viable based on evaluation with various modifying factors. Reserves include material dilution, contingencies for losses that may occur during mining, and associated costs for mining. Reserves are categorized as either proven or probable based on their degree of certainty.

General

As of December 31, 2023, we had approximately 29.7 million tonnes of proven and probable reserves, 146.8 million tonnes of measured and indicated resources, and 324.0 million tonnes of inferred resources. As of December 31, 2023, our reserves were approximately 6% from the resources (470.8 million tonnes). Our average estimated mine life is approximately 13 years at 2023 production levels, taking into account resources from advanced exploration targets (excluding the Cerro de Pasco Unit and Óxidos de Pasco Unit). The following table shows our proven and probable reserves, grades and metal content for the periods indicated.

Proven and probable reserves⁽¹⁾

Year	Tonnes	Zinc (%)	Zinc Content	Lead (%)	Lead Content	Silver grade	Silver Content
As of December 31,	(in thousands)		(thousands of tonnes)		(thousands of tonnes)	(ounces/tonne)	(millions of ounces)
2013	69,417	3.90%	2,728	1.00%	676	4	276
2014	73,699	2.50%	1,864	0.70%	486	1.8	133

Proven and probable reserves⁽¹⁾

Year	Tonnes	Zinc (%)	Zinc Content	Lead (%)	Lead Content	Silver grade	Silver Content
As of December 31,	(in thousands)		(thousands of tonnes)		(thousands of tonnes)	(ounces/tonne)	(millions of ounces)
2015	76,891	3.70%	2,840	0.90%	701	3.5	267
2016	65,242	3.90%	2,536	0.90%	614	3.3	215
2017	50,296	4.10%	2,039	0.90%	465	3.6	179
2018	34,300	4.00%	1,388	0.90%	306	2.4	81
2019	32,700	4.80%	1,565	1.10%	371	3	99
2020	27,719	4.60%	1,274	1.10%	299	2.7	75
2021	23,526	4.60%	1,091	1.00%	231	2.6	61
2022	31,499	3.70%	1,162	0.90%	279	2.4	75
2023	29,718	3.90%	1,162	0.90%	275	2.3	64

The following table shows the metal prices applied to our reserve estimates for the metals and years indicated.

		Metal Price Evolution (2020-2023) ⁽¹⁾				
		2020	2021	2022	2023	2024 ⁽²⁾
Zinc	US\$/tonne	2,260	3,000	3,500	2,650	2,520
Lead	US\$/tonne	1,820	2,200	2,150	2,140	2,090
Copper	US\$/tonne	6,170	9,310	8,810	8,480	8,690
Silver	US\$/ounce	20.5	25.2	21.8	23.4	24.4
Gold	US\$/ounce	1,770	1,800	1,800	1,940	2,140

(1) Source: Refinitiv Eikon.

(2) As of April 31, 2024.

Reserves per Mining Unit and Project

Our reserves as of December 31, 2023 decreased by 6% in tonnage compared to the previous year. Fine zinc reserves remained unchanged, while lead decreased by 4 thousands of tonnes and silver by 11 million ounces oz.

In the Yauli Unit, reserves as of December 31, 2023 remained similar to those as of December 31, 2022. There were no significant changes in grades; zinc decreased by 1%, lead decreased by 4%, and silver increased by 2% relative to 2022.

In the Chungar Unit, there was an 11% increase in reserves as of December 31, 2023 compared to those as of December 31, 2022, with an increase of 2% in zinc, 11% in lead, and a decrease of 6% in silver relative to the 2022 grade. These results do not include the Islay mine in 2023, as reserves were not reported.

The Alparmarca Unit experienced a 53% decrease in reserves as of December 31, 2023 compared to those as of December 31, 2022, with a decrease of 27% in zinc, a decrease of 19% in lead, and a decrease of 42% in silver grades.

For the Cerro de Pasco Unit, there was a 16% decrease in reserves as of December 31, 2023 compared to those as of December 31, 2022, with an increase of 10% in zinc, a decrease of 10% in copper, and a decrease of 12% in silver grades.

In the Óxidos de Pasco Unit, as of December 31, 2023, reserves amounted to 0.4 million tonnes with grades of 5.3 silver ounces per tonne and 0.5 gold grams per tonne.

The following table shows the reserve estimates for the metals indicated per mining unit and certain projects as of December 31, 2023.

Reserve estimates for the metals indicated per mining unit and certain projects as of December 31, 2023.

Unit / Project / Class	Tonnes (Millions)	Grade		Metal Content				Copper (Thousands of tonnes)	Silver (millions of ounces)
		Zinc (%)	Lead (%)	Copper (%)	Silver (ounces per tonne)	Zinc (Thousands of tonnes)	Lead (Thousands of tonnes)		
Yauli Unit	16.1	4.9	0.8	0.1	2.7	786	128	23	43
Proven	5.6	5.6	0.8	0.1	2.6	316	46	8	15
Probable	10.5	4.5	0.8	0.2	2.7	470	82	16	29
Chungar Unit	4.6	4.7	1.9	0.2	2.1	214	88	7	10
Proven	0.8	5.2	2.2	0.2	2.0	43	18	2	2
Probable	3.7	4.6	1.9	0.2	2.1	171	69	5	8
Alpamarca Unit	0.3	0.7	0.7	0.0	0.8	2	2	0	0
Proven	0.3	0.7	0.7	0.0	0.8	2	2	0	0
Probable	0.0	0.6	0.4	0.0	0.9	0	0	0	0
Cerro de Pasco	8.3	1.9	0.7	0.1	1.5	160	58	6	13
Probables	8.3	1.9	0.7	0.1	1.5	160	58	6	13
Óxidos	0.4	0.0	0.0	0.0	5.3	-	-	-	2
Probadas	0.0	0.0	0.0	0.0	6.5	-	-	-	0
Probables	0.4	0.0	0.0	0.0	5.3	-	-	-	2
Total	29.7	3.91	0.93	0.12	2.29	1,162	275	36	68
Proven	6.8	5.32	0.98	0.14	2.46	361	66	10	17
Probable	22.9	3.49	0.91	0.12	2.23	801	209	27	51

Resources per Mining Unit and Projects

The following table shows the resource estimates for the metals indicated per mining unit and certain projects as of December 31, 2023.

Resource estimates for the metals indicated per mining unit and certain projects as of December 31, 2023

Unit	Class	Tonnes (Millions)	Grade		Metal Content				Copper (Thousands of tonnes)	Silver (millions of ounces)
			Zinc (%)	Lead (%)	Copper (%)	Silver (ounces per tonne)	Zinc (Thousands of tonnes)	Lead (Thousands of tonnes)		
Yauli Unit	Subtotal Yauli	63.1	5.4	1.0	0.2	3.1	3,415	614	122	197
	Measured	13.1	6.6	1.0	0.2	3.2	870	134	25	41
	Indicated	22.6	5.3	1.0	0.2	3.2	1,189	216	42	72
	Inferred	27.4	4.9	1.0	0.2	3.1	1,355	264	54	84
Cerro de Pasco Unit	Subtotal Cerro	87.5	3.9	1.5	0.2	3.1	3,422	1,283	-	271
	Measured	0.0	0.0	0.1	0.0	4.6	-	-	-	-
	Indicated	15.4	1.4	0.6	0.1	3.1	215	98	18	47
	Inferred	72.1	4.4	1.6	0.2	3.1	3,207	1,185	136	223
Chungar Unit	Subtotal Chungar	29.2	5.3	1.8	0.2	3.1	1,538	522	45	89
	Measured	3.2	6.5	2.1	0.2	3.8	209	67	7	12
	Indicated	10.0	6.0	2.1	0.2	3.0	599	208	17	30
	Inferred	16.0	4.6	1.5	0.1	2.9	731	246	21	47
Alpamarca	Subtotal Alpamarca	1.2	1.1	0.7	0.1	1.5	13	8	1	2
	Measured	0.4	1.1	0.9	0.1	1.4	5	4	-	1
	Indicated	0.1	1.2	0.9	0.1	1.6	1	-	-	-
	Inferred	0.7	1.1	0.5	0.1	1.5	7	3	-	1
La Tapada	Subtotal La Tapada	10.3	3.4	1.4	0.0	1.3	350	141	-	14
	Indicated	3.7	3.5	1.5	0.0	1.5	131	56	-	5
	Inferred	6.6	3.3	1.3	0.0	1.3	219	85	-	8
Zoraida	Subtotal Zoraida	5.1	4.4	3.2	0.1	4.3	226	165	5	22
	Indicated	3.1	4.4	3.1	0.1	4.4	137	96	3	13
	Inferred	2.0	4.4	3.4	0.1	4.3	89	69	2	9
Esperanza	Subtotal Esperanza	32.2	6.4	0.0	0.7	0.6	2,053	13	217	20
	Inferred	32.2	6.4	0.0	0.7	0.6	2,053	13	217	20

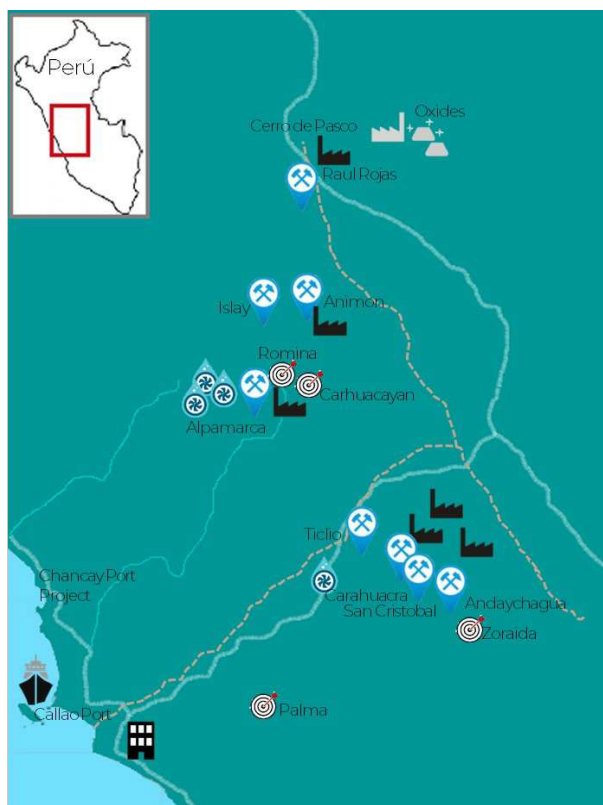
Resource estimates for the metals indicated per mining unit and certain projects as of December 31, 2023

Unit	Class	Tonnes (Millions)	Zinc (%)	Grade		Silver (ounces per tonne)	Zinc (Thousands of tonnes)	Metal Content		Silver (millions of ounces)
				Lead (%)	Copper (%)			Lead (Thousands of tonnes)	Copper (Thousands of tonnes)	
Palma	Subtotal Palma	24.1	4.3	0.8	0.0	0.7	1,027	196	8	17
	Indicated	13.3	4.4	0.9	0.0	0.8	585	114	4	11
	Inferred	10.8	4.1	0.8	0.0	0.6	442	81	3	6
Puagjanca	Subtotal Puagjanca	11.9	5.1	2.8	0.1	1.3	611	337	11	16
	Measured	4.8	4.9	2.7	0.1	1.3	239	132	4	6
	Indicated	4.4	5.8	3.2	0.1	1.5	255	140	5	7
	Inferred	2.6	4.5	2.5	0.1	1.1	117	65	2	3
Andrea	Subtotal Andrea	5.4	3.9	0.0	0.0	0.2	212	3	2	1
	Inferred	5.4	3.9	0.0	0.0	0.2	212	3	2	1
Santa Bárbara	Subtotal Santa Bárbara	140.2	-	-	0.4	-	-	-	533	-
	Inferred	140.2	-	-	0.4	-	-	-	533	-
Rondoní	Subtotal Rondoní	60.5	-	-	0.5	-	-	-	292	-
	Measured	18.4	-	-	0.5	-	-	-	88	-
	Indicated	34.3	-	-	0.5	-	-	-	168	-
	Inferred	7.8	-	-	0.5	-	-	-	36	-
Total		470.8	2.7	0.7	0.3	1.4	12,867	3,280	1,389	648
	Measured	40.0	3.3	0.8	0.3	1.5	1,323	337	125	61
	Indicated	106.8	2.9	0.9	0.2	1.7	3,112	929	257	186
	Inferred	324.0	2.6	0.6	0.3	1.2	8,433	2,013	1,008	402

Operations

General

Our operations are divided in five main units, the Yauli Unit, the Cerro de Pasco Unit, the Alpamarca Unit, the Chungar Unit and the Óxidos de Pasco Unit, as set forth on the following map and further described below.



The following table summarizes the treated mineral, ore grade and aggregate production for the periods indicated.

	Year ended December 31,		Three months ended March 31,
	2022	2023	2024
Treated Mineral (thousand tonnes)	8,997	9,429	2,122
Ore Grade			
Zinc (%).....	3.34%	3.51%	3.36%
Silver (ounces per tonne)	2.46	2.43	2.30
Lead (%)	0.91%	0.99%	0.91%
Copper (%).....	0.12%	0.12%	0.10%
Concentrates			
Zinc (in thousands of tonnes).....	429.8	461.9	97.5
Lead (in thousands of tonnes)	62.0	80.5	20.0
Copper (in thousands of tonnes)	10.0	11.4	1.8
Bulk (in thousands of tonnes)	43.1	32.9	1.8
Dore bars (in thousand kilograms)	45.7	23.9	7.6
Fine Metal Production			
Zinc (in thousands of tonnes).....	224.7	242.0	50.3
Silver (in millions of ounces).....	14.3	15.2	3.1
Lead (in thousands of tonnes)	54.9	60.8	11.2
Copper (in thousands of tonnes)	4.3	5.3	0.8
Gold (in thousands of ounces)	20.8	18.4	2.9

Mining Units

Each mining unit consists of one or more mines and treatment plants as summarized in the following table and further described below.

Mining Unit	Mines	Treatment Plants
Yauli	San Cristobal - Carahuacra Andaychagua Ticlio	Victoria Andaychagua Marh Tunel (not operating)
Chungar	Animón Islay (suspended)	Animón
Alpamarca.....	Alpamarca	Alpamarca
Cerro de Pasco	Raúl Rojas	Paragsha-San Expedito
Óxidos de Pasco.....	-	Óxidos

Yauli Unit

General

The Yauli Unit is located 40 kilometers from the city of La Oroya and 170 kilometers from Lima and is accessible by road and railway. It is comprised mainly of three underground mines (San Cristobal - Carahuacra, Andaychagua and Ticlio) producing an aggregate of approximately 3.1 million tonnes per year of ore bearing zinc, silver, lead and copper. The San Cristobal mine has been recently merged with Carahuacra mine and we have 154 mining concessions registered in our name which are currently in the process of registration as a merged concession “San Cristobal - Carahuacra” before the Public Registries. The ore is treated at two concentrator plants, Victoria and Andaychagua, with an aggregate processing capacity of 8,650 tonnes of ore per day. In 2023, this unit produced approximately 166,900 tonnes of zinc, 7.8 million ounces of silver, 28,400 tonnes of lead and 2,800 tonnes of copper, representing approximately 59% of our sales by value. In the first quarter of 2024, this unit produced approximately 34,300 tonnes of zinc, 1.4 million ounces of silver, 5,100 tonnes of lead, 300 tonnes of

copper and 800 ounces of gold, representing approximately 54% of our sales by value in the period, as compared to the approximate production of 37,200 tonnes of zinc, 1.5 million ounces of silver, 5,100 tonnes of lead, 600 tonnes of copper and 1,400 ounces of gold in the first quarter of 2023. As of December 31, 2023, our proven and probable reserves were 16.1 million tonnes and our measured, indicated and inferred resources were 63.1 million tonnes. The estimated mine life of the Yauli Unit is approximately 10.5 years at 2023 production levels, taking into account resources from advanced exploration targets

The table below summarizes this unit's treated mineral, ore grade and production for the periods indicated.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	2,894	3,106	713	636
Ore Grade				
Zinc (%)	5.39%	5.67%	5.49%	5.66%
Lead (%).....	0.90%	1.04%	0.83%	0.94%
Copper (%).....	0.18%	0.17%	0.17%	0.13%
Silver (ounces per tonne)	2.7	2.8	2.5	2.6
Concentrates				
Zinc (thousand tonnes)	286.7	322.6	71.3	67.9
Lead (thousand tonnes).....	41.4	51.2	9.7	9.3
	10.0	10.0	2.2	1.2
Copper (thousand tonnes).....				
Metal Contained				
Zinc (thousand tonnes)	147.9	166.9	37.2	34.3
Lead (thousand tonnes).....	22.3	28.4	5.1	5.1
Copper (thousand tonnes).....	2.7	2.8	0.6	0.3
Silver (million ounces)	6.7	7.8	1.5	1.4

San Cristobal - Carahuacra Mine

In 2023, the San Cristobal - Carahuacra Mine produced a total of 1,778 thousand tonnes of ore grading 5.01% zinc, 3.16 ounces per tonne silver, 0.81% lead and 0.18% copper. In 2023, diamond drilling totaled 58 thousand meters and mine production levels were approximately 4,854 tonnes per day in 2023.

The table below summarizes this mine's treated mineral and ore grade for the periods indicated.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	1,315	1,778	402	333
Ore Grade				
Zinc (%)	5.41	5.01	4.64	5.55
Lead (%).....	0.74	0.81	0.64	0.95
Copper (%).....	0.20	0.18	0.15	0.20
Silver (ounces per tonne).....	3.02	3.16	2.73	3.09

Andaychagua Mine

In 2023, the Andaychagua mine produced 947.5 thousand tonnes of ore grading 7.0% zinc, 2.3 ounces per tonne silver, 1.6% lead and 0.1% copper. In 2023, diamond drilling totaled 37 thousand meters and mine production levels were approximately 2,605 tonnes per day in 2023.

The table below summarizes this mine's treated mineral and ore grade for the periods indicated.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	776.2	947.5	224.6	236.7
Ore Grade				
Zinc (%)	6.1	7.0	7.07	6.40
Lead (%).....	1.2	1.6	1.24	1.06

Copper (%).....	0.1	0.1	0.08	0.09
Silver (ounces per tonne).....	2.1	2.3	1.95	2.03

Ticlio Mine

In 2023, the Ticlio mine produced 381 thousand tonnes of ore grading 5.4% zinc, 2.6 ounces per tonne silver, 0.7% lead and 0.4% copper. In 2023, diamond drilling advanced 10 thousand meters and production totaled 1,037 tonnes per day in 2023.

The table below summarizes this mine's treated mineral and ore grade for the periods indicated.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	367	381	87	67
Ore Grade				
Zinc (%)	4.9	5.4	5.38	4.96
Lead (%).....	0.8	0.7	0.66	0.83
Copper (%).....	0.4	0.4	0.52	0.18
Silver (ounces per tonne).....	2.4	2.6	2.59	3.13

Victoria Plant

In 2023, the Victoria plant treated a total of 1,901 thousand tonnes of ore grading 5.3% zinc, 3.3 ounces per tonne silver, 0.8% lead and 0.2% copper, obtaining 183.3 thousand tonnes of zinc concentrate, 23.5 thousand tonnes of lead concentrate and 10.0 thousand tonnes of copper concentrate.

The table below summarizes the Victoria plant's operations for the periods indicated.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	1,857	1,901	433	326
Ore Grade				
Zinc (%)	5.3	5.3	4.91	4.96
Lead (%).....	0.8	0.8	0.66	0.83
Copper (%).....	0.2	0.2	0.23	0.18
Silver (ounces per tonne).....	3.1	3.3	2.91	3.13
Concentrated				
Zinc (thousand tonnes)	182.1	183.3	38.7	30.4
Lead (thousand tonnes).....	22.5	23.5	4.5	4.0
Copper (thousand tonnes).....	10.0	10.0	2.2	1.2
Metal Contained				
Zinc (thousand tonnes)	93	95	20.3	15.5
Lead (thousand tonnes).....	12	13	2.3	2.2
Copper (thousand tonnes).....	3	3	0.6	0.3
Silver (ounces).....	5	6	1.1	0.9

Andaychagua Plant

In 2023, the Andaychagua plant treated 1,205 thousand tonnes of ore grading 6.3% zinc, 2.1 ounces per tonne silver, 1.4% lead and 0.1% copper, obtaining 139.4 thousand tonnes of zinc concentrate, 27.7 thousand tonnes of lead concentrate and 0.0 thousand tonnes of copper concentrate. The table below summarizes the Andaychagua plant's operations for the periods indicated.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	1,037	1205	280	310
Ore Grade				
Zinc (%)	5.6	6.3	6.39	6.4
Lead (%).....	1.1	1.4	1.10	1.1
Copper (%).....	0.1	0.1	0.08	0.1
Silver (ounces per tonne).....	1.9	2.1	1.78	2.0

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Concentrated				
Zinc (thousand tonnes)	104.6	139.4	32.6	37.4
Lead (thousand tonnes).....	18.9	27.7	5.2	5.2
Copper (thousand tonnes).....	0.0	0.0	0.0	0.0
Metal Contained				
Zinc (thousand tonnes)	54.7	71.8	16.9	18.8
Lead (thousand tonnes).....	10.3	15.4	2.8	2.9
Copper (thousand tonnes).....	0.0	0.0	0.0	0.0
Silver (million ounces)	1.7	2.2	0.4	0.5

Chungar Unit

General

The Chungar Unit is comprised of two underground mines, one in production and one in suspension since July 2023, producing an aggregate of approximately 1.3 million tonnes per year of ore bearing zinc, silver, lead and copper. The ore is treated at a concentrator plant, which has a processing capacity of 5,500 tonnes of ore per day. In 2023, this unit produced approximately 49,900 tonnes of zinc, 2.2 million ounces of silver, 21,000 tonnes of lead and 1,200 tonnes of copper, representing approximately 20% of our sales by value. In the first quarter of 2024, this unit produced approximately 10,100 tonnes of zinc, 0.3 million ounces of silver, 3,300 tonnes of lead, 100 tonnes of copper and 200 ounces of gold, representing approximately 20% of our sales by value in the period, as compared to the approximate production of 12,800 tonnes of zinc, 0.6 million ounces of silver, 5,500 tonnes of lead, 300 tonnes of copper and 300 ounces of gold in the first quarter of 2023. As of December 31, 2023, our proven and probable reserves were 4.6 million tonnes and our measured, indicated and inferred resources were 29.2 million tonnes. The Chungar Unit mine life is estimated at approximately 22 years at 2023 production levels, taking into account resources from advanced exploration targets.

The table below summarizes this unit's treated mineral, ore grade and production for the periods indicated.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	1,246	1,261	325	230
Ore Grade				
Zinc (%)	4.07	4.30	4.27	4.70
Lead (%).....	1.70	1.81	1.83	1.56
Copper (%).....	0.16	0.17	0.17	0.14
Silver (ounces per tonne).....	1.97	2.04	2.17	1.75
Concentrates				
Zinc (thousand tonnes)	81.5	87.8	22.5	17.9
Bulk (thousand tonnes).....	36.2	26.2	9.6	0.0
Metal Contained				
Zinc (thousand tonnes)	46.6	49.9	12.8	10.1
Lead (thousand tonnes).....	19.4	21.0	5.5	3.3
Copper (thousand tonnes).....	1.3	1.2	0.3	0.1
Silver (million ounces)	2.1	2.2	0.6	0.3

Animón Mine

In 2023, the Animón mine produced 1,149 thousand tonnes of ore grading 4.5% zinc, 1.8 ounces per tonne silver, 1.9% lead and 0.2% copper. In 2023, diamond drilling advanced 50 meters and mine produced 3,125 tonnes of ore per day. The table below summarizes this mine's treated mineral and ore grade for the periods indicated.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	1081	1149	274	230
Ore Grade				
Zinc (%)	4.4	4.5	4.62	4.7

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Lead (%).....	1.8	1.9	1.95	1.6
Copper (%).....	0.2	0.2	0.19	0.1
Silver (ounces per tonne).....	1.6	1.8	1.82	1.8

Islay Mine

In 2023, the Islay mine produced 112 thousand tonnes of ore grading 2.2% zinc, 4.2 ounces per tonne silver, 1.2% lead and 0.1% copper. Since July 2023, the Islay Mine has been suspended.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	165	112	50	0.0
Ore Grade				
Zinc (%)	2.2	2.2	2.37	0.0
Lead (%).....	1.0	1.2	1.17	0.0
Copper (%).....	0.1	0.1	0.09	0.0
Silver (ounces per tonne).....	4.3	4.2	4.11	0.0

Animón Plant

In 2023, the Animón plant treated a total of 1,261 thousand tonnes of ore grading 4.30% zinc, 2.04 ounces per tonne silver, 0.17% copper and 1.81% lead, obtaining 83.9 thousand tonnes of zinc concentrate and 23 thousand tonnes of bulk concentrate. The plant reported a capacity level of 3,148 tonnes per day in 2023. The table below summarizes the Animón plant's operations for the periods indicated.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	1,081	1,261	325	230
Ore Grade				
Zinc (%)	4.36	4.30	4.27	4.70
Lead (%).....	1.81	1.81	1.83	1.56
Copper (%).....	0.17	0.17	0.17	0.14
Silver (ounces per tonne).....	1.61	2.04	2.17	1.75
Concentrates				
Zinc (thousand tonnes)	75.8	83.9	22.5	17.9
Bulk (thousand tonnes).....	32.1	23.0	9.6	0.0
Metal Contained				
Zinc (thousand tonnes)	43.4	47.7	12.8	10.1
Lead (thousand tonnes).....	17.9	19.8	5.5	3.3
Copper (thousand tonnes).....	1.2	1.2	0.3	0.1
Silver (million ounces)	1.5	1.8	0.6	0.3

Outlook

Work in surface mapping, geochemistry and geophysics is expected to continue in coming years, with the purpose of generating drill targets and extending the life of the mines through of the incorporation of economic mineral resources as well as the discovery of new structures with high zinc, lead and silver contents, including Vein 3 in the Animón mine. In particular, in the Animón mine, exploration of the Esperanza body was restarted and 18 thousand meters of diamond drilling was executed during 2023. This exploration project demonstrated the continuity of the ore body to the southeast. Geophysical, geotechnical and metallurgical studies will be carried out simultaneously.

Alpamarca Unit

General

The Alpamarca Unit is comprised of one open pit mine and mineral stockpiles producing an aggregate of approximately 0.96 million tonnes per year of ore bearing zinc, silver, lead and copper. The ore is treated at a concentrator plant, which has a processing capacity of 2,500 tonnes of ore per day. In 2023, this unit produced approximately 5,800 tonnes of zinc, one million ounces of silver, 4,000 tonnes of lead and 300 tonnes of copper, representing approximately 5% of our sales by value. In the first quarter of 2024, this unit produced approximately

1,200 tonnes of zinc, 0.2 million ounces of silver, 1,200 tonnes of lead and 100 tonnes of copper, representing approximately 5% of our sales by value in the period, as compared to the approximate production of 1,800 tonnes of zinc, 0.2 million ounces of silver, 700 tonnes of lead and 100 tonnes of copper in the first quarter of 2023. As of December 31, 2023, our proven and probable reserves were 0.3 million tonnes and our measured, indicated and inferred resources were 1.2 million tonnes. The Alpamarca Unit mine life is estimated at one year at 2023 production levels, taking into account resources from advanced exploration targets.

The table below summarizes this unit's treated mineral, ore grade and production for the periods indicated.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	958	958	244	259
Ore Grade				
Zinc (%)	0.76	0.76	0.90	0.56
Lead (%).....	0.49	0.50	0.38	0.51
Copper (%).....	0.04	0.05	0.05	0.03
Silver (ounces per tonne).....	0.91	1.20	1.25	0.85
Concentrates				
Zinc (thousand tonnes)	11.1	10.9	3.4	2.1
Bulk (thousand tonnes).....	6.9	6.7	1.4	1.8
Metal Contained				
Zinc (thousand tonnes)	5.8	5.8	1.8	1.2
Lead (thousand tonnes).....	4.0	4.0	0.7	1.2
Copper (thousand tonnes).....	0.2	0.3	0.1	0.1
Silver (million ounces)	0.7	1.0	0.2	0.2

Outlook

We believe that the future of the Alpamarca Unit is in the Romina project. We have determined the existence of important deposits of zinc, lead and silver here, particularly in the Puagianca body. In surrounding areas, we also determined the existence of the Andrea, Adriana and Esperanza deposits. Romina is expected to enter production around 2026, with an estimated annual production of 40,000 tonnes of zinc, 20,000 tonnes of lead and one million ounces of silver, during the life of the mine which is estimated at 13 years. See “—Growth Projects—Mining Projects—Romina Project” for additional information on the projects.

Cerro de Pasco Unit

General

The Cerro de Pasco Unit is located in the Pasco district, Pasco department, and is accessible from the Central Highway of Peru, approximately 295 kilometers from Lima. It consists of an open pit mine, and mineral stockpiles producing an aggregate of approximately 3.15 million tonnes per year of ore bearing zinc, silver and lead. The ore is treated at one concentrator plant, which has an aggregate processing capacity of approximately 9,300 tonnes of ore per day. The Raul Rojas open pit is located within close proximity to the city of Cerro de Pasco, which has more than 60,000 inhabitants and has grown alongside the mine since mining activity began in the Colonial period. This close proximity to a populated area poses significant challenges to the future expansion of the mine's operations. The ore is treated at the Paragsha-San Expedito concentrator plant, which has an aggregate processing capacity of approximately 9,300 tonnes of ore per day. In 2023, this unit produced approximately 19,360 tonnes of zinc, 1.5 million ounces of silver and 7,460 tonnes of lead, representing approximately 7% of our sales by value. In the first quarter of 2024, this unit produced approximately 4,690 tonnes of zinc, 0.4 million ounces of silver, 1,640 tonnes of lead and 200 tonnes of copper, representing approximately 12% of our sales by value in the period, as compared to the approximate production of 4,800 tonnes of zinc, 0.2 million ounces of silver, 1,900 tonnes of lead and 200 tonnes of copper in the first quarter of 2023.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	2,941	3,146	754	762
Ore Grade				

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Zinc (%)	1.86	1.89	1.84	1.99
Lead (%).....	0.72	0.76	0.74	0.81
Silver (ounces per tonne).....	1.43	1.50	1.56	1.51
Concentrates				
Zinc (thousand tonnes)	50.51	40.56	10.0	9.63
Lead (thousand tonnes).....	20.56	18.32	4.70	4.83
Metal Contained				
Zinc (thousand tonnes)	24.47	19.36	4.80	4.69
Lead (thousand tonnes).....	9.21	7.46	1.90	1.64
Silver (million ounces)	1.29	1.46	0.20	0.35

Outlook

In future years it is expected that the plant will treat ore from Rumiallana stockpiles, which we expect will allow the continuity of the Cerro de Pasco Unit until 2028. Evaluations to determine additional opportunities for the Cerro de Pasco Unit are currently underway.

Óxidos de Pasco Unit

General

The Óxidos de Pasco Unit is located in the Pasco district, Pasco department, and is accessible from the Central Highway of Peru, approximately 295 kilometers from Lima. It consists of a leaching plant treating oxides in situ and stockpiles, with an aggregate processing capacity of approximately 2,500 tonnes of ore per day. This unit produces an aggregate of approximately 0.96 million tonnes per year of ore bearing silver and gold. In 2023, this unit produced approximately 2.6 million ounces of silver and 11.4 thousand ounces of gold, representing approximately 9% of our sales by value. In the first quarter of 2024, this unit produced approximately 0.7 million ounces of silver and 1,686 ounces of gold, representing approximately 9% of our sales by value in the period, as compared to the approximate production of 0.7 million ounces of silver and 2,069 ounces of gold in the first quarter of 2023.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Treated Mineral (thousand tonnes)	958	958	238	236
Ore Grade				
Silver (ounces per tonne).....	7.2	5.9	6.4	6.4
Gold (grams per tonne).....	0.7	0.6	0.5	0.4
Metal Contained				
Silver (in millions of ounces)	3.5	2.6	0.7	0.7
Gold (in thousands of ounces)	13.8	11.4	2.1	1.7

Outlook

By 2025, we expect to have permission for expanding the explorations limits for the Óxidos de Pasco Unit and carry on mineral in-site extraction with high gold and silver ore grades.

Transportation and Shipping

After we extract the ore from our mines, we transport it by truck or, in the case of our Cerro de Pasco Mining Unit, by belt, to the plants that then will consequently treat the ore and produce the Zinc, Lead and Copper concentrates, which are our final products. Concentrate's destinations change and are organized according to a monthly shipping and delivery program managed by our commercial department. We transport all our concentrates to warehouses in the Callao port area except for part of the Zinc concentrates that we allocate to the Cajamarquilla Zinc refinery in Huachipa. We transport our concentrates to both destinations either by truck or railroad, depending on the availability thereof and the plant where they come from. The Yauli Unit and the Cerro de Pasco Unit can easily share trucks and railcars. In the case of the Chungar Unit and the Alpamarca Unit, the transportation method currently used is trucks.

Regarding our dore bar sales, we use armored trucks for the transportation of the bars from Cerro de Pasco Mining Unit to the Jorge Chavez Airport in Lima and the bars are then transported by plane to the country of destination (which in most cases is Switzerland).

We use the following methods for the sale of our products are the following:

- *CIP (Carriage and Insurance Paid to) Warehouse.*

Concentrates are delivered locally and once the trucks enter the warehouse, risk is transferred. Concentrates are usually exported afterwards but we do not arrange the process.

- *DAP (Delivered at Place) Warehouse*

Concentrates are delivered to a designated place with costs and risk covered until arrival. The buyer then manages custom clearance and pays any applicable tariffs. Concentrates are usually exported afterwards but we do not arrange the process.

- *FOB (Free on Board) Callao port.*

Concentrates are delivered at the warehouse and stored there until the buyer provides a vessel for loading and shipping. The risk is transferred when the concentrates cross the ship's rail during loading. We arrange the export paperwork.

- *CIF (Cost, Insurance and Freight) "Discharge Port."*

Concentrates are delivered at the warehouse and stored there until we arrange a vessel for loading and shipping. The risk is transferred when the concentrates cross the ship's rail during loading. We arrange the export paperwork.

Sales & Marketing

We sell our products through long-term contracts and tenders. In 2023, approximately 36% of our sales were under long-term contracts and 55% under tenders. Our ability to produce and deliver significant volumes makes us a significant supplier to a broad client base composed of major global commodity traders and refineries. As a result, we have significant negotiating leverage, and we typically obtain very competitive sales conditions (commercial terms) for our products.

Sales prices for our products are established principally by reference to prices quoted on the London Metal Exchange and London Bullion Market. Pricing is based on prevailing average prices for the relevant metal for a given period, generally for the month of shipment, the month following the month of shipment or the second month following the month of shipment. Revenues are recorded at provisional prices determined at the time of shipment. Usually, an adjustment is then made after delivery of the products, based on the final pricing terms, the final tonnage delivered (in FOB and CIF tonnages are determined at destination) and the final metal contents delivered.

Sales to trading companies accounted for approximately 63% of our sales by value in 2023 and 77% in the first three months of 2024. Sales to smelters accounted for approximately 37% of our sales by value in 2023 and 23% in the first three months of 2024. Sales to Glencore are expected to account for 30% of our sales by value for the year 2024.

We take advantage of our leading position in the Central Andes in terms of tonnage and a diversified high quality product basket. The Central Andes is home to several other major mining operations. As a result, this area is one of the most important concentrate hubs of the world. In addition, trading companies have a long history in the region and are generally willing to accept premium terms for our concentrates, as our volume and quality is needed to offset other producers' low volume and especially lower quality concentrates. In general, because of the quality and volume of our production, we have several alternatives to choose from when placing our sales.

We currently have agreements in place for the sale of our products with (i) Glencore Peru S.A.C., a Glencore affiliate, which ends in on December 31, 2024; and (ii) Glencore Lima Trading S.A.C., with which we have a long-term agreement, ending on December 31, 2028. These agreements represented approximately 18%, 9% and 0.4% of our zinc, lead, and copper sales, respectively, in 2023. We also have long-term agreements with other clients, such as Nexa Resources Perú S.A.A., owner of the Cajamarquilla refinery in Peru.

Growth Projects

Exploration and Growth Projects

We are carrying out a series of mining projects that are expected to result in growth during the coming years. Most of these projects are located in close proximity to our current areas of operation, thus presenting an attractive risk/return profile. The following table summarizes the expected contributions of these projects.

Mining Projects	Operating Unit / Project	Additional expected production per year	Estimated start date
		(thousand ore tonnes)	
Romina	Alpamarca	900	2026
Esperanza	Animón	2,800	2031
Zoraida	Yauli	540	2031
Carhuacayán	Alpamarca	540	2039
Palma	Stand alone	1,000	TBD

No assurance can be given that these projects will be completed. See “Risk Factors—Risks Relating to our Business—Our projects are subject to risks that may result in increased costs or delays that prevent their successful implementation.”

Romina Project

The Romina project is owned and being developed by our subsidiary Compañía Minera Chungar, located in the district of Santa Cruz Andamarca, approximately 14 kilometers west of the Alpamarca mine, features rich polymetallic zinc, lead and silver mineralization in the form of replacement bodies. Among the advanced projects in the area, and part of the Alpamarca Unit, the Romina project stands out for the definition of significant mineralization, especially in the Puagjanca body, which shows a significant zinc, lead and silver content. In addition, exploration has uncovered significant mineralization in the vicinity of Puagjanca, connecting the existing ore bodies to the Andrea, Adriana and Esperanza deposits. This discovery represents an important milestone in the development of the project, promising prospects for future exploration and production activities.

The estimated resources of the Puagjanca body include 11.9 million tonnes or resources in total, including 5.1% grade zinc, 2.8% grade lead, 0.1% grade copper and 1.3 oz/t silver, with a stripping ratio of 2.48, as demonstrated below:

	Tonnes (millions)	Grade				Metal Content			
		Zinc (%)	Lead (%)	Copper (%)	Silver (oz/ton)	Zinc (thousands of tonnes)	Lead (thousands of tonnes)	Copper (thousands of tonnes)	Silver (millions of ounces)
Resources									
Measured	4.8	4.9	2.7	0.1	1.3	239	132	4	6
Indicated	4.4	5.8	3.2	0.1	1.5	255	140	5	7
Inferred	2.6	4.5	2.5	0.1	1.1	117	65	2	3
Total.....	11.9	5.1	2.8	0.1	1.3	611	337	11	16

As of December 31, 2023.

The average ore milled during the life of mine of the Romina project, estimated at 13 years, is an estimate of 890 thousand future mining tonnage per year, ranging between 697 thousand future mining tonnage and 981 thousand future mining tonnage, peaking in 2038, according to the project’s feasibility study, updated in 2023. The average zinc production during the life of mine is an estimate of 40 thousand future mining tonnage per year, ranging between 19 thousand future mining tonnage and 57 thousand future mining tonnage, peaking in 2027 and decreasing thereafter. The average lead production during the life of mine is an estimate of 20 thousand future mining tonnage per year, ranging between 14 thousand future mining tonnage and 30 thousand future mining tonnage, peaking in 2032 and decreasing thereafter. The average silver production during the life of mine is an estimate of one million ounces per year, ranging between 524 thousand ounces and 1,590 thousand ounces, peaking in 2031 and decreasing thereafter.

Over the next three years, we expect to invest approximately US\$140 million on the Romina project (see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures*” for more details). The Romina project is expected to go into production in 2026, once pending processes such as permitting and construction completion are completed. Significant life of mine average annual production is projected, estimated at 40,000 tonnes of zinc, 20,000 tonnes of lead and 1 million ounces of silver, according to its updated feasibility study.

Initial exploration was executed between 2008 and 2012 by Votorantim Metais and then by Compañía Minera Milpo, which completed 13,263 meters of diamond drilling in 43 holes.

A 9,572-meter infill drilling program was completed in 2017, totaling 27 boreholes in the Puagjanca body to refine the geological model and define the resource category.

A 5,830-meter infill drilling program was completed in 2018 totaling 33 boreholes in the upper Puagjanca body, including the surface. The positive results refined the geological model and increased the resource base.

In 2019, a 3,994-meter infill drilling program was completed with a total of 15 holes in the Puagjanca body in order to recategorize mineral resources, increasing certainty and increasing the resource base. Diamond drilling for pilot metallurgical testing, conducted by SGS Chile, was also completed, as well as drilling for geomechanical stress measurement tests. After 10,170 meters of diamond drilling, inferred resources were defined in the Andrea, Adriana and Esperanza deposits. These deposits are located in the vicinity of the Puagjanca body and we believe they should significantly increase the potential of Romina’s project. In 2019, the pre-feasibility study was also completed, which determined that the Puagjanca body will be developed through open-pit and sub-level caving mining methods. An engineering feasibility study for the mining and surface infrastructure was also initiated in 2019.

In 2023, an update of the feasibility study of Romina project was completed, which supports the business case for a production of 2,500 tonnes per day (tpd), with the transportation of polymetallic ore to the existing concentrator plant and storage areas in Alpamarca. New components were included in the scope of the project, such as:

- a 1.6 km long transport tunnel;
- a 11.3 km access road that connects the Alpamarca Power Plant with the transport tunnel;
- the development of an open pit for a 2.4-year operation; and
- the development of the 9-year underground mine.

We plan to process the extracted ore from the Romina project at the Alpamarca concentrator plant, and it will only require improvements in the flotation circuit, concentrate thickening and filtration sections. Regarding the treatment tailings product, they will be disposed of at the existing tailings storage facility in Alpamarca. We believe this will ensure an efficient and profitable production flow to the project, deferring the closure of Alpamarca and exploiting its potential as a services provider.

At the end of 2023, the key infrastructure for the Romina project had been completed, such as the comprehensive construction of the accommodation and office camp and the implementation of the Yanahuin – ROM and Shagua – Santa Catalina transmission lines. In addition, the construction of the platforms and internal accesses, to optimize operations and ensure the efficiency of the site, are currently underway.

In terms of engineering, the design of the industrial wastewater treatment plant has been completed, and we are currently in the process of engineering suppliers for the acquisition of essential equipment, such as the clarifier and the flocculant plant. A review of the detailed engineering of the Alpamarca tailings dam is also being carried out, a crucial aspect to ensure the operational safety and environmental protection of the project.

In addition to the activities described above, a new “Greenfield” drilling campaign was initiated in the Romina project area in 2022, with 3,800 meters of diamond drilling being carried out. As a result of this campaign, a new zinc deposit called “Santa” was identified, located two km north of the Puagjanca orebody. This new discovery demonstrates the growth potential of the Romina project.

Animón - Esperanza

In 2019, near the Animón mine of the Chungar Unit, an economic intercept of 125 meters with zinc and copper mineralization was discovered. In 2020, we restarted exploration of the Esperanza body, executing 959

meters of diamond drilling which demonstrates the continuity of the ore body to the southeast. The Esperanza project is located 600 meters below the current operational zone of the Animón mine.

Between late 2020 and 2021, 5,684 meters of diamond drilling were carried out, which allowed the geometry of the mineralized body to be configured, as well as confirming its economic metal content. It should be noted that, after the development of the drilling program on the Esperanza body, its continuity with economic mineralization in all its extensions remained open.

During 2022, an aggressive diamond drilling program was carried out, executing a total of 32,782 meters (distributed 26,091 meters for Esperanza and 6,691 for the Techo Esperanza project). Thus, in Esperanza two diamond drilling programs were carried out, the first for exploration drilling to incorporate inferred resources and the second to delimit the total extent of the mineralization. The results have been truly satisfactory, confirming inferred resources of 27 million tonnes with grades of 5.2% zinc, 0.8% copper, 19 g/t silver and additionally a potential of 11 million tonnes with grades of 3.9% zinc, 0.7% copper and 17 g/t silver; even with the mineralization still open. Meanwhile, in Techo Esperanza, replacement bodies with significant zinc and silver grades were discovered and quite close to current mining operations.

In 2023, exploration continued, executing a total of 18,874 meters, both from surface and underground, with very satisfactory results. In Esperanza, zinc and copper Inferred Resources were estimated at 32 million tonnes with grades of 6.36% zinc, 0.68% copper, 0.62 silver ounces per tonne and potential resources of 18 million tonnes with grades of 7.10% zinc, 0.27% copper, 0.52 silver ounces per tonne. The mineralization in Esperanza remains open to the East and West.

As a result of the 2022 and 2023 drilling campaigns at Esperanza, the discovery of two additional projects has been consolidated, named Resurgidora and Techo Esperanza.

Resurgidora was discovered through deeper drilling, intercepting copper, zinc, and silver mineralization located below the Esperanza blankets. Preliminary results estimate potential mineral of 44 million tonnes with grades of 1.75% zinc, 0.97% copper, and 1.07 silver ounces per tonne. This massive replacement mineralization is in a widely developed skarn zone that is open in all directions and at depth, with geological characteristics similar to Antamina; therefore, the opportunity to significantly increase the potential is quite high. In addition, certain sectors show significant values of molybdenum, tin, and tungsten, probably related to a porphyry-type mineralization environment.

Also, in the upper levels of Esperanza, the discovery of another body with relevant polymetallic mineralization named Techo Esperanza was confirmed, where potential mineral of 3 million tonnes with grades of 6.06% zinc, 0.74% lead, 0.29% copper, and 3.78 ounces per tonne silver has been estimated. These replacement bodies, hosted in skarn zones, are quite close to the current mining operations and the mineralization is open to the south and southwest. One of the deepest drill holes in this sector intercepted copper, zinc, and silver replacement bodies hosted in skarn zones, similar to Resurgidora. Vein-type structures were also intercepted that correspond to the current veins in operation, which indicates their continuity up to 400 meters below the current operation.

Zoraida Project (Yauli)

Located seven kilometers south of the Andaychagua mine, Zoraida is primarily a silver project with lead and zinc content. Due to its geological characteristics, it may become the third polymetallic system in the Yauli dome, after San Cristóbal and Andaychagua Mines. Production at Zoraida is expected to be treated in the Andaychagua concentrator plant.

In 2018, more than 23,000 meters of diamond drilling performed from 2007 to 2014 were reviewed and reinterpreted under new standards. This review later assisted in defining part of the Zoraida Vein and replacement bodies with significant mineralization of silver, lead, and zinc, generating a new geological model. The mineralization is open to the northwest and southwest, and geophysical studies confirm the continuity of the mineralized zones in both directions, so we believe it has high potential.

In 2019, a 10,730-meter diamond drilling program was completed, which made it possible to validate the geological model based on diamond drilling carried out in previous years and indicated and inferred resources of four million tonnes with a significant silver content.

In 2021, a 6,000-meter diamond drilling program to the northwest and southeast of the mineralized deposits allowed the increase of the indicated and inferred resources to 5 million tonnes.

As of the date of this offering memorandum, the Zoraida Project is temporarily on hold due to the Company's prioritization of other expenses. However, at Zoraida, the mineralization remains open to the northwest and has been confirmed by geophysical studies during the greenfield campaign.

Carhuacayán Project

Situated 20 kilometers east of the Alpamarca Mine, Carhuacayán is a polymetallic project consisting of zinc, lead, and silver resources located in a mountainous area. The mineralization is observed in veins, breccia bodies, replacement bodies and deposits. At Carhuacayán, a significant mineralization of zinc, lead and silver was defined in the La Tapada body, not just beneath the old pit mine, but also on other levels of this older mine. Like the Romina project, we expect ore from Carhuacayán to be treated at the Alpamarca concentrator plant.

In 2017, a 21,811-meter diamond drilling program was completed in La Tapada, Candelaria and surrounding areas. Positive results were obtained, with significant mineralization found primarily in La Tapada. In addition, new possible exploration zones were defined. Replacement bodies were found in La Tapada, in an embedded lime block that had been mined previously. This half-table replacement zone has dimensions that are more than 500 meters long and 300 meters deep, with a width ranging from 30 to 50 meters, located in very significant polymetallic mineralization areas.

In 2018, a 14,110-meter diamond drilling program was completed in La Tapada. This was carried out primarily in the old production zone, showing significant mineralization in these older levels, defining a continuous mineralization throughout the older zone.

In 2019, a 10,359-meter diamond drilling program was completed in La Tapada, where indicated and inferred resources were increased to 10.1 million metric tonnes, and significant mineralization was shown in La Tapada Norte and La Tapada Oeste. Trade-off studies were commenced at venture analysis level.

In 2020, a preliminary economic evaluation at the venture analysis level was completed. Despite the positive results, a planned 5,500-meter diamond drilling program was suspended as a result of the COVID-19 pandemic.

Between 2021 and 2022, two geological mapping and geophysical surveys were carried out over the entire property that comprises the Carhuacayan project, defining 24 drilling targets, of which five are considered priority targets. The 24 defined targets are within the joint-venture area with Antofagasta and will be explored with diamond drilling within the framework of such joint-venture agreement. The joint-venture exploration area includes two centers with evidence of Au-Cu and Cu-Mo porphyry-type mineralization (Santa Bárbara and Candelaria), which are Antofagasta's main targets and transformational projects for us. It also includes prospects with evidence of polymetallic mineralization in replacement bodies and sheets or possible skarn zones with copper mineralization.

Palma Project

Located 60 kilometers southeast of the city of Lima, Palma is a greenfield project aimed at extracting volcanogenic massive sulfides ("VMS") distributed in mineralized deposits of zinc, lead, and silver. A significant mineralization of zinc, lead and silver has been defined, sufficient to begin a mining project separate from the other Mining Units.

The first stage of the project involved 17,000 meters of diamond drilling. Diamond drilling permitted estimation of inferred resources and identification of ore structured in deposits, which we believe show optimal potencies, good rock quality, and mineralization open both at depth and towards the sides.

The second amendment to the EIASd was approved by DGAAM in 2017, after which a 7,920-meter diamond drilling program was completed in the upper part of the deposit, confirming the continuity of the mineralization.

In 2018, a 21,591-meter diamond drilling program was completed in the zone, which we believe shows very positive results. The mineralization horizon increased by one kilometer, with over 600 meters in depth.

In 2019, a 19,041-meter diamond drilling program directed towards the southwest extension was completed, achieving a significant increase in indicated and inferred resources to 22.7 million metric tonnes. The scoping study of the project also commenced.

In 2020, the scoping study was completed. The study concluded that it is necessary to determine the continuity of the mineralized bodies in order to permit (i) an optimal mining design and (ii) the contouring of high-grade areas.

As of today, the project is on temporary hold, with an approved EIA-sd. We plan to seek a partner to continue exploration in Palma, sharing the exploration risks and potential benefits with such partner, see below “—Growth through JVs.”

In recent years, several companies have expressed interest in exploring in Palma, not only for the six km segment with evidence of continuous mineralization of zinc, lead and silver bodies, but also for the interest in exploring the copper content, which should be located below the zinc bodies, according to the conceptual model of mineralization of VMS-type deposits. A deep drill hole, south of the old Palma mine, has cut a section with massive copper sulfide mineralization, evidence that has sparked the interest of many exploration geologists.

Growth through JVs

In 2023, under the “Greenfield” Exploration program, significant progress was made in the interpretation and integration of geophysical, geochemical, spectral, and geological data obtained during the intensive exploration campaign carried out in 2022. The results of this work have allowed the identification of over 100 exploration targets, with seven prioritized prospects for drilling (Santa, Don Miguel, Pillococha, Minascancha, Valentino, Pariajirca, and Garhuashmina).

Recognizing the significant geological and economic potential for zinc, lead, silver, and copper deposits in central Peru, where we have over 300,000 hectares under claim, we have developed a strategic plan to seek partners and share exploration risks.

In 2023, we launched the first package of projects and reached an agreement with Antofagasta Minerals through two mining transfer and option agreements to explore and develop:

- The Cu-Mo Puy Puy project, located north of Ticlio;
- Six prospects: Pool, Taulish, and Anticona, located in Ticlio;
- Garacuhuan and Piñicocha, located in Río Pallanga;
- Rondoni located in Huánuco; and
- Esperanza de Iray, located in Ica.

Our goal for the coming years is to increase the number of joint-venture agreements to explore the main projects in our portfolio, which include porphyry-type copper deposits, large-volume skarn deposits, replacement bodies and sheets with zinc, lead, and silver mineralization, and gold and silver veins and disseminations in high and low-sulfidation deposits associated with volcanic centers.

We are also currently searching for potential partners for (i) the development of 842.5 hectares of land near the Chancay Port, which is owned by our subsidiary Roquel Global, and (ii) the development and continuing operation of the Tingo Plant.

Brownfield Exploration

We have undertaken a brownfield exploration in Yauli (Andaychagua, San Cristóbal Carahuacra and Ticlio mines) and in the Animón mine to define new mineralization zones and define the extent of current mines, generating a base to increase resources and replacement zones.

The work involved preparation of databases (compilation, standardization, and integration of historic geological data), creation of 3D geological models (lithology, structural, alterations and mineralogy), defining drilling targets and exploring superficially (geological mapping, semi-detailed geochemical and mineralogical prospection, and geophysical prospection). This work provided the basis for defining several initial targets exploration, both for the Yauli and Animón.

Yauli

As part of the brownfield exploration efforts conducted in Yauli, in 2019, a 9,834-meter diamond drilling program was completed in the Andaychagua and San Cristobal - Carahuacra mines, identifying targets we believe have strong potential. In 2020, only 615 meters were drilled in the brownfield program because of the COVID-19 pandemic.

In 2021, brownfield explorations in Yauli focused on the surroundings of the Andaychagua and San Cristobal - Carahuacra mines. A diamond drilling program of 11,593 meters was carried out, which was complemented in 2022 and 2023 with additional diamond drillings of 6,034 meters and 2,542 meters, respectively.

According to Andaychagua mine, brownfield exploration was mainly developed on the metalotect called “Corredor Metavolcánico” which houses multiple polymetallic bodies with high grades of zinc, lead and silver. In addition, the Esther - Gina target, prospective for veins with high silver contents, was evaluated. Consequently, as a relevant result, the discovery of the polymetallic body Salvadora Sur, located three kilometers from the current operational area, is achieved.

Likewise, in the San Cristobal - Carahuacra mine, systematic exploration is being carried out on the limestone rock corridor located to the West of the operational area called “Corredor Pucará”, where polymetallic bodies and mantles have historically been mined by open pit and underground methods. In this sense, the discovery of the polymetallic bodies J and K, with economic zinc and silver mineralization, located 400 meters from the operational infrastructure, is consolidated. This discovery opens an exploration front of more than eight km, where new deposits could continue to be discovered close to the operation.

Geophysical prospecting work has also been carried out in the San Cristóbal Carahuacra metavolcanic rocks corridor, looking for replacement bodies like those of Andaychagua.

At Ticlio, in the old San Nicolás Mine, a corridor called Lucy featuring zinc, lead and silver mineralization was defined. Likewise, a zinc skarn mineralization was discovered. In addition, important polymetallic mineralization (mainly silver) was discovered in the western extension of the old Borrachitos mine. In 2020, no diamond drilling work was completed in these areas due to the COVID-19 pandemic.

Animón

As a result of brownfield exploration campaigns carried out between 2019 and 2023, with a total of 60,155 meters of diamond drilling; the discoveries of Esperanza, Techo Esperanza, and Resurgidora were consolidated. Together, they make up the growth project portfolio of the Animón mine.

Expansion of Current Operations

The drilling campaign carried out during 2023 was aimed at covering the blocks of the mining plan to increase the geological certainty of mineral resources to the indicated and measured categories, through infill drilling programs. Exploration drilling was also carried out with the aim of incorporating new economic inferred resources and evaluating areas with high geological-economic potential, which guarantee the extension of the asset’s life of operations (Life of Asset) in the medium and long term.

Yauli

A total of 104,490 meters of diamond drilling were carried out in Yauli during 2023, distributed among the following projects: (i) Andaychagua: 36,543 meters; (ii) San Cristóbal-Carahuacra: 58,420 meters; and (iii) Ticlio: 9,527 meters.

Andaychagua

Increased geological certainty in sectors with mining plans through the recategorization of indicated resources to measured and inferred resources. Incorporated new mineral resources with high grades of zinc, lead, and silver in the extensions of the Salvadora Norte, Prosperidad Techo, Andaychagua, and Adriana orebodies, as well as in the Bárbara vein. Confirmed economic mineralization with high silver contents in the Valentina vein and consolidated the discovery of the Katherine vein with high grades of zinc, copper, and silver. These new zones with economic mineralization guarantee great operational performance in the following years and an extension of the asset's life (Life of Asset - LoA).

San Cristóbal Carahuacra

In San Cristobal, the results of the drilling programs allowed us to incorporate economic mineral resources in the lateral extensions and deepening of the Ramal Piso 722, 658, Split 658, Sheyla, and K veins, as the main contributors of zinc and silver mineralization. The discovery of new polymetallic bodies and mantles is being consolidated, developed at the intersection of vein systems with the same structural pattern as the main veins (NE-SW orientation, Veta 658) and calcareous rocks of the “Pucará Corridor,” located immediately to the

West and high levels (above Level 810) of the current operational area. Preliminary results show high grades of zinc and silver, generating a better operational perspective in the medium and long term.

In Carahuacra, consolidated mineral resources with high grades of zinc, lead, silver, and copper in the mantles of the Principal and Paula systems, as well as in the East extension and the deepening of the Lourdes vein. Continuity of economic mineralization is confirmed in the Jovencita mantle above level 720, with high grades of zinc and silver.

Ticlio

Increased geological certainty in the deepening of the Ramal Techo vein and delineated new economic resources on the Reemplazamiento body. Geochemical results show high grades of zinc, lead, and silver, guaranteeing the operational continuity of the Ticlio mine in the coming years. New areas with high geological potential are being explored near the operation, such as the Giuliana – Reina – Katti vein systems and large tonnage polymetallic bodies, with great expectations of consolidating their discovery in 2024.

Chungar

A drilling campaign of 49,728 meters was carried out in Animón, with the aim of providing greater certainty to geological models and delineating new resources in areas with high economic value. New inferred and indicated resources were also incorporated into the Janeth Piso - Split Janeth - Split Janeth Oeste, María Rosa - María Rosa Oeste, Andalucía – V3, Principal – Split 225 – Carmen, Andalucía 120 – Gaby, Ramal Piso 3 and Ramal 85 – Ofelia vein systems, with economic results of zinc, lead, silver, and copper. Drilling campaigns are also being developed to consolidate the discovery of the Keren and Deby polymetallic bodies, whose preliminary results show economic grades of zinc and silver.

The results of the 2023 drilling program confirmed the lateral and depth continuity of economic mineral resources in the main mineralized structures. At the Animón mine, the certainty of resources is increased to the indicated and measured categories, on the veins that contemplate a mining plan; prioritizing stopes for the years 2024 and 2025. Also, quality mineral resources are incorporated on the main vein systems, mainly in depth. A sustained drilling campaign is also being developed aimed at discovering high-grade polymetallic bodies and allowing operational connection with Techo Esperanza and Esperanza body. At the Islay mine, there are no activities due to the operational suspension.

Alpamarca

The drilling campaign carried out during 2023 was mainly aimed at validating and recategorizing resources in the South Pit, committed to the 2024 mining plan and with the possibility of extensions to 2025.

During 2023, 172 meters of diamond drilling were carried out in the South Pit, allowing the update of the geological model and mineral resource model of the South Pit, which guarantees its operational viability in 2024.

Cerro de Pasco

A total of 1,085 meters of diamond drilling were carried out in the Cerro de Pasco Unit during 2023.

Areas with economic grades of zinc, lead, and silver were defined on the south wall of the Raúl Rojas open pit, where the continuity of the CNB-Emilia orebody was confirmed, becoming a mining alternative to ensure operational sustainability in the coming years. Likewise, with the geological information obtained from geotechnical drill holes (917m), the geological model in the CNB-Emilia sector was updated, which allows for a pushback and improvement of the ore quality for the Paragsha plant.

Mineral resources with economic grades of silver and gold were recategorized in In Situ Oxides (Cleopatra Sector located southwest of the Raúl Rojas Open Pit). Likewise, the comprehensive geological model of In Situ Oxides was updated, characterizing mainly three domains of gold and silver mineralization, called: (i) hydrothermal breccia of volcanic protolith (BxH-v), hydrothermal breccia of sedimentary protolith (BxH-s) and pyrite IV, at the base of the In Situ Oxides deposit with economic silver values. Together, they will ensure the operational continuity of Cerro Óxidos.

The results confirmed economic mineralization in the Cerro unit: (i) economic polymetallic mineralization in the CNB-Emilia sector, for the Paragsha metallurgical plant; and (ii) economic gold and silver

mineralization in In Situ Oxides (Cleopatra), to extend the life of the asset (Life of Asset - LoA) and operational continuity of the Oxides metallurgical plant.

Status of Permits & Authorizations

The following table summarizes the status of permits and authorizations for each of the projects.

Project	Status
Romina	The EIAd was presented to SENACE in June 2022. It is currently under evaluation. Second modification to the EIAsd was presented in November 2023, in connection with the extension of the exploration schedule. It is currently under evaluation. Second Modification to the Alpamarca EIA was presented in April 2024, in connection with the disposal of tailings in the pit. It is currently under evaluation.
Carhuacayán	Modification of EIAd for exploration was approved in October 2021. Request for the suspension of the exploration schedule presented for 12 months, from 17/01/2024 to 17/01/2025.
Zoraida	Modification of DIA for exploration was approved in September 2019. First ITS of the MDIA for exploration was approved in July 2021. Request for the suspension of the exploration schedule presented for 12 months, from 01/01/2024 to 31/12/2024.
Palma	Second ITS of the second EIA for exploration was approved in June 2019. Request for the suspension of the exploration schedule for 12 months, from 01/01/2024 to 31/12/2024.

Trust Agreements to Administer Customer Payments and Our Expenses

We and our subsidiaries Empresa Administradora Cerro and Compañía Minera Chungar each executed and entered into separate administrative trust agreements with Banco Internacional del Perú S.A.A. (Interbank), as trustee, in 2013, 2013 and 2015, respectively. Under these trust agreements, we and our subsidiaries established and transferred in trust (i) all amounts owed to each of us by certain of our customers (the “Collection Rights”) and (ii) all sums of money from such credit rights (the “Cash Flows”). As of this date, the trusts serve as a mechanism for us and our subsidiaries to administer all of our current operating and financial expenses. Initially, we and our subsidiaries were the sole beneficiaries of each of our respective trusts. As of the date of this Exchange Offer Memorandum, the 100% of the Cash Flows released from these trusts (after deducting reasonable and documented (x) expenses related to the trusts and (y) operating expenses of and other customary related costs incurred in the ordinary course of business by us, Empresa Administradora Cerro and Compañía Minera Chungar, respectively, in each case consistent with historical past practice as of the Issue Date, will be transferred to New Cash Flows Trust Agreement to secure the obligations of the Company and the Subsidiary Guarantors under the New Notes and any other Secured Obligations. See “Description of New Notes–*Collateral*.”

Power and Energy Supply

We obtain electricity for our operations from the SEIN and our own hydroelectric power plants. For the year ended December 31, 2022, and the year ended December 31, 2023, we supplied approximately 17% each year, of our electricity demand with our hydroelectric power plants owned by Compañía Minera Chungar and Compañía Hidroeléctrica Tingo. The remainder of our electricity consumption is currently supplied by Fenix Power Perú S.A. In 2024, each of our subsidiaries Empresa Administradora Cerro, Compañía Minera Chungar and us signed new electricity supply agreements through December 31, 2033, with Fenix Power Perú S.A. The

power and energy supplies were increased to cover an estimated increase in the electrical demand of mining units and new projects.

Energy Generation

During the three-month period March 31, 2024, energy generation totaled 126 GWh, an increase from the 124.4 GWh generated in the same period last year.

Compañía Minera Chungar owns 10 hydroelectric plants. In the three-month period until March 31, 2024, they generated 42.6 GWh fully injected into the Chungar and Alparmarca Units.

Compañía Hidroeléctrica Tingo owns the 1.25 MW Tingo Plant and 82 kilometers of 50 and 22.9 kV transmission lines. In the three-month period ended March 31, 2024, the Tingo Plant generated 1.7 GWh, which were fully supplied to the Chungar Unit's operations. This power plant already has an approved environmental instrument and is currently taking the pertinent steps to obtain the final generation concession for the Tingo Plant expansion project from 1.25 MW to 15 MW.

Meanwhile, Empresa Hidroeléctrica Huanchor generated 39.4 GWh in the three-month period March 31, 2024, representing a 3% decrease as compared to the first quarter of 2023. Such decrease was temporal due to the unavailability of the plant because of maintenance works. Empresa Hidroeléctrica Huanchor is a member of the Economic Operation Committee ("EOC") of the National Interconnected System ("COES").

Finally, Empresa de Generación Eléctrica Río Baños, owner of the Rucuy Plant, generated 42.4 GWh in the three-month period March 31, 2024. Empresa de Generación Eléctrica Río Baños is member of the EOC of the COES and maintains a renewable energy resources contract with the Peruvian government, which provides the generation of 110 GWh a year.

As Empresa Hidroeléctrica Huanchor and Empresa de Generación Eléctrica Río Baños are part of the COES, they do not provide energy to our mining operations. In 2022 and 2023, both of these companies generated combined revenues for US\$14,493 thousands and US\$19,711 thousands respectively.

As described above, both Empresa de Generación Eléctrica Río Baños and Huanchor have been recently sold to third parties (with the sale of Huanchor being subject to certain customary closing conditions as described in this Exchange Offer Memorandum).

Energy Consumption

Our consolidated energy consumption as of March 31, 2024, totaled 208 GWh, with a peak demand of 108 MW. The same from the energy consumption in 2023. This is mainly explained by the increase in our pumping and ventilation system in our Ticlio, Andaychagua and San Cristobal - Carahuacra mining operations.

Energy generation from the hydroelectric power plants owned by Compañía Minera Chungar and Compañía Hidroeléctrica Tingo accounted for 17.6% of our total energy consumption in 2023. Additional energy required was purchased from Engie Energía Peru S.A and supplied via the SEIN, through a supply contract effective from January the 1, 2007 to December 31, 2023, and in the year 2022, we paid US\$49.4 million and US\$44.0 million, respectively under this supply contract.

The annual availability recorded for the SEIN during 2023 in the Yauli Unit was 99.84%, while the availability in Chungar-Alparmarca was 99.99%, excluding preventive maintenance activities. This indicator reflects the level of continuity and availability of electricity supply to the mining operations.

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
Energy generation (GWh)	418.6	424.8	124.4	126.0
Chungar.....	143.1	141.6	40.0	42.6
Tingo.....	6.7	6.7	1.6	1.7
Huanchor.....	149.3	142.5	40.3	39.4
Rucuy.....	119.5	134.0	42.5	42.4
Energy consumption (GWh).....	819.5	843.2	208.1	207.6
Energy purchase (GWh).....	669.7	694.9	166.5	163.4

Employees

We engage more than 10,043 workers to carry out our operations, of which approximately 33% are under direct payroll and approximately 67% are from mining service contractor companies. As of March 31, 2024, we had twelve front-line workers unions and one Volcan Workers Union Federation among our direct payroll staff. Front-line workers unions represented approximately 49% of direct payroll workers at the Yauli Unit and our Lima headquarters, approximately 36% of direct payroll workers in the case of the Cerro de Pasco Unit and approximately 40% in the case of the Chungar and Alpamarca Units. We negotiate collective agreements with the unions annually. These negotiations generally focus on salaries, working conditions and welfare.

Although management believes its present labor relations are good, there can be no assurance that a work slowdown, a work stoppage or strike will not occur prior to or upon the expiration of the current collective bargaining agreements and management is unable to estimate the effect of any such work slowdown, stoppage or strike on our production levels.

Health, Safety and Environmental Compliance; Relationships with Communities

We are committed to the industry's world-class practices in the areas of health, safety, and environmental management. Our activities are subject to regular internal audit programs following internationally accepted standards and we have a long history of obtaining and renewing international health, safety, and environmental certifications. Our health, safety, and environmental management policies, which are aligned with both ISO 45001 and 14001, include investments in technology, the implementation of emergency response programs, and regular employee training, among other strategies.

We are in the process of incorporating modern management concepts with a specific focus on social responsibility, a concept which includes management aspects of both internal and external stakeholders. External stakeholder management is a function of social responsibility management and aims to foster a harmonious relationship of these stakeholders with us. For these stakeholders, the key aspects of the relationship are maintaining proper communication, establishing agreements beneficial to the parties, and enforcing these agreements.

Our operations are located in rural social areas that possess a culture and worldview that differ from a commercial or corporate life in significant ways. In order to have a proper relationship with the members of these rural social areas, it is necessary to know their history, culture, uses, traditions and customs. On the other hand, the underdevelopment of these emerging social areas offers opportunities to help foster economic activity, enabling the use of funds from non-renewable natural resources to drive profitable economic activities using renewable natural resources.

Our main action is to establish strong agreements with stakeholders and enforce these agreements to support trust and commitment with these stakeholders, nutrition, health, and education aspects to strengthen the social community with healthy and educated future generations, as well as infrastructure development, and productive development in particular, to promote sustainable development.

We have been working closely with the communities surrounding our operations since they were founded more than 80 years ago. We are committed to maintaining our tradition of building and developing strong relationships with local communities by creating jobs and demand for local products and services and investing in community development programs. As of December 31, 2023, we have entered into 76 agreements with most of these local communities that primarily provide for the use of their land for our operations.

In achieving these objectives, we have benefited approximately 101,928 people through the development of various activities and projects, the most important of which are indicated below:

- *Primary and Secondary Education:* Our alliance with "Enseña Perú" remains strong. This NGO aims to transform education and ensure that all students in Peru can reach their potential. In 2023, this partnership benefited more than 700 elementary and middle school students, helping to improve their performance in math, language comprehension, physics, English, science and technology, and the environment. We also continue with our full scholarship program benefiting the different mining units. In addition, the pilot teacher training program began in Cerro de Pasco, where two virtual training courses were facilitated for teachers and principals of schools in the area of influence of the Simón Bolívar district, the Rancas Community, and the Huayllay Community in the Pasco Province. These courses were endorsed by the UGEL PASCO and the 80 teachers who satisfactorily completed the tests will obtain a certificate for more than 120 hours of coursework.

- *Health campaigns:* We continue to collaborate with the NGO Prisma to support the improvement of health standards and quality of life in the communities in which we operate.

The project has identified the most prevalent diseases in the communities in which we operate in more than eight medical specialties. In response, we implemented preventive care programs that included advocacy meetings, awareness advocacy, and experiential educational sessions on topics focused on disease prevention, including self-care and hygiene, healthy eating, and anemia prevention. In 2023, the medical campaigns lasted a total of 31 days with 7,321 visits in the localities of influence. Since the government plays a critical role in ensuring the sustainability of the project, we also seek to involve government authorities in the implementation and execution of these initiatives.

- *Economic Development:* Together with the NGO Prisma, we have designed a joint strategy for the conservation and protection of traditional businesses and the development of these industries through innovative ideas. We have promoted campaigns aimed at local farmers with the aim of improving the production chain through the provision of technical assistance. In 2023, more than 141,167 head of cattle were vaccinated through the program.
- *Promotion of Local Employment:* We promote local employment to help reduce unemployment rates and increase incomes in the areas in which we operate, encouraging upskilling and contributing to human and professional development. We continue with our policy of involving local businesses. In 2023, local businesses in the areas where we operate reported an annual sales turnover of approximately US\$64.3 million.
- *Infrastructure:* (i) road maintenance and improvement; (ii) supply and maintenance of drinking water systems; and (iii) support for hotel infrastructure.

Insurance

We maintain a comprehensive insurance program designed to address specific risks associated with our operations, in addition to covering the insured risks common to major mining companies. Our insurance program is provided through the local Peruvian insurance market and international reinsurance market and includes employers' liability, comprehensive third-party general liability, comprehensive automobile liability, all risk property on a replacement basis, including transit risks, business interruption insurance and mining equipment. We believe our insurance programs and policy limits and deductibles are appropriate for the risks associated with our business and are in line with the insurance policies of similar mining companies that operate in Peru.

Legal Proceedings

We are involved in a number of taxes, legal, civil, administrative and regulatory proceedings incidental to the normal conduct of our business. We believe that none of such legal and regulatory proceedings is likely to have, in the aggregate, a material adverse effect on our consolidated financial condition or results of operations. In connection with these proceedings, we established a provision for probable contingencies for US\$33.7 million as of March 31, 2024, US\$32.3 million as of December 2023 and US\$25.4 million as of December 2022.

Amortization of development expenses

Development expenses consist of investments of sums of money incurred by mining companies before starting the production stage and the legislator has given special treatment to such investments. Article 75 of the Supreme Decree No. 014-92-EM ("General Mining Law") allows companies to deduct development expenses in the year in which they are produced or amortized within a maximum period of three years; however, it does not indicate that they must be amortized proportionally or linearly. For as long as we have operated in Peru, we have amortized these expenses in accordance with the indicated law; that is, for the maximum period of three years, without any other restriction.

According to the Peruvian national tax authority (*Superintendencia Nacional de Aduanas y de Administración Tributaria*, or "SUNAT"), development expenses must be amortized linearly, despite the lack of specific regulation governing this specific point. The Company and certain of its subsidiaries have had their amortization schedules challenged by SUNAT.

Compañía Minera Chungar has obtained a favorable ruling of the Supreme Court in this matter, in which the Court recognized that its development expenses could be amortized without any restriction other than the maximum term of 3 years. However, other companies in our economic group still face disputes on this issue.

Since 2018, the Company and its subsidiaries have started amortizing development expenses linearly, preventing new challenges from SUNAT in connection with this matter in the future.

Loss produced by derivative financial instruments that have no hedging purpose

Pursuant to article 5-A of Supreme Decree No. 179-2004 EF (“Income Tax Law”), the loss derived from derivative financial instruments can only be considered for tax purposes a deductible loss if it has a hedging purpose. According to the income tax law, a derivative financial instruments has a hedging purpose if, among others, the following requirements are met: (i) the asset or liability hedged must be identified, (ii) the risk to be hedged must be specific; and (iii) the derivative financial instruments must be entered into or subscribed in a publicly recognized market. The Company, Empresa Administradora Cerro and Compañía Minera Chungar have entered into or subscribed several derivative financial instruments in the form of a swap in order to cover the risk of the downward trend in zinc and lead prices. At the time of liquidation of such derivative financial instruments, deductible losses were generated for tax purposes.

SUNAT has concluded that the Company, Empresa Administradora Cerro and Compañía Minera Chungar have not submitted sufficient documentation to prove the identification of the covered sales and the specific risk, as required by the Income Tax Law. SUNAT also concluded that the Company, Empresa Administradora Cerro and Compañía Minera Chungar did not comply with requirement (iii) above because the underlying prices agreed to under the swap agreements had not been published in the London Metal Exchange (LME). For those reasons, SUNAT disqualified the loss resulted from those derivative financial instruments as deductible for tax purposes.

The Company, Empresa Administradora Cerro and Compañía Minera Chungar have challenged these SUNAT objections before the Administrative Tax Court. At the date of this Offering Memorandum, the Administrative Tax Court has not yet rendered a decision on the matter.

INDUSTRY OVERVIEW

Zinc Industry

Overview

Zinc is an internationally traded commodity. The London Metal Exchange is recognized as its principal trading market. Prices generally reflect the worldwide zinc supply and demand balance, but can also be influenced by the activities of speculative market participants such as investment funds and by fluctuations in currency exchange rates.

An important characteristic of zinc is its resistance to corrosion, which makes it a versatile metal. Additionally, its low melting point, fluidity, non-magnetic propensity, strength and alloying properties have increased its general demand across various applications. Its capacity as a surface treatment has proved crucial in protecting steel products against corrosion and improving their durability. The primary end-use applications of zinc include: construction (zinc is a major additive in galvanized steel), transportation and automobiles, white goods, industrial goods and equipment. Currently, there are limited low-cost substitutes for zinc in several of these applications.

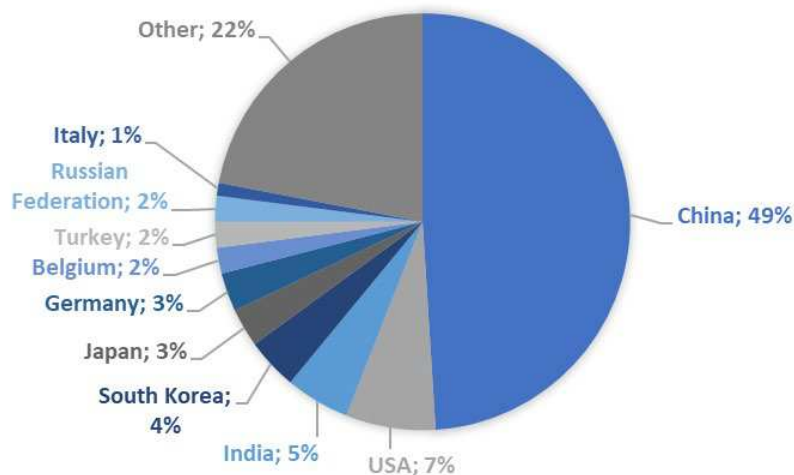
Zinc Demand

Galvanizing is the predominant first-use for zinc, accounting for approximately 60% of global zinc usage in all forms in 2023. The next largest use of zinc is die-casting, accounting for 13% of total demand, followed by usage in brass production at 11%. 9% of zinc is used in producing oxides and chemicals and a further 5% of zinc usage involves its conversion into rolled and extruded semi-manufactured products. In both absolute and percentage terms, galvanizing is forecast to be the fastest growing end-use, with principal applications in the construction and automotive industries.

The largest end-use sector for zinc is construction, which, together with publicly-funded infrastructure activity, accounted for 50% of global end-use zinc consumption in 2023. The second most important end-use sector is transport, which accounted for 21% of zinc consumption. The manufacturing of industrial goods and equipment represented 23% of consumption and the remainder was used in consumer products.

Slab Zinc Consumption Trends, 2023

Geographic Mix



Source: Wood Mackenzie

Asian, European, and North American consumption together comprised approximately 73% of global slab zinc demand in 2023. Driven by China's strong growth, Asia has been the biggest zinc market in the world.

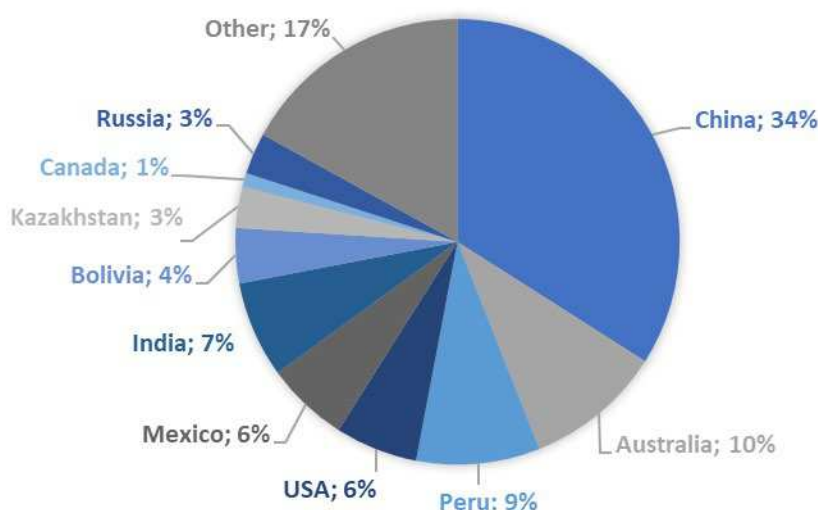
Zinc Supply

Zinc deposits typically occur in close association with other minerals, most commonly copper, lead, silver and gold. Most of global supply is produced by mines as well as a small recovery volume from scrap, mainly in the form of die-castings, brass and bronze (not including the simple re-melting of zinc, brass, and the like for reuse without further treatment).

According to Wood Mackenzie, based upon 2023 mine production, Peru was one of the top zinc producing countries in the world, with 9% of total production. Other of the world's largest producers were: China (34%), Australia (10%), the United States (6%), India (7%) and Canada (1%), which, together with Peru, accounted for 67% of total zinc mined worldwide in 2023. The rapid emergence of China as a mined and refined zinc producer has seen it become the world's premier primary producer of the metal.

From 2021 through 2023, refined zinc production has decreased at a CAGR of -1.43%.

Approximated Global Zinc Mine Production (kt) Zinc in Zinc and Bulk Concentrate



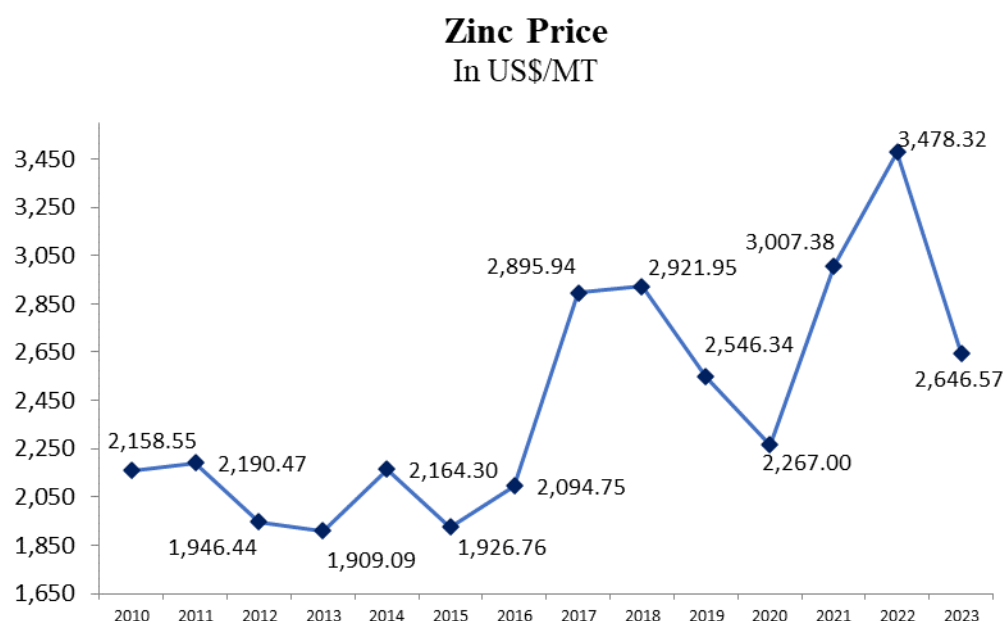
Source: Wood Mackenzie

According to Wood Mackenzie, further delays and a raft of suspensions of operating mines caused global output to fall in 2023. However, new mines and expansions are expected to contribute to solid growth from 2023 to 2026, then slowing to average just under 1% in the latter half of this decade. From 2023 to 2040, 39 new mines (base case) will enter production adding 1.4 metric tonnes of zinc. We forecast mine production growth of 1.8% in 2024, taking global output to 12.8 metric tonnes of zinc which is still below 2019 levels. Very strong mine production growth is expected in 2025 as output recovers at several large mines and new projects ramp-up taking global mine production to 13.7 metric tonnes of zinc. The most significant new projects are Belantikan Raya, the expansion of Odda and Gamsberg; and six new smelters in China, among others. However, despite these new production sources, there has also been slippage to several new projects such as Buenavista and Vares, were scheduled to start in 2024. Also, a large reduction for this year also comes from Antamina. There was an anticipated significant drop in production due to the mining lower grade zinc ores but now we expect an even greater decline. Additionally, Chinese mine production survey data shows numerous small downgrades to individual forecasts and some larger ones, such as for Taifeng.

Price History and Outlook

The following chart sets forth LME zinc prices between January 1, 2004 and December 31, 2023. The LME zinc price was US\$2,462.4 per tonne as of March 31, 2024.

Historical Zinc Prices (US\$/tonne)



Source: Bloomberg

According to Wood Mackenzie, following a surplus in 2022, 2023 witnessed a return to deficit, primarily attributed to lower prices that forced mines to suspend operations and other technical issues. Overall implied stocks are forecast to be the equivalent of 28 days of consumption at the start of the year trending to 39 stock days by the end of 2024. Wood Mackenzie forecasts a significant increase for 2025.

Silver Industry

Overview

Silver is one of the eight precious, or noble, metals; the others are gold and the six platinum-group metals. Silver occurs naturally in its solid metallic state and is commonly associated with deposits of zinc, copper, lead and gold.

Silver is distinct from other precious metals in that it is both an industrial and a monetary asset. Silver's value is driven by two main factors: first, silver has a number of distinctive physical and chemical properties that make it an essential and hard-to-substitute component in several industrial applications, and second, in times of economic uncertainty, silver is viewed as an attractive hedge against inflation and a decrease in value of, among others, the U.S. dollar.

Silver Demand

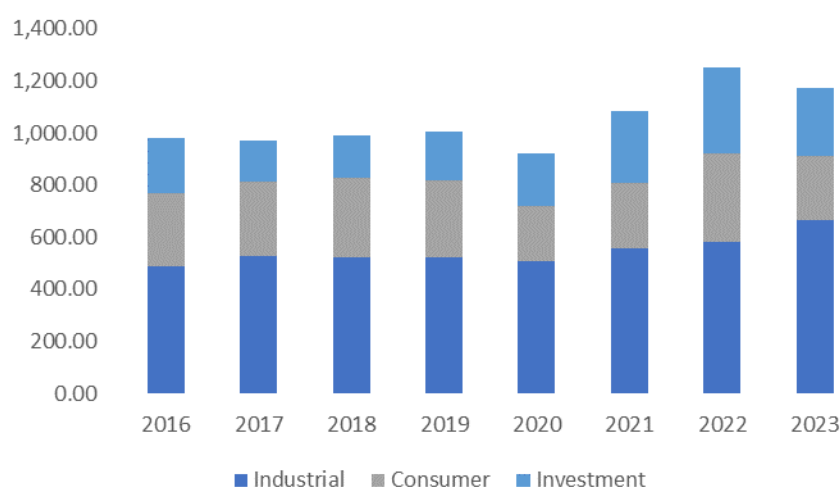
Silver has solid supply and demand fundamentals, with significant demand coming from diverse sectors. Industrial applications, consumer use and investment are the three main demand drivers. According to J.P. Morgan, in 2023, industrial, consumer and photography represented 56.62%, 18.78% and 2.25% of silver industrial demand, respectively.

According to J.P. Morgan, total global demand for industrial and consumer end-uses, which is in the form of manufactured end-products, decreased by 6.41% in 2023, to 1,172.1 million ounces. This decrease was led by the consumer category, which, according to J.P. Morgan, declined by 28.57% to 220.2 million ounces in 2023.

China is the largest global silver marketplace, fueling significant industrial and consumer demand. China's rapid population and income growth, surging demand for consumer electronics and promising housing market are driving its silver demand. According to World Silver Survey, industrial demand for silver in China has risen from 150.9 million ounces in 2010 to 261.2 million ounces in 2023, an increase of 73%.

The graph below denotes global silver demand from 2016 to 2023:

Approximated Global Silver Demand (MM oz)



Source: JP Morgan, 2024

Industrial Demand

Traditional industrial applications of silver include batteries, bearings, brazing and soldering, catalysts and electronics. Silver's electrical and thermal conductive properties make it ideal for multiple high-performance electronics and high voltage circuits, connectors and other electrical components. Silver's increased use in emerging applications, as opposed to otherwise traditional industrial uses, is expected to continue to augment industrial demand. Emerging applications include utilizing silver's reflectivity as a component in solar cells to produce "green" electricity, utilizing silver's antimicrobial properties in medical applications and in the prevention of algae build-up in water purification systems.

According to J.P. Morgan, industrial demand for silver rose by 35.61% between 2016 and 2023 to 663.7 million ounces.

Consumer Demand

Jewelry, silverware and coin minting are the main consumer uses of silver. The fabrication of these products relies on silver's luster, resistance to tarnishing and malleability. According to J.P. Morgan, this sector accounted for 18.78% of total demand for silver in 2023.

In 2023, photographic uses accounted for 2.25% of total silver demand, according to J.P. Morgan. However, photographic off-take has been on a steady decline since 2001, driven by the move from silver halide to digital technology, especially in the area of consumer film.

According to the World Silver Survey, between 2022 and 2023, consumer demand for silver declined by 6.06%, to 1,167.0 million ounces. A major source of the decrease in consumer demand for silver in 2023 was the decrease in demand for silverware.

Investment Demand

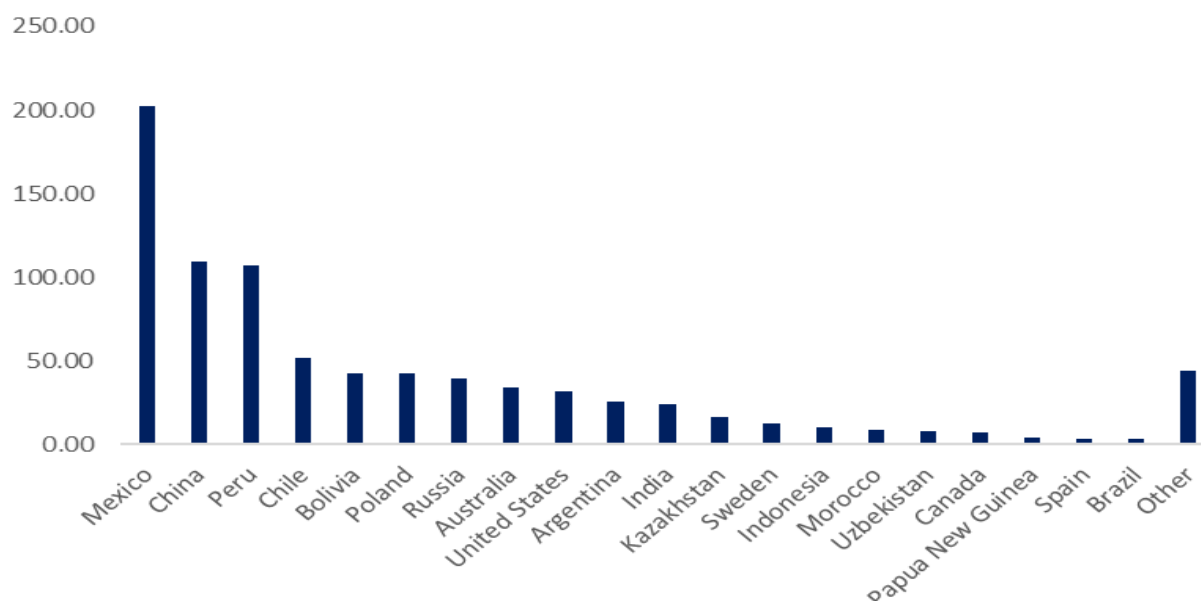
Investment demand for silver has decreased significantly from 2022 to 2023, with a CAGR of -1.00%. According to J.P. Morgan, net investment in silver declined to 261.7 million ounces in 2023, down 21.38% from 2022 levels.

Silver Supply

Silver supply derives from two principal sources: mine production and scrap supply. According to J.P. Morgan, mine production in 2023 comprised 81.57% of total silver supply, while scrap silver constituted 18.25% of total silver supply. According to J.P. Morgan, silver mine production decreased 3.3% in 2023.

According to World Silver Survey, Peru was the third largest silver mining country in 2023 (107.1 million ounces), surpassed only by Mexico and China (202.2 and 109.3 million ounces respectively). Chile (52.0 million ounces) and Bolivia (42.69 million ounces) followed. The graph below illustrates the world's leading silver producing countries.

Top 20 Silver Producing Countries, 2023 (MM oz)



Source: GFMS, World Survey 2023

Price History and Outlook

The price of silver increased 79.14% over the last 20 years, proving to be relatively volatile in that timeframe. The price of silver averaged approximately US\$16.221 per ounce from 2000 through the end of 2023.

The silver market expanded significantly in both volume and value in 2023, as prices increased over 0.98% between January 1, 2023, and December 31, 2023.

The following chart sets forth silver prices between January 1, 2004, and December 31, 2023. The price of silver was US\$24.447 per ounce as of March 31, 2024.

Historical Silver Prices (US\$/oz)



Source: Bloomberg

It is expected that in the short- to mid-term the economic backdrop for investment in silver will remain supportive as monetary policy is unlikely to significantly tighten due to ongoing economic, inflation and sovereign debt concerns. This economic climate is expected to encourage investment demand for silver.

Lead Industry

Overview

Lead has an estimated abundance of almost one-sixth that of zinc, with which it is commonly geologically associated. Lead is not found in nature in its native form, but is commonly found in sulfide, oxide and silicate forms.

The battery sector is the single largest consumer of lead, accounting for approximately 65% of lead demand in 2023. It can be subdivided into two groups, including:

- SLI (Starting-Lighting-Ignition) batteries currently account for over half of all lead demand. These are mainly used in cars and light vehicles.
- Industrial batteries (both stationary and traction) currently consume around one quarter of all lead produced. Stationary batteries are principally used in back-up power supply systems for electrical equipment and are also used extensively in telecommunications networks. Traction batteries are used for motive power in certain equipment such as forklift trucks and motorized wheelchairs.

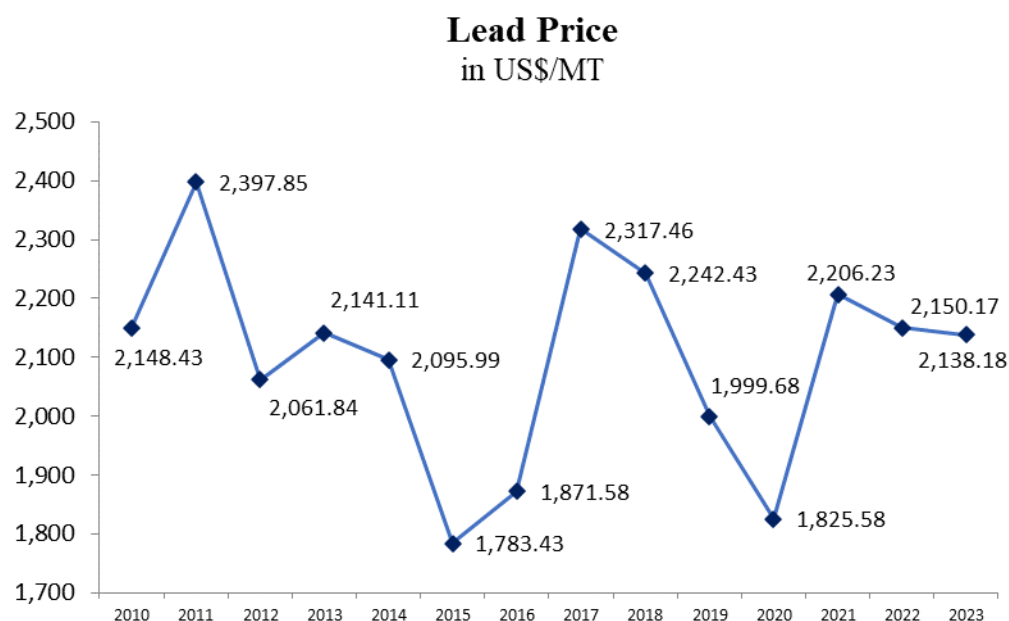
The remaining approximately 35% of lead consumed in 2023 was for non-battery applications. Lead has several other small uses, which have declined over time as the battery sector's market share has increased, and all remaining applications for lead are under scrutiny due to environmental concerns. What may prevent any rapid decline in many uses, however, is the lack of suitable alternatives to lead with, in some cases, the only alternatives being of even greater toxicity.

Price History and Outlook

Global refined production capability is forecast to increase by 1.1% per year between 2023-2040. This equates to an increase in tonnage of 1.2 million tonnes. China is expected to continue to drive growth, at 1.5% per year (1.1 million tonnes), driven by new operations and capacity expansions at existing plants.

The following chart sets forth LME lead prices between January 1, 2004, and December 31, 2023. The LME lead price was US\$2,056.9 per tonne as of March 31, 2024.

Historical Lead Prices (US\$/tonne)



Copper Industry

Overview

Copper is an internationally traded commodity, and its price is largely determined on the major metals exchanges. Like zinc prices, copper prices generally reflect the worldwide copper supply and demand balance but can also be influenced by the activities of speculative market participants and by movements in currency exchange rates.

Copper is a ductile, corrosion resistant and malleable metal that is an excellent conductor of heat and electricity and has significant structural capabilities. The primary applications for copper include electronics applications, electrical conduit, construction and transportation industries, industrial equipment, and consumer products. While other materials compete with copper for various uses, substitution is modest because of copper's unique characteristics.

Copper Demand

The world's consumption of copper has increased significantly in the past five years, as large developing countries enter the global market. Population and industrial growth will continue to be the primary driver of demand for copper. The rate of industrialization, especially in China and India, has created a high level of copper demand over the past decade, while metal use in many developing countries remains a fraction of the intensity observed in developed nations.

Copper consumption is largely associated with industrial production and tends to follow economic cycles. Demand for copper products tends to increase during expansion phases, which often leads to price increases.

Asian refined copper consumption, led by China, has been particularly strong, increasing by a CAGR of 6.8%, compared to a global rate of 3.7% since 2021.

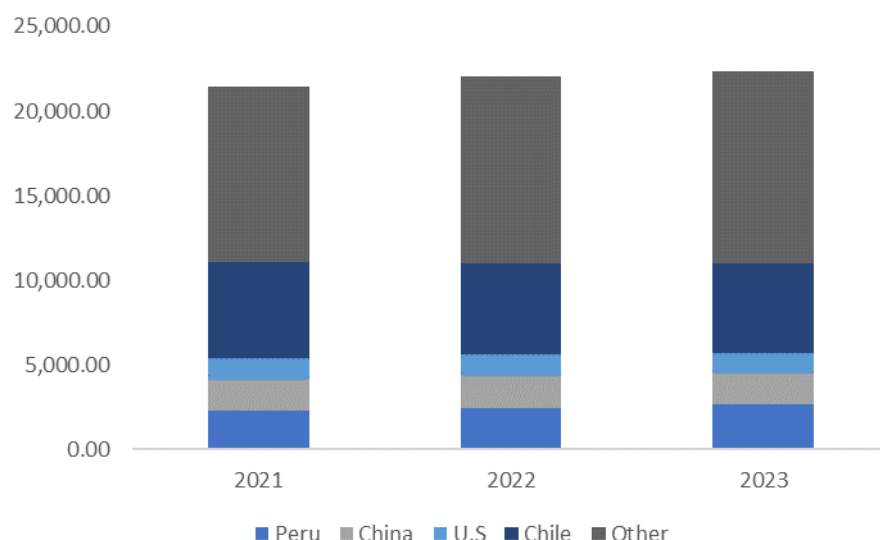
Copper Supply

While the earth's crust contains an almost inexhaustible supply of copper, most of it cannot be extracted economically utilizing existing technologies. Worldwide copper supply is driven by production rates at copper mines around the globe, as well as a small amount of scrap metal that is available for reuse. According to Wood

Mackenzie, based upon total copper mined in 2023, the world's largest producers were Chile (23.6%), Peru (11.8%), China (8.04%) and the United States (5.5%).

From 2021 through 2023, refined copper production has grown at a CAGR of 3.7%.

Approximated Global Copper Mine Production Copper in Concentrate and Leach Output (kt)



Source: Wood Mackenzie

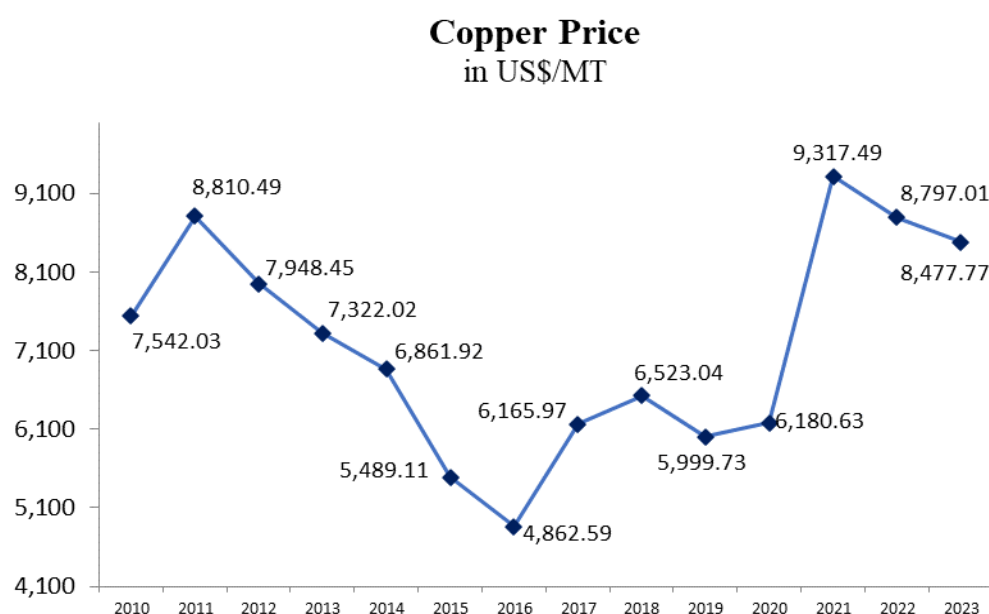
Several copper discoveries have been made in the past 20 years, with continued development underway.

Markets and Outlook

While in the past decade copper prices have displayed considerable volatility driven by economic cycles, a recovery in demand combined with supply constraints, described below, has led to an increase in 2023.

The following chart sets forth historical spot prices for copper. The LME copper price was US\$8,675.625 per tonne as of March 31, 2024.

Historical Copper Prices US\$/metric tonne



Source: Bloomberg

According to Wood Mackenzie, demand in China remains strong, given the buoyancy of some key end use sectors, while the Indian market is set for strong medium-term growth. Wood Mackenzie forecasts that between 2019 and 2024, demand will increase by just under 0.5% per year as increased urbanization and an expanding middle class are expected to boost consumption. Moreover, despite moving back into balance in 2019, the market will remain fundamentally tight, with stock days set to average 76, compared to 64 this year and as such, prices are expected to remain well supported from a fundamental perspective.

At the same time, while a number of major copper projects are set to start producing in coming years, supply growth has been affected by declining ore grades, social disputes, labor disputes, slower than anticipated ramp-ups resulting from long equipment lead times, weather-related delays, water/power supply constraints and other technical issues. Several new copper projects have not met their original timetables due to cost over runs, permit complications and difficulty securing appropriate financing in the context of escalating capital expenditure requirements.

These trends maintained an upward pressure on prices in 2023 and are expected to sustain prices in the short to medium term.

REGULATORY FRAMEWORK

Mining and Processing Concessions

The General Mining Law (*Texto Único Ordenado de la Ley General de Minería*) approved by Supreme Decree No. 014-92-EM, published in the Peruvian Official Gazette, *El Peruano*, on June 4, 1992, is the primary law governing both metallic and non-metallic mining activities in Peru and is supplemented by implementing guidelines, regulations and policies regarding mining and the processing of minerals enacted by MINEM. Under the General Mining Law, mining activities (except reconnaissance, prospecting and trade) are carried out exclusively through various forms of concessions. A concession provides its titleholder with the exclusive right to undertake a specific mining activity within a determined area.

There are four types of concessions:

- Mining concession: grants the right to explore and exploit mineral resources (either metallic or non-metallic).
- Processing concession: grants the right to extract and concentrate minerals and, to purify, fund and refine metals.
- General works concession: grants the right to give auxiliary services to two or more mining concessions.
- Mining transportation concession: grants the right to install and operate a massive transportation system of mineral products provided the transportation is not conventional.

Mining concessions are granted by the INGEMMET, while the other types of concessions are granted by the Directorate General for Mining of MINEM (*Dirección General de Minería* or “DGM”). Any act, transfer, termination or agreement related to these concessions must be registered with the Mining Rights Book, which is part of the Peruvian Public Registry, to be effective against the Peruvian government and third parties.

In Peru, as in many other countries, a mining concession is a different and separate property from the surface land where it is located. Consequently, holding a mining concession does not grant the titleholder any right to the surface land. To initiate mining activities, an authorization from the DGM is required, which in turn requires having a title over the surface land.

Holders of concessions or mining claims must comply with several obligations, including the payment of an annual validity fee (*derecho de vigencia*) of US\$3.00 per applicable hectare in the case of large and medium scale mining. The annual validity fee is due and payable on or prior to June 30 of each year. Failure to pay the annual validity fee for two consecutive years will result in the forfeiture of the mining concession.

Mining concessions are required to achieve the minimum production level in accordance with the following rules:

- The minimum annual production levels equivalent to 1 Peruvian tax unit (S/5,150 for 2024, approximately US\$1,388) per year per hectare, in the case of metallic concessions, and 10% of 1 Peruvian tax unit (approximately US\$138.8) per year per hectare, in the case of non metallic mining concessions
- The minimum annual production level is to be achieved no later than the end of the tenth year from the year of grant.
- If the minimum annual production level is not achieved within that period, an annual penalty shall be paid. The following rules for calculating the amount of the penalty apply:
 - If the minimum annual production level is not achieved until the end of the tenth year from the year following the granting of the concession, a mining penalty equivalent to 2% of the corresponding annual production level per year per hectare shall be paid.
 - If the minimum annual production level is not achieved until the end of the fifteenth year from the year following the granting of the concession, a mining penalty equivalent to 5% of the corresponding annual production level per year per hectare shall be paid.

- If the minimum annual production level is not achieved until the end of the twentieth year from the year following the granting of the concession, a mining penalty equivalent to 10% of the corresponding annual production level per year per hectare shall be paid.
- If the minimum annual production level is not achieved by the end of the thirtieth year from the year following the granting of the concession, the mining concession will be cancelled. In the case of mining concessions granted before 2008, the 30th year term began running on January 1, 2009.

The annual penalty must be paid prior to June 30 of each year. Failure to pay the annual penalty for two years consecutive, or not, results in the forfeiture of the mining concession.

The holders of mining concessions are not required to pay the annual penalty fee if they invest at least 10 times the amount of the respective penalty fee per year and per hectare.

To comply with the minimum production level or minimum investment, the holders of mining concessions can group concessions into economic management units (*Unidades Económicas Administrativas*). In order to form an economic management unit the mining concessions must be located within a radius ranging from 5, 10 and 20 kilometers depending on the type of mineral exploited. The formation of an economic management unit requires an approval resolution issued by INGEMMET.

Finally, titleholders of mining concessions that are in exploration, construction, operation or closure phase, must file every year a Consolidated Annual Statement (*Declaración Anual Consolidada*) with the General Directorate of Mining of MINEM. The Consolidated Annual Statement that contains information in connection with investments is required on an annual basis (before April 30 of each year) and the Consolidated Annual Statement that contains information in connection with production is required on an annual basis (before June 30 of each year). As of the date of this Exchange Offer Memorandum, we primarily owned metallic mining concessions with respect to zinc, silver, lead and copper. Substantially all of our concessions were granted prior to 2008. Our mining rights and concessions are in full force and effect under applicable Peruvian laws. We believe that we are in compliance in all material respects with the terms and requirements applicable to our mining rights and concessions.

Environmental Matters

In 2005, Peru enacted the General Environmental Law (Law No. 28611), which establishes the main environmental guidelines and principles applicable in Peru. Pursuant to the General Environmental Law, the Ministry of Environment (“MINAM”) issued national environmental regulations, which have gradually replaced prior guidelines governing governmental agencies environmental competencies. All environmental studies for exploration activities are evaluated by the General Directorate of Environmental Mining Affairs of the MINEM (*Dirección de Asuntos Ambientales Mineros* or “DGAAM”). The agency in charge of Environmental Certification (*Servicio Nacional de Certificación Ambiental para las Inversiones Sostenibles* or “SENACE”) evaluates the exploitation and beneficiation environmental studies. In addition, the Environmental Supervisory and Enforcement Agency (*Organismo de Evaluación y Supervisión Ambiental* or “OEFA”) is responsible for supervising the fulfillment of environmental obligations including commitments approved in environmental assessments studies. If the holder of a mining concession violates any obligation related to environmental matters, OEFA has the capacity to sanction such violation with fines of up to 30,000 Tax Units (approximately US\$41,756,756.76). An entity cannot be fined more than 10% of the gross annual income it received in the year prior to the date the infraction was committed.

According to the Environmental Regulations for Mining Exploration Activities approved by Supreme Decree 042-2017-EM, exploration activities fall into two categories: Category I and Category II. Category I exploration activities are those involving no more than 40 drilling platforms or affecting an area measuring of up to 10 hectares in size, while Category II exploration activities are those involving between 40 and 700 drilling platforms and affecting an area measuring greater than 10 hectares. For Category I exploration activities, an Environmental Impact Statement (*Declaración de Impacto Ambiental* or “DIA”) is required. For Category II exploration activities, an Environmental Impact Assessment semi-detailed (*Estudio de Impacto Ambiental semi-detallado* or “EIASd”) is required and incorporates technical, environmental and social matters. The approval of DIAs and EIASd may require the prior favorable opinion of some competent authorities, such as the National Service of Natural Areas Protected by the State (*Servicio Nacional de Áreas Naturales Protegidas por el Estado*, or “SERNANP”) for exploration activities performed within protected natural areas or their buffer zones.

In addition, the new regulation requires only an Environmental Technical Report (*Ficha Técnica Ambiental* or “FTA”), which is a complementary environmental assessment, for exploration activities involving a maximum of twenty platforms and which, due to their location and/or characteristics, are expected to not generate non-significant negative environmental impacts.

Exploration activities must start within a maximum of five years following the date that the DIA or EIASd is approved by the DGAAM. The DIA, the EIASd and the FTA, as applicable, must be approved before exploration activities begin. Any commitments assumed by mining companies in a DIA, EIASd or FTA are mandatory and, if they are not fulfilled, OEFA has the authority to fine non-compliant mining companies or suspend their activities.

The regulation also provides that the holder of mining concessions will perform specified progressive closure, final closure and post closure activities during and after exploration programs. In addition, fines can be imposed if exploration programs begin before the DIA, the EIASd and the FTA are approved

Holders of mining concessions or mining activities that have completed the exploration stage, or envisage mining development and exploitation activities (including the processing of minerals), are required to prepare and obtain the approval of an EIAd from SENACE, which involves a process of public hearings in the locations where the project will be developed.

A modification to the environmental assessment will be required prior to conducting mining activities that may generate new moderate or negative environmental impacts.

In addition, according to the Public Participation Regulations in the Mining Subsector approved by Supreme Decree No. 028-2008-EM, for purpose of preparing the EIA holders of mining concessions must gather and analyze the social, environmental and economic concerns of the population that lives or works in the areas surrounding the project prior to the authorization of any activity.

Holders of mining concessions must undertake steps for public participation prior to and during the preparation of the DIA, EIASd and EIAd subject to evaluation as well as during the process of evaluation by DGAAM (DIA and EIASd) or SENACE (EIAd). In this process, holders of a mining project are required to submit a public participation plan, detailing the public participation mechanisms to be executed.

Supreme Decree 054-2013-PCM was passed in 2013 to promote investment projects. It allows companies to submit a supporting technical report (*Informe Técnico Sustentatorio*) (“ITS”), to modify ancillary components, capacity expansions, or introduce technological improvements in exploration and exploitation activities. Although, regulation requires that the responsible authority must evaluate the ITS within no more than 15 working days from the date of submission, this deadline has not been strictly applied in the past.

According to the Mining Closure Law (Law No. 28090) holders of mining concessions who wish to initiate mining exploitation activities, as well as those in operation, are required to prepare and submit a mining closure plan one year after their EIA has been approved. The mining closure plan must contain a description of the steps that will be taken to restore the areas and facilities of each mining unit they are going to operate. Holders of mining concessions are required to secure completion of the final closure and post-closure measures by means of the following guarantees: (i) banking guarantee or credit insurance, (ii) cash guarantees; (iii) trusts, or (iv) those indicated in the Peruvian Civil Code, which according to the Regulation of the Mining Closure Law, approved by Supreme Decree 033-2005-EM, should be personal guarantees granted by third parties (with a waiver to the benefit of *excussio*).

Supreme Decree No. 042-2017-EM also requires mining companies that perform exploration activities to conduct certain closing activities in accordance with the approved environmental assessment, subject to deferral under certain circumstances, and contemplates a Closure Plan to be submitted by the mining company following the terms and conditions of Supreme Decree N° 033-2005-EM.

Law No. 28271, Law that Regulates the Environmental Liabilities of Mining Activities (*Ley que Regula los Pasivos Ambientales de la Actividad Minera*), came into force on July 7, 2004 and serves to regulate the identification of environmental liabilities and financial responsibility for remediation in mining activities, in each case to mitigate any negative impact mining may have with respect to the health of the population, environment and property. Pursuant to Law No. 28271, the DGM will identify environmental liabilities and the entities responsible for their remediation, which must submit an Environmental Liabilities Closure Plan to the DGAAM. This law also allows voluntary remediation of environmental liabilities by any person or entity even if these parties are not holders of mining concessions.

Finally, we anticipate that additional laws and regulations relating to environmental matters will be enacted over time. The development of more stringent environmental regulations in Peru could impose additional constraints and additional costs on our operations that would require us to make significant additional capital expenditures in the future.

Agriculture Communities and Indigenous People

Peru has ratified ILO Convention No. 169 concerning Indigenous and Tribal Peoples in Independent Countries through Legislative Resolution No. 26253. This convention gives indigenous and tribal peoples the right to previous consultation. As a result, on September 7, 2011, Law No. 29785 on the Right to Prior Consultation of the Indigenous Population was published. This law, which came into force on 7 December 2011, establishes a prior consultation procedure for an indigenous population whose collective rights may be directly affected by a legislative or administrative measure. The Regulations of Law No. 29785 were approved by Supreme Decree No. 001-2012-MC, which entered into force on April 4, 2012. This regulation specifies the form and circumstances of the required consultation and the manner in which the agreements will be formalized and provides for a consultation process that should not last more than 120 calendar days, a term which is not observed in practice.

In 2019, Ministerial Resolution No. 403-2019-MINEM/DM was issued, which establishes the administrative procedures of the Mining Sector that require prior consultation – in the event that such procedures directly affect indigenous communities – which are: (i) concession of processing; (ii) authorization to commence or restart exploration, development or exploitation activities; (iii) transport of minerals; and (iv) mining labor.

The consultation procedures are carried out by the DGM and the *General Office of Social Management* (OGGS) of the MINEM before the granting of the corresponding authorization. Indigenous peoples do not have the right to veto or stop a mining project. Once this prior consultation procedure has been completed, the Peruvian Government may approve or reject the applicable legislative or administrative measures at its discretion.

In addition, the sale, lease or other disposition of surface lands owned by agriculture or native communities is subject to the approval of at least two thirds of all community members.

Permits and Licenses

Explosives

The use of explosives for civil use is regulated by Law No. 30299 and its regulations. Under such law, mining companies are required to obtain the following permits to operate and store explosives from the National Superintendence of Security Services, Guns, Munitions and Explosives of Civil Use (*Superintendencia Nacional de Control de Servicios de Seguridad, Armas, Municiones y Explosivos de Uso Civil* or “SUCAMEC”):

- Authorization for the acquisition and use of explosives (*Autorización para la adquisición y uso de explosivos y materiales relacionados*).
- Authorization for the storage of explosives (*Autorización para el almacenamiento de explosivos y materiales relacionados*).
- Authorization of the manipulation of explosives for each individual that intends to handle explosives (*Autorización para la manipulación de explosivos y materiales relacionados*).

Water, wastewaters and emissions

To use water resources in a mining project, it is necessary to obtain a water right granted by the ANA prior to the use of underground or fresh water sources. If the proposed activities will generate domestic or industrial wastewaters discharged into natural water sources or dry creeks, it is necessary to obtain an authorization granted by the ANA, with the favorable opinion of the General Bureau of Environmental Health (*Dirección General de Salud Ambiental* or “DIGESA”).

In 1996, MINEM also issued regulations that establish maximum permissible levels (“LMPs”) of (i) liquid effluents emissions and (ii) elements and compounds present in gaseous emissions resulting from mining activities. Mines and processing plants that were in operation before May 1993 were required to submit Environmental Adaptation and Management Programs, or PAMAs, that set forth plans to ensure compliance with LMPs. The first General Water Law was enacted in 1969. In 2008 and 2010, MINAM enacted new water quality standards and new LMPs for liquid effluents, and, in 2009, all Peruvian mining companies were required to submit

updated environmental management plans that complied with water quality standards and new LMPs for liquid effluents to MINEM. By the end of 2015, Supreme Decree No. 015-2015 - MINAM was enacted, modifying water quality standards and establishing supplementary provisions related to compliance. In 2017, Environmental Quality Standards (*Estándares de Calidad Ambiental*) (“ECAs”) for water were modified by Supreme Decree No. 004-2017-MINAM. Permissible maximum limits approved in 2010 by Supreme Decree No. 010-2010-MINAM are still valid.

Solid waste and soil pollution

Solid waste generated as a consequence of a mining project must be disposed of in specialized and authorized landfills. The transportation of solid waste outside the limits of the industrial complex is required to be done exclusively through specialized companies registered with the MINAM.

Regarding soil quality, on March 26, 2013, Supreme Decree No. 002-2013-MINAM became effective. It approved the ECAs for soils, which are applicable to any project or activity that may generate an environmental impact. Subsequently, on March 25, 2014, supplementary provisions for the application of the standards were approved through Supreme Decree No. 002-2014-MINAM. Projects operating at the time those regulations came into force were required to submit a report identifying contaminated sites (*Informe de identificación de sitios contaminados*) within twelve months of the passage of the decree. We and our subsidiaries submitted this information within the required time.

In 2017, new ECAs for soils were approved by Supreme Decree No. 011-2017-MINAM, replacing the ECAs approved by Supreme Decree No. 002-2013-MINAM. The new ECAs are applicable to new environmental assessments that are required to carry out future mining activity in accordance with the mining regulations. With respect to the environmental assessments that were approved prior to the approval of the new ECAs, Supreme Decree No. 002-2013-MINAM will remain applicable and the new ECAs will only be enforced when the approved environmental assessments need to be modified or updated. In 2017 Supreme Decree No. 012-2017-MINAM replaced Supreme Decree No. 002-2014-MINAM, approving new supplementary provisions for application of the new ECAs. We and our subsidiaries have taken into consideration all new environmental regulations when executing our mining activities.

In addition, in December 2017, a new regulation for Solid Waste Management was approved by Supreme Decree No. 014-2017-MINAM which brought into force the new Law for Integral Management of Solid Waste, approved by Legislative Decree No. 1278 in December 2016. This resulted in new regulations for all extractive productions and services in Peru. New regulations provide that the final disposal of solid waste generated by a mining project must be performed in an authorized infrastructure (sanitary landfills for non-hazardous solid waste, safe landfills for hazardous solid waste and special infrastructure in case of mining waste) and prioritize prevention and diminishment of solid waste, and once generated, the recovery of material and energy from solid waste through different methods, including recycling, reuse and co-generation.

Chemical feedstock

The commercialization, transportation and use of controlled chemical feedstock (*Insumos Químicos y Bienes Fiscalizados* or “IQBF”) is restricted, because of their potential, direct or indirect, use for the production of illegal drugs and their use in illegal mining activities. Companies that conduct activities that involve IQBF must register before the SUNAT any IQBF activities that they play to carry out (*Registro para el Control de los Bienes Fiscalizados*). Companies such as ours are also required to track all activities performed in connection with IQBF daily (*Registro de Operaciones*) and submit monthly consolidated information to SUNAT.

Fuel storage

Any company that purchases fuels for its own activities and has facilities to receive and store fuel with a minimum capacity of 1 meter cubed (264.170 gallons) is required to (i) obtain from the Mining and Energy Investment Supervision Body (*Organismo Supervisor de la Inversión en Energía y Minería* - OSINERGMIN) prior permission to build and operate said installations, and (ii) be registered with the Registry of Direct Fuel Consumers, in order to obtain the SCOP Code (*Código del Sistema de Control de Órdenes de Pedido*) necessary to purchase fuel.

Cultural heritage protection

If the design and development of mining projects involve the removal of topsoil, companies need to obtain from the Ministry of Culture a Certificate of Non-Existence of Archeological Ruins (*Certificado de*

Inexistencia de Restos Arqueológicos or “CIRA”) and the authorization to perform an Archeological Monitoring Plan (*Plan de Monitoreo Arqueológico* or “PMAR”) with respect to the area that is going to be used in the construction process or in developing the relevant mining project. The CIRA will certify that on the surface of the evaluated area no archaeological sites or features were discovered. The PMAR involves an archaeological monitoring by, at least, one archaeological professional while works are performed seeking to prevent, avoid, control, reduce and mitigate possible negative impacts on archaeological evidence found in the soil and subsoil. A PMAR is required prior to initiate works involving soil removal.

If any archaeological artifacts be accidentally discovered during the construction works or due to any natural cause, the mining company must stop the construction work immediately and notify the Ministry of Culture. Failure to stop the construction work will generate applicable civil and criminal liabilities.

Mining Royalties

Since October 1, 2011, holders of mining concessions have been required to pay a mining royalty (*regalía minera*) to the Peruvian government for the exploitation of metallic and non-metallic resources in accordance with Law No. 28258, as amended by Law No. 29788. The amount of the royalty is now payable on a quarterly basis and is equal to the greater of (i) an amount determined in accordance with a statutory scale of tax rates based on a company operating profit margin and applied to the company’s operating profit, and (ii) 1% of a company’s net sales, in each case during the applicable quarter. The mining royalty rate applied to the company’s profit is based on its operating profit margin according to the following statutory scale of rates:

Operating profit margin			
Scale No.	Lower limit	Higher limit	Rate
1	0%	10%	1.00%
2	10%	15%	1.75%
3	15%	20%	2.50%
4	20%	25%	3.25%
5	25%	30%	4.00%
6	30%	35%	4.75%
7	35%	40%	5.50%
8	40%	45%	6.25%
9	45%	50%	7.00%
10	50%	55%	7.75%
11	55%	60%	8.50%
12	60%	65%	9.25%
13	65%	70%	10.00%
14	70%	75%	10.75%
15	75%	80%	11.50%
16	More than 80%		12.00%

Mining royalty payments will be deductible as expense for income tax purposes in the fiscal year in which such payments are made.

Special Mining Tax

Effective October 1, 2011, Law No. 29789, published on September 28, 2011, requires that holders of mining concessions pay a special mining tax (*Impuesto Especial a la Minería*) to the Peruvian government for the sale of metallic resources, regardless of the state in which they are sold. The Special Mining Tax is payable on a quarterly basis and is calculated on the basis of the operating profit derived exclusively from the sale of metallic resources. The applicable Special Mining Tax rate (which is between 2% and 8.40%) is determined by the quarterly operating profit margin of the company and such rate is applied to the operating profit derived from the sale of metallic resources, according to the following table:

Operating profit margin			
Scale No.	Lower limit	Higher limit	Rate
1	0%	10%	2.00%
2	10%	15%	2.40%
3	15%	20%	2.80%
4	20%	25%	3.20%
5	25%	30%	3.60%

Operating profit margin			
Scale No.	Lower limit	Higher limit	Rate
6	30%	35%	4.00%
7	35%	40%	4.40%
8	40%	45%	4.80%
9	45%	50%	5.20%
10	50%	55%	5.60%
11	55%	60%	6.00%
12	60%	65%	6.40%
13	65%	70%	6.80%
14	70%	75%	7.20%
15	75%	80%	7.60%
16	80%	85%	8.00%
17	More than 85%		8.40%

Special Mining Tax payments will be deductible as expense for income tax purposes in the fiscal year in which such payments are made.

Complementary Retirement Fund for Mining, Metallurgic and Steel Activities

Law No. 29741, passed on July 14, 2011, created the Complementary Retirement Fund for Mining, Metallurgic and Steel Activities (*Fondo Complementario de Jubilación Minera, Metalúrgica y Siderúrgica*), which is a social security retirement fund for mining, metals and steel workers and will be partly funded by mining, metallurgic and steel companies, including us, with a payment equal to 0.5% of their annual net income before taxes and 0.5% funded by the employee's monthly income.

Safety

As a mining company, we are subject to both the General Occupational Safety and Health Law (*Ley de Seguridad y Salud en el Trabajo*) approved by Law No. 29783, as amended by Law No. 30222, and the relevant regulations on safety and health applicable to mining activities approved by Supreme Decree No. 055-2010-EM, subsequently repealed and replaced by Supreme Decree No. 024-2016-EM and its amendments Supreme Decree No. 023-2017-EM and Supreme Decree No. 034-2023-EM.

The main principle of this law is that the employer assumes the economic, legal and any other type of liability arising from accidents or diseases suffered by the employee while working and guarantees the employee's health and safety in connection with the employee's work. This legislation entitles labor inspectors to inspect commercial facilities and, under certain circumstances, suspend operations. According to such laws and regulations, our main obligations in connection with occupational safety and health rules are: (i) to establish a safety and health committee which shall comprise the same number of employees and employer representatives and shall approve (A) an internal occupational safety and health code, (B) an occupational safety and health annual program, and (C) an occupational safety and health risk map, (ii) to implement and maintain a safety and health management system and its registries and related documentation updated, (iii) to deliver a copy of the internal occupational safety and health code to its employees, (iv) to supervise the employees' fulfillment of the internal occupational safety and health code, (v) to perform medical examinations prior, during and at the end of the employee's labor relationship with us, (vi) to provide employees the adequate protective equipment, (vii) to inform the labor authority regarding any deterioration in an employee's health, and (viii) to ensure the same safety and health standards apply to all members of our labor force regardless if the employee is directly employed or through an outsourcing company.

Emergency Decree No. 044-2019 established measures to strengthen the protection of the health and lives of workers in Peru. This law amended included a new provision in the criminal code, which now establishes that a person who intentionally breaches safety and health provisions and is deemed to seriously jeopardize the life, health or physical integrity of such person's employees may be held criminally liable for such behavior and subject to mandatory sentencing of no less than one nor more than four years. If an employee or third-party dies or is severely injured as a result of deliberate non-compliance with occupational health and safety laws, such criminal offense would be punishable with mandatory sentencing of no less than four nor more than eight years. These punishments would be applied to the legal representative of the employer.

The safety and health of our employees is our highest priority. Although we believe that we follow all safety and health regulations in all material respects, we have implemented adequate safety measures and work continuously to improve our occupational health and safety training and performance. We regularly monitor

occupational health and safety performance and compliance through safety training programs, review and analysis of audit reports, accident reports and other routine safety measures at our operating mines.

Under Peruvian legislation, reportable injuries include accidental injuries resulting in lost-time, fatal accidents, accidents that require medical treatment or restricted work, and hazardous incidents. Injuries involving first-aid only are not reportable as they are considered minor accidents. During 2023 we experienced 48 reportable injuries, including no fatal injuries, compared to 82 reportable injuries, including no fatal injuries in 2022. This year, we have experienced a total of 21 reportable injuries, including 1 regrettable fatal injury for the first time in the last 3 years.

Labor Regulations

Peruvian legislation allows the hiring of employees through: (i) a fixed-term contract, (ii) an indefinite-term contract; or (iii) a part-time employment contract. The minimum wage established in Peru as of the date of this Exchange Offer Memorandum is S/1,025.00 per month.

Peruvian labor legislation establishes a maximum working day of 8 hours a day or 48 hours a week for employees over 18 years of age. Likewise, the application of cumulative or atypical days is allowed, as long as the average time worked is within the indicated maximum. Atypical or cumulative days comprise a cycle in which work days are accumulated in a continuous work block and rest days are accumulated in another continuous block.

In the case of overtime work, employers must pay at least an additional 25% and an additional 35% over the regular hourly wage for the first two hours and for any additional hours, respectively. What is indicated applies to both ordinary days and atypical or cumulative days.

Outsourcing

According to Law No. 29245 and Legislative Decree No. 1038 and the regulations enacted thereunder, outsourcing is a form of business organization under which a company (main company) delegates part of its main activities to one or more outsourcing companies. A “main activity” is an activity that, if not performed, would immediately affect and/or interrupt the operations of a company.

Under Peruvian law, companies may outsource their main activities *provided* that the following conditions are met: (i) the outsourcing company must provide services at its own cost and risk, (ii) the outsourcing company must have its own financial, technical or material resources, (iii) the outsourcing company must be responsible for the results of its activities, and (iv) the employees of the outsourcing company must be under its exclusive subordination. Failure to comply with any of the foregoing conditions renders the recognition of the employees as directly employed by the main company, and the latter liable for all employment benefits as if the employees had been directly employed by the main company.

The following elements characterize outsourcing activities: (i) the outsourcing company has more than one client, (ii) the outsourcing company has its own equipment and capital investment, and (iii) the compensation paid to the outsourcing company is calculated based on the services rendered by the company (not based on the salaries of the personnel assigned to the service).

Pursuant to regulations governing outsourcing relationships, the main company is jointly responsible for the payment of the main company employee’s remunerations, labor benefits and social security contributions accrued during the term of the outsourcing relationship. Rights and benefits as a consequence of collective bargaining, labor agreements or those unilaterally set forth by the employer are excluded. The main company’s joint responsibility applies for up to one year after the conclusion of the term of the outsourcing relationship.

Electricity Regulatory Framework

We hold a number of electricity concessions granted by MINEM or regional governments in order to conduct our power generation and transmission activities. As a result, we are subject to the following regulatory framework.

The Electricity Concessions Law (*Ley de Concesiones Eléctricas*) approved by Law Decree No. 25844, published in the Official Gazette, El Peruano, on November 19, 1992 is the primary law governing electricity activities in Peru. On July 23, 2006, the Peruvian government enacted the Law to Secure the Efficient Development of Power Generation (*Ley para Asegurar el Desarrollo Eficiente de la Generación Eléctrica*), approved by Law No. 28832, which approved important modifications to the regulation. These laws are supplemented by a number of regulations regarding quality conditions for energy provision, tariff calculation,

environmental, water use, wastewater disposal, cultural heritage protection and other applicable permits required to develop electricity activities.

According to the foregoing law, the following electricity activities shall be carried out exclusively through (i) a definitive concession, in the case of hydroelectric plants and other type of plants that use renewable energy resources with installed power capacity higher than 500 kW, power transmission activities that affect state-owned property or require the imposition of easements, and power distribution with a demand of over 500 kW, or (ii) authorizations in the case of thermoelectric power generation with an installed capacity that exceeds 500 kW. Both concessions and authorizations are granted by MINEM or by regional governments (in case of plants with installed power capacity lower than 10 MW).

Also, in accordance with the Non-Regulated Users Rules (*Reglamento de Usuarios Libre*), approved by Supreme Decree No. 22-2009-EM, users are qualified according to their degree of power consumption. Electricity users that have power demands larger than 2.5 MW in each supply point per year are considered non-regulated users and therefore have the right to choose their energy supplier. Electricity users whose maximum annual demand from each supply point is greater than 0.2MW kW up to 2.5 MW have the right to choose their status as regulated or non-regulated users.

The Supervisory Agency of Investment in Energy and Mining (*Organismo Supervisor de la Inversión en Energía y Minería* - OSINERGMIN) is an independent entity that has the power and responsibility to, among other things: (i) supervise participants' compliance with their concession agreements, legal obligations and regulations, as well as with the technical rules relating to the generation, transmission, distribution and commercialization of power; (ii) administer fines and penalties in case of violations of laws and regulations; (iii) handle claims by, between or against consumers and/or the energy sector participants and (iv) promote competition, transparency and equity in the energy market.

The Peruvian government, through OSINERGMIN, regulates and supervises the tariff (Bus Bar Tariff) to be charged by the electricity distributors that render an electricity public service (regulated users). Distributors are required to contract their energy supply with generators and two different regimes may apply: (i) bilateral agreements with generators, and (ii) contracts resulting from public tenders, called by distributors, in which the contract price will be the one offered by each bidder, with the maximum price being the one set by OSINERGMIN for each tender process. However, in the case of energy supply required by distributors for their energy demand from non-regulated users, the electricity supply conditions shall be freely agreed with the generators.

Generation companies may sell electricity to non-regulated users. In these cases, electricity prices (energy and power) are freely negotiable, but the tariffs and compensations for the use of the transmission networks and distribution networks, if applicable, are subject to the regulations issued by OSINERGMIN.

According to the Electricity Concessions Law, the government is entitled to terminate a definitive concession agreement in the case of certain events, including the following:

- If the concessioner fails to communicate to the MINEM the registration of its concession agreement in public records within 20 business days from the date of registration.
- If the concessioner breaches its works schedule, unless it was a consequence of a force majeure event or a new guaranteed works schedule is approved.
- If the concessioner stops operating its facilities without cause for over 876 hours during a calendar year.
- If, the relevant generation or transmission concessionaire, after the imposition of fines, continues to operate its facilities without following the orders of the Economic Committee of the System.

Holders of electricity concessions and authorizations must comply with several obligations, including the payment of a monthly contribution to OSINERGMIN, MINEM's General Department of Electricity (*Dirección General de Electricidad*) and OEFA, based on a percentage of their monthly billing net of value-added tax (18%). Such contribution shall be equal to the following percentages:

- MINEM: 0.35%
- OSINERGMIN: 0.46% (2023); 0.43% (2024); 0.41% (2025)%
- OEFA: 0.1% (2023-2025)

This contribution cannot exceed in aggregate to 1% of their annual billing net of value-added tax.

All environmental aspects of electricity activities are regulated by the General Directorate of Environmental Energy Affairs of the MINEM (*Dirección de Asuntos Ambientales Energéticos* or “DGAAE”) and SENACE. In addition, the OEFA is responsible for supervising the environmental aspects related to the electricity activities. Failure to comply with environmental obligations may result in the application of fines of up to 30,000 Tax Units (approximately US\$41,757,000.00) and other ancillary measures.

Environmental regulations and requirements are set forth in the Regulations for Environmental Protection in Electricity Activities approved by Supreme Decree No. 014-2019-EM. Furthermore, in order to obtain a definitive electricity concession the submission of an approved environmental management instrument by DGAAE, regional governments or SENACE is mandatory. SENACE is the entity in charge of reviewing and approving EIAs for investment projects of national and multiregional scope involving activities, construction and other commercial activities and services that are likely to cause significant environmental impacts. Other management environmental instruments (DIA and EIA) are approved by DGAAE and certain regional governments.

MANAGEMENT

Under our bylaws, the board of directors is in charge of our administration and of all matters that are not expressly reserved to the shareholders' meeting. The board of directors consists of seven members, all of them elected by the shareholders' meeting. The board of directors is elected for three-year periods, and directors may be reelected.

The required quorum for any board of directors meeting is the whole number of directors immediately exceeding half of its members. The resolutions shall be adopted by a majority of the directors in attendance. In case of a tie, the chairman has a casting vote. The board of directors has to meet at least monthly, and at any moment when requested by the chairman or by any director.

The following table sets forth certain information about the members of our board of directors.

Name	Position	Age	Year Appointed
Ricardo Nicolás Mallo Huergo	Chairman of the board	54	2024
Juan Verde Suarez	Vice chairman of the board	52	2024
Pilar Marcó	Director	40	2024
Alejandro Rufino Marcelo	Director	61	2024
José Ignacio de Romaña Letts	Director	54	1993
Luis Fernando Herrera	Director	44	2023
José Enrique Juan Picasso Salinas	Director	70	1996

Ricardo Nicolás Mallo Huergo: Director and Chairman of the Board of Directors since May 2024. He is currently member of the Board of Directors of Phoenix Global Resources Plc (Ticker: AIM: PGR) and has also served as member of the Boards of Directors of Ketsal S.A., Kilwer S.A., Integra Oil & Gas S.A.S., Grecoil S.A. and other local and foreign companies. Mr. Huergo is a lawyer, with a bachelors degree from Universidad Católica Argentina and an LL.M. degree (master of laws) with honors from Northwestern University School of Law, Chicago, United States.

Juan Verde Suarez: Vice Chairman of the Board since May 2024. Mr. Suarez is a member of President Biden's Presidential Advisory Council (President's Export Council), an advisory body to the White House on matters related to foreign trade and US competitiveness in international markets. In the private sector, Mr. Suarez has been a consultant to various prestigious companies and institutions, such as Google, Cisco, SAS, American Express, Banco Santander Investments US, Inter-American Development Bank, Harvard University and the World Bank. He is a member of the Board of Directors of Hispasat, the leading satellite communications operator in Spain, Portugal and Latin America, and a member of the Airbus Advisory Board. In the public sector, Mr. Suarez has worked with the governments of the United States, Lithuania and Gibraltar, as well as with numerous presidents, governors and mayors of Latin America. He holds a masters degree in public administration from Harvard University and a bachelor of arts degree cum laude in political science and international relations from Boston University. He has also completed additional studies at Georgetown University and Tufts University. In addition, Mr. Suarez has served on the boards of directors of companies and universities such as Harvard University, Abengoa and the International Board of Lithuania.

Pilar Marcó: Director since May 2024. Ms. Marcó has worked at Beretta Godoy, Bruchou, Fernandez Madero & Lombardi and Ministerio de Relaciones Exteriores de la Nación, all of them in Buenos Aires and has been an intern in Shearman & Sterling LLP, in Paris. Pilar is a lawyer from Universidad de Buenos Aires and obtained an LL.M. (master of laws) in 2012 from University of Virginia School of Law, United States.

Alejandro Rufino Marcelo: Director since May 2024. Mr. Rufino served as a first instance secretary in the commercial court, partner at Llerena & Asociados Abogados, and is currently a partner at Estudio Jurídico Romero Carranza, Rufino & Monsegur. He was a member of the commission for the reform of the Civil and Commercial Code of the Nation created in 2019 and is an arbitrator of the Electronic Open Market. He is also a professor of Commercial Law at the University of Buenos Aires and the University of Palermo. He specializes in corporate debt restructuring, acquisitions, and structuring of investment vehicles, representing companies, high-net-worth families and entrepreneurs in local and international transactions. He is a partner at Estudio Jurídico Romero Carranza, Rufino & Monsegur Abogados. Mr. Rufino is a lawyer from the University of Buenos Aires

and has taken postgraduate studies such as the Program of Instruction for Lawyers and Negotiation Workshop at Harvard Law School.

José Ignacio De Romaña Letts: Director since 1993 and vice chairman of the Board of Directors from September 2014 to September 2023. He is also a member of Volcan's Executive Committee. Mr. De Romaña worked in the sales division of Compañía de Minas Buenaventura from 1992 to 1999 and was the head of Volcan's sales division from 2000 to 2010. He also served as member of the boards of Castrovirreyna Compañía Minera S.A. and Corporación Minera Castrovirreyna from 2002 to 2012. Mr. De Romaña holds a business administration degree from Universidad del Pacífico.

Luis Fernando Herrera: Director since October 2023 and Chief Executive Officer since November 2023. Mr. Herrera was Zinc South America Asset Manager at Glencore having joined the group in June 2010. He has held the position of vice president of business development at the mining company Sinchi Wayra (a former subsidiary of the Glencore Group) in the city of La Paz, Bolivia for the period from 2015 to 2020 and has previously been part of the trading team at the Glencore offices in Baar, Switzerland. He is a director of Perubar S.A. since March 2020. Mr. Herrera is a Business Administrator from the Universidad de San Andrés in Argentina and holds an MBA degree from Dartmouth University (Tuck) in the United States of America.

José Enrique Juan Picasso Salinas: Director since March 1996, and member of the Executive Committee from March 1996 to November 2023. Previously, Mr. Picasso has been the Vice Chairman of the Board of Directors, and from April 2010 to September 2023, the Chairman of the Board of Directors and the Executive Committee. Mr. Picasso is also Chairman of the Board of Reactivos Nacionales S.A., Vice Chairman of the Board of Directors of Compañía Minera Poderosa S.A. and Cosco Shipping Ports Chancay Perú S.A., a Director of Bodegas Vista Alegre S.A., Compañía Minera Chungar, the Sociedad Nacional de Minería, Petróleo y Energía – SNMPE and Cemento Polpaico S.A. (Chile), and a member of the Chilean-Peruvian Business Council (CEChP). Previously, he was Vice Chairman of the Board of Embotelladora Latinoamericana S.A.A. (Coca-Cola) and Director of Compañía Minera Atacocha S.A., EXSA, S.A., Castrovirreyna Compañía Minera S.A., Compañía Molinera del Perú S.A., Compañía de Seguros La Fénix Peruana S.A., Bolsa de Valores de Lima and Acción Comunitaria-ACP.

Executive Officers

The following table sets forth certain information about our executive officers.

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Year Appointed</u>
Luis Fernando Herrera	Chief Executive Officer	44	2023
Aldo de la Cruz Peceros	Vice President of Operations	53	2018
Jorge Leoncio Murillo Núñez	Chief Financial Officer	52	2013

Luis Fernando Herrera: Director since October 2023 and Chief Executive Officer since November 2023. Mr. Herrera was Zinc South America Asset Manager at Glencore having joined the group in June 2010. He has held the position of vice president of business development at the mining company Sinchi Wayra (a former subsidiary of the Glencore Group) in the city of La Paz, Bolivia for the period from 2015 to 2020 and has previously been part of the trading team at the Glencore offices in Baar, Switzerland. He is director of Perubar S.A. since March 2020. Mr. Herrera is a Business Administrator from the Universidad de San Andrés in Argentina and an MBA from Dartmouth University (Tuck) in the United States of America.

Aldo de la Cruz Peceros: Vice President of Operations since January 2018. Previously, Mr. Peceros worked as vice president of operations of Mina Sinchy Wayra Glencore Zinc between October 2015 and December 2017. He was also Senior Technical Advisor at Glencore Zinc South America between August 2012 and October 2015. Moreover, he was chief operating officer of Mopani Copper Mines Plc Zambia de Glencore Copper between April 2010 and June 2012 and Senior Technical Advisor at Glencore Copper between November 2009 and March 2010. Between 2003 and 2009 he worked in several positions at Glencore, as chief executive officer at Kamoto Underground Mine Congo DRC and Mufulira Mine Zambia and Project Manager at Nkana Mine, Mopani Copper Mines Plc Zambia. From 1999 until 2003 he worked as Mining Manager at Mina Yauliyacu in Peru. Mr. de la Cruz holds a degree in mining engineering from the Universidad de Ingeniería and a master's degree in mining management from GERENS. He also holds a bachelor's degree from the Universidad del Pacífico.

Jorge Leoncio Murillo Núñez: Chief Financial Officer since December 2013. Previously, Mr. Núñez worked as Financial Planning Manager from January 2011 until December 2013. Moreover, he has also worked as a consultant at KPMG Consulting, finance comptroller of Peru and Colombia at Bearing Point, as Assistant Corporate Manager at Grupo Gloria and as Budget Manager at Hochschild Mining Plc. Mr. Murillo holds a degree in industrial engineering and one in finance from the Pontificia Universidad Católica de Perú, as well as an MBA from ESAN.

Compensation

Compensation of our directors is set according to our bylaws. However, for the three-month period ended March 31, 2024, there was no aggregate accrued compensation to our board members and key management.

PRINCIPAL SHAREHOLDERS AND DESCRIPTION OF SHARE CAPITAL

Our capital stock as of March 31, 2024 was represented by two classes of shares: (i) 1,633,414,553 Class A voting shares, representing 40.068% of our capital stock, and (ii) 2,443,157,622 Class B non-voting shares, representing 59.931% of our capital stock. See “—Our Share Capital.” Both classes of shares are listed on the Lima Stock Exchange and Santiago Stock Exchange, and Class B shares are also listed on Spain’s Latibex Stock Exchange.

On May 8, 2024, Glencore International, a subsidiary of Glencore, sold its controlling stake in our capital stock to Transition Metals, a subsidiary of Integra Capital, a financial and investment firm that has invested in a diversified portfolio in Argentina and overseas.

The following table sets forth certain information as of May 15, 2024, with respect to the ownership of our share capital by each shareholder and group of affiliated shareholders known to us who own more than 5% of our capital stock:

Shareholders	As of May 15, 2024			
	Class A Shares	Class B Shares	Total Shares	% of Total Share Capital
Transition Metals ⁽¹⁾	898,832,275	0	898,832,275	22.06%
Funds managed by Profuturo AFP ⁽²⁾	1	432,291,753	432,291,754	10.60%
Funds managed by Prima AFP ⁽³⁾	588	299,710,701	299,711,289	7.35%
Funds managed by AFP Integra ⁽⁴⁾	1,000	355,986,448	355,987,448	8.73%
Funds managed by AFP Habitat ⁽⁵⁾	261,533,649	0	261,533,649	6.42%
Shares held by subsidiaries ⁽⁶⁾	206,743,063	12,234,901	218,977,964	5.37%

(1) Transition Metals owns 55.03% of our Class A shares representing 22.06% of our capital stock. See “Risk Factors—Risks Relating to Our Business—Transition Metals exercises control over our affairs and policies and its interests may be different from yours.”

(2) Consists of Class A and B shares held by Profuturo AFP’s Funds 1, 2 and 3. Profuturo AFP is a Peruvian private pension fund.

(3) Consists Class A and B shares held by Prima’s Funds 1, 2 and 3. Prima is a Peruvian private pension fund.

(4) Consists of Class A and B shares held by AFP Integra’s Funds 1, 2 and 3. AFP Integra is a Peruvian private pension fund.

(5) Consists of Class A and B shares held by AFP Habitat’s Funds 1, 2 and 3. AFP Habitat is a Peruvian private pension fund.

(6) These shares are owned by three of our subsidiaries: Empresa Minera Paragsha owns 182,994,435 Class A shares and 12,234,901 Class B shares, Compañía Minera Chungar owns 23,442,345 Class A shares and Compañía Industrial Huacho owns 306,283 Class A shares. Such shares are not deemed outstanding.

Our Share Capital

Our shares are divided in two classes: Class A shares and Class B shares. Class A shares are entitled to vote, while Class B shares have no voting rights (except in exceptional cases) but are entitled to preferential rights in connection with dividend distributions.

Holders of Class A shares are entitled to one vote per share, with the exception of the election of the board of directors, where each holder is entitled to one vote per share per nominee. Each holder’s votes may be cast for a single nominee or distributed among the nominees at the holder’s discretion.

Holders of Class B shares have a preferential right in connection with the distribution of dividends. Accordingly, Class B holders are entitled to receive an additional 5% over the applicable dividend paid to Class A holders. In addition, Class B holders are not entitled to attend shareholders meetings or to exercise voting rights therein, except in the following cases:

- when a shareholders meeting discusses any of the following matters: (i) capital reduction, (ii) merger, spin-off, transformation, dissolution or liquidation, (iii) changes on our domicile to any country other than Peru, (iv) bylaws’ amendments related to our principal corporate purpose or the duration of our existence;
- when we fail to comply with the preferential cash dividend applicable to holders of Class B shares and only while such non-compliance continues, or when we intend to modify or exclude any right to which the Class B holders are entitled to; and

- when a suspension or exclusion of our shares from the Lima Stock Exchange occurs and is attributable to us and only while such situation continues.

In any of the foregoing cases, holders of Class B shares are entitled to attend the relevant shareholders meeting and to exercise one vote per share. In these cases, all Class B shares are counted for quorum purposes.

Shareholders' meetings consist of annual mandatory meetings or general meetings. The annual mandatory meeting has to take place within the first 90 days of each year, and has to treat the following matters: (i) approval or disapproval of the management, accounts and balance sheet of the foregoing year; (ii) decide on the allocation of profits; (iii) appoint the members of the board and determine their compensation; (iv) appoint, or delegate on the board of directors the appointment of, the external auditors; and (v) resolve on other aspects to which it is entitled to by virtue of the bylaws and/or applicable laws.

The general meetings have to treat following matters: (i) issuance of bonds or other debt instruments; (ii) amendments and interpretation of the bylaws; (iii) capital increases or reductions; (iv) transfer of all or of a substantial part of our assets; (v) merger, spin-off, transformation, reorganization, dissolution and liquidation; (vi) removal of the members of the board of directors and appointment of new members; (vii) order special investigations and audits; and (viii) cases for which the bylaws or the law provide for its intervention or the corporate interest requires. In order to adopt the agreements mentioned in (i) through (v), the required quorum and majorities are higher than those needed for the adoption of other resolutions.

Primary Shareholder

Integra Capital, through Transition Metals, owns 55.03% of our Class A voting shares, which represent 22.06% of our total capital stock. Integra Capital is a financial and investment firm that has invested in a diversified portfolio in Argentina and overseas. Its investments portfolio includes Education, Energy, Media and Telecommunications, Mining, Technology, Food, Beverages and Wines. In mining, its investment focus is on the exploration of lithium deposits and also uranium and copper.

RELATED PARTY TRANSACTIONS

In the ordinary course of business, we engage in a variety of transactions with subsidiaries, affiliates and related parties, including loan agreements and agreements relating to the sale of our products, sale of goods, management services, ore processing services, mineral and concentrate storage services and provision of labor.

Peruvian law sets forth certain restrictions and limitations on transactions with certain related parties. For instance, from a tax standpoint, the value of those transactions must be equal to the fair market value assessed under transfer pricing rules, i.e. the value agreed to by non-related parties under the same or similar circumstances.

Similarly, as a listed company, we are subject to Article 51(c) of the Peruvian Securities Market Law and its regulations approved by SMV Resolution N° 029-2018-SMV/01, which came into force on January 1, 2019 (the “Related Party Transactions Regulations”). According to such regulations, unless any of the exceptions included therein are applicable, companies with at least one class of securities registered in the Public Registry of the Securities Market (*Registro Público del Mercado de Valores*), such as us, are required to comply with the following rules, among others:

- The execution of agreements that involve at least 5% of the assets of a company with persons or entities related (as such term is defined in the applicable SMV regulations) to directors, managers or shareholders that own, directly or indirectly, 10% of the share capital, requires the prior authorization of the board of directors (with no participation of the director involved in the transaction, if any); and
- The execution of agreements with a party controlled (as such term is defined in the applicable SMV regulations) by a company’s controlling shareholder requires the prior authorization of the board of directors and an evaluation of the terms of the transaction by an external independent company (audit companies or other to be determined by the SMV) who must fulfill the requirements stated in the Related Party Transactions Regulations, and whose technical report must comply with the minimum content set forth therein.

Such regulations also provide that if it is not possible for a company’s board of directors to decide on the execution of the agreement, it must be approved by such company’s general shareholders’ meeting.

See Note 18 (related entities section) to our audited consolidated financial statements for details on our related party transactions.

Glencore

According to its public information, as of March 31, 2024, Glencore (through its subsidiary Glencore International and other entities of its economic group owned 55.03% of our Class A shares and 0.02% of our Class B shares. Therefore, Glencore would then indirectly own approximately 22.06% of our capital stock. On May 8, 2024, Glencore International, along with Blomara Financing Corp., Earthwind International S.A. and Sandown Resources S.A., which are entities belonging to Glencore’s economic group, sold their stake in the Company and their stake in Inversiones Portuarias Chancay to Transition Metals.

Up to the time of the sale of its shares, Glencore had the ability to determine the outcome of substantially all matters submitted for a vote to our shareholders and thus exercised control over our business policies and affairs. Glencore purchases our products through private auctions which apply tender processes and we currently have agreements for the sale of our products with two Glencore affiliates (Glencore Peru S.A.C. and Glencore Lima Trading S.A.C.). Our sales to Glencore are made in conformity with applicable legislation, SMV rules, on substantially prevailing market terms and on an arm’s-length basis in order to avoid favoring our controlling shareholder. These sale agreements represented approximately 27% of our total sales, in the three-month period ended March 31, 2024.

DESCRIPTION OF CERTAIN MATERIAL AGREEMENTS

The following is a summary of certain terms of the indebtedness and other obligations that, in addition to the New Notes, will be secured by the Collateral on a pari passu basis with effect from the first Settlement Date. The following summaries do not purport to describe all of the applicable terms and conditions of such indebtedness and other obligations. You can find the definition of capitalized terms used in this section under “Description of New Notes— Certain Definitions.”

Additional information on our indebtedness and other obligations is included elsewhere in this Exchange Offer Memorandum

Transaction Support Agreement

We have entered into the Transaction Support Agreement dated August 5, 2024, between the Company, the Subsidiary Guarantors and the Supporting Noteholders. Subject to the terms and conditions set forth in the Transaction Support Agreement, the Supporting Noteholders have agreed to tender their Existing Notes in the Exchange Offer and deliver Consents to the Proposed Amendments prior to the Early Participation Deadline. The Supporting Noteholders have represented that they hold 36.3% of the aggregate principal amount of the Existing Notes as of the date of this Exchange Offer Memorandum. Under the Transaction Support Agreement, the Company has agreed to pay the Ad Hoc Group Expenses.

Credit Agreement

Prior to the Refinancing

On December 29, 2021, Volcan, as borrower, Compañía Minera Chungar, Óxidos de Pasco and Empresa Administradora Cerro, as guarantors, Citibank N.A., Banco Santander, S.A., The Bank of Nova Scotia, Banco Internacional del Peru S.A.A., Banco Interamericano de Finanzas, Banco de Crédito e Inversiones, S.A., Banco Latinoamericano de Comercio Exterior, S.A., Bancaribe Curacao Bank N.V, Banco de Crédito del Perú, and Banco de Occidente Panamá, S.A., as syndicated lenders (the “Lenders”), Citibank, N.A., as administrative agent, and Banco Santander, S.A., and Citigroup Global Markets Inc., as joint lead arrangers and Joint Bookrunners, entered into an unsecured credit agreement for the total amount of US\$400 million (as amended by the first amendment dated April 23, 2024, the second amendment dated May 14, 2024 and the third amendment dated June 24, 2024).

On July 24, 2024, the Original Credit Agreement has been amended and restated as a result of a refinancing negotiation with the Lenders, as described below. As of the date of the refinancing of the Original Credit Agreement, US\$365.7 million in principal amount was outstanding under such loan.

Amendments to the Credit Agreement

Along with this Exchange Offer, the Company has negotiated with the Lenders the refinancing of the Original Credit Agreement, and has amended and restated the terms of the Original Credit Agreement on July 24, 2024 (as amended, herein referred to as the Credit Agreement), in order to maximize free cash flow to invest in its growth projects. The amendments to the Original Credit Agreement include, among others (i) the extension of the final maturity date from 2026 to July 24, 2029, (ii) amortization in installments due quarterly, with an aggregate amount of principal totaling US\$10,000,000 due in 2025, US\$20,000,000 due in 2026, US\$25,000,000 due in 2027, US\$35,000,000 due in 2028 and US\$25,000,000 due in 2029, with the remaining balance due on the final maturity date; (iii) the addition of Empresa Minera Paragsha, Roquel Global and Compañía Hidroeléctrica Tingo as subsidiary guarantors; and (iv) the creation of security interests over the same Collateral that is also intended to secure the New Notes and other Additional First Lien Debt, on a *pari passu* basis, subject to the terms thereof.

The Credit Agreement requires, in order for the issuance of New Notes to be permitted thereunder, that the Minimum Exchange Condition is met under this Exchange Offer and Solicitation, subject to the rights of certain lenders to waive such provision.

The amount currently outstanding under the Credit Agreement is US\$369.4 million, considering the inclusion of a 1% structuring fee to the amounts outstanding under the Original Credit Agreement.

The Credit Agreement provides that, pursuant to this Exchange Offer, the Collateral that secures the obligations under the Credit Agreement shall also secure the New Notes, on a *pari passu* basis, pursuant to the terms of the Intercreditor Agreement. For the description of the collateral agreements entered into by the Company and/or the Subsidiary Guarantors and the applicable collateral agent for the Credit Agreement and details on the perfection of security interests, see “Description of New Notes—*Collateral*” and “Description of New Notes—*Intercreditor Agreement*.”

The Credit Agreement provides for certain mandatory prepayment events including the quarterly mandatory prepayment related to any Excess Cash Flow Amount of the Company or its Subsidiaries, as described below:

- (i) before the earlier of the Romina Full Funding Date and June 30, 2026, an amount equal to 50% of the Excess Cash Flow Amount shall be applied to prepay the aggregate principal amount outstanding under the Credit Agreement and an amount equal to 50% of the Excess Cash Flow Amount shall be deposited into the Romina Capex Reserve Account; and
- (ii) following the earlier of the Romina Full Funding Date and June 30, 2026, (x) in the event that the aggregate amount of Obligations outstanding under the Credit Agreement is greater than US\$160,000,000, 85% of the Excess Cash Flow Amount shall be applied to prepay the aggregate principal amount outstanding under the Credit Agreement and an amount equal to 15% of the Excess Cash Flow Amount shall be deposited into the Excess Cash Segregated Account and (y) commencing on the Loan Payment Milestone Date, 25% of the Excess Cash Flow Amount shall be applied, at the sole discretion of the Company, to prepay the Credit Agreement or the Credit Agreement and the New Notes on a pro rata basis and an amount equal to 75% of the Excess Cash Flow shall be deposited into the Excess Cash Segregated Account.

Furthermore, upon receipt of any Net Cash Proceeds by the Company or the Subsidiary Guarantors as a result of any Asset Sale, other than Non-Core Asset Sale, the Company shall prepay the Credit Agreement, within 10 days of the receipt of any Net Cash Proceeds, at par, equal to 100% of such Net Cash Proceeds, in the event that the aggregate amount of obligations outstanding under the Credit Agreement is more than US\$160,000,000. In the event that the aggregate amount of obligations outstanding under the Credit Agreement is equal to or less than US\$160,000,000, at the discretion of the Company, it may either prepay only the amounts outstanding under the Credit Agreement or may apply such Net Cash Proceeds on a *pro rata* basis, to prepay the obligations outstanding under the Credit Agreement or under the New Notes. For further details see “Description of New Notes—*Excess Cash Flow Redemption*.”

The Credit Agreement also provides that the Company shall apply any Net Cash Proceeds received by the Company or the Subsidiary Guarantors in connection with the amount of any insurance proceeds or condemnation awards received by such parties in connection with any casualty event towards the prepayment of the obligations outstanding under the Credit Agreement, subject to the possibility of reinvestment of such amounts, under the terms provided therein.

The Credit Agreement contains financial covenants that require the Company to maintain a consolidated debt to EBITDA ratio under 3.75 until December 31, 2026, and under 3.5 thereafter, and to maintain its EBITDA to debt service ratio higher than 1.75 while the loan is outstanding.

Further, the Credit Agreement includes negative covenants that limit, subject to certain exceptions, the Company’s ability to (i) incur additional indebtedness other than indebtedness related to the New Notes, Working Capital Financing up to US\$70 million, Hedging Obligations Financing up to US\$100 million, Romina Project Financing up to US\$125 million, the refinancing of indebtedness outstanding as of July 24, 2024, and up to US\$15 million of Capitalized Lease Obligations, under the terms and conditions thereof; (ii) create any liens securing debt on any of its assets other than, among others, liens on the Collateral to secure the New Notes, Working Capital Financing and Hedging Obligations Financing and first priority liens on the Romina Project Property securing outstanding Romina Project Financing; (iii) make certain restricted payments including dividends or distributions; (iv) enter into related party transactions; (v) effect certain disposition of assets, subject to the distribution of the Net Cash Proceeds as described herein; (vi) make certain fundamental changes to its corporate structure; among others.

The Credit Agreement contains customary events of default that will permit acceleration of the obligations under such agreement, including payment failures and cross-default provisions to other indebtedness of the Company, including the Existing Notes (as of the date of this Exchange Offer Memorandum, and thereafter to the extent more than US\$30 million remains outstanding under the Existing Notes after the Exchange Offer) and the New Notes.

Collateral Agreements

The Company and the Subsidiary Guarantors entered into certain collateral agreements on July 24, 2024 (the Security Agreements, as defined in “*Description of New Notes*”) so as create first priority liens over certain assets to secure the obligations under the Credit Agreement, as part of the refinancing of the Original Credit Agreement. Such collateral shall also secure, on a *pari passu* basis, the New Notes after the Issue Date, and subject to the perfection obligations described in “*Description of New Notes*” and any future Additional First Lien Debt.

For a full description of the Collateral and the Security Agreements, and perfection obligations, see “*Description of New Notes—Collateral*.”

Intercreditor Agreement

On July 24, 2024, as part of the refinancing of the Credit Agreement, and considering the expectation that the Collateral that secures the Credit Agreement will also secure, on a *pari passu* basis, the New Notes, as well as any future Additional First Lien Debt, the Company, the Subsidiary Guarantors, the Credit Agreement Administrative Agent, the Peruvian Collateral Agent and the Chilean Collateral Agent, entered into an Intercreditor Agreement, which governs the administration and enforcement of the Collateral, to the extent it will be shared among creditors. For more details on the Intercreditor Agreement, see “*Description of New Notes—Intercreditor Agreement*.”

DESCRIPTION OF NEW NOTES

The 8.750% Senior Secured Notes due 2030 offered pursuant to this Exchange Offer Memorandum (as used in this section, the “Notes”) will be issued under an indenture (the “Indenture”) to be entered into by and among the Company, the Subsidiary Guarantors and Citibank, N.A., as trustee (the “Trustee”).

The following description is a summary of the material terms of the Notes Documents. It does not, however, purport to restate, and is qualified in its entirety by reference to, the provisions of the Indenture, the Notes, the Subsidiary Guarantees and the Collateral Documents, and, where reference is made to particular provisions of the Notes Documents, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees and the Collateral Documents, as applicable. You should read the Notes Documents because they contain additional information and because such documents and not this description defines your rights as a Holder. Copies of the proposed forms of the Notes Documents may be requested from the Company at the address indicated under “Business” in the Exchange Offer Memorandum. You can find the definition of capitalized terms used in this section under “—Certain Definitions.”

General

The Company may, subject to the limitations set forth under “—Covenants—Limitation on Incurrence of Additional Indebtedness,” issue an unlimited principal amount of securities under the Indenture.

The Notes will:

1. be senior obligations of the Company;
2. be secured by first-priority Liens on the Collateral, which Collateral also secures the Credit Agreement and shall secure any future Additional First Lien Debt on a *pari passu* basis, subject to the terms of the Collateral Documents and to any Permitted Collateral Liens or Rights over Collateral;
3. be unconditionally Guaranteed by each Subsidiary Guarantor with such Subsidiary Guarantee ranking equal in right of payment with all other existing and future Senior Indebtedness of such Subsidiary Guarantor, including indebtedness under the Guarantees of the Existing Notes to the extent they remain outstanding following the consummation of the Exchange Offer, as further described under “—Subsidiary Guarantees”;
4. rank *pari passu* in right of payment with any existing and future Senior Indebtedness of the Company (including the Credit Agreement, any Additional Notes and any Existing Notes that remain outstanding following the consummation of the Exchange Offer);
5. rank senior in right of payment to all existing and future Subordinated Indebtedness of the Company, if any;
6. be effectively senior to all other existing and future Senior Indebtedness of the Company that is unsecured, including any Existing Notes that remain outstanding following the consummation of the Exchange Offer, or that is secured by junior Liens on the Collateral or Liens that are not on the Collateral, in each case to the extent of the value of the Collateral;
7. be effectively subordinated to (i) the extent of the value of the assets securing (x) all existing and future secured Indebtedness of the Company to the extent such security interest does not also secure the Notes and (y) all existing and future secured Indebtedness of the Subsidiary Guarantors to the extent such security interest does not also secure the Subsidiary Guarantees (including Indebtedness under the Credit Agreement) and (ii) all additional existing and future Indebtedness of any Subsidiary that does not provide a Subsidiary Guarantee; and

8. be subordinated to obligations of the Company or the Subsidiary Guarantors preferred by statute or by operation of law.

As of March 31, 2024, after excluding intercompany balances and intercompany guarantees, the Company and the Subsidiary Guarantors had US\$784.4 million of outstanding consolidated indebtedness, of which none was secured indebtedness.

The Notes will be issued in the form of one or more global securities (the “Global Notes”) without coupons registered in the name of a nominee of DTC, as depository. The Notes will be issued in minimum denominations of US\$2,000 and integral multiples of US\$1,000 in excess thereof. See “Book-Entry, Delivery and Form.” No service charge will be made for any registration of transfer or exchange of Notes, but the Trustee may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

Principal, Maturity and Interest

The Notes will mature on January 24, 2030 (the “Maturity Date”), unless earlier redeemed in accordance with the terms of the Notes. See “Optional Redemption,” “Excess Cash Flow Redemption,” and “Change of Control Triggering Event.”

Interest on the Notes will accrue at the rate of 8.750% per year and will be payable semi-annually in arrears on January 24 and July 24 of each year, commencing on January 24, 2025 (each a “Scheduled Payment Date”). Interest on the Notes will accrue from and including the Issue Date and thereafter from the most recent date to which interest has been paid.

Payments will be made to the persons who are registered Holders at the close of business on January 14 and July 14, as the case may be, immediately preceding the applicable Scheduled Payment Date (whether or not a Business Day), except for payments made in connection with an Excess Cash Flow Redemption, which will be made to the persons who are registered Holders at the close of business on January 14, April 14, July 14 and October 14, as the case may be, immediately preceding the applicable Quarterly Prepayment Date (whether or not a Business Day), as set forth under “—Excess Cash Flow Redemption.”

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Initially, the Trustee will act as registrar, transfer agent and paying agent for the Notes. The Company may change the registrar, transfer agent and paying agent without notice to Holders. If a Holder of a non-Global Note in an aggregate principal amount of at least US\$1,000,000 has given wire transfer instructions to the Company and the Trustee, the Trustee, as paying agent, will remit all principal, premium, if any, and interest payments in respect of those Notes received from the Company in accordance with those instructions. All other payments on the non-Global Notes will be made at the office or agency of the paying agent in New York City unless the Company elects to make interest payments by check mailed to the registered Holders at their registered addresses. Payments on Global Notes shall be made to DTC in accordance with its applicable procedures.

As long as the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, the Company will also maintain a listing agent in Luxembourg.

Further Issues

Subject to the limitations set forth under “*Covenants—Limitation on Incurrence of Additional Indebtedness*” and “*Covenants—Limitation on Liens*,” the Company may, without your consent, issue additional Notes (“Additional Notes”) in one or more transactions, which have substantially identical terms (other than issue price, issue date and initial interest payment date) as Notes issued on the Issue Date.

Any Additional Notes will be consolidated and form a single class with the Notes issued on the Issue Date, so that, among other things, Holders of any Additional Notes will have the right to vote together with Holders of Notes issued on the Issue Date as one class. Unless such Additional Notes are fungible with the Notes for U.S. federal income tax purposes, such notes shall be issued with a separate CUSIP number.

Subsidiary Guarantees

General

Each Subsidiary Guarantor will unconditionally Guarantee the performance of all obligations of the Company under the Indenture and the Notes on a senior basis (subject to certain limitations as further described below).

The Guarantee of each Subsidiary Guarantor will be a general senior secured obligation of such Subsidiary Guarantor, will be *pari passu* in right of payment with all existing and future Indebtedness of such Subsidiary Guarantor (including Indebtedness under the Credit Agreement) that is not subordinated, will be senior in right of payment to any future Subordinated Indebtedness of such Subsidiary Guarantor, will be effectively senior to all other existing and future Indebtedness of such Subsidiary Guarantor that is unsecured or that is secured by junior Liens, in each case to the extent of the value of the Collateral, will be effectively subordinated to all existing and future secured Indebtedness of such Subsidiary Guarantor to the extent of such security interest that does not also secure such Subsidiary Guarantee of such Subsidiary Guarantor (including Indebtedness under the Credit Agreement), and will be subordinated to obligations of each Subsidiary Guarantors preferred by statute or by operation of law.

The Subsidiary Guarantors on the Issue Date will initially be Compañía Minera Chungar S.A.C (“Compañía Minera Chungar”), Empresa Administradora Cerro S.A.C., (“Empresa Administradora Cerro”), Empresa Minera Paragsha S.A.C. (“Empresa Minera Paragsha”), Compañía Industrial Limitada de Huacho S.A. (“Compañía Industrial Huacho”), Roquel Global S.A.C. (“Roquel Global”) and Compañía Hidroeléctrica Tingo S.A. (“Compañía Hidroeléctrica Tingo”), subject to any permitted future release, as described in “—Release of Subsidiary Guarantees” below. For the three months ended March 31, 2024, the combined revenues of the Company and the Subsidiary Guarantors were US\$176.7 million, representing 100% of the Company’s consolidated revenues. As of March 31, 2024, the combined assets of the Company and the Subsidiary Guarantors were US\$1,628.4 million, representing 94.4% of the Company’s consolidated assets.

In the event of a bankruptcy, liquidation or reorganization of the Company’s Subsidiaries that are not the Subsidiary Guarantors, such Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company. In addition, any holders of minority equity interests in Subsidiaries may receive distributions prior to or *pro rata* with the Company or the Subsidiary Guarantors depending on the terms of the equity interests in such Subsidiaries.

The Company’s Subsidiaries that are not Subsidiary Guarantors represented none of the Company’s consolidated revenues as at March 31, 2024, and none of the Company’s consolidated revenues for the three month period ended March 31, 2024.

The Indenture will require any Restricted Subsidiary that Guarantees Indebtedness of the Company or any Subsidiary Guarantor after the Issue Date to provide a Subsidiary Guarantee. Please see “—Future Subsidiary Guarantees” below.

Each Subsidiary Guarantee of a Subsidiary Guarantor will be limited to the maximum amount that would not render such Subsidiary Guarantor’s obligations subject to avoidance under applicable fraudulent conveyance provisions of applicable law or under similar laws affecting the rights of creditors generally. By virtue of this limitation, a Subsidiary Guarantor’s obligation under its Subsidiary Guarantee could be significantly less than amounts payable with respect to the Notes, or a Subsidiary Guarantor may have effectively no obligation under its Subsidiary Guarantee. See “Risk Factors—Risks Relating to the Notes and the Guarantors—It is possible that the guarantees may not be enforceable in the event of insolvency or bankruptcy or may be limited as to enforcement.”

We cannot assure you that this limitation will protect the Subsidiary Guarantees from fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under the Subsidiary Guarantees would suffice, if necessary, to pay the Notes in full when due.

Future Subsidiary Guarantees

If, on or after the Issue Date, (i) the Company or any Restricted Subsidiary acquires or creates a Wholly-Owned Significant Subsidiary, or (ii) the Company determines in good faith (after making an assessment on June 30 and December 31 of each fiscal year) that any Non-Guarantor Restricted Subsidiary has become a Significant Subsidiary based on the most recent consolidated financial statements of the Company provided to the Trustee pursuant to “—Covenants— Reports to Holders” (or required to be provided thereunder), then that newly acquired or created Wholly-Owned Significant Subsidiary, or the Non-Guarantor Restricted Subsidiary that the Company has determined in good faith that it has become a Significant Subsidiary, as applicable, must become a Subsidiary Guarantor and execute a supplemental indenture providing for its Subsidiary Guarantee and deliver an Opinion of Counsel and Officer’s Certificate to the Trustee within thirty (30) days from such acquisition, creation or determination; provided that (x) such Significant Subsidiary’s Subsidiary Guarantee will be limited to the maximum amount that would not result in a breach or violation by such Significant Subsidiary of any provision of any agreement to which it is party existing at the time of such acquisition or creation or becoming a Significant Subsidiary, as applicable; provided, further, that such provision was not adopted in connection with, or in contemplation of, such acquisition or creation or such Non-Guarantor Restricted Subsidiary becoming a Significant Subsidiary or to avoid guaranteeing the Notes or the Indenture, and (y) such Significant Subsidiary shall not be required to execute any such supplemental indenture if the execution or enforcement of such supplemental indenture and the resultant Subsidiary Guarantee thereunder is prohibited by, or in violation of, any applicable law to which such Significant Subsidiary is subject and the Company has delivered to the Trustee an Opinion of Counsel to that effect. Notwithstanding the foregoing, if at the time of such acquisition, creation or determination, as applicable, such Significant Subsidiary has no Indebtedness, such Significant Subsidiary shall not be required to become a Subsidiary Guarantor or provide a Subsidiary Guarantee; *provided* that if at any time thereafter, such Significant Subsidiary Incurs any Indebtedness, at the time of such Incurrence such Significant Subsidiary must become a Subsidiary Guarantor and execute a supplemental indenture providing for its Subsidiary Guarantee and deliver an Opinion of Counsel and Officer’s Certificate to the Trustee in accordance with the preceding sentence, subject to the provisos (i) and (ii) therein. In case the Company or any Restricted Subsidiary acquires or creates a Significant Subsidiary that is not Wholly-Owned by the Company and any Restricted Subsidiary as permitted by the terms of the Indenture, the Company’s and/or the relevant Restricted Subsidiary’s interest in such newly created or acquired Significant Subsidiary shall be included promptly in the Equity Interests Trust Agreement (as defined below), subject to the perfection terms and conditions therein, to the extent such Significant Subsidiary is subject to Peruvian law, or in case such Significant Subsidiary is not subject to Peruvian law, a first ranking security interest (subject to Permitted Collateral Liens or Rights over Collateral) shall be constituted over the Restricted Subsidiary’s interests of the Significant Subsidiary under the laws of the place of its incorporation and become part of the Collateral and the Company or the relevant Restricted Subsidiary will deliver to the Trustee an Opinion of Counsel and Officer’s Certificate. A Significant Subsidiary designated by the Company as an Unrestricted Subsidiary shall not be required to become a Subsidiary Guarantor. See “—Covenants—Limitation on Designation of Unrestricted Subsidiaries.”

The Company will not permit any Restricted Subsidiary, directly or indirectly, to Guarantee any Indebtedness of the Company or any Subsidiary Guarantor unless such Restricted Subsidiary (a) is a Subsidiary Guarantor or (b) becomes a Subsidiary Guarantor within ten (10) days of such Guarantee and executes and delivers to the Trustee an Opinion of Counsel, an Officer’s Certificate and a supplemental indenture providing for its Subsidiary Guarantee, which Subsidiary Guarantee will rank senior in right of payment to or equally in right of payment with such Subsidiary’s Guarantee of such other Indebtedness.

At any time after the Issue Date, the Company may designate a Subsidiary Guarantor as a Non-Guarantor Restricted Subsidiary if (A) no Default or Event of Default has occurred and is continuing at the time of or after giving effect to such Non-Guarantor Designation; (B) the Company determines in good faith, at the time of such Non-Guarantor Designation, that such Subsidiary Guarantor is not a Significant Subsidiary based on the most recent consolidated financial statements of the Company provided to the Trustee pursuant to “—Covenants—Reports to Holders” (or required to be provided thereunder); and (C) after giving effect to such Non-Guarantor Designation, (i) the total assets of all Non-Guarantor Restricted Subsidiaries (measured on a combined basis) as of the last day of the relevant fiscal quarter is less than 15.0% of the Company’s consolidated total assets, and (ii) the total Adjusted EBITDA of all Non-Guarantor Restricted Subsidiaries (measured on a combined basis) for the relevant fiscal quarter is less than 15.0% of the Company’s consolidated Adjusted EBITDA, in each of (C)(i) and (C)(ii) on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses, assets or operations

by the Company and its Restricted Subsidiaries subsequent to the last day of the relevant fiscal quarter and on or prior to the date of such Non-Guarantor Designation. See “—Covenants—Limitation on Designation of Non-Guarantor Restricted Subsidiaries.”

Release of Subsidiary Guarantees

The Subsidiary Guarantee of a Subsidiary Guarantor will be automatically and unconditionally released (and thereupon shall terminate and be discharged and be of no further force and effect) upon:

1. a sale or other disposition of Capital Stock (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (other than to the Company or a Restricted Subsidiary), in each case if such sale or disposition is otherwise permitted by the Indenture;
2. in connection with the merger, transfer of all or substantially all assets or consolidation of a Subsidiary Guarantor with the Company or, in the case of any Subsidiary Guarantor, any other Subsidiary Guarantor in accordance with the Indenture;
3. the designation in accordance with the Indenture of the Subsidiary Guarantor as an Unrestricted Subsidiary or the Subsidiary Guarantor otherwise ceases to be a Restricted Subsidiary in accordance with the Indenture;
4. the designation in accordance with the Indenture of the Subsidiary Guarantor as a Non-Guarantor Restricted Subsidiary;
5. defeasance or discharge of the Notes, as provided in “—Legal Defeasance and Covenant Defeasance” and “—Satisfaction and Discharge;”
6. solely in the case of a Subsidiary Guarantee created pursuant to the second paragraph of the covenant described under “—Future Subsidiary Guarantees,” upon the release or discharge of the Guarantee that resulted in the creation of such Subsidiary Guarantee pursuant to that covenant, except a discharge or release by or as a result of payment under such Guarantee;
7. solely in the case of Roquel Global and Compañía Hidroeléctrica Tingo, as permitted by the terms of the Indenture and Collateral Documents, upon the delivery to the Trustee by the Company of an Opinion of Counsel and Officer’s Certificate notifying the Trustee of the contribution of Roquel Global or Compañía Hidroeléctrica Tingo, respectively, to a Permitted Joint Venture for Fair Market Value, *provided* that upon the formation of any such venture entity, the Company’s or the Subsidiary Guarantors’ Equity Interests in the relevant Permitted Joint Venture are simultaneously pledged and perfected thereafter, subject to the terms herein, on a first-priority basis (subject to Permitted Collateral Liens or Rights over Collateral) or assigned in trust as Collateral under the Equity Interests Trust Agreement.
8. upon the final liquidation or dissolution of such Subsidiary Guarantor; provided that no Default or Event of Default occurs as a result thereof or has occurred or is continuing; or
9. payment in full of the aggregate principal amount of all Notes then outstanding and all other obligations under the Indenture and the Notes then due and owing;

provided that in the case of each of clauses (1) through (8) above, it is a condition to such release that any Guarantee by such Subsidiary Guarantor of any other Secured Obligations be released substantially concurrently with the release of such Subsidiary Guarantee.

Upon any occurrence giving rise to a release of a Subsidiary Guarantee as specified above, the Trustee, upon receipt of an Officer’s Certificate from the Company and an Opinion of Counsel each stating that all

conditions precedent to such release have been satisfied, will execute any documents reasonably required by the Company in order to evidence or effect such release, discharge and termination in respect of such Subsidiary Guarantee. None of the Company, any Subsidiary Guarantor or the Trustee will be required to make a notation on the Notes to reflect any Subsidiary Guarantee or any such release, termination or discharge.

Subsidiaries

Restricted Subsidiaries

As of the Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries", except for Empresa Hidroeléctrica Huanchor S.A.C. ("Huanchor"), Minera Aurífera Toruna S.A.C. ("Toruna") and Empresa Explotadora de Vinchos Ltda. S.A.C. ("Vinchos").

Unrestricted Subsidiaries

Under the circumstances described below under the caption "*Covenants– Limitation on Designation of Unrestricted Subsidiaries*," the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." If so designated, the Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture.

Collateral

The Notes (and any other Secured Obligations) will be secured under and in accordance with the terms of the agreements set forth below (the "Collateral"):

- (a) a trust (*fideicomiso en administración y garantía*) created under Peruvian law by an agreement dated as of July 24, 2024 (the "New Cash Flows Trust Agreement"), among the Company, Compañía Minera Chungar, Empresa Administradora Cerro, the Existing Trusts, the Peruvian Collateral Trustee and the Peruvian Collateral Agent, over, among others, (i) 100% of the cash flows released from the Existing Trusts (after deducting reasonable and documented (x) expenses related to the Existing Trusts and (y) operating expenses of and other customary related costs incurred in the ordinary course of business by the Company, Compañía Minera Chungar and Empresa Administradora Cerro, respectively, in each case consistent with historical past practice as of the Issue Date), (ii) 100% of the credit rights and, if any, 100% of the cash flows derived from the intercompany loans between and among the Company and the Subsidiary Guarantors (unless the Company or the Subsidiary Guarantors have capitalized such intercompany loans in accordance with the terms and conditions of the New Cash Flows Trust Agreement), (iii) 100% of the insurance proceeds received from insurance policies maintained by the Company or the Subsidiary Guarantors with respect to their respective material properties and businesses against loss or damage of the kinds customarily insured against by persons engaged in the same or similar businesses and (iv) 100% of any proceeds from any expropriation event. For the avoidance of doubt, the Romina Capex Reserve Account is among the bank accounts subject to, and a security interest therein is granted under, the New Cash Flows Trust Agreement.
- (b) a trust (*fideicomiso en garantía sobre acciones*) created under Peruvian law by an agreement dated as of July 24, 2024 (the "Equity Interests Trust Agreement"), among the Company, Empresa Minera Paragsha, Compañía Minera Chungar, the Peruvian Collateral Agent and the Peruvian Collateral Trustee over the following Equity Interests, whether now owned or in the future acquired: (i) 100% of the shares of Compañía Minera Chungar, (ii) 100% of the shares of Empresa Administradora Cerro, (iii) 100% of the shares of Empresa Minera Paragsha, (iv) 100% of the shares of Roquel Global, (v) 100% of the Equity Interest that the Company and/or its Subsidiaries hold in Compañía Industrial Huacho, (vi) 100% of the shares of Compañía Hidroeléctrica Tingo, (vii) 100% of the Equity Interest that the Company and/or its Subsidiaries hold in Toruna and Vinchos; (viii) all Equity Interests owned by Empresa Minera Paragsha in the Company (11.20% Class A shares and 0.50% Class B shares) and in Inversiones Portuarias Chancay S.A.A. (11.20% Class A shares and 0.50% Class B shares), (ix) upon the contribution of Roquel Global or Compañía Hidroeléctrica Tingo, respectively, to a Permitted Joint Venture for Fair Market Value as permitted under the Indenture and Collateral Documents, 100% of the Equity Interests in such Permitted

Joint Venture, and (x) 100% of the Equity Interests held by the Company or the Subsidiary Guarantors in any Subsidiary organized in Peru newly acquired or created from time to time; *provided that* to the extent such security interest is prohibited as of the date of the Issue Date or on the date of which such security interest is to be granted, the Company and the Subsidiary Guarantors shall use commercially reasonable efforts to provide the Secured Parties with a security interest in the Company's or the Subsidiary Guarantors' economic percentage in such venture entity, provided further that the grant of such replacement security interest shall not be a condition to the release of such Guarantor, which could include, among other structures, the creation of an intermediate company;

- (c) a pledge without conveyance agreement (*prenda sin desplazamiento y prohibición*) under Chilean law, dated as of July 24, 2024, entered into by way of public deed between Empresa Minera Paragsha and the Chilean Collateral Agent, granting a security interest for the benefit of the Secured Parties in 4,056,708 shares issued by Cemento Polpaico S.A. (the "Chilean Share Pledge Agreement");
- (d) mining mortgages (*hipotecas sobre unidades de producción*) created under Peruvian law by an agreement dated as of July 24, 2024 (the "Mortgages over Production Units Agreement"), over the operational and non-operational mining units known as San Cristobal - Carahuacra, Andaychagua, Ticlio; Mahr Tunel, Chungar, El Pilar, Huascaran, Vichaycocha, San Sebastian, Cerro and Oxidos (the "Mining Units"), in each case, owned by the Company and its Subsidiaries (including mining concessions, land, infrastructure and fixed assets related to selected production units of the Company or certain of the Subsidiary Guarantors, as specified therein), and excluding, for the avoidance of doubt, the mining unit of Alparmarca and the Romina Project; and
- (e) mortgages (*hipotecas sobre inmuebles*) created under Peruvian law over real property of the Company and Compañía Industrial Huacho, as follows (i) the mortgage agreement, dated as of July 24, 2024, between the Company and the Peruvian Collateral Agent over offices and parking lots owned by the Company and (ii) the mortgage agreement, to be executed prior to the Issue Date, between Compañía Industrial Huacho and the Peruvian Collateral Agent over offices and parking lots owned by Compañía Industrial Huacho, in each case granting a Lien for the benefit of the Secured Parties over specified real property of the Company and Compañía Industrial Huacho (together, the "Mortgages over Real Property Agreements").

The Existing Trusts established by the Company, Compañía Minera Chungar and Empresa Administradora Cerro have been amended as of July 24, 2024 and the trustees thereto have been irrevocably instructed by the parties to such Existing Trusts to transfer all such remaining amounts of the Existing Trusts to the accounts of the New Cash Flow Trust, after the deduction of operating expenses and customary related costs incurred in the ordinary course of business, consistent with historical past practice of the Company as of the Issue Date. The New Cash Flows Trust shall be pass-through and, therefore, the Company, Compañía Minera Chungar and Empresa Administradora Cerro will be entitled to use the funds of the New Cash Flow Trust for other customary operating expenses and related costs incurred in the ordinary course of business and in the absence of an Event of Default under the Notes Documents and the Collateral Documents. Upon the occurrence and continuation of an Event of Default under the Notes Documents and the Collateral Documents, the funds in the New Cash Flows Trust will be retained in such trusts and may be applied to pay, on a *pro rata* basis, the outstanding Secured Obligations, as applicable, by the Peruvian Collateral Trustee as directed by the Applicable Collateral Agent under the Intercreditor Agreement.

The Notes Documents and the Collateral Documents will require the Company and the Subsidiary Guarantors to take such actions as are necessary or appropriate to properly create and perfect thereafter, subject to the terms herein, the first-priority Liens (subject to Permitted Collateral Liens or Rights over Collateral) on Collateral securing the Notes Obligations and other Senior Indebtedness, subject to certain limitations set forth in the Collateral Documents and the Indenture.

Subject to the terms of the Collateral Documents, the Company, the Subsidiary Guarantors and Restricted Subsidiaries will have the right to remain in possession and retain exclusive control of the Collateral (other than any cash, securities, obligations and Cash Equivalents constituting part of the Collateral and deposited with the Applicable Collateral Agent in accordance with the provisions of the Collateral Documents and other than as set forth in the Collateral Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

All the above-described security interests shall be created on terms and pursuant to documentation in the form of Peruvian law trust agreements and other Peruvian law security agreements (except for the Chilean Share Pledge Agreement and the Chilean Collateral Agency Agreement which shall be governed by Chilean law), in each case satisfactory to the Trustee, and none of the Collateral shall be subject to any other security interests, in each case, other than the Liens securing the Notes, the Credit Agreement and the Additional First Lien Debt, on a pari passu basis on the terms set forth herein, except for Liens encumbering the Mining Units and related property that are not material, individually, or in the aggregate, to the Company and its Subsidiaries as of the Issue Date (“Existing Liens”).

The security interests described above shall be limited by the following: (i) the Company and its Subsidiaries do not own 100% of the shares in Toruna or Compañía Industrial Huacho, and as such, the trust described in item (b) above shall comply with any applicable provisions required by law or pursuant to any shareholders agreements in existence on the Issue Date, if any, (ii) certain assets to be included in the mining mortgages described in item (d) above may be subject to Existing Liens, which Liens may have priority over the security interest being granted pursuant to the Notes Documents and the Collateral Documents over such mortgages, and (iii) that certain shareholders agreement with CSPCP, pursuant to which CSPCP has a right of first refusal over the land owned by Roquel Global. As of the Issue Date, all Collateral shall secure, on a pari-passu basis, all obligations outstanding under the Credit Agreement, the Notes Documents and any Additional First Lien Debt.

No appraisals of the assets underlying the Collateral have been prepared. The value of the Collateral at any time will depend on, among other things, market and other economic conditions, including the availability of suitable buyers for such Collateral, and the aggregate amount of liabilities of the Company and the Subsidiary Guarantors. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding affecting the Company or a Subsidiary Guarantor, the proceeds from any sale of the Collateral or disposition of the proceeds on deposit in the New Cash Flows Trust including the Romina Capex Reserve Account, at any given time may not be sufficient to pay the Company’s obligations under the Notes and the Subsidiary Guarantors’ obligations under the Guarantees in full. See *“Risk Factors—Risks Relating to the Notes and the Collateral—There may not be sufficient collateral to pay all or any of the New Notes or it may be difficult to realize the value of the Collateral.”*

Romina Capex Reserve Account

As of the Issue Date, the Company has created an account (the *“Romina Capex Reserve Account”*) into which it shall cause to be deposited, prior to the Romina Full Funding Date (as defined below): (i) all Excess Cash Flow allocated to the Company as described in “Excess Cash Flow Redemption” below, (ii) all Net Cash Proceeds received from Non-Core Asset Sales, (iii) the aggregate amount of any prepayments received by the Company or any Subsidiary in respect of offtake agreements for the Romina Project, (iv) all proceeds from any permitted Romina Project Financing, (v) solely to the extent that the proceeds are being used to fund the Romina Project, the proceeds of any Working Capital Financing and (vi) any amounts to be applied by the Company to pay cost overruns of the Romina Project, in each case of (i) through (vi) as permitted pursuant to the terms of the Notes Documents and the Collateral Documents.

The Company shall promptly (and in any event within three (3) Business Days after any deposit to the Romina Capex Reserve Account) deliver to the Applicable Collateral Agent written notice detailing (i) the source and amount of any deposit to the Romina Capex Reserve Account and (ii) the total amount in the Romina Capex Reserve Account at the date of such notice. The Company shall promptly (and in any event within three (3) Business Days thereafter) deliver to the Applicable Collateral Agent written notice of the Romina Full Funding Date. For the avoidance of doubt, any withdrawals from the Romina Capex Reserve Account from time to time shall be counted toward the US\$125,000,000 aggregate funding amount.

All amounts withdrawn from time to time from the Romina Capex Reserve Account shall be applied solely for payment of capital expenditures relating to the expansion of the Romina Project until the date on which the Romina Project achieves commercial operation, as verified in writing with a copy delivered to the Applicable Collateral Agent by an independent expert of reputable standing (the *“Romina Operational Date”*). Unused funds in the Romina Capex Reserve Account following the Romina Operational Date shall be released as Unrestricted Cash to the Company.

Creation and Perfection of Security Interests

On the Issue Date, Citibank, N.A. will be appointed as the Trustee under the Indenture and, in such capacity, as collateral agent for the benefit of the Notes under the Intercreditor Agreement (the “Notes Collateral Agent”) pursuant to the Intercreditor Agreement. The Trustee and the Notes Collateral Agent will join the Intercreditor Agreement through a Joinder Agreement to be executed as of the Issue Date, through which the Trustee and the Notes Collateral Agent will become parties to and secured parties under the Intercreditor Agreement. For more details see “Intercreditor Agreement.”

Upon the appointment of the Trustee and the Notes Collateral Agent as Notes Secured Parties under the Intercreditor Agreement, the Security Documents shall grant first-priority Liens on the Collateral duly perfected, in each case in favor of the Secured Parties under the Intercreditor Agreement, for the benefit of the Secured Parties, provided that such Liens shall be opposable (*oponible*) before third parties once they have been registered in the relevant public registries of Peru or Chile, as applicable, and subject to (i) the Permitted Collateral Liens or Rights over Collateral, (ii) the execution of the public deed of the mortgage agreement over real property of Compañía Industrial Huacho, following approval of the granting of such mortgage from the shareholders of Compañía Industrial Huacho, which Lien shall be granted, within 30 calendar days following the Issue Date, (iii) the execution of an amendment to the Chilean Share Pledge Agreement and perfection of the shares pledge created thereunder which shall take place within 30 calendar days following the Issue Date and the registration of such amendment before the Chilean public registries and notification to the issuer of the shares and the Chilean Central Securities Depository (*Depósito Central de Valores*), and (iv) the granting of public deeds and their registration before the Peruvian public registries and amendments to be executed as of the Issue Date to the Security Documents (other than the Chilean Share Pledge Agreement and the Chilean Collateral Agency Agreement), as may be required in order to modify, among others, the secured parties (“*partes garantizadas*”) or beneficiaries (“*fideicomisarios*”), secured obligations (“*obligaciones garantizadas*”) and increase the Lien amount (“*monto del gravamen*”) under such Security Documents so that 100% of the Obligations under the Credit Agreement and the Notes Obligations are secured obligations and expressly covered under the corresponding Security Documents.

The Company shall register any amendments to the Security Documents before the corresponding public registries within 90 calendar days following the date of execution of the amendments to the Security Documents, provided that, an additional 45 calendar day extension shall automatically be granted if the Company is using commercially reasonable best efforts to obtain the registration and observations to the registration have been issued by the relevant registrar, which observations the Company is diligently addressing.

The Company and the Subsidiary Guarantors shall (i) make all filings and take all such other similar actions required or advisable in connection with the perfection of the first-priority security interests (subject to Permitted Collateral Liens or Rights over Collateral) in the Collateral as and to the extent contemplated by the Indenture and the Collateral Documents, and (ii) take all actions necessary or advisable to maintain such first-priority security interests and to perfect such first-priority security interests (subject to Permitted Collateral Liens or Rights over Collateral) in any Collateral acquired after the Issue Date, in each case as and to the extent contemplated by the Indenture and the Collateral Documents.

Collateral Release

The Indenture and the Collateral Documents will provide that the Liens on the Collateral will automatically be released:

(1) with respect to any Collateral, upon the sale or other disposition (including by way of consolidation, amalgamation or merger) by the Company or any Restricted Subsidiary of the Capital Stock, if any, constituting such Collateral (other than to the Company, a Subsidiary Guarantor, or a Restricted Subsidiary) not otherwise prohibited by the Indenture, and provided that such asset sale or other disposition complied with “—Covenant – Limitation on Asset Sale”;

(2) in whole, upon payment in full of the principal of, accrued and unpaid interest, if any, Additional Amounts, if any, and premium, if any, on, the Notes;

(3) defeasance or discharge of the Indenture as set forth below under the caption “—*Defeasance*” and “—*Satisfaction and Discharge*”;

(4) upon designation of such Restricted Subsidiary as an Unrestricted Subsidiary in accordance with the Indenture;

(5) in part, as to any asset (A)(I) constituting Collateral that is sold or otherwise disposed of by the Company or any of the Subsidiary Guarantors to any Person that is not a Subsidiary Guarantor or Restricted Subsidiary in a transaction permitted by the Indenture and provided that such sale or other disposition complied with “—Covenant – Limitation on Asset Sale”, or (II) constituting Shared Collateral, in connection with the taking of an enforcement action by the Peruvian Collateral Agent or the Chilean Collateral Agent on the instructions of the Applicable Collateral Agent (as provided for in the Intercreditor Agreement) in respect of any first priority Lien obligations in accordance with the Intercreditor Agreement, (B) that is held by a Subsidiary Guarantor that ceases to be a Subsidiary Guarantor in accordance with the Indenture, or (C) that is otherwise released in accordance with, and as expressly provided for by the terms of, the Notes Documents and the Collateral Documents; *provided* that in the case of clause (5)(A)(II), the proceeds of such Shared Collateral shall be applied in accordance with the Intercreditor Agreement; *provided, further*, to the extent the Credit Agreement Obligations are outstanding, that no asset shall be released pursuant to any of the foregoing provisions unless such asset is or will also be released from any Liens securing the Credit Agreement Obligations, in accordance with its terms;

(6) solely in the case of any asset constituting Collateral that is owned by Roquel Global and Compañía Hidroeléctrica Tingo, upon the delivery to the Trustee by the Company of an Opinion of Counsel and Officer’s Certificate notifying the Trustee of the contribution of Roquel Global or Compañía Hidroeléctrica Tingo, respectively, to a Permitted Joint Venture for Fair Market Value, provided that upon the formation of any such Permitted Joint Venture, the Secured Parties will receive a perfected first-priority security interest (subject to Permitted Collateral Liens or Rights over Collateral) over the Company’s or Subsidiary Guarantors’ Equity Interest in the Permitted Joint Venture; or

(7) as described under the caption “—*Modification of Notes Documents*.”

Upon any occurrence giving rise to a release of any Liens on the Collateral as specified above, the Trustee, upon receipt of an Officer’s Certificate from the Company and an Opinion of Counsel each stating that all conditions precedent to such release have been satisfied, will execute any documents reasonably required by the Company in order to evidence or effect such release, discharge and termination in respect of such Lien.

After-Acquired Property

With respect to any obsolete movable or separable assets that are replaced by similar assets, including, but not limited to, property, mining concessions, land, valuable infrastructure and fixed assets and Equity Interests, acquired after the Issue Date by the Company or Subsidiary Guarantors and subject to inclusion in the Collateral covered by the Security Documents in accordance with their terms, the Company shall, as may be required by the Indenture (i) execute and deliver to the Peruvian Collateral Agent or the Chilean Collateral Agent, as the case may be, such amendments to the relevant Security Documents or such other documents as the Peruvian Collateral Agent or Chilean Collateral Agent, as applicable, deems necessary or advisable to grant to the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, for the benefit of the Secured Parties, a security interest in such property and (ii) take all actions necessary or advisable to grant to the Peruvian Collateral Agent or the Chilean Collateral Agent, as the case may be, for the benefit of the Secured Parties, a perfected first priority security interest (subject to Permitted Collateral Liens or Rights over Collateral) in such property, including submit any filing as may be required by the relevant Security Documents or by law or as may be requested by the relevant Collateral Agent; *provided* that, the registration and perfection of such new Collateral, shall occur within 90 calendar days after the execution of the relevant Security Document; *provided* further that a 45 calendar days extension shall be granted to the Company if observations to the registration have been issued by the relevant registrar and the Company is diligently addressing such observations, and as thereafter may be extended by the Secured Parties, upon written notice to the Company.

Intercreditor Agreement

On the Issue Date, the Trustee and the Notes Collateral Agent (A) will become parties to the Intercreditor agreement through a Joinder Agreement to be entered into among (i) the Company, (ii) the Subsidiary Guarantors, (iii) the Credit Agreement Collateral Agent, (iv) the Credit Agreement Administrative Agent as a representative for the lenders under the Credit Agreement, (v) the Trustee and (vi) the Notes Collateral Agent, (B) shall become Secured Parties under such agreement, and (C) the Obligations under the Notes Documents and the Indenture shall be secured by the Collateral.

The Intercreditor Agreement provides that any Additional First Lien Debt may be secured by the Collateral and may be guaranteed by the Company and Subsidiary Guarantors on a senior basis, in each case, under and pursuant to the Additional First Lien Documents, if and subject to the condition that the Authorized Representative of any such Additional First Lien Debt (each, an “Additional First Lien Debt Representative”), and the collateral agent, collateral trustee or similar representative for the holders of such Additional First Lien Debt (each, an “Additional First Lien Debt Collateral Agent” and, together with the Additional First Lien Debt Representative, the “Additional First Lien Debt Parties”), in each case, acting on behalf of the holders of such Additional First Lien Debt, subject to the terms therein, becomes a party to the Intercreditor Agreement through a Joinder Agreement. As needed to permit the incurrence of any Additional Debt Facilities under the Intercreditor Agreement, to the extent permitted under the Credit Agreement, the Indenture and any other Additional First Lien Document, the Trustee and the Notes Collateral Agent will be authorized under the Indenture to amend the Intercreditor Agreement to include Additional Debt Facilities to the list of Additional First Lien Debt which may be secured by the Collateral and may be guaranteed by the Company and Subsidiary Guarantors on a senior basis and be subject to the terms of the Intercreditor Agreement.

The Intercreditor Agreement contains provisions customary for *pari passu* intercreditor agreements. The right to receive payment from the Collateral, including the proceeds of any enforcement of any Collateral, shall be *pari passu* with one another among the Secured Obligations, notwithstanding the time, order or method of creation or perfection of any Liens securing any Secured Obligations, prior to the discharge of such Secured Obligations except that holders of each Series of Secured Obligations bear the risk of impairment of such Series.

The Intercreditor Agreement may not be amended without the written consent of each Collateral Agent, each other Authorized Representative party thereto and the Company (to the extent the rights of the Company or Subsidiary Guarantors are directly and adversely affected); *provided* that (i) additional Authorized Representatives may become party to the Intercreditor Agreement in accordance with the provisions thereof related to additional Secured Obligations without consent of any Secured Party, upon the execution and delivery of a Joinder Agreement, (ii) the Collateral Agents may, at the expense of the Company and the Subsidiary Guarantors, effect amendments and modifications to the Intercreditor Agreement to the extent necessary to reflect any incurrence of any Additional First Lien Debt in compliance with the Credit Agreement, the Indenture and any other Additional First Lien Document.

Administration and Enforcement of the Collateral

If an Event of Default has occurred and is continuing, and (i) the Applicable Collateral Agent or any Secured Party is taking action to enforce rights or remedies in respect of any Shared Collateral (including through the Peruvian Collateral Agent or the Chilean Collateral Agent), or (ii) any distribution is made in respect of any Shared Collateral in any Insolvency or Liquidation Proceeding of the Company or any Subsidiary Guarantors (including any adequate protection payments), or (iii) any Secured Party receives any payment pursuant to any other intercreditor agreement (if any) (other than the Intercreditor Agreement) or otherwise with respect to any Shared Collateral, then the proceeds of any sale, collection or other liquidation of any such Shared Collateral received by any Secured Party on account of such enforcement rights or remedies (all such payments, distributions, proceeds of any sale, collection or other liquidation of any Shared Collateral and all proceeds or payments of any such distribution being collectively referred to as “Proceeds”) shall be applied (i) FIRST, to the payment in full in cash of all amounts related to costs deriving from the foreclosure of the Collateral, taxes and expenses related to the Collateral (including administration thereof), trustee fees, and all amounts (including without limitation, fees, claims, indemnities, and fees and expenses of their respective legal counsel) owing to each Authorized

Representative, each Collateral Agent (in its capacity as such), the Peruvian Collateral Agent and the Chilean Collateral Agent on a ratable basis pursuant to the terms of the applicable Secured Obligations, (ii) SECOND, subject to impairments, to the payment in cash in full of the outstanding Secured Obligations of each Series secured by a valid and perfected lien on such Shared Collateral on a ratable basis, with such proceeds from Shared Collateral to be applied to the Secured Obligations of a given Series in accordance with the terms of the applicable Secured Obligations; *provided that* following the commencement of any Insolvency or Liquidation Proceeding with respect to the Company or any Subsidiary Guarantor, solely as among the Secured Parties, in the event the value of the Shared Collateral, which is part of such Insolvency or Liquidation Proceeding, is not sufficient for the entire amount of Post-Petition Interest on the Secured Obligations secured by the Shared Collateral to be allowed under Section 506(a) and (b) of the Bankruptcy Code or any other applicable provision of the Bankruptcy Code or other Bankruptcy Law in such Insolvency or Liquidation Proceeding, the amount of Secured Obligations of each Series of Secured Obligations shall include only the maximum amount of Post-Petition Interest on the Secured Obligations allowable under Section 506(a) and (b) of the Bankruptcy Code or any other applicable provision of the Bankruptcy Code or other Bankruptcy Law in such Insolvency or Liquidation Proceeding; and (iii) THIRD, after payment in full in cash of all Secured Obligations, to the Company and the Subsidiary Guarantors or their successors or assigns, as their interests may appear, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. If any Secured Party shall receive any payment or other recovery in excess of its portion of payments on account of the Secured Obligations to which it is then entitled in accordance with the Intercreditor Agreement, such Secured Party shall hold such payment or recovery in trust for the benefit of all Secured Parties for distribution in accordance with the Intercreditor Agreement. Notwithstanding the foregoing, with respect to any Shared Collateral upon which a third party (other than a Secured Party) has a lien or security interest that is junior in priority to the security interest of any Series of Secured Obligations but senior (as determined by a court of competent jurisdiction in a final and non-appealable judgment) to the security interest of any other Series of Secured Obligations (such third party, an "Intervening Creditor"), the value of any Shared Collateral or Proceeds which are allocated to such Intervening Creditor shall be deducted on a ratable basis solely from the Shared Collateral or Proceeds to be distributed in respect of the Series of Secured Obligations with respect to which such impairment exists.

With respect to any Shared Collateral at any time, (i) the Applicable Collateral Agent shall act only on the instructions of the Applicable Authorized Representative, (ii) the Applicable Collateral Agent shall not follow any instructions with respect to such Shared Collateral (including with respect to any intercreditor agreement with respect to any Shared Collateral) from any Non-Controlling Authorized Representative (or any other Secured Party other than the Applicable Authorized Representative) and (iii) no Non-Controlling Authorized Representative or other Secured Party (other than the Applicable Authorized Representative) shall, or shall instruct the Applicable Collateral Agent to, cause to commence any judicial or non-judicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its security interest in or realize upon, or take any other action available to it in respect of, any Shared Collateral (including with respect to any intercreditor agreement with respect to any Shared Collateral), whether under any Collateral Documents, applicable law or otherwise, it being agreed that only the Applicable Collateral Agent, acting on the instructions of the Applicable Authorized Representative and in accordance with the Intercreditor Agreement and any Collateral Documents, shall be entitled to take any such actions or exercise any such remedies with respect to Shared Collateral (including by instructing the Peruvian Collateral Agent or the Chilean Collateral Agent to act).

Notwithstanding the equal priority of the Liens on the Shared Collateral securing each Series of Secured Obligations with respect to the Shared Collateral, the Applicable Collateral Agent (in the case of the Additional First Lien Collateral Agent, acting on the instructions of the Applicable Authorized Representative) may deal with the Shared Collateral as if such Applicable Collateral Agent had a senior Lien on such Collateral. No Non-Controlling Authorized Representative or Non-Controlling Secured Party will contest, protest or object to any foreclosure proceeding or action brought by the Applicable Collateral Agent, the Applicable Authorized Representative or the Controlling Secured Party or any other exercise by the Applicable Collateral Agent, the Applicable Authorized Representative or the Controlling Secured Party of any rights and remedies relating to the Shared Collateral, or to cause the Applicable Collateral Agent to do so. The foregoing shall not be construed to limit the rights and priorities of any Secured Party, the Applicable Collateral Agent or any Authorized Representative with respect to any Collateral not constituting Shared Collateral. The Applicable Collateral Agent agrees that, prior to taking any

enforcement action, or any action to commence or petition for any Insolvency or Liquidation Proceeding, the Applicable Collateral Agent shall use commercially reasonable efforts to provide the Non-Controlling Authorized Representative prior written notice thereof; provided that the failure of the Applicable Collateral Agent to provide such notice shall not constitute a breach of the Intercreditor Agreement by the Applicable Collateral Agent.

The Intercreditor Agreement provides that the Credit Agreement Administrative Agent shall be appointed as the first Applicable Authorized Representative, and the Credit Agreement Collateral Agent shall be appointed as the first Applicable Collateral Agent, in each case until the outstanding Secured Obligations under the Credit Agreement are reduced below US\$160 million. After the outstanding Secured Obligations under the Credit Agreement are reduced below US\$160 million, and in any case, after the Non-Controlling Authorized Representative Enforcement Date, the Applicable Authorized Representative and the Applicable Collateral Agent shall become the representative and Collateral Agent that represent the largest outstanding principal amount of any then outstanding Series of Secured Obligations.

The Credit Agreement Secured Parties have, any additional Secured Party joining the Intercreditor Agreement (including the Notes Secured Parties) shall have, and by accepting a Note, each Holder will be deemed to have:

- (1) irrevocably appointed the Applicable Authorized Representative and the Applicable Collateral Agent to act as its agents under the Security Documents, as applicable, and any other relevant document;
- (2) irrevocably authorized the Applicable Authorized Representative and the Applicable Collateral Agent to perform the duties and exercise the rights, powers and discretions that are specifically given to them under the Collateral Documents, together with any other incidental rights, powers and discretions and to execute each document expressed to be executed by the Applicable Authorized Representative or the Applicable Collateral Agent on its behalf;
- (3) irrevocably appointed, for the benefit of their respective Secured Parties, the Peruvian Collateral Agent as collateral agent under their respective Collateral Documents; and
- (4) irrevocably authorizes and instructs the Chilean Collateral Agent, to execute and deliver the Chilean Collateral Agency Agreement, and to appoint itself as Chilean Collateral Agent, with authority to self-contract, in accordance with article 18 of Law No. 20,190 of the Republic of Chile, with broad authorities to represent the Secured Parties in the granting, amendment and release of any Security Documents, being entitled to negotiate all provisions thereunder, being of the essence, nature or merely incidental thereto; *provided* that the Chilean Collateral Agent so appointed is hereby authorized to sign one or more public instruments in Chile on behalf of the Secured Parties under the Intercreditor Agreement and the other relevant documents to which the security agent is a party (including, without limitation, the Security Documents).

Certain Bankruptcy and Insolvency Limitations

The Intercreditor Agreement shall continue in full force and effect notwithstanding the commencement and continuance of any Insolvency or Liquidation Proceeding, subject to the limitations of the applicable Bankruptcy Laws. The relative rights as to the Shared Collateral and proceeds thereof shall continue after the commencement of any Insolvency or Liquidation Proceeding on the same basis as prior to the date of the petition therefor.

In any Insolvency or Liquidation Proceeding, any Authorized Representative or any other First Lien Secured Party may file a proof of claim or statement of interest with respect to the Secured Obligations owed to such Secured Parties; (ii) any Authorized Representative or any other Secured Party may take any action to preserve or protect (but not enforce) the validity, perfection, priority and enforceability of the Liens granted in favor of such Secured Parties, provided that no such action is, or could reasonably be expected to be, (A) adverse to the Liens granted in favor of the Controlling Secured Parties or the rights of the Applicable Collateral Agent or any other Controlling Secured Parties to exercise remedies in respect thereof or (B) otherwise inconsistent with the terms of the Intercreditor Agreement; (iii) any Authorized Representative or any other Secured Party may file any responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any

Person objecting to or otherwise seeking the disallowance of the claims or Liens of such Secured Party, including any claims secured by the Shared Collateral, in each case, to the extent not inconsistent with the terms of the Intercreditor Agreement; (iv) any Additional First Lien Debt Representative may exercise such rights and remedies with respect to bankruptcy or insolvency as provided for under the Intercreditor Agreement, (v) any Additional First Lien Debt Representative may exercise its rights and remedies as an unsecured creditor against the Company or the Subsidiary Guarantors in accordance with the terms of the applicable Collateral Documents to the extent not inconsistent with the Intercreditor Agreement; (vi) any Additional First Lien Debt Representative may vote on any plan of reorganization, plan of liquidation, agreement for composition, or other type of plan of arrangement or restructuring proposed in or in connection with any Insolvency or Liquidation Proceeding to the extent not inconsistent with the Intercreditor Agreement; (vii) any Additional First Lien Debt Representative may accelerate the Additional First Lien Debt in accordance with the terms of the applicable Secured Credit Documents and/or (viii) any Additional First Lien Debt Representative may enforce the terms of subordination agreements or other intercreditor agreements with third-parties, in each case, to the extent (A) the Credit Agreement Collateral Agent is not required to be, and is not, a party thereto and (B) such enforcement is not inconsistent with the Intercreditor Agreement.

If the Company or any other Subsidiary Guarantor shall become subject to a case (a "Bankruptcy Case") under the Bankruptcy Code or, if applicable, other Bankruptcy Law and shall, as debtor(s)-in-possession, move for approval of financing ("*DIP Financing*") to be provided by one or more lenders (the "*DIP Lenders*") under Section 364 of the Bankruptcy Code or any equivalent provision of any other Bankruptcy Law or the use of cash collateral under Section 363 of the Bankruptcy Code or any equivalent provision of any other Bankruptcy Law, and in any case subject to the limitations set forth under Peruvian law in the event of liquidation, each Secured Party (other than any Controlling Secured Party or Authorized Representative of any Controlling Secured Party) agrees that it will not raise, join or support any objection to any such financing or to the Liens on the Shared Collateral securing the same ("*DIP Financing Liens*") or to any use of cash collateral that constitutes Shared Collateral, unless an Authorized Representative of any Controlling Secured Party shall then oppose or object (or join in any objection) to such DIP Financing or such DIP Financing Liens or use of cash collateral (and (i) to the extent that such DIP Financing Liens are senior to the Liens on any such Shared Collateral for the benefit of the Controlling Secured Parties, each Non-Controlling Secured Party will subordinate its Liens with respect to such Shared Collateral on the same terms as the Liens of the Controlling Secured Parties (other than any Liens of any Secured Parties constituting DIP Financing Liens) are subordinated thereto, and (ii) to the extent that such DIP Financing Liens rank *pari passu* with the Liens on any such Shared Collateral granted to secure the Secured Obligations of the Controlling Secured Parties, each Non-Controlling Secured Party will confirm the priorities with respect to such Shared Collateral as set forth herein), in each case so long as (A) the Secured Parties of each Series retain the benefit of their Liens on all such Shared Collateral pledged to the DIP Lenders, including proceeds thereof arising after the commencement of such proceeding, with the same priority vis-à-vis all the other Secured Parties (other than any Liens of the Secured Parties constituting DIP Financing Liens) as existed prior to the commencement of the Bankruptcy Case, (B) the Secured Parties of each Series are granted Liens on any additional or replacement collateral pledged to any Secured Parties as adequate protection or otherwise in connection with such DIP Financing or use of cash collateral, with the same priority vis-à-vis the Secured Parties (other than any Liens of the Secured Parties constituting DIP Financing Liens) as set forth in the Intercreditor Agreement, (C) if any amount of such DIP Financing and/or cash collateral is applied to repay or exchange any of the Secured Obligations (including pursuant to a "roll up"), such amount is applied pursuant to Intercreditor Agreement, and (D) if any Secured Parties are granted adequate protection with respect to the Secured Obligations, including in the form of periodic payments, in connection with such DIP Financing and/or use of cash collateral, the proceeds of such adequate protection are applied pursuant to the Intercreditor Agreement; provided that the Secured Parties of each Series shall have a right to object to the grant of a Lien to secure the DIP Financing over any Collateral subject to Liens in favor of the Secured Parties of such Series or their Authorized Representative that shall not constitute Shared Collateral; and provided, further, that the Secured Parties receiving adequate protection with respect to the Secured Obligations shall not object to any other Secured Party receiving adequate protection with respect to the Secured Obligations comparable to any adequate protection granted to such Secured Parties in connection with a DIP Financing and/or use of cash collateral.

Each Authorized Representative, on behalf of itself and the applicable Secured Parties, agrees that, and the Notes Secured Parties shall agree, under the Intercreditor Agreement, not to oppose any sale or disposition of any Shared Collateral of the Company or any Subsidiary Guarantor that is supported by the Controlling Secured Parties

or the Applicable Authorized Representative (at the direction of the Controlling Secured Parties), in an Insolvency or Liquidation Proceeding or otherwise; provided that any proceeds of any Shared Collateral realized therefrom shall be applied pursuant to the Intercreditor Agreement.

The rights of the parties under the Collateral Documents and the rights of the Collateral Agents, as beneficiary of the New Cash Flows Trust Agreement, the Equity Interests Trust Agreement, the Existing Trust Agreements, the Chilean Share Pledge Agreement, the Chilean Collateral Agency Agreement, the Mortgages over Production Units Agreements and the Mortgages over Real Property Agreements are governed by the laws of Peru or Chile, as applicable. The laws relating to trusts, mortgages and to the creation and perfection of security interests in Peru and Chile may differ from other jurisdictions and may be subject to restrictions and limitations. These restrictions and limitations may have the effect of preventing, limiting and/or delaying the enforcement of rights under such Security Documents, and may materially impair the claims of investors in the Notes and/or investors' access to the Collateral. Any such delay in having an enforceable claim could also diminish the value of a Holder's interest in such Collateral due, among other things, to the existence of other potential creditors and claimants. See *"Risk Factors—Risks Relating to the Notes and the Collateral— In the event of our bankruptcy, the ability of the holders of the New Notes to realize upon the Collateral will be subject to certain bankruptcy law and other limitations."*

It is impossible to predict how long payments under the Notes could be delayed following commencement of a bankruptcy case or in case general attachments by third parties over the Company's assets are in place, and whether or when the Collateral Agents would be able to receive, collect and/or exercise remedies with respect to cash flows that are not deposited directly by clients in the accounts of the Existing Trusts and the New Cash Flows Trust, but transferred by the Company to such accounts upon collection as set forth in the relevant agreements governing the applicable trusts. See *"Risk Factors—Risks Relating to the Notes and the Collateral— In the event of our bankruptcy, the ability of the holders of the New Notes to realize upon the Collateral will be subject to certain bankruptcy law and other limitations."*

Once the commencement of an insolvency procedure of a Peruvian company, such as the Company and the Subsidiary Guarantors, is made public, two main consequences are immediately triggered (a) the automatic stay of enforcement of all of the debtor's obligations (whether monetary or non-monetary); and (b) the protection of the debtor's estate (assets) by means of the suspension of all judicial or extra-judicial collection and foreclosure proceedings filed by any creditor and, in general, the suspension of all acts intended to create or enforce any lien, security or mortgage against the property of the debtor, except those that have been transferred to a trust (like the Equity Interests Trust Agreement, the Existing Trusts and the New Cash Flows Trust). The automatic stay will prevent the Peruvian Collateral Agent from pursuing enforcement of the mortgages created under the Mortgages over Production Units Agreement and the Mortgages over Real Property Agreements. The automatic stay of enforcement of all of the debtor's obligations does not prevent creditors from enforcing their rights against third parties which have granted corporate or asset-based guarantees, who will assume the contractual position of the original debtor. Moreover, under Peruvian insolvency law, once the debtor files for insolvency, or is given notice of an involuntary filing, all actions taken by management during the previous year (clawback period) and from that date on and until the date the creditors ratify or replace management (avoidance period) may be under specific judicial scrutiny. The clawback period covers all actions or transactions taken by management during the previous year, whether for consideration or not, that have a negative effect on the net worth of the company and are not in the ordinary course of business (all requirements must be met). The avoidance period covers actions or transactions specifically detailed under Peruvian Bankruptcy Law.

The Peruvian Bankruptcy Law does not recognize nor regulate group insolvency. It regulates the insolvency proceedings on a company-by-company basis and does not include any regulation relating to proceedings covering more than one legal entity or entitling creditors of insolvent companies or the companies themselves to include other entities of the same corporate group in the same insolvency proceeding. Consequently, the insolvency proceeding cannot be used to liquidate or reorganize a corporate group on a combined basis. There are no special proceedings or impediments or protections applicable to foreign creditors. Also, in Peru foreign creditors are entitled to the same rights and benefits as Peruvian creditors in connection with an insolvency proceeding. Finally, in the event of an insolvency proceeding, if a debtor is domiciled in Peru it will be subject to the exclusive jurisdiction of *Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual – INDECOPI*.

Amendment of Collateral Documents

The Company, the Subsidiary Guarantors, the Trustee and the Notes Collateral Agent will not be permitted to amend, modify or supplement, the Collateral Documents in any way, except as permitted under the Indenture and the Collateral Documents and otherwise in accordance with “—*Modification of Notes Documents*”, provided that any amendment or modification to a Collateral Document that affects only one Series of Senior Indebtedness may be effected as permitted by the documents governing such Series of Senior Indebtedness.

No Impairment of Security Interests

Except as otherwise permitted under the Notes Documents and the Collateral Documents, neither the Company nor any of the Subsidiary Guarantors will be permitted to take any action, or knowingly omit to take any action, which action or omission would have the result of materially impairing the security interest with respect to the Collateral for the benefit of the Secured Parties.

Acceptance by Holders

By its acceptance of the Notes, each Holder will be deemed to have consented to the terms of the Collateral Documents and the Intercreditor Agreement and to have authorized and directed the Trustee and the Notes Collateral Agent, as applicable, to execute, deliver and perform each of the Collateral Documents, to which it is a party, binding the Holders to the terms thereof.

Additional Amounts

All payments in respect of the Notes will be made free and clear of and without any deduction or withholding for or on account of any present or future taxes, duties, levies, imposts, assessments or other government charges and any interest, penalties or other liabilities with respect thereto (“Taxes”), unless the withholding or deduction of such Taxes is required by law or the official interpretation thereof, or by the administration thereof. If we are required by any law of Peru or any jurisdiction where the Company or any Subsidiary Guarantor is incorporated or resident for tax purposes or from or through which any payment in respect of the Notes is made by the paying agent or the Company, or any political subdivision thereof (a “Relevant Jurisdiction”) or any taxing authority of a Relevant Jurisdiction, to withhold or deduct any Taxes from or in respect of any sum payable under the Notes, we shall (i) pay such additional amounts (“Additional Amounts”) as may be necessary in order that the net amounts receivable by Holders of any Notes after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction, (ii) make such withholding or deduction, and (iii) pay the full amount withheld or deducted to the relevant tax or other authority in accordance with applicable law, except that no such Additional Amounts will be payable in respect of:

1. any present or future Taxes that would not have been imposed but for any present or former connection between the Holder or beneficial owner of a Note (or a fiduciary, settlor, beneficiary, member or shareholder of the Holder or beneficial owner of a Note) and the Relevant Jurisdiction (other than the mere receipt of a payment, the ownership or holding of a Note, or enforcing rights thereunder);
2. any estate, inheritance, capital gains, excise, personal property tax, sales, transfer, gift or similar tax, assessment or other governmental charge imposed with respect to the Notes;
3. any Taxes that would not have been imposed but for the failure of the Holder or any other Person to comply with any certification, identification, information, documentation or other reporting requirement concerning the nationality, residence, identity or connection with the Relevant Jurisdiction, for tax purposes, of the Holder or any beneficial owner of the Note if compliance is required by law, regulation or by an applicable income tax treaty to which the Relevant Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of the Tax, and we have given the Holder at least thirty (30) days’ notice, in writing, that the Holder will be required to provide such certification, identification, information or documentation; provided that

such certification, identification, information, documentation or other reporting requirement is not materially more onerous than the provision of forms required by the United States under analogous circumstances;

4. any Tax payable otherwise than by deduction or withholding from payments on or in respect of the Notes;
5. any present or future Taxes with respect to a Note presented for payment, where presentation is required, more than thirty (30) days after (i) the date on which the payment became due and payable or (ii) the date on which payment thereof is duly provided for and notice is provided to Holders, whichever occurs later, except to the extent that the Holder of such Note would have been entitled to such Additional Amounts on presenting such Note for payment on the last day of such 30-day period;
6. any payment on the Note to a Holder that is a fiduciary, a partnership, a limited liability company or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership, an interest holder in such a limited liability company or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Holder of the Note;
7. any taxes required to be deducted or withheld pursuant to Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof or any law implementing an intergovernmental approach thereto ("FATCA"); or
8. in the case of any combination of the items listed above.

Upon request, the Company will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Taxes in respect of which we have paid any Additional Amount within thirty (30) days of payment to the relevant taxing authority. We will make copies of such documentation available to the Holders or the relevant paying agent upon request.

The Company will pay promptly when due any present or future stamp, court or documentary taxes or any excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each Note or any other document or instrument referred to in the Indenture or such Note, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Jurisdiction except those resulting from, or required to be paid in connection with, the enforcement of such Note or any other such document or instrument after the occurrence and during the continuance of any Event of Default with respect to the Note in default.

The Company intends to withhold Peruvian taxes from interest payments on the Notes at a rate of 4.99% and to pay Additional Amounts, subject to the conditions above, with respect thereto for so long as the Notes are held through DTC or its nominee. See "Taxation—Peruvian Taxation."

Any reference in this Exchange Offer Memorandum, the Indenture or the Notes to principal, premium, interest or any other amount payable in respect of the Notes by the Company will be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this section.

In the event of any merger or other transaction described and permitted under "*Covenants — Limitation on Merger, Consolidation and Sale of Assets*," then all references to Peru, Peruvian law or regulations, and Peruvian taxing authorities under this section and under "*Optional Redemption — Optional Redemption upon Tax Event*" shall be deemed to also include the relevant Qualified Merger Jurisdiction, the law or regulations of the relevant Qualified Merger Jurisdiction, and any taxing authority of the relevant Qualified Merger Jurisdiction, respectively.

Optional Redemption

Optional Redemption with a Make-Whole Premium

At any time and from time to time prior to September 10, 2026 (the “First Call Date”), the Company will have the right, at its option, to redeem the Notes, in whole or in part, at a redemption price per Note equal to 100% of the principal amount of the Note to be redeemed plus the greater of:

- (1) 1% of the then outstanding principal amount of the Note to be redeemed, and
- (2) the excess of:
 - (a) the present value at such redemption date of (i) the redemption price of the Note at the First Call Date (such redemption price being set forth in the table appearing under “—Optional Redemption Without a Make-Whole Premium”) plus (ii) all required interest payments thereon through the First Call Date (excluding accrued but unpaid interest to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate as of such redemption date plus 50 basis points; over
 - (b) the then outstanding principal amount of such Note,

plus, in either case, accrued and unpaid interest thereon to, but excluding, the redemption date, and Additional Amounts, if any.

“*Treasury Rate*” shall mean, with respect to any redemption date, the yield determined by the Company in accordance with the following two paragraphs. The Treasury Rate shall be determined by the Company after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the applicable redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily) — H.15” (or any successor designation or publication) (“H.15”) under the caption “U.S. government securities—Treasury constant maturities—Nominal” (or any successor caption or heading) (“H.15 TCM”). In determining the Treasury Rate, the Company shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the applicable redemption date to the First Call Date (the “Remaining Life”); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields — one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life — and shall interpolate to the First Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the applicable redemption date.

If on the third business day preceding the applicable redemption date H.15 TCM is no longer published, the Company shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the First Call Date, as applicable. If there is no United States Treasury security maturing on the First Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the First Call Date, one with a maturity date preceding the First Call Date and one with a maturity date following the First Call Date, the Company shall select the United States Treasury security with a maturity date preceding the First Call Date. If there are two or more United States Treasury securities maturing on the First Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Company shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the

Treasury Rate in accordance with the terms of this paragraph, the semiannual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

Optional Redemption Without a Make-Whole Premium

At any time and from time to time on or after the First Call Date, the Company may, at its option, redeem the Notes, in whole or in part, at the redemption prices, expressed as percentages of principal amount, set forth below, plus accrued and unpaid interest thereon, if any, to the applicable redemption date, if redeemed during the 12-month period beginning on September 10 of the years indicated below.

Year	Percentage
2026.....	103.000%
2027.....	103.000%
2028 and thereafter.....	100.000%

Optional Redemption with Proceeds of Equity Offerings

At any time prior to the First Call Date, the Company may, at its option, on one or more occasions, redeem up to 35% of the aggregate principal amount of Notes at a redemption price of 108.750% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more Equity Offerings; provided that:

- (1) Notes in an aggregate principal amount equal to at least 65% of the aggregate principal amount of Notes issued on the first Issue Date remain outstanding immediately after the occurrence of such redemption; and
- (2) the redemption must occur within ninety (90) days of the date of the closing of such Equity Offering.

Optional Redemption Upon Tax Event

If the Company determines that, as a result of any amendment to, expiration of, or change in, the laws (or any rules or regulations thereunder) of a Relevant Jurisdiction, any taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to, expiration of, or change of such laws, rules or regulations becomes effective or, in the case of a change in official interpretation or application, is announced on or after the date of this Exchange Offer Memorandum (or on or after the date a Relevant Jurisdiction becomes a Relevant Jurisdiction, if later), we (or a Subsidiary Guarantor) would be obligated to pay any Additional Amounts in excess of those attributable to a withholding tax rate of 4.99% with respect to the Notes (see “—Additional Amounts” and “Taxation—Peruvian Taxation”); provided, that the Company, in its business judgment, determines that such obligation cannot be avoided by the Company taking reasonable measures available to it, then, at its option, all, but not less than all, of the Notes may be redeemed at any time at a redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest to the redemption date due thereon up to but excluding the date of redemption; provided that (1) no notice of redemption for tax reasons may be given earlier than sixty (60) days prior to the earliest date on which the Company (or a Subsidiary Guarantor) would be obligated to pay these Additional Amounts if a payment on the Notes were then due, and (2) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect.

Prior to the giving of any notice of redemption pursuant to this provision, the Company will deliver to the Trustee:

1. an Officer's Certificate stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to the Company's right to redeem have occurred (including that we cannot avoid the obligation to pay such Additional Amounts by taking reasonable measures available); and
2. an Opinion of Counsel from legal counsel in a Relevant Jurisdiction of recognized standing to the effect that we have or will become obligated to pay such Additional Amounts as a result of such change or amendment.

The Trustee may conclusively rely upon and will accept such Officer's Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent described above.

Optional Clean-Up Redemption

In the event that Holders of not less than 90% of the aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer, Asset Sale Offer, or other tender offer and the Company (or a third party making the offer) purchases all of the Notes validly tendered and not withdrawn by such Holders, or if the Company otherwise redeems not less than 90% of the aggregate principal amount of the outstanding Notes pursuant to the terms of the Indenture, the Company or third party offeror, as applicable, will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to such offer described above, to redeem (in the case of the Company) or purchase (in the case of a third party offeror) all of the Notes that remain outstanding following such purchase at a redemption price or purchase price, as the case may be, equal to the price paid to each other Holder in such offer (which may be less than par) plus, to the extent not included in such price, accrued and unpaid interest on the Notes that remain outstanding, to the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date).

Optional Redemption Procedures

Notice of any redemption will be given at least ten (10) but not more than sixty (60) days before the redemption date to Holders of Notes to be redeemed (with a copy to the Trustee) in accordance with the provisions described in "—Notices" below, except that redemption notices may be given more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance or covenant defeasance of the Notes or a satisfaction and discharge of the Indenture.

Notice of any redemption of the Notes may, at the Company's discretion, be subject to one or more conditions precedent. If such redemption is so subject to the satisfaction of one or more conditions precedent, such notice shall describe each such condition and, if applicable, shall state that such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date.

Notes called for redemption will become due on the date fixed for redemption. The Company will pay the redemption price for the Notes together with accrued and unpaid interest thereon to but excluding the date of redemption (subject to the rights of the relevant Holders as of the record date to receive payments of interest on the related interest payment date). On and after the redemption date, interest will cease to accrue on the Notes as long as the Company has deposited with the paying agent funds in satisfaction of the applicable redemption price together with accrued and unpaid interest thereon pursuant to the Indenture. Upon redemption of the Notes by the Company, the redeemed Notes will be cancelled and cannot be reissued.

If fewer than all of the Notes are being redeemed, the Notes to be redeemed shall be selected as follows: (1) if the Notes are listed on an exchange, in compliance with the requirements of such exchange or (2) on a pro rata basis to the extent practicable, or, if the pro rata basis is not practicable for any reason, by lot or by such other method as most nearly approximates a pro rata basis, in each case as long as the Notes are in global form, subject to customary DTC procedures (in integral multiples of US\$1,000; provided that the remaining principal amount of such Holder's Note will not be less than US\$2,000). Upon surrender of any Note redeemed in part, the Holder will

receive a new Note equal in principal amount to the unredeemed portion of the surrendered Note. Once notice of redemption is sent to the Holders, Notes called for redemption become due and payable at the redemption price on the redemption date, and, commencing on the redemption date, Notes redeemed will cease to accrue interest (unless the Company defaults in the payment of the redemption price).

In addition to the Company's right to redeem the Notes as set forth above, the Company may purchase the Notes in open-market transactions, tender offers or otherwise at any price, in compliance with applicable securities laws. Any Note so purchased by the Company may be surrendered to the Trustee for cancellation.

Excess Cash Flow Redemption

For so long as there are Secured Obligations outstanding under the Credit Agreement, the Company shall apply (or cause to be applied) any Excess Cash Flow Amount, calculated as of the last Business Day of the calendar month immediately preceding the calendar month in which such payment date occurs (each, a "Calculation Date"), as follows:

- (i) before the earlier of the Romina Full Funding Date and June 30, 2026, an amount equal to 50% of the Excess Cash Flow Amount shall be applied to prepay the aggregate principal amount outstanding under the Credit Agreement and an amount equal to 50% of the Excess Cash Flow Amount shall be deposited into the Romina Capex Reserve Account; and
- (ii) following the earlier of the Romina Full Funding Date and June 30, 2026, (x) in the event that the aggregate amount of the Obligations outstanding under the Credit Agreement is greater than US\$160,000,000, 85% of the Excess Cash Flow Amount shall be applied to prepay the aggregate principal amount outstanding under the Credit Agreement and an amount equal to 15% of the Excess Cash Flow Amount shall be deposited into the Excess Cash Segregated Account and (y) commencing on the date the outstanding Obligations under the Credit Agreement are equal to or less than US\$160,000,000 (the "Loan Payment Milestone Date"), 25% of the Excess Cash Flow Amount shall be applied to prepay on a pro rata basis the Obligations outstanding under the Credit Agreement and the Notes (the "First Lien Cash Sweep") and an amount equal to 75% of the Excess Cash Flow shall be deposited into the Excess Cash Segregated Account.

The Company shall apply the amount from the First Lien Cash Sweep which is to be allocated for the redemption of the Notes ("Excess Cash Notes Prepayment Amount"), on the Quarterly Prepayment Date immediately following such Calculation Date, to redeem an outstanding principal amount of the Notes, in accordance with the terms of the Indenture. For the avoidance of doubt, the obligation to apply any Excess Cash Flow Amount pursuant to this provision shall cease to the extent there are no outstanding Obligations under the Credit Agreement.

On such Quarterly Prepayment Date, the Trustee will, subject to receipt thereof, apply the Excess Cash Notes Prepayment Amount to prepay the maximum principal amount of Notes that may be prepaid with such Excess Cash Notes Prepayment Amount at redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest to the Quarterly Prepayment Date due thereon up to, but excluding, the Quarterly Prepayment Date (without prejudice to the right of the Holders of record on the relevant record date to receive interest on the related Scheduled Payment Date) plus Additional Amounts, if any, payable in respect of such Notes (each such mandatory redemption, a "Excess Cash Flow Redemption").

In connection with any Excess Cash Flow Redemption, the Company will deliver to the Trustee an Officer's Certificate setting forth the amended amortization schedule for the Notes reflecting such application.

The Company, the Subsidiary Guarantors and the Trustee acknowledge and agree that the Company's failure to have any Excess Cash Flow on any Quarterly Prepayment Date will not give rise to any Default or Indenture Event of Default.

Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, each Holder will have the right to require that the Company purchase all or a portion of such Holder's Notes (in integral multiples of US\$1,000; provided that the remaining principal amount of such Holder's Note will not be less than US\$2,000) of the Holder's Notes at a purchase price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon to but excluding the purchase date (the "Change of Control Payment").

Within thirty (30) days following the date upon which the Change of Control Triggering Event occurs, the Company must send a notice to each Holder, with a copy to the Trustee, offering to purchase the Notes as described above (a "Change of Control Offer") as described in "—Notices" below. The Change of Control Offer will state, among other things, the purchase date, which must be at least ten (10) but not more than sixty (60) days from the date the notice is given, other than as may be required by law (the "Change of Control Payment Date"). The Change of Control Offer may, at the Company's discretion, be subject to the consummation of the transactions triggering the Change of Control Triggering Event as a condition precedent.

On the Business Day immediately preceding the Change of Control Payment Date, the Company will, to the extent lawful, deposit with the paying agent funds in an amount equal to the Change of Control Payment, in respect of all Notes or portions thereof so tendered.

On the Change of Control Payment Date, as applicable, the Company will, to the extent lawful:

- (1) accept for payment all Notes or portions thereof properly tendered and not withdrawn; and
- (2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

If only a portion of a Note is purchased pursuant to a Change of Control Offer, as applicable, a new Note in an authorized principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to a Change of Control Offer, as applicable, will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of Notes in connection with a Change of Control Offer, as applicable. To the extent that the provisions of any applicable securities laws or regulations conflict with the Change of Control Triggering Event provisions of the Indenture, the Company will comply with such securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

Other existing and future indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness be purchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Company to repurchase the Notes upon a Change of Control Triggering Event may cause a default under such indebtedness even if the Change of Control itself does not.

If a Change of Control Offer occurs, the Company may not have available funds sufficient to make the Change of Control Payment for all the Notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding Notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations it may have. However, we cannot assure you that the Company would be able to obtain necessary financing and the terms of the Indenture may restrict the ability of the Company to obtain such financing.

Holders will not be entitled to require the Company to purchase their Notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which does not lead to a Change of Control Triggering Event.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if: (a) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (b) prior to the date the Change of Control Offer is required to be made, the Company has given notice of redemption in respect of all of the outstanding Notes in accordance with the Indenture.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event, conditional upon the consummation of the required Change of Control Triggering Event, if a definitive agreement is in place for the applicable Change of Control at the time of making of the Change of Control Offer.

Covenants in the Indenture restricting the ability of the Company and its Restricted Subsidiaries to Incur additional Indebtedness, to grant Liens on property, to make Restricted Payments and to make Asset Sales may also make more difficult or discourage a takeover of the Company, whether favored or opposed by the management or its Board of Directors. Consummation of any Asset Sale may, in certain circumstances, require redemption or repurchase of the Notes, and the Company or the acquiring party may not have sufficient financial resources to effect such redemption or repurchase. In addition, restrictions on transactions with Affiliates may, in certain circumstances, make more difficult or discourage any leveraged buyout of the Company or any of its Subsidiaries. While these restrictions cover a wide variety of arrangements that have traditionally been used to effect highly leveraged transactions, the Indenture may not afford the Holders protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger, recapitalization or similar transaction.

One of the events that constitutes a Change of Control under the Indenture is the disposition of “all or substantially all” of the Company’s assets under certain circumstances. This term varies based upon the facts and circumstances of the subject transaction and has not been interpreted under New York State law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in certain circumstances there may be uncertainty in ascertaining whether a particular transaction involved a disposition of “all or substantially all” of the assets of a Person and a Change of Control Triggering Event. In the event that Holders elect to require the Company to purchase the Notes and the Company contests such election, there can be no assurance as to how a court interpreting New York State law would interpret that phrase under certain circumstances.

Covenants

Limitation on Incurrence of Additional Indebtedness

- (1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness), except that the Company and the Subsidiary Guarantors may Incur Indebtedness if, at the time of and immediately after giving pro forma effect to the Incurrence thereof and the application of the net proceeds therefrom, (i) the Consolidated Interest Coverage Ratio of the Company shall be no less than 2.00 to 1.0, (ii)(a) in the case of secured Indebtedness, the Secured Leverage Ratio shall be no greater than 2.00 to 1.00 or (b) in the case of unsecured Indebtedness, the Consolidated Debt to EBITDA Ratio of the Company shall be no greater than 3.00 to 1.00; and (iii) no Default or Event of Default shall have occurred and be continuing.
- (2) Notwithstanding clause (1) above, the Company and its Restricted Subsidiaries, as applicable, may, at any time, Incur the following Indebtedness (“Permitted Indebtedness”):
 - (a) Indebtedness in respect of the Notes (excluding Additional Notes) and the Subsidiary Guarantees (including in respect of any Additional Notes);

- (b) other Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date, including under the Credit Agreement;
- (c) Hedging Obligations Financing;
- (d) unsecured obligations under Permitted Hedging Agreements;
- (e) intercompany Indebtedness between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries; provided that such Indebtedness must be expressly subordinated to the prior payment in full of all obligations under the Notes and the Indenture, in the case of the Company, or a Subsidiary Guarantor's Subsidiary Guarantee, in the case of a Subsidiary Guarantor; and provided further, that in the event that at any time any such Indebtedness ceases to be held by the Company or any Restricted Subsidiary, such Indebtedness will be deemed to be Incurred by the Company or the relevant Restricted Subsidiary, as the case may be, and not permitted by this clause (e) at the time such event occurs;
- (f) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (including daylight overdrafts paid in full by the close of business on the day such overdraft was Incurred) drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within five (5) Business Days of receipt of notice of insufficient funds;
- (g) Indebtedness of the Company or any of its Restricted Subsidiaries in respect of any obligations under workers' compensation claims, severance payment obligations, payment obligations in connection with health or other types of social security benefits, unemployment or other insurance or self-insurance obligations, reclamation, statutory obligations, regulatory or other similar legal obligations, and factoring and other financing of payables or receivables in the ordinary course of business;
- (h) Indebtedness consisting of letters of credit, banker's acceptances, performance bonds, appeal bonds, surety bonds, promissory notes, customs bonds and other similar bonds and reimbursement obligations Incurred by the Company or any Restricted Subsidiary in the ordinary course of business securing the performance of contractual, concession, franchise or license obligations of the Company or any Restricted Subsidiary (in each case, other than for an obligation for borrowed money);
- (i) Indebtedness of the Company or any of its Restricted Subsidiaries to the extent the net proceeds thereof are promptly used to redeem the Notes in full or deposited to defease or discharge the Notes, in each case in accordance with the Indenture;
- (j) Refinancing Indebtedness in respect of:
 - (i) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to clause (1) above (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (1)); or
 - (ii) Indebtedness Incurred pursuant to clauses (a), (b) or (j) (including, for the avoidance of any doubt, with respect to Indebtedness consisting of the aggregate principal amount of Existing Notes that remain outstanding following the Issue Date);
- (k) Acquired Indebtedness of any Restricted Subsidiary that was not Incurred to finance the acquisition thereof provided that, after giving effect to the Incurrence of such Acquired Indebtedness, the Company would be permitted to Incur at least US\$1.00 of additional Indebtedness under clause (1) above;

- (l) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations (including in respect of earn-outs not for financing purposes) or from customary guarantees or performance bonds, in each case, incurred in connection with the disposition of any business, assets or Subsidiary, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness will at no time exceed the gross proceeds actually received by the Company and the Restricted Subsidiary in connection with such disposition;
 - (m) the Guarantee by the Company or any Subsidiary Guarantor of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be Incurred by another provision of this covenant;
 - (n) Capitalized Lease Obligations, working capital and mortgage financings or Purchase Money Indebtedness of the Company or any Subsidiary Guarantor, in each case Incurred for the purpose of acquiring or financing all or any part of the purchase price or cost of design, installation, construction or improvement of property or equipment used or useful in a Permitted Business, in an aggregate principal amount at any one time outstanding, including any Refinancing Indebtedness Incurred to Refinance any Indebtedness Incurred pursuant to this clause (m), not to exceed the greater of US\$25.0 million and 3% of the Company's Consolidated Net Tangible Assets (or the equivalent in other currencies);
 - (o) Working Capital Financing; and
 - (p) Prior to the earlier of the Romina Full Funding Date and June 30, 2026, up to \$125,000,000 in Indebtedness secured solely by the Romina Project Assets to be used solely for expansion capital expenditures related to the Romina Project, which amount shall be reduced on a dollar-for-dollar basis, as of any date of determination, by the aggregate amount of cash that has been deposited into the Romina Capex Reserve Account (including any amounts deposited and since withdrawn) as of such date; *provided*, that in no event shall the total amount of amortization payments in respect of such financing in any fiscal year exceed the greater of \$35,000,000 and 28% of the aggregate principal amount of such financing then outstanding (the "Romina Project Financing").
- (3) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this covenant:
- (a) the outstanding principal amount of any item of Indebtedness will be counted only once;
 - (b) in the event that an item of Indebtedness meets the criteria of clause (1) above or more than one of the categories of Permitted Indebtedness described in clauses (a) through (p) of clause (2) above, the Company may, in its sole discretion, divide and classify (or at any time reclassify) such item of Indebtedness in any manner that complies with this covenant;
 - (c) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness, but may be permitted in part by such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;
 - (d) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with IFRS;
 - (e) Guarantees of, or obligations in respect of letters of credit or similar instruments relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness will not be included; and

- (f) the accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant; provided that any such outstanding additional Indebtedness or Disqualified Capital Stock paid in respect of Indebtedness Incurred pursuant to any provision of clause (2) above will be counted as Indebtedness outstanding thereunder for purposes of any future Incurrence under such provision.
- (4) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a non-U.S. currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred or, in the case of revolving credit Indebtedness, first committed; provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a non-U.S. currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a “Restricted Payment”):

- (a) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:
- dividends or distributions payable in Qualified Capital Stock of the Company;
 - dividends or distributions payable to the Company and/or a Restricted Subsidiary; or
 - dividends, distributions or returns of capital made on a pro rata basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand (or on a less than pro rata basis to any minority holder);
- (b) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company held by Persons other than the Company or any of its Restricted Subsidiaries;
- (c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Subordinated Indebtedness; or
- (d) make any Investment (other than Permitted Investments);

if at the time of the Restricted Payment and immediately after giving pro forma effect thereto:

- (1) a Default or an Event of Default has occurred and is continuing;
- (2) (A) the Company is not able to Incur at least US\$1.00 of additional Indebtedness pursuant to

paragraph (1) of “—Limitation on Incurrence of Additional Indebtedness”, (B) the Consolidated Debt to EBITDA Ratio of the Company shall be greater than 2.25 to 1.00 at the time of or after giving effect to such Restricted Payment, or (C) after giving effect to such Restricted Payment, the Company would not maintain an Unrestricted Cash balance amount of at least US\$70.0 million as of the last day of the most recent fiscal quarter (and as the daily average for such period) for which consolidated financial information of the Company is available and on the date prior to the date of determination; or

- (3) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof will exceed the sum of:
- (A) (x) 50% or (y) if the Consolidated Debt to EBITDA Ratio of the Company does not exceed 2.00 to 1.0 at the time of and after giving effect to such Restricted Payment, 100%, in each case of cumulative Consolidated Net Income of the Company or, if such cumulative Consolidated Net Income of the Company is a loss, minus 100% of the loss, accrued during the period, treated as one accounting period, from July 1, 2024 to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available; plus
 - (B) 100% of the aggregate net cash proceeds received by the Company from any Person from any:
 - (x) contribution to the Capital Stock of the Company not representing an interest in Disqualified Capital Stock or issuance and sale of Qualified Capital Stock of the Company, in each case subsequent to the Issue Date; or
 - (y) issuance and sale subsequent to the Issue Date (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness for borrowed money of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company;

excluding, in each case, any net cash proceeds:

- (x) received from a Subsidiary of the Company;
 - (y) used to acquire Capital Stock or other assets from an Affiliate of the Company; or
 - (z) applied in accordance with clause (2) or (3) of the second paragraph of this covenant below; plus
- (C) an amount equal to the sum, for all Unrestricted Subsidiaries, of the following:
- (x) the cash return, and the fair market value of assets or property received, after the Issue Date, on Investments in an Unrestricted Subsidiary made after the Issue Date pursuant to this paragraph as a result of any sale, repayment, redemption, liquidating distribution or other realization (to the extent not included in clause 3(A) above); plus
 - (y) all distributions or dividends to the Company or a Restricted Subsidiary from Unrestricted Subsidiaries (provided that such distributions or dividends shall be excluded in calculating Consolidated Net Income for purposes of clause 3(A) to the extent already included in clause 3(A) above); plus

- (z) the portion (proportionate to the Company's Equity Interest in such Subsidiary) of the Fair Market Value of the assets less liabilities of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; plus
- (D) the cash return, and the fair market value of property received, after the Issue Date, on any other Investment made after the Issue Date pursuant to this paragraph, as a result of any sale, repayment, redemption, liquidating distribution or other realization (to the extent not included in clause 3(A) above).

Notwithstanding anything to the contrary in this covenant, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, make any Restricted Payments prior to the earlier of the Romina Full Funding Date and June 30, 2026.

For the avoidance of doubt, this covenant does not prohibit:

- (1) the payment of any dividend within sixty (60) days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration pursuant to the preceding paragraph;
- (2) the acquisition of any shares of Capital Stock of the Company:
 - (x) in exchange for Qualified Capital Stock of the Company; or
 - (y) through the application of the net cash proceeds received by the Company from a substantially concurrent sale of Qualified Capital Stock of the Company or a contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock, in each case not received from a Subsidiary of the Company;

provided, that the value of any such Qualified Capital Stock issued in exchange for such acquired Capital Stock and any such net cash proceeds will be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);

- (3) the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness solely in exchange for, or through the application of net cash proceeds of a substantially concurrent sale, other than to a Subsidiary of the Company, of:
 - (x) Qualified Capital Stock of the Company; or
 - (y) Refinancing Indebtedness for such Subordinated Indebtedness;

provided, that the value of any Qualified Capital Stock issued in exchange for Subordinated Indebtedness and any net cash proceeds referred to above shall be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);

- (4) if no Default or Event of Default has occurred and is continuing or would exist after giving pro forma effect thereto, repurchases by the Company of Capital Stock of the Company or options, warrants or other securities exercisable or convertible into Capital Stock of the Company from employees or directors of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship of the employees or directors, in an amount not to exceed US\$3.0 million (or the equivalent in other currencies) in any calendar year and US\$12.0 million (or the equivalent in other currencies) in the aggregate;
- (5) repurchases of Capital Stock deemed to occur upon the exercise of stock options if the Capital

Stock represents all or a portion of the exercise price thereof (or related withholding taxes), and Restricted Payments by the Company to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock of the Company; and

- (6) to the extent such transactions constitute Restricted Payments, the distribution of Equity Interests held by any of the Company or the Subsidiary Guarantors in Roquel Global and Compañía Hidroeléctrica Tingo to a Permitted Joint Venture for Fair Market Value, *provided* that all of the Company's or each Subsidiary Guarantors' respective Equity Interests in such Permitted Joint Venture are simultaneously pledged and perfected thereafter, subject to the terms herein, on a first-priority basis (subject to Permitted Collateral Liens or Rights over Collateral) or assigned in trust under the Equity Interests Trust Agreement as Collateral for the benefit of the Secured Parties.

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend) and (4) above will be included in such calculation, and amounts expended pursuant to clauses (2), (3), (5), and (6) above will not be included in such calculation.

The amount of any Restricted Payments not in cash will be the Fair Market Value on the date of such Restricted Payment of the property, assets or securities proposed to be paid, transferred or issued by the Company or the relevant Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) permitted pursuant to this covenant or a Permitted Investment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described above or one or more clauses of the definition of "Permitted Investment," the Company shall be permitted to classify such Restricted Payment or Permitted Investment (or any portion thereof) on the date it is made, or later reclassify all or any portion of such Restricted Payment or Permitted Investment, in any manner that complies with this covenant, and such Restricted Payment or Permitted Investment (or portion thereof) shall be treated as having been made pursuant to only one of such clauses of this covenant or of the definition of Permitted Investment.

Limitation on Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (a) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets sold or otherwise disposed of; and
- (b) at least 75% of the consideration received for the assets sold by the Company or the Restricted Subsidiary, as the case may be, in the Asset Sale is in the form of (1) cash or Cash Equivalents; (2) assets (other than current assets as determined in accordance with IFRS or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; (3) Capital Stock in a Person engaged solely in a Permitted Business that will become a Restricted Subsidiary as a result of such Asset Sale; or (4) a combination of cash, Cash Equivalents and such assets. For purposes of this clause (b), the assumption by the purchasers of Indebtedness or other obligations (other than Subordinated Indebtedness) of the Company or a Restricted Subsidiary pursuant to a customary novation agreement, and instruments or securities received from the purchasers that are promptly, but in any event within ninety (90) days of the closing, converted by the Company or a Restricted Subsidiary to cash, to the extent of the cash actually so received, shall be considered cash received at closing.

The Company or such Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof to:

- (1) repay, prepay or purchase any secured Senior Indebtedness of the Company or any Restricted Subsidiaries, in each case for borrowed money or constituting a Capitalized Lease Obligation and permanently reduce the commitments with respect thereto without Refinancing, in each case owing to a Person other than an Affiliate;
- (2) make capital expenditures in the Company or any Restricted Subsidiary involved in a Permitted Business;
- (3) purchase:
 - (A) assets (other than current assets as determined in accordance with IFRS or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; or
 - (B) Capital Stock of a Person engaged solely in a Permitted Business that will become, upon purchase, a Restricted Subsidiary,from a Person other than the Company and its Restricted Subsidiaries;
- (4) enter into a binding commitment with a Person, other than the Company and its Restricted Subsidiaries, to apply such Net Cash Proceeds pursuant to clauses (2) or (3) above, provided, that such binding commitment shall be subject only to customary conditions and the applicable purchase shall be consummated within 180 days following the expiration of the aforementioned 365-day period;
- (5) any combination of (1) through (4) above;

provided that, to the extent there are no outstanding Secured Obligations under the Credit Agreement, the Net Cash Proceeds of any such Asset Sale of Collateral may only be applied within 365 days thereof in any Replacement Collateral Assets, to the extent such Replacement Collateral Assets are pledged on a first-priority basis (subject to Permitted Collateral Liens or Rights over Collateral) in favor of the Secured Parties.

To the extent all or a portion of the Net Cash Proceeds of any Asset Sale (A) not constituting Collateral are not applied within 365 days after the Asset Sale as described in clauses (1) through (4) (in the case of clause (4) such period will be extended for 180 days) of the immediately preceding paragraph or (B) of Collateral that are (i) not applied within 365 days after the Asset Sale in a Replacement Collateral Asset pledged as described in the paragraph above; or (ii) that the Company decides will not be applied in a Replacement Collateral Asset within the 365-day period, and in that case, as promptly as it may decide; any such Net Cash Proceeds not so applied (and as may be reduced in connection with Permitted Collateral Liens or Rights over Collateral), in each case, "Excess Proceeds," the Company shall apply such Excess Proceeds, as follows:

(i) prior to the Loan Payment Milestone Date, to prepay the outstanding Obligations under the Credit Agreement;

(ii) after the Loan Payment Milestone Date and as long as there are Secured Obligations outstanding under the Credit Agreement, at the sole discretion of the Company, to either (a) prepay the Credit Agreement only, or (b) on a pro rata basis, prepay the Credit Agreement and make an offer (within ten (10) Business Days of such 365th day (subject to deferral as described below and the extension described in clause (4) above)) equal to the Excess Proceeds that are allocated to purchase Notes upon the *pro rata* distribution (the "Asset Sale Offer"), at a purchase price equal to 100% of the principal amount of the Notes to be purchased, plus any accrued and unpaid interest thereon, to but excluding the purchase date (the "Asset Sale Offer Amount");

(iii) after the payment in full of all Secured Obligations outstanding under the Credit Agreement, to, on a pro rata basis, prepay outstanding Secured Obligations, including the Notes, by making an Asset Sale Offer (within ten (10) Business Days of such 365th day (subject to deferral as described below and the extension described in clause (4) above)) equal to the Asset Sale Offer Amount, subject to the terms described herein.

The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of Excess Proceeds from one or more Asset Sales equal to or in excess of US\$50.0 million (or the equivalent in other currencies). At that time, the entire amount of Excess Proceeds, and not just the amount in excess of US\$50.0 million (or the equivalent in other currencies) will be applied as required pursuant to this covenant.

The Company will purchase pursuant to an Asset Sale Offer from all tendering Holders on a pro rata basis, and, at the Company's option, on a pro rata basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of Notes and the other Senior Indebtedness to be purchased equal to such Excess Proceeds. The Company may satisfy its obligations under this covenant with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant period set forth above.

Pending application in accordance with this covenant, Net Cash Proceeds (i) received from the Asset Sale of any Collateral shall promptly be deposited into an account under the Existing Trusts pledged for the benefit of the Secured Parties, for the purposes and subject to the terms and conditions described in this covenant, including as described below under "*Asset Sale Redemption*" and (ii) may be invested in Cash Equivalents.

Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be at least ten (10) and not more than sixty (60) days from the date the notice is given, other than as may be required by law (the "Asset Sale Offer Payment Date"). Upon receiving notice of an Asset Sale Offer, Holders may elect to tender their Notes in whole or in part in integral multiples of US\$1,000 in exchange for cash; provided that the principal amount of such tendering Holder's Note will not be less than US\$2,000.

On the Business Day immediately preceding the Asset Sale Offer Payment Date, the Company will, to the extent lawful, deposit with the paying agent funds in an amount equal to the Asset Sale Offer Amount in respect of all Notes or portions thereof so tendered.

On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

- (1) accept for payment all Notes or portions thereof properly tendered pursuant to the Asset Sale Offer; and
- (2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

To the extent that Holders of Notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw Notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of Excess Proceeds, the Company will purchase the Notes and the other Senior Indebtedness on a pro rata basis (based on amounts tendered). If only a portion of a Note is purchased pursuant to an Asset Sale Offer, a new Note in an authorized principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero. Accordingly, to the extent that the aggregate amount of Notes and other Senior Indebtedness tendered pursuant to an

Asset Sale Offer is less than the aggregate amount of Excess Proceeds, the Company and its Restricted Subsidiaries may use any remaining Net Cash Proceeds in any manner not prohibited by the Indenture.

If at any time any non-cash consideration received by the Company or any Restricted Subsidiary, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any non-cash consideration), the conversion or disposition will be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof will be applied in accordance with this covenant within 365 days of conversion or disposition (subject to deferral and extension as described above).

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the “Asset Sale” provisions of the Indenture, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under the “Asset Sale” provisions of the Indenture by doing so.

Asset Sale Redemption

Notwithstanding anything to the contrary in “—Limitation on Asset Sales”, for so long as there are outstanding Secured Obligations under the Credit Agreement, the Company shall apply the Net Cash Proceeds of any Asset Sale constituting Collateral (subject to Permitted Collateral Liens or Rights over Collateral) as follows:

- (i) prior to the Loan Payment Milestone Date, to prepay the outstanding Secured Obligations under the Credit Agreement; and
- (ii) after the Loan Payment Milestone Date and as long as there are Secured Obligations outstanding under the Credit Agreement, at the sole discretion of the Company, to either (a) prepay the Credit Agreement only, or (b) on a pro rata basis, prepay the Credit Agreement and the Notes (the amount to be allocated for the prepayment of the Notes, if any, being the “Collateral Sale Notes Prepayment Amount”).

The Company shall apply the Collateral Sale Notes Prepayment Amount, on the Quarterly Prepayment Date immediately following such Calculation Date, to redeem an outstanding principal amount of the Notes, in accordance with the terms of the Indenture.

On such Quarterly Prepayment Date, the Trustee will, subject to receipt thereof, apply the Collateral Sale Notes Prepayment Amount to prepay the maximum principal amount of Notes that may be prepaid with such Collateral Sale Notes Prepayment Amount at redemption price equal to 100% of the outstanding principal amount, plus any accrued and unpaid interest to the Quarterly Prepayment Date due thereon up to, but excluding, the Quarterly Prepayment Date (without prejudice to the right of the Holders of record on the relevant record date to receive interest on the related Scheduled Payment Date) plus Additional Amounts, if any, payable in respect of such Notes (each such redemption, a “Collateral Sale Redemption”).

In connection with any Collateral Sale Redemption, the Company will deliver to the Trustee an Officer’s Certificate setting forth the amended amortization schedule for the Notes reflecting such application.

Non-Core Asset Sales

Notwithstanding anything to the contrary in “—Limitation on Asset Sales”, so long as no Event of Default has occurred and is continuing, any Net Cash Proceeds resulting from any Non-Core Asset Sales shall not trigger an Asset Sale Offer or require the distribution of any Collateral Sale Notes Prepayment Amount, and shall be allocated to the Company to be applied (i) prior to the earlier of the Romina Full Funding Date and June 30, 2026, to fund the Romina Capex Reserve Account, as set forth under “—Romina Capex Reserve Account” and (ii) thereafter, as Unrestricted Cash for distribution as set forth under “—Excess Cash Flow Redemption.” For the avoidance of doubt, the Refinancing Costs netted from the proceeds received in connection with the Huanchor Sale shall be funds

of the Company and the Company may use such funds to reimburse itself for the fees, expenses and costs incurred in connection with the Credit Agreement.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any property or asset unless:

- (1) the Company or the Restricted Subsidiary would be entitled to:
 - (A) Incur Indebtedness in an amount equal to the Attributable Indebtedness with respect to such Sale and Leaseback Transaction pursuant to the covenant described under the caption “— Limitation on Incurrence of Additional Indebtedness,” and
 - (B) create a Lien on such property or asset securing such Attributable Indebtedness without equally and ratably securing the Notes pursuant to the covenant described under the caption “—Limitation on Liens,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions, and
- (2) the Company complies with the covenant described under the caption “—Limitation on Asset Sales” in respect of such transaction.

Limitation on Guarantees of Indebtedness by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary, directly or indirectly, to Guarantee any Indebtedness of the Company or any Subsidiary Guarantor unless such Restricted Subsidiary (a) is a Subsidiary Guarantor or (b) becomes a Subsidiary Guarantor within ten (10) days of such Guarantee and executes and delivers to the Trustee an Opinion of Counsel, an Officer’s Certificate and a supplemental indenture providing for its Subsidiary Guarantee, which Subsidiary Guarantee will rank senior in right of payment to or equally in right of payment with such Subsidiary’s Guarantee of such other Indebtedness.

Limitation on Designation of Unrestricted Subsidiaries

The Company may designate after the Issue Date any Subsidiary of the Company as an “Unrestricted Subsidiary” under the Indenture (an “Unrestricted Subsidiary Designation”) only if:

- (1) no Default or Event of Default has occurred and is continuing at the time of or after giving effect to such Unrestricted Subsidiary Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with “—Limitation on Transactions with Affiliates”; and
- (2) the Company would be permitted to make an Investment at the time of such Unrestricted Subsidiary Designation (assuming the effectiveness of such Unrestricted Subsidiary Designation and treating such Unrestricted Subsidiary Designation as an Investment at the time of such Unrestricted Subsidiary Designation) as a Restricted Payment pursuant to the first paragraph of “—Limitation on Restricted Payments” or a Permitted Investment in an amount (the “Designation Amount”) equal to the amount of the Company’s Investment in such Subsidiary on such date.

The Company may revoke any Unrestricted Subsidiary Designation of a Subsidiary as an Unrestricted Subsidiary (a “Revocation”) only if:

- (1) no Default or Event of Default has occurred and is continuing at the time of and after giving effect to such Revocation; and
- (2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all

purposes of the Indenture.

Upon a Restricted Subsidiary becoming an Unrestricted Subsidiary:

- (1) all existing Investments of the Company and the Restricted Subsidiaries therein (valued at the Company's proportional share of the fair market value of its assets less liabilities) will be deemed made at that time;
- (2) all existing Capital Stock or Indebtedness of the Company or a Restricted Subsidiary held by it will be deemed Incurred at that time, and all Liens on property of the Company or a Restricted Subsidiary held by it will be deemed Incurred at that time;
- (3) all existing transactions between it and the Company or any Restricted Subsidiary will be deemed entered into at that time;
- (4) it is released at that time from its Subsidiary Guarantee, if any; and
- (5) it will cease to be subject to the provisions of the Indenture as a Restricted Subsidiary.

Upon an Unrestricted Subsidiary becoming, or being deemed to become, a Restricted Subsidiary:

- (1) all of its Indebtedness and Disqualified or Preferred Stock will be deemed Incurred at that time for purposes of "—Limitation on Incurrence of Additional Indebtedness";
- (2) Investments therein previously charged under "Limitation on Restricted Payments" will be credited thereunder;
- (3) it may be required to issue a Subsidiary Guarantee; and
- (4) it will thenceforward be subject to the provisions of the Indenture as a Restricted Subsidiary.

The designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be deemed to include the designation of all of the Subsidiaries of such Subsidiary. All Unrestricted Subsidiary Designations and Revocations, other than those made on the Issue Date pursuant to the Indenture, and the Chancery Port Transfer must be evidenced by Board Resolutions of the Company's Board of Directors and an Officer's Certificate, delivered to the Trustee certifying compliance with the preceding provisions.

Limitation on Designation of Non-Guarantor Restricted Subsidiaries

The Company may designate at any time after the Issue Date any Subsidiary Guarantor as a "Non-Guarantor Restricted Subsidiary" under the Indenture (a "Non-Guarantor Designation") only if:

- (1) no Default or Event of Default has occurred and is continuing at the time of or after giving effect to such Non-Guarantor Designation;
- (2) the Company determines in good faith, at the time of such Non-Guarantor Designation, that such Subsidiary Guarantor is not a Significant Subsidiary based on the most recent consolidated financial statements of the Company provided to the Trustee pursuant to "—Covenants—Reports to Holders" (or required to be provided thereunder); and
- (3) after giving effect to such Non-Guarantor Designation, (i) the total assets of all Non-Guarantor Restricted Subsidiaries (measured on a combined basis) as of the last day of the relevant fiscal quarter is less than 15.0% of the Company's consolidated total assets, and (ii) the total Adjusted EBITDA of all Non-Guarantor Restricted Subsidiaries (measured on a combined basis) for the relevant fiscal quarter is less than 15.0% of the Company's consolidated Adjusted EBITDA, in each of (3)(i) and (3)(ii) on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses, assets or operations by the Company and its Restricted Subsidiaries subsequent to the last day of such fiscal quarter and on or prior to the date of such

Non-Guarantor Designation.

Upon a Subsidiary Guarantor becoming a Non-Guarantor Restricted Subsidiary, any Subsidiary Guarantee previously provided by such Subsidiary Guarantor will be automatically and unconditionally released (and thereupon shall terminate and be discharged and be of no further force and effect).

The designation of a Subsidiary Guarantor as a Non-Guarantor Restricted Subsidiary will be deemed to include the designation of all of the Subsidiaries of such Subsidiary Guarantor as Non-Guarantor Restricted Subsidiaries. All Non-Guarantor Designations must be evidenced by Board Resolutions of the Company's Board of Directors and an Officers' Certificate, delivered to the Trustee certifying compliance with the preceding provisions; provided, however that all Subsidiaries of the Company that are not Subsidiary Guarantors as of the Issue Date shall automatically be designated as Non-Guarantor Restricted Subsidiaries on the Issue Date. Any Non-Guarantor Designation shall automatically be revoked if such Subsidiary provides a Subsidiary Guarantee.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (a) Except as provided in paragraph (b) below, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (1) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any other Restricted Subsidiary or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;
 - (2) make loans or advances to, or Guarantee any Indebtedness or other obligations of, or make any Investment in, the Company or any other Restricted Subsidiary; or
 - (3) transfer any of its property or assets to the Company or any other Restricted Subsidiary.
- (b) Paragraph (a) above of this covenant will not apply to encumbrances or restrictions existing under or by reason of:
 - (1) applicable law, rule, regulation or order;
 - (2) the Notes Documents, the Credit Agreement and any security documents related thereto;
 - (3) the terms of any Indebtedness outstanding on the Issue Date;
 - (4) the terms of any binding agreement with respect to any Restricted Subsidiary relating to its Capital Stock or assets in effect on the Issue Date, and any amendments or restatements thereof; provided that any amendment or restatement is not materially more restrictive with respect to such encumbrances or restrictions than those in existence on the Issue Date;
 - (5) restrictions on the transfer of assets subject to any Permitted Lien;
 - (6) customary provisions restricting the ability of any Restricted Subsidiary to undertake any action described in clauses (a)(1) through (a)(3) above in joint venture agreements and other similar agreements entered into in the ordinary course of business and with the approval of the Company's Board of Directors;
 - (7) customary restrictions on cash or other deposits imposed by customers under contracts or other arrangements entered into or agreed to in the ordinary course of business;

- (8) customary non-assignment provisions of any license agreement or other contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset that is subject to a Lien that secures Indebtedness, in each case permitted to be Incurred under the Indenture;
- (9) restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary; provided that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold if permitted by the Indenture;
- (10) customary restrictions imposed on the transfer of copyrighted or patented materials;
- (11) Indebtedness permitted to be incurred pursuant to clause 2(m) under “—Covenants—Limitation of Incurrence of Additional Indebtedness” that impose encumbrances and restrictions on the assets so acquired or subject to the lease;
- (12) restrictions (A) with respect to any Person, or to the property or assets of any Person, at the time the Person is acquired by the Company or any Restricted Subsidiary, or (B) with respect to any Unrestricted Subsidiary at the time it is designated or is deemed to become a Restricted Subsidiary, which encumbrances or restrictions (i) are not applicable to any other Person or the property or assets of any other Person and (ii) were not put in place in anticipation of such event and any extensions, renewals, replacements or refinancings of any of the foregoing, provided that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being extended, renewed, replaced or refinanced; and
- (13) an agreement that amends, extends, renews, refinances or replaces an agreement referred to in clauses (1)-(12) of this paragraph (b); provided that such agreement is, taken as a whole, not materially more restrictive with respect to such encumbrances or restrictions than those contained in the agreement that it amends, extends, renews, refinances or replaces.

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Liens of any kind against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables, unless contemporaneously therewith effective provision is made to secure the Notes, the Subsidiary Guarantees and all other amounts due under the Indenture equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the Notes or the Subsidiary Guarantees prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien; except that the foregoing provisions shall not apply to (without duplication): (a) in the case of any property or asset that does not constitute Collateral, any Permitted Lien and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens or Rights over Collateral.

Limitation on Merger, Consolidation and Sale of Assets

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary to sell, assign, transfer, lease, convey

or otherwise dispose of) all or substantially all of the Company's properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries) to any Person unless:

- (a) either:
 - (1) the Company is the surviving or continuing Person; or
 - (2) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the Company's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity"):
 - (A) is a corporation organized and validly existing under the laws of Peru or a Qualified Merger Jurisdiction; and
 - (B) expressly assumes, by supplemental indenture, executed and delivered to the Trustee, the due and punctual payment of all amounts payable pursuant to the Indenture and the principal of, and premium, if any, and interest on all of the Notes and the performance and observance of the covenants of the Notes and the Indenture on the part of the Company to be performed or observed;
- (b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including giving effect on a pro forma basis to any Indebtedness (including any Acquired Indebtedness) Incurred or anticipated to be Incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be:
 - (A) will be able to Incur at least US\$1.00 of additional Indebtedness pursuant to clause (1) of "Limitation on Incurrence of Additional Indebtedness"; or
 - (B) the Consolidated Interest Coverage Ratio for the Surviving Entity would be no less than the Consolidated Interest Coverage Ratio immediately prior to such transactions, and the Consolidated Debt to EBITDA Ratio of the Surviving Entity would be no greater than the Consolidated Debt to EBITDA Ratio immediately prior to such transactions;
- (c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including, without limitation, giving effect on a pro forma basis to any Indebtedness (including any Acquired Indebtedness) Incurred or anticipated to be Incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default has occurred or is continuing;
- (d) if the surviving or continuing Person is not the Company, each Subsidiary Guarantor has confirmed by supplemental indenture that its Subsidiary Guarantee will apply to the Obligations of the Surviving Entity in respect of the Indenture and the Notes; and
- (e) the Company or the Surviving Entity has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture(s), if any, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction and the execution of the supplemental indenture(s), if any, have been satisfied.

For purposes of this covenant, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company (determined on a consolidated basis for the Company and its Restricted Subsidiaries), will be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The provisions of clause (b) above will not apply to any merger or consolidation of the Company into an Affiliate of the Company incorporated solely for the purpose of reincorporating the Company in another jurisdiction

so long as the Indebtedness of the Company and its Restricted Subsidiaries taken as a whole is not increased thereby.

The foregoing shall not apply to (i) any transfer of assets by the Company to any Subsidiary Guarantor, or (ii) any transfer of assets among Subsidiary Guarantors. For the avoidance of doubt, the foregoing shall not apply to a contribution of Equity Interests held by any of the Company or the Subsidiary Guarantors in Roquel Global and Compañía Hidroeléctrica Tingo to a Permitted Joint Venture for Fair Market Value, *provided* that all of the Company's or each Subsidiary Guarantors' respective Equity Interests in such Permitted Joint Venture are simultaneously pledged and perfected thereafter, subject to the terms herein, on a first-priority basis (subject to Permitted Collateral Liens or Rights over Collateral) or assigned in trust under the Equity Interests Trust Agreement as Collateral for the benefit of the Secured Parties.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries in accordance with this covenant, in which the Company is not the continuing Person, the Surviving Entity formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the Notes with the same effect as if such Surviving Entity had been named as such and the Company shall be relieved of its obligations under the Indenture and the Notes. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company (including a Surviving Entity, if applicable) under "—Change of Control Offer" if applicable.

No Subsidiary Guarantor may consolidate with or merge with or into any Person, or sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or permit any Person to merge with or into the Subsidiary Guarantor unless:

- (a)
 - (i) the other Person is the Company or any Restricted Subsidiary that is a Subsidiary Guarantor or becomes a Subsidiary Guarantor concurrently with the transaction; or
 - (ii) (1) either (x) the Subsidiary Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person (if not such Subsidiary Guarantor) expressly assumes by supplemental indenture all of the obligations of the Subsidiary Guarantor under its Subsidiary Guarantee; and (2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or
 - (iii) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture; and
- (b) the Company or the surviving entity has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture, if any, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction and the execution of the supplemental indenture, if any, have been satisfied.

Limitation on Transactions with Affiliates

- (1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), unless the terms of such Affiliate Transaction are no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company.

- (2) Paragraph (1) above will not apply to:
- (a) Affiliate Transactions with or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries;
 - (b) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors and employees of the Company or any Restricted Subsidiary;
 - (c) Affiliate Transactions undertaken pursuant to the terms of any agreement or arrangement to which the Company or any of its Restricted Subsidiaries is a party as of or on the Issue Date, as these agreements or arrangements may be amended, modified, supplemented, extended, renewed or replaced from time to time; provided that any future amendment, modification, supplement, extension, renewal or replacement entered into after the Issue Date will be permitted to the extent that its terms are not more materially disadvantageous to the Holders than the terms of the agreements or arrangements in effect on the Issue Date;
 - (d) the entering into of a customary agreement providing registration rights to the shareholders of the Company and the performance of such agreements;
 - (e) transactions or payments, including grants of securities, stock options and similar rights, pursuant to any employee, officer or director compensation or benefit plans or arrangements entered into in the ordinary course of business or approved by the Company's Board of Directors in good faith;
 - (f) any employment agreements entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;
 - (g) any Restricted Payments made in compliance with "— Limitation on Restricted Payments" and Permitted Investments;
 - (h) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services that are Affiliates, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which are on terms no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company (as determined in good faith by the Board of Directors or senior management of the Company); and
 - (i) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary in the ordinary course of business and not exceeding US\$3.0 million (or the equivalent in other currencies) outstanding at any one time.

Maintenance of Priority

The Company shall ensure that its payment obligations with respect to the Notes will constitute its direct, unconditional and general senior secured obligations and will rank senior or *pari passu* (except for Indebtedness that is subordinated in right of payment to the Notes) in priority of payment and in all other respects with respect to its future Indebtedness, except for certain obligations that in case of the Company's insolvency or bankruptcy are granted preferential treatment pursuant to the laws of Peru.

Each Subsidiary Guarantor shall ensure that its payment obligations with respect to its Subsidiary Guarantee will constitute its direct, unconditional and general senior secured obligations and will rank senior or *pari passu* (except for Indebtedness that is subordinated in right of payment to its Subsidiary Guarantee) in priority of payment and in all other respects with respect to its future Indebtedness, except for certain obligations that in case of

such Subsidiary Guarantor's insolvency or bankruptcy are granted preferential treatment pursuant to the laws of its jurisdiction of incorporation.

Conduct of Business

The Company and its Restricted Subsidiaries will not engage in any business other than a Permitted Business.

Anti-Layering

Neither the Company nor any Subsidiary Guarantor may Incur any Indebtedness that is subordinate in right of payment to other Indebtedness of the Company or any Subsidiary Guarantor unless such Indebtedness is also subordinate in right of payment to the Notes or the relevant Subsidiary Guarantee on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Reports to Holders

For so long as the Notes remain outstanding, the Company will furnish or cause to be furnished to the Trustee and to the Holders of Notes upon such Holder's written request, copies of (or written notice of a password protected URL address providing access to) the following items in English:

1. within sixty (60) days after the end of the first, second and third quarters of the Company's fiscal year ending December 31, quarterly unaudited financial statements (consolidated) prepared in accordance with IFRS of the Company for such period; and
2. within one hundred and twenty (120) days after the end of the fiscal year of the Company commencing with the fiscal year ended December 31, 2024, annual audited financial statements (consolidated) prepared in accordance with IFRS of the Company for such fiscal year and a report on such annual financial statements by the Company's auditors.

Each such annual report will include a "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Beginning with the first full fiscal quarter ending after the Issue Date and for so long as the Notes remain outstanding, the Company shall use its commercially reasonable efforts, consistent with its judgment as to what is prudent at the time, to participate in quarterly conference calls (which may be a single conference call together with investors holding other securities of the Company or its Restricted Subsidiaries or with the Company's earnings calls) to discuss operating results and related matters. The Company shall issue a press release which will provide the date and time of any such call and will direct Holders to contact the investor relations office of the Issuer to obtain access to the conference call.

So long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will furnish to the Trustee, upon its request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such reports shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's or any other Person's compliance with any of its covenants under the Indenture, the Notes or any Subsidiary Guarantee (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

The Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Company's or any other Person's compliance with the covenants described above or with respect to any reports or

other documents filed under the Indenture; provided, however, that nothing herein shall relieve the Trustee of any obligations to monitor the Company's timely delivery of all reports described in the second paragraph of this section "—Covenants —Reports to Holders."

Covenant Suspension

If on any date following the Issue Date (i) the Notes have Investment Grade Ratings from at least two of Fitch, Moody's and S&P, and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event"), the Company and its Restricted Subsidiaries will not be subject to the following covenants (collectively, the "Suspended Covenants"):

- (1) "—Covenants—Limitation on Incurrence of Additional Indebtedness";
- (2) "—Covenants—Limitation on Restricted Payments";
- (3) "—Covenants—Limitation on Asset Sales";
- (4) "—Covenants—Limitation on Designation of Unrestricted Subsidiaries";
- (5) "—Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";
- (6) "—Covenants—Anti-Layering";
- (7) "—Covenants—Maintenance of Priority";
- (8) "—Covenants—Conduct of Business";
- (9) Clause (b) of the first paragraph of "—Covenants—Limitation on Merger, Consolidation and Sale of Assets"; and
- (10) "—Covenants—Limitation on Transactions with Affiliates."

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") at least two of Fitch, Moody's or S&P no longer give the Notes an Investment Grade Rating, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the Indenture.

The period of time between the occurrence of a Covenant Suspension Event and the Reversion Date is referred to in this description as the "Suspension Period." In the event of any such reinstatement, no action taken or omitted to be taken by the Company or any of its Restricted Subsidiaries in respect of the Suspended Covenants prior to such reinstatement will give rise to a Default or Event of Default under the Indenture; provided that (1) with respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments made will be calculated as though the covenant described under "—Covenants—Limitation on Restricted Payments" had been in effect prior to, but not during, the Suspension Period, provided further that any Subsidiaries designated as Unrestricted Subsidiaries during the Suspension Period shall automatically become Restricted Subsidiaries on the Reversion Date (subject to the Company's right to subsequently designate them as Unrestricted Subsidiaries pursuant to "—Covenants—Limitation on Designation of Unrestricted Subsidiaries"), and (2) all Indebtedness Incurred, or Disqualified Capital Stock or Preferred Stock issued, during the Suspension Period will be classified to have been Incurred or issued pursuant to clause (b) of the second paragraph of "—Covenants—Limitation on Incurrence of Additional Indebtedness."

No representation is made that the Notes will ever achieve or maintain Investment Grade Ratings. The Company shall send written notice to the Trustee upon the commencement of any Suspension Period or the occurrence of any Reversion Date; provided that the failure to so notify the Trustee shall not be a default under the Indenture. The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any

knowledge of the ratings of the Notes and shall have no duty to notify Holders of any Suspension Period or Reversion Date.

Notices

Notices to Holders of non-Global Notes will be mailed to them at their registered addresses. Notices to Holders of Global Notes will be given to DTC in accordance with its applicable procedures.

In addition, from and after the date the Notes are listed on the Euro MTF market of the Luxembourg Stock Exchange and so long as it is required by the rules of such exchange, all notices to Holders of Notes will be published in English by the Company:

- (1) in a leading newspaper having a general circulation in Luxembourg (which currently is expected to be the *Luxemburger Wort*); or
- (2) on the website of the Luxembourg Stock Exchange at www.luxse.com.

Notices will be deemed to have been given on the date of delivery to DTC or mailing, as applicable, or of publication as aforesaid or, if published on different dates, on the date of the first such publication. The Trustee shall have no duty to oversee or confirm that a notice has been published in Luxembourg or with the Luxembourg Stock Exchange.

Events of Default

The following are “Events of Default” under the Indenture:

- (1) default in the payment when due of the principal of or premium, if any, on (including, in each case, any related Additional Amounts) any Notes, including the failure to make a required payment to purchase Notes tendered pursuant to an optional redemption;
- (2) default for thirty (30) days or more in the payment when due of interest (including any related Additional Amounts) on any Notes;
- (3) the failure to perform or comply with any of the provisions described under “—Covenants—Limitation on Merger, Consolidation and Sale of Assets”;
- (4) default in the performance or breach of the obligations described under the caption “—Change of Control Offer” and “—Covenants—Limitation on Asset Sales”, and such default or breach continues for a period of thirty (30) consecutive days after written notice is received by the Company from the Trustee at the request of the Holders or from the Holders of 25% or more in aggregate principal amount of the outstanding Notes;
- (5) the failure by the Company or any Restricted Subsidiary to comply with any other material covenant or agreement contained in the Indenture or the Notes for sixty (60) days or more after written notice to the Company thereof from the Trustee or to the Company and the Trustee from the Holders of at least 25% in aggregate principal amount of the outstanding Notes;
- (6) default by the Company or any Restricted Subsidiary under any Indebtedness (whether such Indebtedness now exists or is created after the Issue Date) which:
 - (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness and continues following the expiration of any applicable grace period provided in such Indebtedness and has not been cured or waived; or
 - (b) results in the acceleration of such Indebtedness prior to its Stated Maturity,and the principal or accreted amount of Indebtedness covered by clause (a) or (b) at the relevant

time, aggregates US\$30.0 million (or the equivalent in other currencies) or more;

- (7) failure by the Company or any of its Restricted Subsidiaries to pay one or more final judgments against any of them, aggregating US\$30.0 million (or the equivalent in other currencies) or more, which are not paid, discharged or stayed for a period of sixty (60) days or more (to the extent not covered by a reputable and creditworthy insurance company);
- (8) certain events of bankruptcy, insolvency, *concurso mercantil* or *quiebra* affecting the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary;
- (9) except as permitted by the Indenture, any Subsidiary Guarantee of any Significant Subsidiary or group of Subsidiary Guarantors that, taken together, would constitute a Significant Subsidiary is held to be unenforceable or invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any such Subsidiary Guarantor or group of Subsidiary Guarantors denies or disaffirms its obligations under its Subsidiary Guarantee; or
- (10) with respect to any material portion of the Collateral, the Security Documents cease to be in full force and effect, or the Security Documents cease to give the Holders the Liens purported to be created thereby, or the Security Documents are declared null and void or the Company or any Subsidiary Guarantor denies in writing that it has any further liability under the Security Documents (in each case, other than in accordance with the terms of the Indenture or any of the Collateral Documents).

If an Event of Default (other than an Event of Default specified in clause (8) above with respect to the Company) has occurred and is continuing, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may declare the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes to be immediately due and payable by notice in writing to the Company (and the Trustee if given by the Holders) specifying the Event of Default and that it is a “notice of acceleration.” If an Event of Default specified in clause (8) above occurs with respect to the Company, then the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraph, the Holders of a majority in principal amount of the outstanding Notes may rescind and cancel such declaration and its consequences:

- (1) if the rescission would not conflict with any judgment or decree;
- (2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;
- (3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and
- (4) if the Company has paid the Trustee its compensation and reimbursed the Trustee for its expenses, disbursements and advances (including without limitation, reasonable and documented counsel fees and expenses) outstanding at that time.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The Holders of a majority in principal amount of the outstanding Notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any Notes.

The Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity and/or security reasonably satisfactory to it. Subject to all provisions of the Indenture and applicable law, the Holders of a majority in aggregate principal amount of the then outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No Holder of any Notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

- (1) such Holder gives to the Trustee written notice of a continuing Event of Default;
- (2) Holders of at least 25% in principal amount of the then outstanding Notes make a written request to pursue the remedy;
- (3) such Holders provide to the Trustee satisfactory indemnity and/or security;
- (4) the Trustee does not comply within sixty (60) days; and
- (5) during such 60-day period the Holders of a majority in principal amount of the outstanding Notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided that a Holder of a Note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

The Company is required, within ten (10) Business Days of becoming aware of any Default or Event of Default, to deliver to the Trustee an Officer's Certificate describing such Default or Event of Default, the status thereof and what action the Company is taking or proposes to take in respect thereof. In addition, the Company is required to deliver to the Trustee, within one hundred and twenty (120) days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. In the absence of receipt by a responsible officer of the Trustee of an Officer's Certificate regarding any such notice of Default or Event of Default from the Company or written notice from any Holder of such Default or Event of Default, the Trustee shall not be deemed to have notice or be charged with knowledge of any Default or Event of Default. The Indenture provides that if a Default or Event of Default occurs and a responsible officer of the Trustee has received written notice thereof, the Trustee must give to each Holder notice of the Default or Event of Default within forty-five (45) days after the Trustee received written notice thereof. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of its trust officers in good faith determines that withholding notice is in the interests of the Holders.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations discharged with respect to the outstanding Notes and all obligations of the Subsidiary Guarantors discharged with respect to the Subsidiary Guarantees ("Legal Defeasance"). Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding Notes on the 91st day after the deposit specified in clause (1) of the second following paragraph, except for:

- (1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on, the Notes when such payments are due from the trust referred to below;
- (2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of transfer and exchange Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payments;
- (3) the rights, powers, trusts, duties, immunities and indemnities of the Trustee and obligations of the

- Company and the Subsidiary Guarantors in connection therewith; and
- (4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations released with respect to the covenants that are described under “—Covenants” (other than “Limitation on Merger, Consolidation and Sale of Assets”) (“Covenant Defeasance”) and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default. In the event Covenant Defeasance occurs, certain events (other than non-payment and bankruptcy, receivership, reorganization and insolvency events with respect to the Company or any Significant Subsidiary) described under “—Events of Default” will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, (a) cash in U.S. dollars, (b) certain direct non-callable obligations of, or guaranteed by, the United States, or (c) a combination thereof, in such amounts as will be sufficient without reinvestment (in the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants delivered to the Trustee; provided, however that such written opinion will not be required if the Company has irrevocably deposited with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars in an amount sufficient without reinvestment) to pay the principal of, premium, if any, and interest (including Additional Amounts) on the Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;
- (2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that:
- (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or
- (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

- (3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default or Event of Default has occurred and is continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from any failure to comply with “—Covenants—Limitation on Incurrence of Additional Indebtedness” as a result of the borrowing of the funds required to effect such deposit);
- (5) the Company has delivered to the Trustee an Officer’s Certificate stating that such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

- (6) the Company has delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;
- (7) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and
- (8) the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary qualifications and exclusions) to the effect that the trust resulting from the deposit does not constitute, or is not qualified as, a regulated investment company under the Investment Company Act of 1940.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the Notes and the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Company and the Subsidiary Guarantors in connection therewith, as expressly provided for in the Indenture) as to all outstanding Notes when:

- (1) either:
 - (a) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or
 - (b) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable or will become due and payable within one year, and the Company has irrevocably deposited or caused to be deposited with the Trustee (a) cash in U.S. dollars, (b) certain direct, non-callable obligations of, or guaranteed by, the United States or (c) a combination thereof, sufficient without reinvestment (in the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent accountants delivered to the Trustee; provided, however that such written opinion will not be required if the Company has irrevocably deposited or caused to be deposited with the Trustee cash in U.S. dollars in an amount sufficient without reinvestment) to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit (in the case of Notes that have become due and payable), or to the stated maturity or redemption date, as the case may be, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;
- (2) the Company has paid all other sums payable by it under the Indenture and the Notes; and
- (3) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of Notes Documents

From time to time, the Company, the Subsidiary Guarantors, the Trustee and the Notes Collateral Agent, as applicable, without the consent of the Holders, may amend, modify or supplement the Indenture, the Notes and the Intercreditor Agreement for the following purposes; provided that the Subsidiary Guarantors, other than the relevant Subsidiary Guarantor, need not execute a supplemental indenture executed pursuant to clause (3) below:

- (1) to cure any ambiguity, defect or inconsistency contained therein;
- (2) to provide for the assumption by a surviving entity of the obligations of the Company or a Subsidiary Guarantor under the Indenture;
- (3) to add Subsidiary Guarantees or additional Guarantees or release a Subsidiary Guarantee in accordance with the terms of the Indenture;
- (4) to add Collateral to secure the Notes;
- (5) to add to the covenants of the Company for the benefit of the Holders or surrender any right or power conferred upon the Company;
- (6) to provide for the issuance of Additional Notes in accordance with the Indenture;
- (7) to evidence the replacement of the Trustee or the Notes Collateral Agent as provided for under the Indenture or the Intercreditor Agreement;
- (8) if necessary, in connection with any release of any security permitted under the Indenture;
- (9) to make any other change that does not adversely affect the rights of any Holder in any material respect;
- (10) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (11) to conform the text of the Indenture, the Subsidiary Guarantees or the Notes to any provision of this “*Description of New Notes*,” to the extent such provision was intended to be a verbatim recitation of the text of the Indenture, the Subsidiary Guarantees or the Notes (as applicable), which such intention shall be evidenced to the Trustee by delivery of an Officer’s Certificate from the Company, upon which the Trustee may conclusively rely;
- (12) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee, or to make such other provisions in regard to matters or questions arising under the Indenture or the Notes that shall not adversely affect the interests of any Holders;
- (13) as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable requirements of law; or
- (14) to amend the Intercreditor Agreement to include Additional Debt Facilities to the list of Additional First Lien Debt which may be secured by the Collateral and may be guaranteed by the Company and Subsidiary Guarantors on a senior basis and be subject to the terms of the Intercreditor Agreement, to the extent permitted under the Credit Agreement, the Indenture and any other Additional First Lien Document.

From time to time, the Company, the Subsidiary Guarantors, the Trustee, to the extent applicable, the Notes Collateral Agent, without the consent of the Holders, may amend, modify or supplement the Security Documents, subject to the restrictions contained therein, for the following purposes:

- (1) to cure any ambiguity, defect or inconsistency contained therein;
- (2) to provide for the assumption by a surviving entity of the obligations of the Company or a Subsidiary Guarantor under the Indenture;
- (3) to evidence the replacement of the Trustee or the Notes Collateral Agent as provided for under the Indenture or the Intercreditor Agreement; to effect administrative changes of a technical or immaterial nature;
- (4) to provide additional guarantees for the Notes;
- (5) to evidence the release of Liens granted in favor of the Trustee or any Secured Party in the Shared

Collateral in accordance with the terms of the Indenture;

- (6) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee, or to make such other provisions in regard to matters or questions arising under the Indenture or the Notes that shall not adversely affect the interests of any Holders;
- (7) as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, including to effect the granting, perfection, protection, expansion or enhancement of any security interest in any property, or so that the security interests therein comply with applicable requirements of law;
- (8) to cause such Collateral, Collateral Document, Subsidiary Guarantee, or other security document to be consistent with the Indenture, the Notes or the Intercreditor Agreement, as applicable;
- (9) as may be required to give effect under the Security Documents to any amendment to the Intercreditor Agreement to include Additional Debt Facilities to the list of Additional First Lien Debt which may be secured by the Collateral and may be guaranteed by the Company and Subsidiary Guarantors on a senior basis and be subject to the terms of the Intercreditor Agreement, to the extent permitted under the Credit Agreement, the Indenture and any other Additional First Lien Document; or
- (10) as may be required to evidence or permit Liens of any Secured Party (including the Notes Secured Parties) in the Shared Collateral, to the extent permitted under the terms of the Indenture.

Other modifications to, amendments of, and supplements to, the Indenture, the Notes, the Subsidiary Guarantees or the Security Documents may be made with the consent of the Holders of a majority in principal amount of the then outstanding Notes issued under the Indenture and, with respect to any Collateral Document, subject to the restrictions contained therein, except that, without the consent of each Holder affected thereby, no amendment may:

- (1) reduce the percentage of the principal amount of the outstanding Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the rate of or change or have the effect of changing the time for payment of interest on any Notes (for the avoidance of doubt, changing the period provided for any repurchase or redemption notice under the Indenture and the Notes is not limited by this clause);
- (3) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption, or reduce the redemption price therefor (for the avoidance of doubt, changing the period provided for any repurchase or redemption notice under the Indenture and the Notes is not limited by this clause);
- (4) make any Notes payable in money other than that stated in the Notes;
- (5) make any change in provisions of the Indenture entitling each Holder to receive payment of principal of, premium, if any, and interest on such Notes on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of outstanding Notes to waive Defaults or Events of Default (other than a default in payment of principal or interest on any Note);
- (6) amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in respect of a Change of Control Triggering Event that has occurred or make and consummate an Asset Sale Offer with respect to any Asset Sale that has been consummated;
- (7) make any change to or otherwise modify any provision of the Indenture or any other Notes Document governing or affecting the ranking, guarantee or subordination provisions of the Notes or the Subsidiary Guarantees, in each case, in a manner that adversely affects the rights of any

Holder;

- (8) make any change in the provisions of the Indenture described under “—Additional Amounts” that adversely affects the rights of any Holder or amend the terms of the Notes in a way that would result in a loss of exemption from any applicable taxes;
- (9) make any change to any provisions of the Indenture that would have the effect of releasing all or substantially all of the Liens securing the Notes;
- (10) (i) release all or substantially all of the Subsidiary Guarantees (or value thereof) or Subsidiary Guarantors from any of their obligations under their Guarantees or the Indenture while any Note remains outstanding, or (ii) amend, supplement, delete or otherwise modify any provision of the Indenture or any other Notes Document if the effect thereof would be to cause any such Subsidiary to cease to be subject to, or to not be required to comply with, all or substantially all of the negative covenants set forth in the Indenture on the Issue Date;
- (11) modify any payment waterfall or priority (whether prior to or after an Event of Default);
- (12) subordinate any Lien on any Collateral, except as already permitted by the Indenture under the definition of “Permitted Collateral Liens or Rights over Collateral”;
- (13) modify any term of the Intercreditor Agreement or any other intercreditor agreement that would have the effect of making a change that would otherwise require the consent of the holder of each outstanding Note affected thereby.

In connection with any amendment, supplement or waiver, the trustee shall be entitled to receive an officers’ certificate and an opinion of counsel, each stating that all conditions precedent to such amendment, supplement or waiver have been satisfied, that such amendment, supplement or waiver is authorized or permitted by the Indenture and, with respect to the opinion of counsel, that such amendment, supplement or waiver is the legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms.

Governing Law; Jurisdiction

The Indenture, the Notes, the Subsidiary Guarantees and the Collateral Documents will be governed by and construed in accordance with the laws of the State of New York, and will provide for the submission of the parties to the jurisdiction of the courts in the State of New York; provided that certain of the Collateral Documents will be governed by the laws of Peru or the laws of Chile to the extent that (i) the validity, perfection, effect of perfection or of non-perfection or priority of the security interests granted thereunder are governed by such other jurisdictions pursuant to applicable conflict of laws principles or (ii) such approach is consistent with the security interests granted with respect to the Credit Agreement.

The Indenture will contain customary “parallel debt” provisions required in certain jurisdictions, consistent with the “parallel debt” provisions in the Credit Agreement.

Each of the Company and the Subsidiary Guarantors will submit to the jurisdiction of the U.S. federal and New York state courts located in The City of New York, Borough of Manhattan and will appoint an agent for service of process with respect to any actions brought in these courts arising out of or based on the Notes Documents.

According to the laws of the State of New York, claims against the Company for the payment of principal of and premium, if any, and interest on the Notes must be made within six years from the due date for payment thereof.

The Trustee, the Notes Collateral Agent and the local collateral agents

Citibank, N.A. shall be the Trustee under the Indenture.

Citibank, N.A. shall be the Notes Collateral Agent under the Intercreditor Agreement.

Citibank, N.A. shall be the Applicable Authorized Agent and the Applicable Collateral Agent under the Intercreditor Agreement as of the Settlement Date and thereafter, subject to the terms and conditions of the Intercreditor Agreement, as described herein.

Citibank del Peru S.A. is the Peruvian Collateral Agent under the Intercreditor Agreement.

TMF Chile Asesorías Empresariales Ltda. is the Chilean Collateral Agent under the Intercreditor Agreement.

The Company and the Subsidiary Guarantors may change the registrar, paying agent, registrar or transfer agent, or appoint an additional paying agent or transfer agent, in each case without prior notice to the Holders.

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

By accepting a Note, each Holder will be deemed to have:

- (1) irrevocably appointed the Applicable Authorized Representative and the Applicable Collateral Agent to act as its agents under the Security Documents, as applicable, and any other relevant document;
- (2) irrevocably authorized the Applicable Authorized Representative and the Applicable Collateral Agent to perform the duties and exercise the rights, powers and discretions that are specifically given to them under the Collateral Documents, together with any other incidental rights, powers and discretions and to execute each document expressed to be executed by the Applicable Authorized Representative or the Applicable Collateral Agent on its behalf;
- (3) irrevocably appointed, for the benefit of their respective Secured Parties, the Peruvian Collateral Agent as collateral agent under their respective Collateral Documents; and
- (4) irrevocably authorizes and instructs the Chilean Collateral Agent, to execute and deliver the Chilean Collateral Agency Agreement, and to appoint itself as Chilean Collateral Agent, with authority to self-contract, in accordance with article 18 of Law No. 20,190 of the Republic of Chile, with broad authorities to represent the Secured Parties in the granting, amendment and release of any Security Documents, being entitled to negotiate all provisions thereunder, being of the essence, nature or merely incidental thereto; *provided* that the Chilean Collateral Agent so appointed is hereby authorized to sign one or more public instruments in Chile on behalf of the Secured Parties under the Intercreditor Agreement and the other relevant documents to which the security agent is a party (including, without limitation, the Security Documents).

No Personal Liability

No past, present or future incorporator, director, officer, employee, shareholder or controlling person, as such, of the Company or any Subsidiary Guarantor will have any liability for any obligations of the Company under the Notes, the Indenture or the Subsidiary Guarantee or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws, under Peruvian corporate law, or under Chilean corporate law.

Currency Indemnity

The Company, and each Subsidiary Guarantor, will pay all sums payable under the Indenture, the Notes or such Subsidiary Guarantee solely in U.S. Dollars. Any amount received or recovered in a currency other than U.S.

Dollars by any payee, in respect of any sum expressed to be due to it from the Company or any Subsidiary Guarantor, will only constitute a discharge to the Company or any such Subsidiary Guarantor to the extent of the U.S. Dollar amount which such payee is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which such payee is able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to the Trustee under the Indenture or any Holder under the Indenture or any Note, the Company, and any Subsidiary Guarantor, will indemnify such payee against any loss it sustains as a result. In any event, the Company and the Subsidiary Guarantors will indemnify each payee against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for a payee to certify in a satisfactory manner that it would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which it was able to do so. In addition, payees will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Subsidiary Guarantors;
- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by any Holder or the Trustee; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Indenture, any Note or any Subsidiary Guarantee.

Listing

In the event that the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market, the Company will use its commercially reasonable efforts to maintain such listing; provided that the Company may delist the Notes from the Luxembourg Stock Exchange in accordance with the rules of the exchange and seek an alternative admission to listing, trading and/or quotation for the Notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as the Company's Board of Directors may decide.

Certain Definitions

The following sets forth certain of the defined terms used in the Indenture. Reference is made to the Indenture for full disclosure of all such terms, as well as any other terms used herein for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person. Acquired Indebtedness will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

"Additional Amounts" has the meaning set forth under "*— Additional Amounts*" above.

"Additional Debt Facilities" means, one or more debt facilities or indentures, supplemental indentures, loans, commercial paper facilities with banks, insurance companies or other institutional lenders providing for revolving credit loans, term loans, notes, letters of credit or other forms of guarantees and assurances or other credit facilities or extensions of credit, including overdrafts, in each case, as amended, restated, modified, renewed,

refunded, replaced or refinanced in whole or in part from time to time and, for the avoidance of doubt, includes any agreement extending the maturity of, refinancing or restructuring all or any portion of the indebtedness under such agreements or any successor agreements, in each case, as permitted to be entered into pursuant to the terms and conditions described in “Covenants—*Limitation on Incurrence of Additional Indebtedness*.”

“*Additional Notes*” has the meaning set forth under “Further Issues” above.

“*Additional First Lien Debt*” shall mean Indebtedness of the Company, a Subsidiary Guarantor or any Restricted Subsidiary that (i) ranks equally in right of payment and is secured ratably by Liens on the Collateral having the same priority as the Liens securing the Notes, (ii) is permitted to be incurred, secured and guaranteed on such basis by the Indenture, namely the Working Capital Financing, the Hedging Obligations Financing and any Additional Debt Facilities, and (iii) is subject to the Intercreditor Agreement. For the avoidance of doubt, the Notes shall not be deemed Additional First Lien Debt.

“*Additional First Lien Debt Collateral Agent*” has the meaning set forth under “Intercreditor Agreement” above.

“*Additional First Lien Debt Representative*” has the meaning set forth under “Intercreditor Agreement” above.

“*Additional First Lien Documents*” means, with respect to any series of Additional First Lien Debt, the notes, credit agreement, indentures, security documents and other operative agreements evidencing or governing such indebtedness and liens securing such indebtedness, including the Additional First Lien Security Documents and each other agreement entered into for the purpose of securing any series of Additional First Lien Debt.

“*Additional First Lien Secured Parties*” means the Additional First Lien Debt Representative, and the collateral agent, collateral trustee or similar representative for the holders of such Additional First Lien Debt, in each case, acting on behalf of the holders of such Additional First Lien Debt.

“*Additional First Lien Security Documents*” means any collateral agreement, security agreement or any other document now existing or entered into after the Issue Date that creates Liens on any assets or properties of the Company or of any of the Subsidiary Guarantors to secure the Obligations under Additional First Lien Debt as permitted by the Indenture, the Credit Agreement and the Collateral Documents.

“*Affiliate*” means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries’ controls, or is controlled by, or is under common control with, such specified Person. Solely for purposes of this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“*Alpamarca*” means an open pit mine and mineral stockpiles and a concentrator plant owned by Compañía Minera Chungar producing zinc, silver, lead and copper related to the Romina Project.

“*Applicable Authorized Representative*” means the representative appointed under the Intercreditor Agreement with respect to any Shared Collateral, which shall be (i) until the date on which the aggregate principal amount of Secured Obligations outstanding under the Credit Agreement is equal to or less than US\$160,000,000 (including as a result of the discharge of the Credit Agreement Obligations), the Credit Agreement Administrative Agent, and (ii) from and after the date on which the aggregate principal amount of Secured Obligations outstanding under the Credit Agreement is equal to or less than US\$160,000,000 (including as a result of the discharge of the Credit Agreement Obligations), the Authorized Representative of the Series of Secured Obligations that constitutes the largest outstanding principal amount of any then outstanding Series of Secured Obligations; *provided that*, in each case of (i) and (ii), after the Non-Controlling Authorized Representative Enforcement Date, the Applicable Authorized Representative shall be the Major Non-Controlling Authorized Representative.

“Applicable Collateral Agent” means the agent appointed under the Intercreditor Agreement to act or refrain from acting (or instructing the local collateral agents to act) with respect to any Shared Collateral which shall be (i) until the date on which the aggregate principal amount of Secured Obligations outstanding under the Credit Agreement is equal to or less than US\$160,000,000 (including as a result of the discharge of the Credit Agreement Obligations), the Credit Agreement Collateral Agent and (ii) from and after the date on which the aggregate principal amount of Secured Obligations outstanding under the Credit Agreement is equal to or less than US\$160,000,000 (including as a result of the discharge of the Credit Agreement Obligations), following prompt written notice by the Credit Agreement Collateral Agent to each other Collateral Agent of such principal amount, the Collateral Agent of the Series of Secured Obligations that constitutes the largest outstanding principal amount of any then outstanding Series of Secured Obligations; *provided* that, in each case of (i) and (ii), after the Non-Controlling Authorized Representative Enforcement Date, the Applicable Collateral Agent shall be the collateral agent of the Series of Secured Obligations represented by the Major Non-Controlling Authorized Representative; *provided*, further, that in each case of a change in Applicable Collateral Agent, such change shall be effective upon receipt by the Peruvian Collateral Agent and the Chilean Collateral Agent of a notice of change of Applicable Collateral Agent from the new Applicable Collateral Agent, in the terms described in the Intercreditor Agreement, certifying as to the event or circumstance in this definition that has occurred to cause such change in Applicable Collateral Agent.

“Asset Acquisition” means:

- (1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary, or will be merged with or into the Company or any Restricted Subsidiary;
- (2) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business; or
- (3) any Revocation with respect to an Unrestricted Subsidiary.

“Asset Sale” means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease, assignment or other transfer, including, without limitation, a Sale and Leaseback Transaction (each, a “disposition”), by the Company or any Restricted Subsidiary of:

- (a) any Capital Stock other than Capital Stock of the Company (other than directors’ qualifying shares and shares issued to foreign nationals to the extent required by applicable law); or
- (b) any property or assets (other than cash, Cash Equivalents or Capital Stock) of the Company or any Restricted Subsidiary.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

- (1) the disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries as permitted under “—Covenants—Merger, Consolidation and Sale of Assets” or any disposition which constitutes a Change of Control;
- (2) the sale of property or equipment that, in the reasonable determination of the Company, has become worn out, obsolete or damaged or otherwise unused in connection with the business of the Company or any Restricted Subsidiary;
- (3) sales or other dispositions of equipment, inventory, accounts receivable or other assets in the ordinary course of business;
- (4) for purposes of “—Covenants—Limitation on Asset Sales” only, the making of a Restricted Payment permitted under “—Covenants—Limitation on Restricted Payments” and any Permitted Investment;

- (5) a disposition to the Company or a Restricted Subsidiary, including a Person that is or will become a Restricted Subsidiary immediately after the disposition;
- (6) the creation of a Permitted Lien;
- (7) dispositions of receivables and related assets or interests in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (8) (i) the licensing or sublicensing of intellectual property or other general intangibles, including entering into cross-licensing arrangements, in the ordinary course of business and (ii) the abandonment or other disposition of intellectual property that is, in the reasonable judgment of management of the Company or the relevant Restricted Subsidiary, no longer economically convenient to maintain or useful in the conduct of the Permitted Business;
- (9) any sale of Capital Stock in, or Indebtedness of other securities of, an Unrestricted Subsidiary;
- (10) a Sale and Leaseback Transaction permitted under the proviso at the end of “—Covenants—Limitation on Sale and Leaseback Transactions”;
- (11) the good faith surrender or waiver of contract rights, tort claims or statutory rights in connection with a settlement;
- (12) the lease, assignment, licensing or sub-lease or sub-licensing of any real or personal property in the ordinary course of business;
- (13) the disposition of Equity Interests held by any of the Company or the Subsidiary Guarantors in Roquel Global and Compañía Hidroeléctrica Tingo for Fair Market Value to a Permitted Joint Venture, *provided* that all of the Company’s or each Subsidiary Guarantors’ respective Equity Interests in such Permitted Joint Venture are simultaneously pledged and perfected thereafter, subject to the terms herein, on a first-priority basis (subject to Permitted Collateral Liens or Rights over Collateral) or assigned in trust under the Equity Interests Trust Agreement as Collateral for the benefit of the Secured Parties; or
- (14) a Non-Core Asset Sale.

For the avoidance doubt, any sale, disposition or other transfer of Collateral shall constitute an Asset Sale and be subject to the provisions under “—Covenants—Limitation on Asset Sales,” with the exception of a Non-Core Asset Sale.

“*Asset Sale Offer*” has the meaning set forth under “—Covenants—Limitation on Asset Sales.”

“*Asset Sale Offer Amount*” has the meaning set forth under “—Covenants—Limitation on Asset Sales.”

“*Asset Sale Offer Payment Date*” has the meaning set forth under “—Covenants—Limitation on Asset Sales.”

“*Asset Sale Transaction*” means any Asset Sale and, whether or not constituting an Asset Sale, (1) any sale or other disposition of Capital Stock, (2) any designation with respect to an Unrestricted Subsidiary and (3) any sale or other disposition of property or assets excluded from the definition of Asset Sale by clause (4) of that definition.

“*Attributable Indebtedness*” means, in respect of a Sale and Leaseback Transaction the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“*Authorized Representative*” means, at any time, (i) in the case of the Credit Agreement or the Credit Agreement Secured Parties, the Credit Agreement Administrative Agent, (i) in the case of the Notes and upon the execution of the Joinder Agreement to the Intercreditor Agreement and subject to the conditions therein, the Trustee, and (iii) in the case of any Series of Additional First Lien Debt or Additional First Lien Secured Parties that become

subject to the Intercreditor Agreement after the Issue Date, the Additional First Lien Debt Representative named for such Series in the applicable Joinder Agreement.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

“Bankruptcy Law” means the Bankruptcy Code of the United States of America, the Peruvian Bankruptcy Law (Ley 27809, Ley General del Sistema Concursal), as amended, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States, Peru or other applicable jurisdictions from time to time in effect.

“Board of Directors” means, with respect to any Person, the board of directors or similar governing body of such Person or any duly authorized committee thereof.

“Board Resolution” means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“Business Day” means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York City, United States or in Lima, Peru.

“Calculation Date” has the meaning set forth under “—Excess Cash Flow Redemption.”

“Capital Stock” means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated and whether or not voting) of equity of such Person, including each class of Common Stock, Preferred Stock, limited liability interests or partnership interests, but excluding any debt securities convertible into such equity.

“Capitalized Lease Obligations” means an obligation that would have been required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with IFRS as of the Issue Date. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“Cash Equivalents” shall mean:

- (1) United States dollars, Peruvian soles, or the local currencies of the countries of incorporation of the Subsidiary Guarantors held by the Company or any Restricted Subsidiary from time to time;
- (2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (provided that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than 12 months from the date of acquisition;
- (3) certificates of deposit, demand and time deposits and Eurodollar time deposits with maturities of 12 months or less from the date of acquisition, bankers’ acceptances with maturities not exceeding 12 months and overnight bank deposits, in each case, with any commercial bank having capital and surplus in excess of US\$250 million and the outstanding indebtedness of which is rated at least “A-2” by S&P, at least “P-2” by Moody’s or at least “F-2” by Fitch (or the equivalent of such rating by such rating organization, or, if no rating of S&P, Moody’s or Fitch then exists because none of the foregoing then rates obligations of the type described in this clause, the equivalent of such rating by any other United States nationally recognized securities rating agency);
- (4) commercial paper having one of the two highest rating categories obtainable from either Moody’s

- or S&P and in each case maturing within 12 months after the date of acquisition;
- (5) readily marketable direct obligations issued by any state of the United States or any political subdivision thereof, in either case having one of the two highest rating categories obtainable from either Moody's or S&P and in each case maturing within 12 months after the date of acquisition; and
 - (6) money market funds that invest primarily in securities described in clauses (1) through (5) of this definition

"Chancay Port" means the natural port with a depth of up to 16 meters located 80 kilometers north of Lima, Peru, currently owned by CSPCP.

"Chancay Port Project" means development and construction of the Chancay Port.

"Change of Control" means the occurrence of any of the following events:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any Person (including any "person" or "group" (as such terms are used in Sections 13(d)(3) and 14(d) of the Exchange Act or any successor provisions to any of the foregoing)) other than to one or more Permitted Holders;
- (2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that the Permitted Holders cease to be (x) the "beneficial owners" (as defined in Rules 13d 3 and 13d 5 under the Exchange Act), directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares or (y) have the ability to control the management or policies of the Company or appoint a majority of the members of the Board of Directors of the Company; or
- (3) the adoption of a plan relating to the liquidation or dissolution of the Company.

"Change of Control Offer" has the meaning set forth under "*—Change of Control Offer.*"

"Change of Control Payment" has the meaning set forth under "*—Change of Control Offer.*"

"Change of Control Payment Date" has the meaning set forth under "*—Change of Control Offer.*"

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Decline.

"Chilean Collateral Agent" means TMF Chile Asesorías Empresariales Ltda. or any successor thereto.

"Chilean Collateral Agency Agreement" means the Chilean law-governed collateral agency agreement (*contrato de agencia de garantías*), granted by way of public deed on July 24, 2024 by and between the Company and the Chilean Collateral Agent, as amended by way of public deed on or about the Issue Date

"Chilean Share Pledge Agreement" has the meaning set forth under "*—Collateral.*"

"Collateral" means the assets that are secured by and subject to Liens created by the Security Documents as described under "*—Collateral,*" including as of the Issue Date.

"Collateral Agents" means (i) in the case of the Credit Agreement, the Credit Agreement Collateral Agent, (ii) in the case of the Notes, the Notes Collateral Agent, and (iii) in case of any Series of Additional First Lien Debt that become subject to the Intercreditor Agreement, the Additional First Lien Debt Collateral Agent for such Series named in the applicable Joinder Agreement.

“*Collateral Documents*” means collectively, (i) the Intercreditor Agreement, (ii) the Security Documents and (iii) the Additional First Lien Security Documents.

“*Commodity Hedging Agreement*” means any spot, forward or option commodity price protection agreement or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

“*Common Stock*” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

“*Company*” means Volcan Compañía Minera S.A.A., and not its Subsidiaries.

“*Compañía Hidroeléctrica Tingo*” means Compañía Hidroeléctrica Tingo S.A.

“*Compañía Industrial Huacho*” means Compañía Industrial Limitada de Huacho S.A.

“*Compañía Minera Chungar*” means Compañía Minera Chungar S.A.C.

“*Consolidated Adjusted EBITDA*” means, with respect to any Person for any period, Consolidated Net Income for such Person for such period, plus the following (without duplication) to the extent deducted or added in calculating such Consolidated Net Income for such period:

- (1) Consolidated Interest Expense for such Person;
- (2) Consolidated Income Tax Expense for such Person;
- (3) Consolidated Non-cash Charges for such Person;
- (4) any non-operating and/or non-recurring charges, expenses or losses of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period;
- (5) all fees, costs and expenses incurred in connection with the offering of the Notes as disclosed under “Use of Proceeds”; and
- (6) any net loss from disposed or discontinued operations.

less (x) all non-cash credits and gains increasing Consolidated Net Income for such Person for such period, (y) all cash payments made by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period relating to non-cash charges that were added back in determining Consolidated Adjusted EBITDA in any prior period and (z) non-operating and/or non-recurring income or gains (less all fees and expenses related thereto) increasing Consolidated Net Income of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period.

Notwithstanding the foregoing, to the extent not otherwise already included, the items specified in clauses (1) through (6) above for any Subsidiary (Restricted Subsidiary in the case of the Company) will be added to Consolidated Net Income in calculating Consolidated Adjusted EBITDA for any period:

- (a) in proportion to the percentage of the total Capital Stock of such Subsidiary (Restricted Subsidiary in the case of the Company) held directly or indirectly by such Person at the date of determination; and
- (b) to the extent that a corresponding amount would be permitted at the date of determination to be distributed to such Person by such Subsidiary (Restricted Subsidiary in the case of the Company) pursuant to its charter and bylaws (*estatutos sociales*) and each law, regulation, agreement or judgment applicable to such distribution.

“*Consolidated Debt to EBITDA Ratio*” means, with respect to any Person as of any date of determination, the ratio of the aggregate amount of Consolidated Indebtedness for such Person as of such date to Consolidated Adjusted EBITDA for such Person for the Four Quarter Period.

For purposes of this definition, Consolidated Indebtedness and Consolidated Adjusted EBITDA will be calculated after giving effect on a pro forma basis in good faith for the period of such calculation for the following:

- (1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company), and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period or at any time subsequent to the last day of such Four Quarter Period and prior to or on such date of determination, to the extent, in the case of an Incurrence, such Indebtedness is outstanding on the date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period;
- (2) any Asset Sale Transaction or Asset Acquisition by such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company), including any Asset Sale or Asset Acquisition giving rise to the need to make such determination, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and prior to or on such date of determination, as if such Asset Sale Transaction or Asset Acquisition occurred on the first day of the Four Quarter Period; and
- (3) in the case of the Company and the Subsidiary Guarantors, any reductions in net Indebtedness due to Investments made pursuant to clause (2) of “Permitted Investments” that are held as of the time of such calculation.

For purposes of making such pro forma computation, the amount of Indebtedness under any revolving credit facility will be computed based on:

- (a) the average daily balance of such Indebtedness during such Four Quarter Period; or
- (b) if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation,

in each case giving pro forma effect to any borrowings related to any transaction referred to in clause (2) above.

“*Consolidated Interest Coverage Ratio*” means, with respect to any Person as of any date of determination, the ratio of the aggregate amount of Consolidated Adjusted EBITDA of such Person for the four most recent full fiscal quarters for which financial statements are available ending prior to the date of such determination (the “Four Quarter Period”) to Consolidated Interest Expense for such Person for such Four Quarter Period. For purposes of this definition, Consolidated Adjusted EBITDA and Consolidated Interest Expense will be calculated after giving effect on a pro forma basis in good faith for the period of such calculation for the following:

- (1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company) and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period and at any time subsequent to the last day of such Four Quarter Period and prior to or on such date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period;
- (2) any Asset Sale Transaction or Asset Acquisition by such Person or any of its Subsidiaries

(Restricted Subsidiaries in the case of the Company), including any Asset Sale or Asset Acquisition giving rise to the need to make such determination, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and prior to or on such date of determination, as if such Asset Sale Transaction or Asset Acquisition occurred on the first day of such Four Quarter Period;

- (3) the Consolidated Adjusted EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the date of determination, will be excluded;
- (4) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the date of determination, will be excluded, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the specified Person or any of its Restricted Subsidiaries following the date of determination;
- (5) any Person that is a Restricted Subsidiary on the date of determination or that becomes a Restricted Subsidiary on the date of determination will be deemed to have been a Restricted Subsidiary at all times during such Four Quarter Period; and
- (6) any Person that is not a Restricted Subsidiary on the date of determination or would cease to be a Restricted Subsidiary on the date of determination will be deemed not to have been a Restricted Subsidiary at any time during such Four Quarter Period.

For purposes of making such pro forma computation:

- (a) interest on any Indebtedness bearing a floating rate of interest will be calculated as if the rate in effect on the applicable date of determination had been the applicable rate for the entire Four Quarter Period (taking into account any Interest Rate Agreements applicable to such Indebtedness);
- (b) interest on any Indebtedness under a revolving credit facility will be computed based upon the average daily balance of such Indebtedness during such Four Quarter Period, or if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation; and
- (c) interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, will be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate.

“*Consolidated Income Tax Expense*” means, with respect to any Person for any period, the provision for federal, state, local and any other income taxes payable by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period as determined on a consolidated basis in accordance with IFRS.

“*Consolidated Indebtedness*” means, with respect to any Person as of any date of determination, an amount equal to the aggregate amount (without duplication) of all Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) outstanding at such time determined in accordance with IFRS and as set forth in the most recent consolidated balance sheet of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company).

“*Consolidated Interest Expense*” means, with respect to any Person for any period, the sum (without duplication) determined on a consolidated basis in accordance with IFRS of, net of any interest income:

- (1) the aggregate of cash and non-cash interest expense of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period determined on a consolidated basis in

accordance with IFRS, including, without limitation, the following (whether or not interest expense in accordance with IFRS):

- (a) any amortization or accretion of debt discount or any interest paid on Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) in the form of additional Indebtedness;
 - (b) any amortization of deferred financing costs;
 - (c) the net costs under Hedging Obligations (and, if applicable, Hedging Obligations Financing) (including amortization of fees) in respect of Indebtedness or that are otherwise treated as interest expense or equivalent under IFRS; provided that if Hedging Obligations (and, if applicable, Hedging Obligations Financing) result in net benefits rather than costs, such benefits will be credited to reduce Consolidated Interest Expense unless, pursuant to IFRS, such net benefits are otherwise reflected as a cash gain in Consolidated Net Income;
 - (d) all capitalized interest;
 - (e) the interest portion of any deferred payment obligation;
 - (f) commissions, discounts and other fees and charges Incurred in respect of letters of credit or bankers' acceptances;
 - (g) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company) or secured by a Lien on the assets of such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company), whether or not such Guarantee or Lien is called upon; and
- (2) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period; and
- (3) the product of:
- (x) cash and non-cash dividends paid, declared, accrued or accumulated on any Disqualified Capital Stock of the Company or a Restricted Subsidiary, except for dividends payable in the Company's Qualified Capital Stock or paid to the Company or to a Restricted Subsidiary, and
 - (y) a fraction, the numerator of which is one and the denominator of which is one minus the sum of the currently effective combined Federal, state, local and foreign tax rate applicable to the Company and its Restricted Subsidiaries.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries (after deducting (or adding) the portion of such net income (or loss) attributable to minority interests in Subsidiaries of such Person) for such period on a consolidated basis, determined in accordance with IFRS; provided that there will be excluded therefrom to the extent reflected in such aggregate net income (loss):

- (1) net after-tax gains or losses from Asset Sale Transactions or abandonments or reserves relating thereto;
- (2) net after-tax items classified as extraordinary gains or losses or income or expenses or charges;
- (3) the net income (or loss) of any Person, other than such Person and any Subsidiary of such Person (Restricted Subsidiary in the case of the Company); except that the Company's equity in the net income of any Person will be included up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to

the limitations contained in clause (4) below); and except further that the Company's equity in the net loss of any Person will be included to the extent such loss has been funded with cash from the Company or a Restricted Subsidiary;

- (4) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(A) of "—Covenants—Limitation on Restricted Payments," the net income (but not loss) of any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) to the extent that a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (Restricted Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution;
- (5) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date;
- (6) any gain (or loss) from foreign exchange translation or change in net monetary position;
- (7) any net gain or loss (after any offset) resulting in such period from Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes; provided that the net effect on income or loss (including in any prior periods) will be included upon any termination or early extinguishment of such Hedging Obligations, other than any Hedging Obligations with respect to Indebtedness (that is not itself a Hedging Obligation) and that are extinguished concurrently with the termination or other prepayment of such Indebtedness; and
- (8) the cumulative effect of changes in accounting principles.

"*Consolidated Net Tangible Assets*" means the total of all assets appearing on the Company's consolidated balance sheet less (i) all current liabilities (other than current maturities of long-term debt) and (ii) all intangibles.

"*Consolidated Non-cash Charges*" means, with respect to any Person for any period, the aggregate depreciation, amortization and other non-cash expenses or losses of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period, determined on a consolidated basis in accordance with IFRS (excluding any such charge which constitutes an accrual of or a reserve for cash charges for any future period or the amortization of a prepaid cash expense paid in a prior period).

"*Controlling Secured Parties*" means, with respect to any Shared Collateral, (i) at any time when the Credit Agreement Collateral Agent is the Applicable Collateral Agent, the Credit Agreement Secured Parties and (ii) at any other time, the Series of Secured Parties whose Authorized Representative is the Applicable Authorized Representative for such Shared Collateral.

"*CSPCP*" means Cosco Shipping Ports Chancay Perú S.A., a company incorporated under the laws of Peru, to own, develop and construct the Chancay Port.

"*Covenant Defeasance*" has the meaning set forth under "—Legal Defeasance and Covenant Defeasance."

"*Covenant Suspension Event*" has the meaning set forth under "—Covenant Suspension."

"*Credit Agreement*" means that certain Amended and Restated Senior Secured Term Loan Facility dated as of July 24, 2024 by and among the lenders party thereto and Citibank, N.A., as administrative agent, as may be amended, modified, supplemented, restated, extended, renewed or refinanced, from time to time, together with any related agreements or documents (including any security documents and guarantee agreements), as any such agreement or document may be amended, modified, supplemented, restated, extended, renewed, refinanced, replaced or substituted from time to time.

“*Credit Agreement Administrative Agent*” means Citibank, N.A., in its capacity as administrative agent under the Credit Agreement, or any successor administrative agent.

“*Credit Agreement Collateral Agent*” means Citibank, N.A., in its capacity as Administrative Agent under the Credit Agreement, as collateral agent appointed under the Intercreditor Agreement, or any successor thereto.

“*Credit Agreement Collateral Documents*” means the “Security Documents” under the Credit Agreement, and each other agreement entered into in favor of the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, for the purpose of securing any obligations under the Credit Agreement.

“*Credit Agreement Secured Parties*” means, collectively and as applicable, the several banks or financial institutions from time to time parties to the Credit Agreement and as applicable, any local collateral agents or trustees or administrative agents and, in each case, each of their respective successors, transferees and assigns.

“*Currency Agreement*” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

“*Default*” means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

“*Designation Amount*” has the meaning set forth under “—Covenants—Limitation on Designation of Unrestricted Subsidiaries” above.

“*Disqualified Capital Stock*” means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof.

“*DIP Financing*” has the meaning set forth under “—Intercreditor Agreement— Enforcement of the Collateral and Certain Bankruptcy and Insolvency Limitations” above.

“*DIP Financing Liens*” has the meaning set forth under “—Intercreditor Agreement— Enforcement of the Collateral and Certain Bankruptcy and Insolvency Limitations” above.

“*DIP Lenders*” has the meaning set forth under “—Intercreditor Agreement— Enforcement of the Collateral and Certain Bankruptcy and Insolvency Limitations” above.

“*Empresa Administradora Cerro*” means Empresa Administradora Cerro S.A.C.

“*Empresa Minera Paragsha*” means Empresa Minera Paragsha S.A.C.

“*Equity Interests*” means any and all shares of Capital Stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust, participations, quotas or other ownership interests in a Person, any and all warrants, options or other rights entitling the holder thereof to purchase any of the foregoing or any securities convertible into or exchangeable or exercisable for any of the foregoing.

“*Equity Interests Trust Agreement*” has the meaning set forth under “—Collateral.”

“*Equity Offering*” means an offering for cash, after the Issue Date, of Qualified Capital Stock of the Company or of any direct or indirect parent of the Company (to the extent the proceeds thereof are contributed to the common equity of the Company).

“*Event of Default*” has the meaning set forth under “—Events of Default.”

“*Excess Cash Flow Amount*” shall mean, as of any date of determination, the total amount of Unrestricted Cash of the Company and its Subsidiaries, less the Minimum Consolidated Liquidity Amount.

“*Excess Cash Flow Prepayment*” has the meaning set forth under “—Excess Cash Flow Redemption.”

“*Excess Cash Notes Prepayment Amount*” has the meaning set forth under “—Excess Cash Flow Redemption.”

“*Excess Cash Segregated Account*” means that certain account in the name of the Company into which the applicable percentage of Excess Cash Flow Amounts allocated to the Company as of each applicable Calculation Date are deposited.

“*Excess Proceeds*” has the meaning set forth under “—Covenants—Limitation on Asset Sales.”

“*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

“*Exchange Offer*” means the Company’s exchange offer of the Existing Notes for the Notes pursuant to the Exchange Offer Memorandum.

“*Exchange Offer Memorandum*” means this exchange offer memorandum, dated August 5, 2024, as amended and supplemented from time to time.

“*Existing Liens*” has the meaning set forth under “—Collateral” above.

“*Existing Notes*” means the Company’s 4.375% Senior Notes due 2026.

“*Existing Liens*” has the meaning set forth under “—Collateral.”

“*Existing Trusts*” means, collectively, the trusts patrimonios (*patrimonios fideicometidos*) established by means of the Existing Trust Agreements.

“*Existing Trust Agreements*” means, collectively, (i) the trust agreement entered into by the Company and Banco Internacional del Perú S.A.A. – Interbank on August 5, 2013, as amended from time to time prior to the Issue Date, (ii) the trust agreement entered into by Compañía Minera Alpamarca S.A.C. (currently, Compañía Minera Chungar) and Banco Internacional del Perú S.A.A. – Interbank on June 30, 2015, as amended from time to time prior to the Issue Date, and (iii) the trust agreement entered into by Empresa Administradora Cerro and Banco Internacional del Perú S.A.A. – Interbank on August 7, 2013, as amended from time to time prior to the Issue Date, collectively, into which 100% of the collection rights and cash flows from the sale of concentrates carried out by the Company, Compañía Minera Chungar and Empresa Administradora Cerro, respectively, were transferred as trust assets (*bienes fideicometidos*) to the Existing Trusts.

“*Fair Market Value*” means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) which could be negotiated in an arm’s-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction; provided that the Fair Market Value of any such asset or assets, if greater than US\$5.0 million, will be determined conclusively by the Board of Directors of the Company acting in good faith, and will be evidenced by a Board Resolution.

“*First Lien Cash Sweep*” has the meaning set forth under “—Excess Cash Flow Redemption.”

“*Fitch*” means Fitch Ratings, Ltd. or any successor to the rating agency business thereof.

“*Four Quarter Period*” has the meaning set forth in the definition of Consolidated Interest Coverage Ratio above.

“*Guarantee*” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

- (1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise; or
- (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part;

provided that “*Guarantee*” will exclude endorsements for collection or deposit in the ordinary course of business. “*Guarantee*,” when used as a verb, has a corresponding meaning.

“*Hedging Obligations*” means the obligations of any Person pursuant to any Permitted Hedging Agreement.

“*Hedging Obligations Financing*” means lines of credit to finance payment obligations under any Permitted Hedging Agreement incurred in the ordinary course of business and not for speculative purposes in an aggregate amount at any time outstanding not to exceed US\$100,000,000. For the avoidance of doubt, any amounts outstanding under any Hedging Obligations Financing as of the Issue Date shall count towards the maximum amount of financing permitted under the Indenture.

“*Holder*” means the Person in whose name a Note is registered in the note register pursuant to the terms of the Indenture.

“*Huanchor*” means Empresa Hidroeléctrica Huanchor S.A.C.

“*Huanchor Sale*” means the sale by the Company of its Equity Interests in Huanchor to be executed pursuant to that certain sales purchase agreement dated June 14, 2024.

“*IFRS*” means the International Financial Reporting Standards as adopted by the International Accounting Standards Board which are in effect from time to time.

“*Incur*” means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and “*Incurrence*” and “*Incurred*” will have meanings correlative to the foregoing); provided that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary of the Company and (2) neither the accrual of interest nor the accretion of original issue discount nor the payment of interest in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Capital Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Capital Stock or Preferred Stock will be considered an Incurrence of Indebtedness.

“*Indebtedness*” means, with respect to any Person, without duplication:

- (1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed

money;

- (2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all Capitalized Lease Obligations of such Person;
- (4) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding the amount of the advance payments in sale agreements, whether these are accounted for as trade accounts payable or indebtedness in the ordinary course of business with a maturity of up to three (3) years);
- (5) all reimbursement obligations of such Person in respect of the face amount of letters of credit or other similar instruments (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1), (2) and (4) above) entered into in the ordinary course of business of such Person, to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);
- (6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (11) below;
- (7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) above which is secured by any Lien on any property or asset of such Person, the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset and the amount of the Indebtedness so secured;
- (8) all net obligations under Hedging Obligations of such Person (excluding any obligations to pay to Peruvian authorities amounts due in connection with Taxes) (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time);
- (9) all liabilities recorded on the balance sheet of such Person in connection with a sale or other disposition of accounts receivables and related assets;
- (10) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any; provided that:
 - (a) if the Disqualified Capital Stock does not have a fixed repurchase price, such maximum fixed repurchase price will be calculated in accordance with the terms of the Disqualified Capital Stock as if the Disqualified Capital Stock were purchased on any date on which Indebtedness will be required to be determined pursuant to the Indenture;
 - (b) if the maximum fixed repurchase price is based upon, or measured by, the fair market value of the Disqualified Capital Stock, the fair market value will be the Fair Market Value thereof; and
- (11) all liabilities recorded on the balance sheet of such Person in connection with any equity commitments, whether pursuant to letters of credit or otherwise, other than any such liabilities in connection with any equity contribution commitment that (i) is or would be permitted under the covenant “—Limitation on Restricted Payments” so long as treated as an Investment and (ii) the corresponding amount of the equity contribution commitment is deposited in a reserve account and is not recognized as cash, Cash Equivalents or marketable securities of the Person or any of its Subsidiaries in calculating the Consolidated Indebtedness thereof.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingency obligations at such date.

The Company estimates that the amount of trade accounts payable or indebtedness in the ordinary course of business with a maturity of more than one (1) year and up to three (3) years pursuant to clause (4) above, as of March 31, 2024, was approximately US\$227.9 million.

“Insolvency or Liquidation Proceeding” means:

(1) any case or proceeding commenced by or against the Company or any other Subsidiary Guarantor under any Bankruptcy Law, any other case or proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Company or any other Subsidiary Guarantor, any receivership or assignment for the benefit of creditors relating to the Company or any other Subsidiary Guarantor or any similar case or proceeding relative to the Company or any other Subsidiary Guarantor or its creditors, as such, in each case whether or not voluntary;

(2) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Company or any other Subsidiary Guarantor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or

(3) any other case or proceeding of any type or nature in which substantially all claims of creditors of the Company or any other Subsidiary Guarantor are determined and any payment or distribution is or may be made on account of such claims.

“Intercreditor Agreement” means that certain Intercreditor Agreement, dated as of July 24, 2024, among the Credit Agreement Administrative Agent, the Peruvian Collateral Agent, the Chilean Collateral Agent, the Company and the Subsidiary Guarantors, and, upon execution of (i) the Joinder Agreement, the Trustee and the Notes Collateral Agent and/or (2) any other joinder thereto in accordance with the terms thereof, the respective agents or representatives of the applicable Additional First Lien Secured Parties, as permitted by the Indenture, the Credit Agreement and the Collateral Documents.

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or similar agreement or arrangement designed to protect against fluctuations in interest rates.

“Investment” means, with respect to any Person, any:

- (1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) or performance guarantee to any other Person (other than advances or extensions of credit to customers in the ordinary course of business);
- (2) capital contribution (including any commitment to make such capital contribution) (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to any other Person; or
- (3) any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person.

“Investment” will exclude accounts receivable or deposits arising in the ordinary course of business. “Invest,” “Investing” and “Invested” have corresponding meanings.

For purposes of the “—Limitation on Restricted Payments” covenant, the Company will be deemed to have made an “Investment” in an Unrestricted Subsidiary at the time of its Unrestricted Subsidiary Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary at the time of its Unrestricted Subsidiary Designation and the amount of any Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Unrestricted Subsidiary Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition.

“*Investment Grade Rating*” means a rating equal to or higher than (a) BBB-, in the case of S&P and Fitch, and (b) Baa3, in the case of Moody’s.

“*Issue Date*” means the first date of issuance of Notes under the Indenture.

“*Joinder Agreement*” means a joinder to the Intercreditor Agreement required to be delivered by the Trustee and the Collateral Agent, or by an Additional First Lien Debt Representative and the related Additional First Lien Debt Collateral Agent, as applicable, in order to establish an additional Series of Secured Debt and add Secured Parties under the Intercreditor Agreement.

“*Legal Defeasance*” has the meaning set forth under “—Legal Defeasance and Covenant Defeasance.”

“*Lien*” means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); provided that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder; provided that in no event shall an operating lease be deemed to constitute a Lien.

“*Loan Payment Milestone Date*” has the meaning set forth under “—Excess Cash Flow Redemption.”

“*Major Non-Controlling Authorized Representative*” means, with respect to any Shared Collateral, the Authorized Representative of the Series of Secured Obligations that constitutes the largest outstanding principal amount of any then outstanding Series of Secured Obligations, excluding the Secured Obligations represented by the Applicable Authorized Representative, with respect to such Shared Collateral.

“*Minimum Consolidated Liquidity Amount*” means, as of any date, a minimum of \$70,000,000 in Unrestricted Cash held by the Company and its Subsidiaries, on a consolidated basis plus amounts owed by the Company and the Subsidiary Guarantors under its Permitted Indebtedness within 91 days immediately following the Calculation Date.

“*Mining Units*” means the productive mining units consisting of San Cristobal - Carahuacra, Andaychagua, Ticlio, Mahr Tunel, Chungar, El Pilar, Huascarán, Vichaycocha, San Sebastian, Cerro and Oxidos, in each case, owned by the Company and its Subsidiaries (including mining concessions, land properties, plants and all other assets that are part of such productive mining units), but specifically excluding, for the avoidance of doubt, the mining unit of Alparmarca and the Romina Project.

“*Mining Unit Mortgages*” has the meaning set forth under “—Collateral.”

“*Moody’s*” means Moody’s Investors Service, Inc. or any successor to the rating agency business thereof.

“*Mortgages over Production Units Agreements*” has the meaning set forth under “—Collateral.”

“*Mortgages over Real Property Agreements*” has the meaning set forth under “—Collateral.”

“*New Cash Flows Trust*” means the trust patrimony (*patrimonio fideicometido*) established by means of the New Cash Flows Trust Agreement.

“*New Cash Flows Trust Agreement*” has the meaning set forth under “—Collateral.”

“*Net Cash Proceeds*” means with respect to the incurrence or issuance of any Indebtedness or any Asset Sale, the excess, if any, of: (i) the cash proceeds received in connection with such transaction over (ii) as applicable, the sum of (a) the underwriting discounts and commissions, and Taxes and other reasonable and customary out-of-pocket expenses, incurred by the Company or any of its Restricted Subsidiaries in connection therewith (including, without limitation, reasonable attorneys’, accountants’, brokers’, advisors’ and investment banking fees and other customary commissions) plus (b) solely in the case of an Asset Sale related to the Huanchor Sale, the fees, expenses and other costs (including, without limitation, attorney, accountant, broker, advisor and investment banking fees and other commissions) incurred by the Company or any of its Restricted Subsidiaries in connection with the Credit Agreement in an aggregate amount not to exceed the sum of the invoices received by the Company from its legal, financial, trustees, service providers, or other advisors in accordance with their respective fee letters or engagements, provided that such costs do not exceed US\$15,000,000 in the aggregate and, for the avoidance of doubt, do not include the structuring fee under the Credit Agreement (the “Refinancing Costs”) plus (c) solely in the case where such transaction is a refinancing, refunding, renewal or extension of existing Indebtedness, the sum of (1) the aggregate amount of Indebtedness (including any existing commitments unutilized thereunder) that is refinanced, refunded, renewed or extended pursuant to such transaction plus (2) without duplication of sub-clause (a) above, any reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing, refunding, renewal or extension.

“*Non-Controlling Authorized Representative*” means, at any time with respect to any Shared Collateral, any Authorized Representative that is not the Applicable Authorized Representative at such time with respect to such Shared Collateral.

“*Non-Controlling Authorized Representative Enforcement Date*” means, with respect to any Non-Controlling Authorized Representative under the Intercreditor Agreement, the date which is 120 days (throughout which 120-day period such Non-Controlling Authorized Representative was the Major Non-Controlling Authorized Representative) after the occurrence of both (i) an event of default (under and as defined in the Notes or in the Additional First Lien Document, as applicable, under which such Non-Controlling Authorized Representative is the Authorized Representative) and (ii) receipt by each of the Applicable Collateral Agent, each other Collateral Agent, the Applicable Authorized Representative, and each other Authorized Representative of written notice from such Non-Controlling Authorized Representative certifying that (x) such Non-Controlling Authorized Representative is the Major Non-Controlling Authorized Representative and that an event of default (under and as defined in the Notes or the Additional First Lien Document, as applicable, under which such Non-Controlling Authorized Representative is the Authorized Representative) has occurred and is continuing and (y) the Notes Obligations or the Additional First Lien Debt of the Series with respect to which such Non-Controlling Authorized Representative is the Authorized Representative are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the terms of the Notes or the Additional First Lien Document, as applicable; *provided* that, such Event of Default (under and as defined in the Notes or the Additional First Lien Document, as applicable, under which such Non-Controlling Authorized Representative is the Authorized Representative) shall be continuing at the end of such 120-day period; *provided, further* that the Non-Controlling Authorized Representative Enforcement Date shall be stayed and shall not occur and shall be deemed not to have occurred with respect to any Shared Collateral (1) at any time the Credit Agreement Administrative Agent or the Credit Agreement Collateral Agent (or the Peruvian Collateral Agent or the Chilean Collateral Agent, as applicable, on behalf of and at the instruction of the Credit Agreement Administrative Agent or the Credit Agreement Collateral Agent) has

commenced and is diligently pursuing any enforcement action with respect to such Shared Collateral or (2) at any time the Company or the Subsidiary Guarantor which has granted a security interest in such Shared Collateral is then a debtor under or with respect to (or otherwise subject to) any Insolvency or Liquidation Proceeding.

“Non-Controlling Secured Parties” means, at any time with respect to any Shared Collateral, the Secured Parties which are not Controlling Secured Parties at such time with respect to such Shared Collateral.

“Non-Core Asset Sales” means any transaction or series of related transactions involving property or assets resulting in Net Cash Proceeds of not more than US\$15.0 million (or the equivalent in other currencies) in the aggregate in any Fiscal Year.

“Non-Guarantor Designation” has the meaning set forth under “—Covenants—Limitation on Designation of Non-Guarantor Restricted Subsidiaries” above.

“Non-Guarantor Restricted Subsidiary” has the meaning set forth under “—Covenants—Limitation on Designation of Non-Guarantor Restricted Subsidiaries.”

“Notes” means the 8.750% Senior Secured Amortizing Notes due 2030 offered pursuant to this Exchange Offer Memorandum and, unless the context otherwise requires, any Additional Notes, as described under “Further Issues.”

“Notes Collateral Agent” means Citibank, N.A., in its capacity as Trustee under the Indenture pursuant to the Intercreditor Agreement, or a successor thereto.

“Notes Documents” means the Indenture, the Notes and the Subsidiary Guarantees.

“Notes Obligations” means all Indebtedness and other obligations of the Company and the Subsidiary Guarantors under or with respect to the Notes Documents.

“Notes Secured Parties” means the Trustee, the Notes Collateral Agent and any other collateral agent, collateral trustee or similar representative for Holders, in each case, acting on behalf of the Trustee or the Holders of the outstanding Notes from time to time.

“Obligations” means, with respect to any Indebtedness, any principal, interest (including, without limitation, Post-Petition Interest), premium, Additional Amounts, penalties, fees, indemnifications, reimbursements, damages, and other liabilities payable under the documentation governing such Indebtedness, including in the case of the Notes and the Subsidiary Guarantees, the Indenture.

“OECD” means the Organization of Economic Cooperation and Development.

“Officer” means, with respect to any Person, the chairman of the Board of Directors, president, chief executive officer, chief financial officer, chief operating officer, or any vice president, treasurer or secretary of such Person.

“Officer’s Certificate” means, in connection with any action to be taken by the Company or any Subsidiary Guarantor a certificate signed by an Officer of such Person in accordance and compliance with the terms of the Indenture and that is delivered to the Trustee.

“Opinion of Counsel” means a written opinion of counsel, who may be counsel for the Company (except as otherwise provided in the Indenture), obtained at the expense of the Company, a Surviving Entity or a Restricted Subsidiary, and who is reasonably acceptable to the Trustee.

“*Permitted Business*” means the business or businesses conducted by the Company and its Restricted Subsidiaries as of the Issue Date and any business that is reasonably related, complementary, incidental or ancillary thereto or is an extension or development of any thereof.

“*Permitted Collateral Liens or Rights over Collateral*” means any of the following Liens:

- (1) Liens securing the Notes and the Credit Agreement;
- (2) Existing Liens on Issue Date and any extension, renewal or replacement thereof, provided that the Liens in the extension, renewal or replacement are, taken as a whole, no more adverse in any material respect to the Noteholders than the Liens being extended, renewed or replaced;
- (3) Pre-Existing Liens on Future Collateral to the extent related to the Company and the Subsidiary Guarantors’ obligation under the covenant “After-Acquired Property”;
- (4) Statutory Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen, employees, pension plan administrators or other like Liens arising in the ordinary course of business and with respect to amounts being contested in good faith or Liens relating to attorney’s liens or bankers’ liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depositary institution;
- (5) Liens Incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security and with respect to amounts being contested in good faith;
- (6) Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, customs duties, bids, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);
- (7) Liens for taxes, assessments, governmental charges, levies or claims which are not yet due or thereafter can be paid without penalty or are being contested in good faith by appropriate proceedings and for which such reserves or other appropriate provisions, if any, have been established as required by IFRS;
- (8) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired;
- (9) Liens securing obligations to the Peruvian Ministry of Energy and Mines or other governmental authorities incurred in the ordinary course of business, including but not limited to mining closure plans;
- (10) Liens securing Additional First Lien Debt permitted to be Incurred pursuant to the covenant described under “—*Restrictive Covenants— Limitation on Incurrence of Additional Indebtedness*”; and
- (11) Rights of third-parties related to: (i) the shareholders agreement existing as of the Issue Date with CSPCP, pursuant to which CSPCP has a right of first refusal over the land owned by Roquel Global; (ii) the shareholders agreements existing as of the Issue Date with shareholders of Toruna and of Compañía Industrial Huacho, in respect of the shares owned by the Company or any of its Subsidiaries in such companies; and (iii) any shareholder agreement or arrangement entered into in connection with the contribution of Roquel Global or Compañía Hidroeléctrica Tingo to a

Permitted Joint Venture, to the extent entered into for Fair Market Value and under customary market conditions, and as otherwise permitted under the Indenture, *provided* that, no Lien to any third-party (other than any owner of the Equity Interests in such Permitted Joint Venture) shall be permitted over the Equity Interests of the Company, any Subsidiary Guarantor and any Restricted Subsidiary in the Permitted Joint Venture.

“*Permitted Hedging Agreement*” means any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement incurred in the ordinary course of business and not for speculative purposes.

“*Permitted Holders*” means one or more of the following (i) Transition Metals AG, and (ii) any non-natural Person that is a direct or indirect Affiliate of any of the Persons referred to in the preceding clause (i) and with respect to which a Person or Persons listed in the preceding clause (i) owns the majority of the aggregate of the total voting power of the Voting Stock in such non-natural Person, on a fully diluted basis.

“*Permitted Joint Venture*” means a joint venture partnership or other similar entity or arrangement between Roquel Global or Compañía Hidroeléctrica Tingo, respectively, and a third party, to be formed through a contribution of assets or shares to form such joint venture, or the incorporation of a third party into Roquel Global or Compañía Hidroeléctrica Tingo by acquiring shares or a capital contribution, *provided* that all Equity Interests of the Company, any Subsidiary Guarantor and any Restricted Subsidiary in such joint venture, entity or arrangement are simultaneously pledged and perfected thereafter, subject to the terms herein, on a first-priority basis (subject to Permitted Collateral Liens or Rights over Collateral) or assigned in trust as Collateral under the Equity Interests Trust Agreement for the benefit of the Secured Parties, in each case, other than, to the extent such Permitted Joint Venture is consummated as a capital contribution by a third-party into Roquel Global or Compañía Hidroeléctrica Tingo, any such third-party’s Equity Interests in the relevant Permitted Joint Venture.

“*Permitted Indebtedness*” has the meaning set forth under clause (2) of “—Covenants—Limitation on Incurrence of Additional Indebtedness.”

“*Permitted Investments*” means:

- (1) any Investment in the Company or in a Restricted Subsidiary of the Company that is engaged in a Permitted Business;
- (2) any Investment in the Notes;
- (3) any Investment in Cash Equivalents;
- (4) any Investment by the Company or any Subsidiary of the Company in a Person, if as a result of such Investment:
 - (a) such Person becomes a Restricted Subsidiary of the Company that is a Subsidiary Guarantor engaged in a Permitted Business, or
 - (b) such Person is merged or consolidated with or into, or transfers or conveys substantially all its assets to, or is liquidated into, the Company or a Restricted Subsidiary that is a Subsidiary Guarantor engaged in a Permitted Business;
- (5) Investments received as non-cash consideration in an Asset Sale made pursuant to and in compliance with the provisions of “—Covenants—Limitation on Asset Sales” or a disposition excluded under the definition of Asset Sale;
- (6) any Investment acquired solely in exchange for Qualified Capital Stock of the Company or the licensing of intangible property;
- (7) Hedging Obligations Financing;
- (8) unsecured obligations under Permitted Hedging Agreements;
- (9) (i) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the

ordinary course of business, (ii) Cash Equivalents or other cash management investments or liquid or portfolio securities pledged as collateral pursuant to the covenant described under the caption “—Covenants—Limitation on Liens,” (iii) endorsements for collection or deposit in the ordinary course of business, and (iv) securities, instruments or other obligations received in compromise or settlement of debts created in the ordinary course of business, or by reason of a composition or readjustment of debts or reorganization of another Person, or in satisfaction of claims or judgments;

- (10) Investments in Unrestricted Subsidiaries and joint ventures engaged in a Permitted Business in an aggregate amount that, taken together with all other Investments made in reliance on this clause, not to exceed US\$15.0 million (net of, with respect to the Investment in any particular Person, the cash return thereon received after the Issue Date as a result of any sale for cash, repayment, redemption, liquidating distribution or other cash realization (not included in Consolidated Adjusted EBITDA), not to exceed the amount of Investments in such Person made after the Issue Date in reliance on this clause);
- (10) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification or renewal of any Investments existing as of the Issue Date (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date, or as otherwise permitted under the Indenture);
- (11) guarantees of Indebtedness permitted under “—Covenants—Limitation on Incurrence of Additional Indebtedness” and the creation of Liens on the assets of the Company or any Restricted Subsidiary in compliance with the covenant described under “—Covenants—Limitation on Liens”;
- (13) advances, loans or extensions of trade credit in the ordinary course of business by the Company or any of its Restricted Subsidiaries; and
- (14) payroll, travel and other loans or advances to, or Guarantees issued to support the obligations of, officers and employees, in each case in the ordinary course of business.

“*Permitted Liens*” means any of the following Liens:

- (1) Liens existing on the Issue Date and any extension, renewal or replacement thereof;
- (2) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by IFRS shall have been made in respect thereof;
- (3) (a) licenses, sublicenses, leases or subleases granted by the Company or any of its Restricted Subsidiaries to other Persons not materially interfering with the conduct of the business of the Company or any of its Restricted Subsidiaries and (b) any interest or title of a lessor, sublessor or licensor under any lease or license agreement permitted by the Indenture to which the Company or any Restricted Subsidiary is a party;
- (4) Liens Incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security and with respect to amounts being contested in good faith;
- (5) Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, customs duties, bids, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed

money);

- (6) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (7) Liens on patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to the extent such Liens arise from the granting of license to use such patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to any Person in the ordinary course of business of the Company or any of its Restricted Subsidiaries;
- (8) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;
- (9) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or a Restricted Subsidiary, including rights of offset and set-off;
- (10) Liens for taxes, assessments or other governmental charges not yet subject to penalties for nonpayment or which are being contested in good faith by appropriate proceedings, provided that appropriate reserves required pursuant to IFRS have been made in respect thereof;
- (11) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
- (12) deposits in the ordinary course of business securing liability for reimbursement obligations of insurance carriers providing insurance to the Company or its Restricted Subsidiaries and any Liens thereon;
- (13) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired;
- (14) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution;
- (15) Liens to secure any Refinancing Indebtedness which is Incurred to Refinance any Indebtedness which has been secured by a Lien permitted under the covenant described under "—Covenants—Limitation on Liens" and which Indebtedness has been Incurred in accordance with "—Covenants—Limitation on Incurrence of Additional Indebtedness"; provided that such new Liens:
 - (a) are no less favorable to the Holders of Notes and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced; and
 - (b) do not extend to any property or assets other than the property or assets securing the Indebtedness Refinanced by such Refinancing Indebtedness;
- (16) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company or another Restricted Subsidiary and permitted to be Incurred under the Indenture;
- (17) Liens securing Acquired Indebtedness Incurred in accordance with "—Covenants—Limitation on Incurrence of Additional Indebtedness" not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; provided that:

- (a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary; and
 - (b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary;
- (18) Liens securing Indebtedness permitted to be incurred pursuant to clause 2(m) under “—Covenants— Limitation of Incurrence of Additional Indebtedness;” provided that:
 - (a) the related Purchase Money Indebtedness does not exceed the cost of such property and will not be secured by any property of the Company or any Restricted Subsidiary other than the property so acquired, constructed, improved or leased; and
 - (b) the Lien securing such Indebtedness will be created within 365 days of such acquisition, construction, improvement or lease;
- (19) Liens securing the Notes, the Credit Agreement, and Additional First Lien Debt, as well as any Subsidiary Guarantees;
- (20) Sale and Leaseback Transactions pursuant to the proviso at the end of the covenant described under the caption “—Covenants—Limitation on Sale and Leaseback Transactions”;
- (21) Liens arising from precautionary Uniform Commercial Code financing statement and similar filings in other jurisdictions regarding operating leases entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;
- (22) Liens securing obligations to the Peruvian Ministry of Energy and Mines or other governmental authorities incurred in the ordinary course of business, including but not limited to mining closure plans;
- (23) first priority Liens on the Romina Project Assets securing the Romina Project Financing in up to the amount of the Romina Project Financing permitted to be incurred under the Indenture and Collateral Documents, it being understood that such first priority Liens on the Romina Project Assets shall not be granted in favor of the Secured Parties; and
- (24) Liens securing Indebtedness permitted to be Incurred under clause (1) of the covenant described in “—Limitation on Incurrence of Additional Indebtedness,” provided that, on the date of such Incurrence after giving pro forma effect thereto (and the application of the proceeds thereof), the Secured Leverage Ratio for the Company and its Restricted Subsidiaries would have been no greater than 2.00 to 1.0.

“*Person*” means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

“*Peruvian Collateral Agent*” means Citibank del Peru S.A. or any successor thereto.

“*Peruvian Collateral Trustee*” means La Fiduciaria S.A. or any successor thereto.

“*Post-Petition Interest*” means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any Insolvency or Liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any

Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such Insolvency or Liquidation proceeding.

“Pre-Existing Liens on Future Collateral” means the Liens in effect as of the acquisition date over any material assets, including, but not limited to, any property, mining concessions, land, valuable infrastructure and fixed assets and Equity Interests, which are acquired after the Issue Date by the Company or any of the Subsidiary Guarantors and that are intended to be pledged as Collateral; provided, however, that such Liens are not Incurred in connection with, or in anticipation or contemplation of, the acquisition.

“Preferred Stock” means, with respect to any Person, any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

“Purchase Money Indebtedness” means Indebtedness Incurred for the purpose of financing all or any part of the purchase price, or other cost of construction or improvement of any property; provided that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of the Refinancing.

“Qualified Capital Stock” means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

“Qualified Merger Jurisdiction” means (i) the Republic of Panama; (ii) the United States or any state or territory thereof; or (iii) any state member of the OECD whose sovereign debt is rated BBB or higher by S&P and Baa2 or higher by Moody’s.

“Quarterly Prepayment Date” means January 24, April 24, July 24 and October 24 of each year.

“Rating Agencies” means (i) S&P, (ii) Moody’s and (iii) Fitch. In the event that any of S&P, Moody’s or Fitch is no longer in existence or issuing ratings, such organization, as the case may be, may be replaced by an internationally recognized statistical rating organization designated by the Company with notice to the Trustee.

“Rating Date” means in connection with a Change of Control Triggering Event, that date which is ninety (90) days prior to the earlier of (i) the occurrence of a Change of Control or (ii) public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control.

“Rating Decline” means in connection with a Change of Control Triggering Event, the occurrence, on or within ninety (90) days (which period will be (i) extended for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change as a result of a Change of Control or (ii) reduced in the event of a Rating Reaffirmation to the date on which the Rating Reaffirmation has been obtained) after the earlier to occur of public notice of (i) the occurrence of a Change of Control or (ii) the intention by the Company or any other Person or Persons to effect a Change of Control, of any of the events listed below, in each case expressly as a result of such Change of Control:

- (a) in the event the Notes have an Investment Grade Rating by any two or more Rating Agencies on the Rating Date, the rating of the Notes by any such Rating Agency will be changed to below an Investment Grade Rating;
- (b) in the event the Notes have an Investment Grade Rating by any, but not two or more, of the Rating Agencies on the Rating Date, the rating of the Notes by such Rating Agency will be changed to below an Investment Grade Rating; or
- (c) in the event the Notes are rated below an Investment Grade Rating by any two or more Rating

Agencies on the Rating Date, the rating of the Notes by any such Rating Agency will be decreased by one or more gradations (including gradations within rating categories as well as between rating categories).

“*Rating Reaffirmation*” means, in connection with a Change of Control, a written reaffirmation from each Rating Agency then rating the Notes stating that the credit rating on the Notes, which was in effect immediately prior to a public notice of such Change of Control or of the intention of the Company or any Person to effect such Change of Control, will not be decreased as a result of such Change of Control.

“*Refinance*” means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. “*Refinanced*” and “*Refinancing*” have correlative meanings.

“*Refinancing Costs*” has the meaning specified in the definition Net Cash Proceeds.

“*Refinancing Indebtedness*” means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary (including any successive refinancing) so long as:

- (1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being Refinanced (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Company in connection with such Refinancing);
- (2) such new Indebtedness has:
 - (a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; and
 - (b) a final maturity that is equal to or later than the final maturity of the Indebtedness being Refinanced; and
- (3) if the Indebtedness being Refinanced is:
 - (a) Indebtedness of the Company or any Subsidiary Guarantor, then such Refinancing Indebtedness will be Indebtedness of the Company or such Subsidiary Guarantor; and
 - (b) Subordinated Indebtedness, then such Refinancing Indebtedness will be subordinated to the Notes or any relevant Subsidiary Guarantee, if applicable, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

“*Replacement Collateral Assets*” means assets of similar nature and comparable value and quality used or useful in any business in which the Company or any of its Subsidiaries is engaged and any business related, ancillary or complimentary to such businesses.

“*Restricted Payment*” has the meaning set forth under “—Covenants—Limitation on Restricted Payments.”

“*Restricted Subsidiary*” means any Subsidiary of the Company which at the time of determination is not an Unrestricted Subsidiary.

“*Reversion Date*” has the meaning set forth under “—Covenant Suspension.”

“*Revocation*” has the meaning set forth under “—Covenants—Limitation on Designation of Unrestricted Subsidiaries.”

“*Romina Capex Reserve Account*” has the meaning set forth under “—Romina Capex Reserve Account.”

“*Romina Full Funding Date*” means the date on which the Romina Capex Reserve Account has been funded in an aggregate amount of \$125,000,000 (whether from Excess Cash Flow, Net Cash Proceeds from Non-Core Asset Sales, prepayments under offtake agreements, permitted financings, or as otherwise permitted under the Notes Documents and the Credit Agreement, and including any amounts deposited for cost overruns). For the avoidance of doubt, all withdrawals from the Romina Capex Reserve Account from time to time shall be counted toward the \$125,000,000 aggregate funding amount.

“*Romina Operational Date*” has the meaning set forth under “—Romina Capex Reserve Account.”

“*Romina Project*” means the mine expansion at Romina until the Romina Operational Date

“*Romina Project Assets*” means the property and other assets held solely by Compañía Minera Chungar and being developed as the Romina Project, excluding the Romina Capex Reserve Account, but including Alpamarca.

“*Romina Project Financing*” has the meaning set forth under “—Covenants—Limitation on Incurrence of Additional Indebtedness.”

“*Roquel Global*” means Roquel Global S.A.C.

“*Sale and Leaseback Transaction*” means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such property.

“*S&P*” means S&P Global Ratings, a division of S&P Global Inc., or any successor to its rating agency business thereof.

“*Secured Leverage Ratio*” shall mean at any date the ratio of (i) the Consolidated Indebtedness of the Company of such date that is secured by a Lien, after giving effect to all incurrences and repayments of Indebtedness on the relevant transaction date to (ii) Consolidated Adjusted EBITDA for the most recently ended Four Quarter Period, in each case with such pro forma adjustments giving effect to such Indebtedness, acquisition, divestiture, Investment or other transaction, as applicable, since the start of such four quarter period and as are consistent with the pro forma adjustments set forth in the definition of “Consolidated Interest Coverage Ratio.”

“*Secured Obligations*” means all obligations secured under the Collateral, including the Credit Agreement, the Notes, the Guarantees and the Additional First Lien Debt.

“*Secured Parties*” means the Credit Agreement Secured Parties, the Notes Secured Parties and the Additional First Lien Secured Parties with respect to each series of Additional First Lien Debt.

“*Security Documents*” means, collectively, the following documents:

- (i) the New Cash Flows Trust Agreement;
- (ii) the Existing Trust Agreements, as amended as of July 24, 2024 (for the avoidance of doubt, the Existing Trust Agreements are listed as Security Documents to the extent they receive the cash flows that will be transferred to the New Cash Flows Trust);
- (iii) the Equity Interests Trust Agreement;
- (iv) the Chilean Share Pledge Agreement;

- (v) the Chilean Collateral Agency Agreement;
- (vi) the Mortgages over Production Units Agreements;
- (vii) the Mortgages over Real Property Agreements; and
- (viii) all financing statements and other filings, recordings or registrations required by the Collateral Documents to be filed or made and all irrevocable power of attorneys notices and acknowledgements required to be given under an in respect of any such Security Document.

“*Senior Indebtedness*” means the Notes, the Subsidiary Guarantees, the Credit Agreement, the Additional First Lien Debt and any other Indebtedness of the Company or any Restricted Subsidiary that ranks equal in right of payment with the Notes, the relevant Subsidiary Guarantee or the Credit Agreement, as the case may be.

“*Series*” means (i) the Notes, (ii) the obligations under the Credit Agreement and (iii) each other issuance or incurrence of Debt that is secured on a *pari passu* basis with the foregoing.

“*Significant Subsidiary*” means a Restricted Subsidiary of the Company that would constitute a “Significant Subsidiary” of the Company in accordance with Rule 1-02 under Regulation S-X under the Securities Act in effect on the Issue Date.

“*Shared Collateral*” means, at any time, Collateral in which the holders of two or more Series of Senior Indebtedness (or the Collateral Agents for their benefit) hold a valid and perfected security interest at such time. If more than two Series of Senior Indebtedness are outstanding at any time and the holders of less than all Series of Senior Indebtedness hold a valid and perfected security interest in any Collateral at such time, then such Collateral shall constitute Shared Collateral for those Series of Senior Indebtedness that hold a valid and perfected security interest in such Collateral at such time and shall not constitute Shared Collateral for any Series which does not have a valid and perfected security interest in such Collateral at such time. For as long as there are any Secured Obligations outstanding other than the Notes Obligations (including the Secured Obligations under the Credit Agreement), all Collateral shall be Shared Collateral with respect to the Secured Obligations.

“*Stated Maturity*” means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory prepayment provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

“*Subordinated Indebtedness*” means, with respect to the Company or any Restricted Subsidiary, any Indebtedness of the Company or such Restricted Subsidiary, as the case may be, which is expressly subordinated in right of payment to the Notes or the relevant Subsidiary Guarantee, as the case may be.

“*Subsidiary*” means, with respect to any Person, any other Person of which such Person owns, directly or indirectly, more than 50% of the voting power of the other Person’s outstanding Voting Stock.

“*Subsidiary Guarantee*” means the unconditional guarantee, on a joint and several basis, of the full and prompt payment of all Obligations of the Company under the Indenture and the Notes, in accordance with the terms of the Indenture.

“*Subsidiary Guarantor*” means (i) each of Compañía Minera Chungar, Empresa Administradora Cerro, Empresa Minera Paragsha, Roquel Global, Compañía Industrial Huacho, and Compañía Hidroeléctrica Tingo, and (ii) any other Subsidiary of the Company that provides a Subsidiary Guarantee in accordance with the provisions of the Indenture after the Issue Date.

“*Surviving Entity*” has the meaning set forth under “—Covenants—Limitation on Merger, Consolidation and Sale of Assets.”

“*Suspended Covenants*” has the meaning set forth under “—Covenant Suspension.”

“*Suspension Period*” has the meaning set forth under “—Covenant Suspension.”

“*Toruna*” means Minera Aurifera Toruna S.A.C.

“*Trustee*” means Citibank, N.A., or a successor thereto.

“*Unrestricted Cash*” shall mean, as of any date of determination, with respect to the Company and its Subsidiaries on a consolidated basis, all cash and short-term investments of such persons, but excluding the following: (i) the aggregate amount of cash deposited in the Romina Capex Reserve Account, (ii) following the earlier of (x) Romina Full Funding Date and (y) June 30, 2026, the aggregate Excess Cash Flow Amount deposited in the Excess Cash Segregated Account, (iii) amounts on deposit in a receivables trust forming part of the Collateral or any other account that, as of the date of such determination, is blocked and not accessible to the Company or any of its Subsidiaries following the occurrence of an event of default or other enforcement action under any financing or security document to which the Company or such Subsidiary is a party, and (iv) without double counting, amounts that would qualify as “restricted” on a consolidated balance sheet.

“*Unrestricted Subsidiary*” means any Subsidiary of the Company designated as an Unrestricted Subsidiary pursuant to “—Covenants—Limitation on Designation of Unrestricted Subsidiaries.” Any such Unrestricted Subsidiary Designation may be revoked by a Board Resolution of the Company, subject to the provisions of such covenant.

“*Unrestricted Subsidiary Designation*” has the meaning set forth under “—Covenants—Limitation on Designation of Unrestricted Subsidiaries” above.

“*Vinchos*” means Empresa Explotadora de Vinchos Ltda. S.A.C.

“*Voting Stock*” means, with respect to any Person, securities of any class of Capital Stock of such Person then outstanding and normally entitled to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person. The term “normally entitled” means without regard to any contingency.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

- (1) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness into
- (2) the sum of the products obtained by multiplying:
 - (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by
 - (b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

“*Wholly-Owned*” means, with respect to any Restricted Subsidiary, a Restricted Subsidiary all of the outstanding Capital Stock of which (other than any director’s qualifying shares) is owned by the Company and one or more Wholly Owned Restricted Subsidiaries (or a combination thereof).

“*Working Capital Financing*” means up to \$70,000,000 of lines of credit to be used solely for working capital. For the avoidance of doubt, any amounts outstanding under any Working Capital Financing as of the Issue Date shall count towards the maximum amount of financing permitted herein.

BOOK-ENTRY, DELIVERY AND FORM

The certificates representing the New Notes will be issued in fully registered form without interest coupons. New Notes sold in reliance on Rule 144A under the Securities Act initially will be represented by permanent notes in global, fully registered form without interest coupons (each, a “Restricted Global Note”). The New Notes sold in offshore transactions in reliance upon Regulation S under the Securities Act will initially be represented by permanent notes in global, fully registered form without interest coupons (each, a “Regulation S Global Note,” together with the Restricted Global Notes, the “Global Notes”). The Global Notes will be deposited with the trustee as a custodian for DTC, as depository, and registered in the name of a nominee of such depository.

The Global Notes (and any notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and in the indenture and will bear the applicable legend regarding such restrictions set forth under the heading “Transfer Restrictions—Legends” herein. Qualified Institutional Buyers (“QIBs”) or non-U.S. purchasers may elect to take a Certificated Security (as defined below under “Certificated Securities”) instead of holding their interests through the Global Notes (collectively referred to herein as the “Non—Global Purchasers”), which certificated notes will be ineligible to trade through DTC, only in the limited circumstances described below. For a description of the restrictions on transfer of Certificated Securities and any interest in the Global Notes, see “*Transfer Restrictions*” and “*Plan of Distribution—Notes Are Not Being Registered*.”

The Global Notes

We expect that, pursuant to procedures established by DTC, (i) upon the issuance of the Global Notes, DTC or its custodian will credit, on its internal system, the principal amount at maturity of the individual beneficial interests represented by such Global Notes to the respective accounts of persons who have accounts with such depository (“participants”) and (ii) ownership of beneficial interests in the Global Notes will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Ownership of beneficial interests in the Global Notes will be limited to participants or persons who hold interests through participants. Holders may hold their interests in the Global Notes directly through DTC if they are participants in such system, or indirectly through organizations that are participants in such system.

So long as DTC or its nominee is the registered owner or holder of the New Notes, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the New Notes represented by such Global Notes for all purposes under the indenture governing the New Notes. No beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC’s procedures, in addition to those provided for under the indenture with respect to the New Notes.

Payments of the principal of, and premium (if any) and interest on, the Global Notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither we, the trustee, any paying agent, any transfer agent or the registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

We expect that DTC or its nominee, upon receipt of any payment of principal of, and premium (if any) and interest on the Global Notes, will credit participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Notes as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the Global Notes held through such participants will be governed by standing instructions and customary practice, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

DTC has advised us that it will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the indenture, DTC will exchange the Global Notes for Certificated Securities, which it will distribute to its participants and which will be legended as set forth under the heading “Transfer Restrictions” and “Plan of Distribution—Notes Are Not Being Registered.”

DTC has advised us as follows:

- DTC is a limited-purpose trust company organized under New York banking law,

- a “banking organization” within the meaning of the New York banking law,
- a member of the Federal Reserve System,
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and
- a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity, corporate and municipal debt issues that participants deposit with DTC. DTC also facilitates the post-trade settlement among participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between participants’ accounts. This eliminates the need for physical movement of securities certificates. Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC system is also available to indirect participants such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC (including Euroclear or Clearstream).

So long as DTC or its nominee is the registered owner of a Global Note, DTC or its nominee will be considered the sole owner or holder of the New Notes represented by that Global Note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a Global Note:

- will not be entitled to have notes represented by the Global Note registered in their names;
- will not receive or be entitled to receive physical, certificated notes; and
- will not be considered the registered owners or holders of the New Notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a holder of notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the New Notes represented by a Global Note will be made by the trustee to DTC’s nominee as the registered holder of the Global Note. Neither we nor the trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary practices and will be the responsibility of those participants or indirect participants and not of DTC, its nominee or us.

Transfers between participants in DTC will be effected under DTC’s procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a Global Note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear or Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a Global Note from a DTC participant will be credited on the business day for Euroclear

or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a global note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the Global Notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants of indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Securities

A Global Note is exchangeable for certificated notes in fully registered form without interest coupons (“Certificated Securities”) only in the following limited circumstances:

- DTC notifies us that it is unwilling or unable to continue as depositary for the Global Note and we fail to appoint a successor depositary within 90 days of such notice; DTC ceases to be registered as a clearing agency under the Securities Exchange Act of 1934 and a successor depositary is not appointed within 90 days;
- we, at our option, notify the trustee that we elect to cause the issuance of Certificated Securities; or
- there shall have occurred and be continuing an event of default with respect to the New Notes under the indenture and DTC shall have requested the issuance of Certificated Securities.

Certificated Securities may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See “Transfer Restrictions” and “Plan of Distribution—Notes Are Not Being Registered.”

The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer the New Notes will be limited to such extent.

Exchanges between Regulation S Notes and Restricted Global Notes

Beneficial interests in one Global Note may generally be exchanged for interests in another Global Note. Depending on whether the transfer is being made during or after the 40-day period commencing on the original issue date of the New Notes, and to which Global Note the transfer is being made, the seller may be required to provide certain written certifications in the form provided in the indenture. A beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Restricted Global Notes will be effected by DTC by means of an instruction originated through the DTC deposit/withdrawal at custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Restricted Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest.

TRANSFER RESTRICTIONS

The Exchange Offer and the issuance of New Notes have not been registered under the Securities Act or any other applicable securities laws and, unless so registered, the New Notes may not be offered, sold, pledged or otherwise transferred within the U.S. or to or for the account of any U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. The Exchange Offer is being made, and the New Notes are being offered and issued, only to the following:

- (a) holders of the Existing Notes that are “qualified institutional buyers” as defined in Rule 144A under the Securities Act, in a private transaction in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof (such New Notes, the “144A Notes”); or
- (b) outside the United States, to holders of the Existing Notes other than “U.S. persons” (as defined in Rule 902 under the Securities Act) and who are not acquiring New Notes for the account or benefit of a U.S. person, in offshore transactions in compliance with Regulation S under the Securities Act, and who are also “non-U.S. qualified offerees” (as defined below) (such New Notes, the “Regulation S Notes”).

Each participating Eligible Holder of Existing Notes, by submitting or sending an Agent’s Message to the Information Agent in connection with the tender of Existing Notes, will have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

- (1) You are an Eligible Holder of Existing Notes.
- (2) You (a) (i) are a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act) and (ii) are acquiring New Notes for your own account or for the account of one or more qualified institutional buyers (each, a “144A Acquirer”); or (b) (i) are outside the United States, are not a U.S. person (as defined in Regulation S under the Securities Act), are not acquiring New Notes for the account or benefit of a U.S. person and are acquiring New Notes in an offshore transaction pursuant to Regulation S under the Securities Act and (ii) are a non-U.S. qualified offeree (each, a “Regulation S Acquirer”). You understand that the New Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act.
- (3) You understand and acknowledge that (a) the New Notes have not been registered under the Securities Act or any other applicable securities law, (b) the New Notes are being offered in transactions not requiring registration under the Securities Act or any other securities laws, including transactions in reliance on Section 4(a)(2) under the Securities Act, and (c) none of the New Notes may be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in a transaction not subject thereto and, in each case, in compliance with the applicable conditions for transfer set forth in paragraph (5) below.
- (4) You are acquiring New Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent and, in the case of a 144A Acquirer, are acquiring New Notes for investment and, in the case of any Eligible Holder, are acquiring New Notes not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell the New Notes pursuant to any exemption from registration available under the Securities Act.
- (5) You also agree that:
 - (a) if you are a 144A Acquirer, you agree, on your own behalf and on behalf of any investor account for which you are acquiring New Notes, and each subsequent holder of such New Notes by its acceptance thereof will agree, to offer, sell, pledge or otherwise transfer such New Notes only (i) for so long as such New Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A and which takes delivery of New Notes in the form of the Rule 144A Global Note, (ii) pursuant to an offer and sale to a non-U.S. person that occurs outside the United States within the meaning of Regulation

S under the Securities Act, (iii) to us or any of our affiliates, (iv) pursuant to a registration statement which has been declared effective under the Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to (1) all applicable requirements under the New Notes Indenture and (2) any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and to compliance with any applicable state securities laws. In addition, you further acknowledge that the Company and the New Notes Trustee reserve the right prior to any offer, sale or other transfer of 144A Notes pursuant to clause (a)(ii) or (a)(v) above prior to the date on which the Company instructs the New Notes Trustee that the relevant part of the restriction legend shall be deemed removed from the applicable New Notes, in accordance with the procedures described in the New Notes Indenture; to require the delivery of certifications and/or other information, and an opinion of counsel, in each case satisfactory to the Company and the New Notes Trustee; or

- (b) if you are a Regulation S Acquirer, you agree on your own behalf and on behalf of any investor account for which you are acquiring New Notes, and each subsequent holder of the Regulation S Notes by its acceptance thereof will agree, to offer, sell, pledge or otherwise transfer such New Notes prior to the expiration of the “distribution compliance period” (as defined below) only (i) for so long as such New Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A and which takes delivery of New Notes in the form of the Rule 144A Global Note and which has furnished to the New Notes Trustee or its agent a certificate representing that the transferee is purchasing the New Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a “qualified institutional buyer” within the meaning of Rule 144A and is aware that the sale to it is being made in reliance on Rule 144A and acknowledging that it has received such information regarding the Company as such transferee has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A of the Securities Act, (ii) pursuant to offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act, (iii) to us or any of our affiliates, (iv) pursuant to a registration statement which has been declared effective under the Securities Act or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to (1) all applicable requirements under the New Notes Indenture and (2) any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and to compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the expiration of the applicable “distribution compliance period.” The “distribution compliance period” means the 40-day period following the later of the date on which the New Notes are offered to persons other than distributors (as defined in Regulation S under the Securities Act) and the Settlement Date for the New Notes.
- (6) You acknowledge that none of the Company, the Dealer Managers, the Information Agent or any person representing the Company or the Dealer Managers has made any representation to you with respect to the Company, the Exchange Offer or the New Notes, other than by the Issuer with respect to the information contained in this Exchange Offer Memorandum, which Exchange Offer Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the New Notes. You acknowledge that the Dealer Managers make no representation or warranty as to the accuracy or completeness of this Exchange Offer Memorandum. You have had access to such financial and other information concerning the Company as you deemed necessary in connection with your decision to acquire the New Notes, including an opportunity to ask questions of, and request information from, the Company and the Dealer Managers.
- (7) You are not:
 - (a) a person that is, or is owned or controlled by a person that is, identified as a “specially designated national” or “blocked person” in the most current U.S. Treasury Department list of “Specially Designated National and Blocked Persons” or included in the U.S. Treasury Department’s Sectoral Sanctions Identifications List (which can be found at:

<https://sanctionssearch.ofac.treas.gov/>), or in the European Union and UK Consolidated Lists of financial sanctions, or in the EU/UK list of persons subject to restrictive measures in view of Russia's actions destabilizing the situation in Ukraine; or

- (b) a person that is organized, resident or located in a country or territory subject to comprehensive/country-wide economic sanctions;
 - (c) a person that is otherwise the subject of, or in violation of, any sanctions under (x) the laws and regulations that have been officially published and are administered or enforced by the U.S. Government (including, without limitation, the Office of Foreign Assets Control of the U.S. Treasury Department or the U.S. Department of State), or any enabling legislation or executive order relating thereto; or (y) any equivalent sanctions or measures officially published and imposed by the European Union, any member state of the European Union, His Majesty's Treasury, the United Nations or any other relevant sanctions authority, including sanctions imposed against certain states, organizations and individuals under the European Union's Common Foreign & Security Policy; or
 - (d) acting for or on behalf of any of the foregoing parties (a "Sanctions Restricted Person").
- (8) You also acknowledge that:
- (a) The Company and the New Notes Trustee reserve the right to require in connection with any offer, sale or other transfer of New Notes under paragraph (5)(a)(ii) and paragraph (5)(a)(v) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company and the New Notes Trustee;
 - (b) the following is the form of restrictive legend that will appear on the face of the Rule 144A global security and be used to notify transferees of the foregoing restrictions on transfer. This legend will only be removed with our consent. If we so consent, it will be deemed to be removed:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES THAT IT SHALL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THIS LEGEND MAY BE REMOVED SOLELY AT THE DIRECTION OF THE ISSUER;” AND
 - (c) The following is the form of restrictive legend that will appear on the face of the Regulation S global security and be used to notify transferees of the foregoing restrictions on transfer:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTION. THIS LEGEND MAY BE REMOVED SOLELY AT THE DIRECTION OF THE ISSUER.”

- (9) If you are a Regulation S Acquirer, you are an acquirer in an exchange that occurs outside the United States within the meaning of Regulation S under the Securities Act, you acknowledge that until the expiration of such “distribution compliance period” any offer, sale, pledge or other transfer of the New Notes shall not be made by you to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902(k) of the Securities Act.
- (10) If you are a Regulation S Acquirer, you acknowledge that until the expiration of the “distribution compliance period” described above, you may not, directly or indirectly, offer, sell, pledge or otherwise transfer a new note or any interest therein except to a person who certifies in writing to the applicable transfer agent that such transfer satisfies, as applicable, the requirements of the legends described above and that the New Notes will not be accepted for registration of any transfer prior to the end of the applicable “distribution compliance period” unless the transferee has first complied with the certification requirements described in this paragraph and all related requirements under the New Notes Indenture.

By submitting the Agent’s Message, you also acknowledge that the foregoing restrictions apply to holders of beneficial interests in such New Notes. In addition:

- (1) You acknowledge that the registrar will not be required to accept for registration of transfer any New Notes acquired by you, except upon presentation of evidence satisfactory to the Issuer and the registrar that the restrictions set forth herein have been complied with.
- (2) You acknowledge that:
 - (a) The Company, the Dealer Managers and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify the Company and the Dealer Managers promptly in writing; and
 - (b) if you are acquiring any New Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:
 - (1) you have sole investment discretion; and
 - (2) you have full power to make, and make, the acknowledgments, representations and agreements contained herein.
- (3) You agree that you will give to each person to whom you transfer such New Notes notice of any restrictions on the transfer of such New Notes.
- (4) The acquirer understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Dealer Managers that would permit a public offering of the New Notes or the possession, circulation or distribution of this Exchange Offer Memorandum or any other material relating to the Company or the New Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the New Notes will be subject to the selling restrictions set forth herein.

For purposes of the Exchange Offer, “non-U.S. qualified offeree” means:

- (1) in relation to each member state of the European Economic Area:
 - (a) any legal entity which is a qualified investor as defined in the Prospectus Regulation; or
 - (b) any other entity in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of the New Notes shall require the Issuer or the Dealer Managers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or

- (2) in relation to each member state of the European Economic Area, a person that is not a retail investor. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of “MiFID II”; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation, or

- (3) in relation to an investor in the United Kingdom, a “relevant person” (as defined below under “Notice to Certain Non-U.S. Holders”), that is (i) a qualified investor (as defined in the Prospectus Regulation, as it forms part of domestic law by virtue of the EUWA); or (ii) not a retail investor (as defined below under “Notice to Certain Non-U.S. Holders” in relation to the United Kingdom), or
- (4) any entity outside the U.S. and the European Economic Area to whom the offers related to the New Notes may be made in compliance with all other applicable laws and regulations of any applicable jurisdiction.

NOTICE TO CERTAIN NON-U.S. HOLDERS

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the New Notes or the possession, circulation or distribution of this Exchange Offer Memorandum or any material relating to us, the Existing Notes or the New Notes in any jurisdiction where action for that purpose is required. Accordingly, the New Notes included in the Exchange Offer may not be offered, sold or exchanged, directly or indirectly, and neither this Exchange Offer Memorandum nor any other material or advertisements in connection with the Exchange Offer or the Solicitation may be distributed or published, in or from any such country or jurisdiction, except in compliance with any applicable rules or regulations of any such country or jurisdiction.

This Exchange Offer Memorandum does not constitute an offer to buy or sell or a solicitation of an offer to sell or buy Existing Notes or New Notes, as applicable, in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer or solicitation under applicable securities laws or otherwise. The distribution of this Exchange Offer Memorandum or any other Exchange Offer Document in certain jurisdictions (including, but not limited to, the jurisdictions listed below) may be restricted by law. Persons into whose possession this Exchange Offer Memorandum and any Exchange Offer Document comes are required by us, the Dealer Managers, the Exchange Agent and the Information Agent to inform themselves about, and to observe, any such restrictions.

Each Eligible Holder participating in the Exchange Offer will give certain representations in respect of the jurisdictions referred to above and generally as set out in herein. Any tender of Existing Notes for exchange pursuant to the Exchange Offer from an Eligible Holder that is unable to make these representations will not be accepted. Each of the Company, the Dealer Managers, the Exchange Agent and the Information Agent reserves the right, in its absolute discretion, to investigate, in relation to any tender of Existing Notes for exchange pursuant to the Exchange Offer, whether any such representation given by an Eligible Holder is correct and, if such investigation is undertaken and as a result the Company determines (for any reason) that such representation is not correct, such tender shall not be accepted.

Notice to Eligible Holders of Existing Notes in the EEA

The Company has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any New Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the New Notes to be offered so as to enable an investor to decide to purchase or subscribe for the New Notes.

United Kingdom

The Company has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any New Notes to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of

Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

- (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the New Notes to be offered so as to enable an investor to decide to purchase or subscribe for the New Notes.

Belgium

Neither the Exchange Offer nor any brochure, material or document related thereto have been, or will be, submitted or notified to, or approved by, the Belgian Financial Services and Markets Authority (*Autorité des services et marchés financiers/Autoriteit voor Financiële Diensten en Markten*). In Belgium, the Exchange Offer does not constitute a public offering within the meaning of Articles 3, §1, 1° and 6, §3 of the Belgian Law of April 1, 2007 on takeover bids (*loi relative aux offres publiques d'acquisition/wet op de openbare overnamebiedingen*, the “Takeover Law”), nor within the meaning of Article 3, §2 of the Belgian Law of June 16, 2006 on public offering of securities and admission of securities to trading on a regulated market (*loi relative aux offres publiques d'instruments de placement et aux admissions d'instruments de placement à la négociation sur des marchés réglementés/wet op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereguleerde markt*, the “Prospectus Law”), each as amended or replaced from time to time. Accordingly, the Exchange Offer may not be, and is not being advertised, and the Exchange Offer as well as any brochure, or any other material or document relating thereto may not, have not and will not be distributed, directly or indirectly, to any person located and/or resident within Belgium, other than those who qualify as “Qualified Investors” (*investisseurs qualifiés/gekwalificeerde beleggers*), within the meaning of Article 10, §1 of the Prospectus Law, as amended from time to time, acting on their own account. Accordingly, the information contained in this Exchange Offer Memorandum or in any brochure or any other document or materials relating thereto may not be used for any other purpose, including for any offering in Belgium, except as may otherwise be permitted by law, and shall not be disclosed or distributed to any other person in Belgium.

Brazil

The New Notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets and, as a result, have not been and will not be registered with the Securities Commission of Brazil (*Comissão de Valores Mobiliários*, or “CVM”). Documents relating to the Exchange Offer of the Existing Notes for the New Notes, as well as information contained therein, may not be supplied to investors in Brazil (as none of the Exchange Offer of the Existing Notes for the New Notes is not a public offering of securities in Brazil), or used in connection with any offer for subscription or sale of the New Notes to investors in Brazil.

Canada

The New Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the New Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Chile

The offer to exchange the Existing Notes for the New Notes is subject to General Rule No. 336 issued by the *Superintendencia de Valores y Seguros de Chile* (“CMF”). The commencement date of this Exchange Offer is the one contained on the cover page of this Exchange Offer Memorandum. The New Notes will not be

registered in the *Registro de Valores* (Securities Registry) or the *Registro de Valores Extranjeros* (Foreign Securities Registry), both kept by the CMF and will not be subject to the supervision of the CMF. As unregistered securities, the Company has no obligation to deliver/disclose public information about the New Notes in Chile. The New Notes cannot and will not be publicly offered in Chile unless registered in the *Registro de Valores* (Securities Registry) or the *Registro de Valores Extranjeros* (Foreign Securities Registry), both kept by the CMF. If the New Notes are offered within Chile, they will be offered and sold only pursuant to General Rule 336 of the CMF, an exemption to the registration requirements, or in circumstances which do not constitute a public offer of securities under Chilean law.

La oferta de los valores se acoge a la Norma de Carácter General N.º 336 de la Superintendencia de Valores y Seguros hoy Comisión para el Mercado Financiero (“CMF”). La fecha de inicio de la presente oferta es la indicada en la portada de este Exchange Offer Memorandum. Los valores no estarán inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, y tales valores no estarán sujetos a la fiscalización de la CMF. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de los valores. Los valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores o el Registro de Valores Extranjeros que lleva la CMF. Si los valores son ofrecidos dentro de Chile, serán ofrecidos y colocados sólo de acuerdo a la Norma de Carácter General N.º 336 de la CMF, una excepción a la obligación de inscripción, o en circunstancias que no constituyan una oferta pública de valores en Chile de conformidad a la ley chilena.

Colombia

The New Notes have not been and will not be offered in Colombia through a public offering of securities pursuant to Colombian laws and regulations, nor will the New Notes be registered in the Colombian National Registry of Securities and Issuers (*Registro Nacional de Valores y Emisores*) maintained by the Colombian Superintendence of Finance (*Superintendencia Financiera de Colombia*) or listed on a regulated securities trading system such as the Colombian Stock Exchange (*Bolsa de Valores de Colombia*). Therefore, the New Notes may not be offered, sold or negotiated in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations. The Exchange Offer does not constitute, nor may be used for, or in connection with, a public offering as defined under Colombian law and shall be valid in Colombia only to the extent permitted by Colombian law. This Exchange Offer Memorandum is for the sole and exclusive use of the addressee as a designated individual/investor, and cannot be considered as being addressed to or intended for the use of any third party, including any of such party’s shareholders, administrators or employees, or by any other third party resident in Colombia. The information contained in this Exchange Offer Memorandum is provided for assistance purposes only, and no representation or warranty is made as to the accuracy or completeness of the information contained herein.

Denmark

The Exchange Offer does not constitute an offering of securities in Denmark within the meaning of the Danish Securities Trading Act or any Executive Orders issued pursuant thereto and has not been filed with or approved by the Danish Financial Supervisory Authority.

Dubai International Financial Center

This Exchange Offer Memorandum relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This Exchange Offer Memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. They must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any document in connection with exempt offers. The DFSA has not approved this Exchange Offer Memorandum nor taken steps to verify the information set forth in any of them and has no responsibility for this Exchange Offer Memorandum. The New Notes to which this Exchange Offer Memorandum relate may be illiquid and/or subject to restrictions on their resale. Eligible Holders of Existing Notes exchanged for New Notes should conduct their own due diligence on the Company and the New Notes. If you do not understand the contents of this Exchange Offer Memorandum you should consult an authorized financial advisor.

France

This Exchange Offer Memorandum has not been prepared in the context of a public offering of financial securities in the Republic of France (“France”) within the meaning of Article L.411-1 of the French *Code monétaire et financier* and therefore has not been and will not be filed with the *Autorité des marchés financiers* (the “AMF”) for prior approval or submitted for clearance to the AMF. The New Notes may not be, directly or

indirectly, offered or sold to the public in France and offers and sales of the New Notes will only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or qualified investors (*investisseurs qualifiés*) investing for their own account, other than individuals, all as defined in, and in accordance with, Articles L.411-2 and D.411-1 of the French *Code monétaire et financier* and applicable regulations thereunder. Neither this Exchange Offer Memorandum nor any other Exchange Offer material may be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of the New Notes to the public in France. The subsequent direct or indirect retransfer of the New Notes to the public in France may only be made in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

Germany

The offer of the New Notes is not a public offering in the Federal Republic of Germany. The New Notes may only be offered, sold and acquired in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (*Wertpapierprospektgesetz – WpPG*), as amended (the “Securities Prospectus Act”), the Commission Regulation (EC) No. 809/2004 of April 29, 2004, as amended, and any other applicable German law. No application has been made under German law to permit a public offer of securities in the Federal Republic of Germany. This Exchange Offer Memorandum has not been approved for purposes of a public offer of the New Notes and accordingly the New Notes may not be, and are not being, offered or advertised publicly or by public promotion in Germany. Therefore, this Exchange Offer Memorandum is strictly for private use and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The New Notes will only be available to and this Exchange Offer Memorandum and any other Exchange Offer material in relation to the New Notes is directed only at persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2, No. 6 of the Securities Prospectus Act. Any resale of the New Notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws.

Hong Kong

None of the Exchange Offer or the Solicitation of Consents is being made, and the New Notes are not being offered or sold, in Hong Kong, by means of this Exchange Offer Memorandum or any other documents or materials relating to the Exchange Offer other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer or invitation to the public for the purposes of the Securities and Futures Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance. None of the Company, the Subsidiary Guarantors, the Dealer Managers, the Trustee, the Registrar, the Paying Agent, the Exchange Agent or the Information Agent has issued or had in its possession for the purposes of issue, or will issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Italy

None of the Exchange Offer, the Solicitation of Consents, this Exchange Offer Memorandum or any other documents or materials relating to the Exchange Offer have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”), pursuant to applicable Italian laws and regulations.

The Exchange Offer is being carried out in the Republic of Italy as exempted offers pursuant to article 101-bis, paragraph 3-bis of Legislative Decree No. 58 of February 24, 1998, as amended (the “Financial Services Act”) and article 35-bis, paragraph 3 of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the “Issuers Regulation”) and, therefore, are intended for, and directed only at (i) qualified investors (*investitori qualificati*) (the “Italian Qualified Investors”), as defined pursuant to Article 100, paragraph 1, letter (a) of the Financial Services Act and Article 34-ter, paragraph 1, letter (b) of the Issuers’ Regulation.

Accordingly, the Exchange Offer cannot be promoted, nor may copies of any document related thereto or to the Existing Notes be distributed, mailed or otherwise forwarded, or sent, to the public in the Republic of

Italy, whether by mail or by any means or other instrument (including, without limitation, telephonically or electronically) or any facility of a national securities exchange available in the Republic of Italy, other than to Italian Qualified Investors. Persons receiving this Exchange Offer Memorandum or any other document or material relating to the Exchange Offer must not forward, distribute or send it in or into or from the Republic of Italy.

Holders or beneficial owners of the Existing Notes that are Italian Qualified Investors resident and/or located in the Republic of Italy can tender the Existing Notes through authorized persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended from time to time) and in compliance with any other applicable laws and regulations and with any requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Existing Notes, the New Notes or the Exchange Offer.

Japan

The New Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “FIEL”) and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Mexico

The New Notes have not been, and will not be, registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) and, therefore the New Notes may not be publicly offered or sold nor be the subject of intermediation in Mexico, publicly or otherwise, except that the New Notes may be offered in Mexico to institutional and qualified investors pursuant to the private placement exception set forth in Article 8 of the Mexican Securities Market Law.

Norway

None of the Exchange Offer nor this Exchange Offer Memorandum constitute a prospectus under Norwegian law and have not been filed with or approved by the Norwegian Financial Supervisory Authority, the Oslo Stock Exchange or the Norwegian Registry of Business Enterprises, as the Exchange Offer and this Exchange Offer Memorandum have not been prepared in the context of a public offering of securities in Norway within the meaning of the Norwegian Securities Trading Act or any regulations issued pursuant thereto. The Exchange Offer will only be directed to qualified investors as defined in the Norwegian Securities Regulation, Section 7-1 or in accordance with other relevant exceptions from the prospectus requirements. Accordingly, none of the Exchange Offer nor this Exchange Offer Memorandum may be made available to the public in Norway nor may the Exchange Offer otherwise be marketed and offered to the public in Norway.

Panama

The New Notes have not been registered, and will not be registered, with the Superintendency of Capital Markets (*Superintendencia del Mercado de Valores*) of Panama and therefore cannot, and will not, be publicly offered or sold in Panama, except in transactions exempted from the registration requirements of the securities laws and regulations of Panama. The Superintendency of Capital Markets of Panama has not reviewed the information contained in this Exchange Offer Memorandum. The documents relating to the Exchange Offer of the Existing Notes for the New Notes, as well as the information contained therein, may not be distributed publicly in Panama nor be used in connection with any public offering for subscription or sale of the New Notes in Panama. The New Notes will not be subject to the securities laws of Panama and the Superintendency of Capital Markets of Panama will have no supervisory responsibilities over the offer or the New Notes. The New Notes do not benefit from the tax incentives provided by Panamanian securities laws. Investors must only acquire the New Notes for investment purposes and not with a view to resale of the securities in Panama.

Peru

The New Notes and the information contained in this Exchange Offer Memorandum have not been, and will not be, registered with or approved by the SMV or the Lima Stock Exchange (*Bolsa de Valores de Lima*). Accordingly, the New Notes cannot be offered or sold in Peru, except if such offering is considered a private offering under the Peruvian Securities Act (*Ley del Mercado de Valores*) and other applicable regulations of Peru.

Notice to Residents in Singapore

This Exchange Offer Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, no New Notes will be sold or offered or made the subject of an invitation for subscription or purchase, nor will this Exchange Offer Memorandum be circulated or distributed, or any other document or material in connection with the Exchange Offer, or invitation for subscription or purchase, of the New Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (in the case of an accredited investor) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the New Notes are subscribed for or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust, as the case may be, shall not be transferred within six months after that corporation or that trust has acquired the New Notes, as the case may be, pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1)(c) of the SFA: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the “CMP Regulations 2018”), we have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA), that the New Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Spain

Neither the New Notes, the Exchange Offer, nor this Exchange Offer Memorandum have been registered with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*). Consequently, the New Notes may not be offered, sold, resold or distributed to persons in Spain, except in circumstances which do not qualify as an offer of securities to the public in Spain, as defined in article 2(d) of the

Prospectus Regulation or which is otherwise is exempt from publication of a prospectus under article 1.4 of the Prospectus Regulation. The New Notes will only be offered in Spain to qualified investors (*inversores cualificados*) as this term is defined under article 2(e) of the Prospectus Regulation.

Switzerland

The New Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the FinSA, and no application has or will be made to admit the New Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Exchange Offer Memorandum nor any other offering or marketing material relating to the Exchange Offer or the New Notes constitutes a prospectus pursuant to the FinSA, and neither this Exchange Offer Memorandum nor any other offering or marketing material relating to the Exchange Offer or the New Notes may be publicly distributed or otherwise made publicly available in Switzerland.

The Netherlands

This document has not been and will not be approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) in accordance with Article 5:2 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*). The New Notes will only be offered in The Netherlands to qualified investors (*gekwalficeerde beleggers*) as defined in Article 1:1 of the Dutch Act on Financial Supervision.

Uruguay

The Exchange Offer of the Existing Notes for the New Notes constitutes a private placement (*oferta privada*) under Art. 2 of Law No. 18,627 (December 2, 2009) of Uruguay. Neither the Company nor the New Notes is, or will be, registered with the *Superintendencia de Servicios Financieros del Banco Central del Uruguay* and, accordingly, the New Notes may not be offered to persons in Uruguay except in circumstances that do not constitute a public offering under the laws of Uruguay. Hence, the New Notes may be offered or sold to persons in Uruguay only on a private placement basis.

TAXATION

General

This section summarizes the principal Peruvian tax and U.S. federal income tax considerations relating to the purchase, ownership and disposition of the New Notes. This summary does not provide a comprehensive description of all tax considerations that may be relevant to a decision to purchase the New Notes. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States and Peru.

This summary is based on the tax laws of Peru and the United States as in effect on the date of this Exchange Offer Memorandum, as well as regulations, rulings and decisions of Peru and the United States available on or before that date and now in effect. Those laws, rules, regulations and decisions are subject to change and changes could apply retroactively, which could affect the continued accuracy of this summary.

Prospective purchasers of the New Notes should consult their own tax advisors as to the Peruvian, U.S. or other tax consequences of the purchase, ownership and disposition of the New Notes or beneficial interests therein. They should especially consider how the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws, could apply to them in their particular circumstances.

Peruvian Taxation

The discussion in this Exchange Offer Memorandum is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding Peruvian taxation, and was written to support the promotion or marketing of the offering memorandum. Each investor should seek advice based on their particular circumstances from an independent tax advisor.

The following is a general summary of the material consequences under Peruvian income tax law, as in effect as of the date of this Exchange Offer Memorandum, derived from the purchase, ownership and disposition of beneficial interests in the New Notes by non-Peruvian holders. For purposes of this section, “non-Peruvian holder” means either: (i) an individual who is not domiciled in Peru or (ii) a legal entity that is not incorporated under the laws of Peru, unless the debt securities are assigned to a branch, agent, representative or permanent establishment in Peru of a foreign entity. For purposes of Peruvian taxation, an individual is deemed domiciled in Peru if he or she (i) is a Peruvian citizen who has regular residence in Peru or (ii) is not a Peruvian citizen but has remained present in Peru for more than 183 days within any 12-month period.

This summary does not purport to address all Peruvian income tax consequences that may be applicable or relevant to particular non-Peruvian holders.

Peru has currently in force treaties to avoid double taxation with the Andean Community (Bolivia, Colombia and Ecuador), Brazil, Canada, Chile, Switzerland, South Korea, Mexico, Portugal and Japan. Non-Peruvian holders that are domiciled in any of these countries should consult an independent tax advisor regarding the application of the treaties.

Interest

Non-Peruvian Holders (which, in the case of the Global Notes, will be the nominee of DTC) are subject to income tax in Peru only on Peruvian source income. For these purposes, interest payments derived from the New Notes are considered Peruvian source income.

Interest payments derived from the New Notes received by non-Peruvian holders that are entities will be subject to Peruvian withholding income tax at a rate of 4.99%. In order to qualify for the preferential withholding income tax rate of 4.99%, the non-Peruvian holders and the Company shall not be deemed related parties; otherwise, the rate will be 30%. Similarly, interest payments derived from the New Notes received by non-Peruvian holders who are individuals is subject to withholding income tax at a rate of 4.99%, *provided* that the non-Peruvian holder does not reside in a tax haven or a non-cooperative jurisdiction and/or is not subject to a preferred tax regime, as defined in the Income Tax Law. If this requirement is not fulfilled, the applicable withholding rate will be 30%.

Capital Gains

With respect to non-Peruvian holders, any gain arising from the sale, exchange or other disposition of the beneficial interest in the New Notes held through a foreign clearing system, such as DTC, would not be subject

to Peruvian income tax. Prospective purchasers should discuss with their own tax advisors the application of any income tax described herein to their particular situations.

Financial Transaction Tax (“ITF”)

ITF is levied on, among other transactions, any transfer, turnover, deposit, credit or debit from accounts opened by individuals or corporations in the Peruvian financial system. Currently, the tax rate is 0.005%.

Value-Added Tax

Interest paid on the New Notes is not subject to any Peruvian value-added tax (*Impuesto General a las Ventas*).

Moreover, the sale, exchange or disposition of the New Notes is not subject to any Peruvian value-added tax.

Total Consideration, Exchange Consideration and Early Participation Premium

Any payment received by Eligible Holders who validly tender their Existing Notes, including the Total Consideration, the Exchange Consideration and/or the Early Participation Premium, in excess of the principal amount of Existing Notes, will be considered an interest for Peruvian income tax purposes and, therefore, the tax treatment described in “Certain Peruvian Tax Considerations Interest” will apply.

Certain U.S. Federal Income Tax Consequences

The following is a general discussion of certain U.S. federal income tax considerations with respect to the Exchange Offer for beneficial holders of Existing Notes that are U.S. Holders, as defined below. This summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change, possibly with retroactive effect. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular U.S. Holder (including alternative minimum tax and Medicare contribution tax consequences) or to certain types of holders that may be subject to special tax rules (such as banks, other financial institutions, certain former citizens or residents of the United States, tax-exempt entities, insurance companies, regulated investment companies, S corporations, dealers in securities or currencies, taxpayers with applicable financial statements subject to the application of Section 451(b) of the Code, traders in securities electing to mark to market, U.S. Holders that will hold the New Notes as a position in a “straddle” or conversion transaction, or as part of a “synthetic security” or other integrated financial transaction or U.S. Holders that have a “functional currency” other than the U.S. dollar). The discussion is limited to exchanging U.S. Holders that hold the Existing Notes as “capital assets” within the meaning of the Code.

Because the law with respect to certain U.S. federal income tax consequences of the Exchange Offer is uncertain and no ruling has been or will be requested from the United States Internal Revenue Service (the “IRS”) on any U.S. federal income tax matter concerning the Exchange Offer, no assurances can be given that the IRS or a court considering these issues would agree with the substance of this summary. This discussion is provided to U.S. Holders of Existing Notes for information purposes only and does not constitute legal advice with respect to the subject matter thereof.

For purposes of the following discussion, a “U.S. Holder” means a beneficial owner of Existing Notes that for U.S. federal income tax purposes is: (i) an individual who is a citizen or resident of the United States; (ii) a corporation (or any other entity treated as a corporation) created or organized under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if (a) it is subject to the primary supervision of a court within the United States and one or more United States persons, as described in Section 7701(a)(30) of the Code, have the authority to control all of the substantial decisions of the trust or (b) it has a valid election in effect under applicable U.S. Treasury regulations (“Treasury Regulations”) to be treated as a United States person.

If an entity or arrangement treated as a partnership for U.S. federal income purposes is a beneficial owner of Existing Notes, the treatment of a partner in the partnership generally will depend on the status of the partnership and the activities of the partnership. A holder of Existing Notes that is a partnership and any partner who owns an interest in such a partnership should consult their tax advisors about the U.S. federal income tax consequences of the Exchange Offer.

U.S. HOLDERS OF EXISTING NOTES SHOULD CONSULT THEIR TAX ADVISORS AS TO THE CONSEQUENCES TO THEM OF THE EXCHANGE OFFER, INCLUDING THE

APPLICABILITY AND EFFECT OF FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX LAWS, AS WELL AS ANY TAX FILING OR REPORTING REQUIREMENTS THAT MAY APPLY TO THE EXCHANGE OFFER OR THE OWNERSHIP OF THE NEW NOTES. EXCEPT AS SPECIFICALLY NOTED BELOW, THE DISCUSSION THAT FOLLOWS ASSUMES A SIGNIFICANT MODIFICATION OF EACH SERIES OF THE EXISTING NOTES OCCURS.

Consequences of Participating in the Exchange Offer

Treatment of the Exchange of Existing Notes for New Notes

For U.S. federal income tax purposes, the modification of the terms of a debt instrument or the exchange of an old debt instrument for a new debt instrument constitutes a disposition of the old debt instrument if the modified or newly issued instrument differs materially either in kind or in extent from the original debt instrument (a “significant modification”). Under applicable Treasury Regulations, the modification of a debt instrument is a “significant” modification if, based on all the facts and circumstances and taking into account all modifications, other than certain specified modifications, the legal rights or obligations that are altered and the degree to which they are altered is “economically significant.” A modification or exchange of a debt instrument that is not a significant modification does not result in a disposition of the old debt instrument for U.S. federal income tax purposes. Under applicable regulations, a change in the timing of payments on a debt instrument is a significant modification if the change in timing of payments results in the material deferral of scheduled payments either through an extension of the final maturity or through deferral of payments due prior to maturity. The materiality of the deferral depends on all the facts and circumstances, including the length of the deferral, the original term of the instrument, the amounts of the payments that are deferred, and the time period between the modification and the actual deferral of payments. Pursuant to a safe harbor rule, a deferral of a scheduled payment for a period equal to the lesser of 50% of the original term of the instrument and five years from the original due date of the first payment that is deferred is not treated as a material deferral. In addition, a change in yield of a debt instrument is a significant modification if the yield of the new instrument (determined taking into account any accrued interest and any payments made to the holder as consideration for the modification) varies from the yield on the exchanged instrument (determined as of the date of the exchange) by more than the greater of 0.25% of the “adjusted issue price,” or 5% of the annual yield of the exchanged instrument. The yield of the exchanged instrument is calculated based on the adjusted issue price of the bond, and may differ from the yield at which the instrument is trading in the market.

Based on the foregoing rules, we expect, and intend to take the position, that the exchange of Existing Notes for New Notes in the Exchange Offer will constitute a “significant modification” for these purposes, and will accordingly be a taxable exchange unless the exchange qualifies as a recapitalization (as discussed below), and the remainder of this discussion assumes such treatment.

A U.S. Holder that exchanges Existing Notes for New Notes pursuant to the Exchange Offer will realize gain or (subject to the possible application of the wash sale rules) loss for U.S. federal income tax purposes equal to the difference between the amount realized on disposition of an Existing Note and the U.S. Holder’s adjusted tax basis in the Existing Note. Subject to the following sentence, the amount realized on the exchange of Existing Notes for New Notes generally will equal the issue price of the New Notes (determined as described below). Any cash paid in respect of accrued interest on the Existing Notes will be taxable as such and therefore excluded from the computation of gain or loss. The exchange of Existing Notes for New Notes pursuant to the Exchange Offer will qualify as a “recapitalization” within the meaning of Section 368(a)(1)(E) of the Code for U.S. federal income tax purposes if both the Existing Notes and the New Notes are “securities” for U.S. federal income tax purposes. Whether any instrument is a “security” depends on all facts and circumstances, but a key determining factor for a debt instrument is the length of its term; an original term to maturity of five years or less is generally recognized as evidence that such debt instrument is not a security, while an original term of ten years or more is generally recognized as evidence that such debt instrument is a security. The term of the Existing Notes is five years. Accordingly, to the extent required for U.S. federal income tax purposes, we intend to take the position that the exchange of the Existing Notes for New Notes is not a recapitalization for U.S. federal income tax purposes, although this position is not free from doubt.

The remainder of this discussion assumes that the exchange of the Existing Notes for New Notes will not be a recapitalization. Under this treatment, a U.S. Holder that exchanges Existing Notes for New Notes would generally recognize its entire gain or loss realized on the transaction (as described above). Subject to the discussion of market discount below, any gain or loss recognized will be capital gain or loss, and will be long-term capital gain or loss if the Existing Notes were held for more than one year. Certain non-corporate U.S. Holders may be eligible for preferential rates of U.S. federal income taxation in respect of long-term capital gains. The ability of a U.S. Holder to deduct a capital loss is subject to limitations under the Code.

If an Existing Note was acquired with market discount, any gain recognized on the exchange of the Existing Note for New Notes will be treated as ordinary income to the extent of the market discount that accrued during the U.S. Holder's period of ownership, unless the U.S. Holder previously elected to include market discount in income as it accrued. An Existing Note has "market discount" if its stated principal amount exceeds the U.S. Holder's initial tax basis in the Existing Note by, or by more than, a *de minimis* amount.

A U.S. Holder's initial tax basis in New Notes received in the exchange generally will equal to the issue price of the New Notes, determined as described below. The U.S. Holder's holding period for the New Notes received in such exchange would start the day following the date of the exchange.

Issue Price of the New Notes

For New Notes that are treated as "traded on an established market" for applicable U.S. federal income tax purposes, the "issue price" of the New Notes will be the fair market value of the New Notes at the time of the exchange. Our current expectation as of the date of this Offering Memorandum is that the New Notes should qualify as traded on an established market for these purposes and will be treated as issued with significant OID, as discussed in further detail under "—Interest and OID on the New Notes" below. We expect to make information regarding the fair market value and issue price of the New Notes, as well as the amount of any resulting OID that may exist in respect of the New Notes, available to holders within a reasonable period following the Settlement Date. U.S. Holders should consult their tax advisors regarding the determination of the issue price of New Notes received pursuant to the Exchange Offer and the related U.S. federal income tax considerations for such U.S. Holders.

Early Participation Premium

A U.S. Holder that tenders its Existing Notes on or prior to the Early Participation Deadline will be eligible to receive the Early Participation Premium. Although the U.S. federal income tax treatment of the receipt of the Early Participation Premium is not entirely clear, we believe, and this discussion assumes, that the Early Participation Premium should be treated as additional consideration received in exchange for the Existing Notes. U.S. Holders should consult their tax advisors with respect to the U.S. federal income tax treatment of the Early Participation Premium.

Ownership of the New Notes

Potential Contingent Payment Debt Treatment

In certain circumstances, we may be required to pay amounts on the New Notes in addition to or at different times than the scheduled payments of stated principal and interest (e.g., in the circumstances described under "Description of New Notes—Excess Cash Flow Redemption," "Description of New Notes—Optional Redemption—Optional Redemption with Proceeds of Equity Offerings," and "Description of New Notes—Change of Control Offer"). Certain debt instruments that provide for one or more contingent payments are subject to Treasury Regulations governing contingent payment debt instruments. A payment is not treated as a contingent payment under these Treasury Regulations if, as of the issue date of the debt instrument, the likelihood that such payment will be made is remote and/or the payments are incidental. Although the issue is not free from doubt, we intend to take the position that payments of such amounts will not result in the New Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. This position is not binding on the IRS. If the IRS successfully takes a contrary position, U.S. Holders would be required to treat any gain recognized on the sale or other disposition of the New Notes as ordinary income rather than as capital gain. Furthermore, U.S. Holders would be required to accrue interest income on a constant yield basis at an assumed yield determined at the time of issuance of the New Notes, with adjustments to such accruals when any contingent payments are made that differ from the payments calculated based on the assumed yield. U.S. Holders should consult their tax advisors regarding the tax consequences of the New Notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the New Notes are not treated as contingent payment debt instruments.

Interest and OID on the New Notes

Stated interest on a New Note, including any additional amounts, generally will be taxable to a U.S. Holder as ordinary income at the time it is paid or accrued, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

As described above, we expect the New Notes to be issued with significant OID for U.S. federal income tax purposes. For these purposes, OID is defined as the excess of the “stated redemption price at maturity” of a debt instrument over its “issue price.” The “stated redemption price at maturity” of the New Notes is the sum of all payments required to be made on the New Notes other than “qualified stated interest” payments, as defined below. The “issue price” of the New Notes will be determined as described above under “—Issue Price of the New Notes.” The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash at least annually, and accordingly, stated interest on the New Notes should be qualified stated interest.

A U.S. Holder of OID debt generally is required to include in income the sum of the daily accruals of the OID for the debt for each day during the taxable year (or portion of the taxable year) in which the U.S. Holder held the OID debt instrument, regardless of such holder’s regular method of accounting. Thus, we expect that a U.S. Holder of New Notes will be required to include OID in income in advance of the receipt of some or all of the related cash payments. The daily portion is determined by allocating the OID for each day of the accrual period. An accrual period may be of any length and the accrual periods may even vary in length over the term of the OID debt security, *provided* that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first day of an accrual period or on the final day of an accrual period. The amount of OID allocable to an accrual period is equal to the excess of: (1) the product of the “adjusted issue price” of the OID debt security at the beginning of the accrual period and its yield to maturity (computed generally on a constant yield method and compounded at the end of each accrual period, taking into account the length of the particular accrual period) over (2) the amount of any qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity, other than a payment of qualified stated interest, and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The “adjusted issue price” of an OID debt security at the beginning of any accrual period is the sum of the issue price of the OID debt security plus the amount of OID allocable to all prior accrual periods reduced by any payments received on the OID debt security that were not qualified stated interest. Under these rules, a U.S. Holder generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

Interest income and OID received or accrued on a note generally will be considered foreign-source income and, for purposes of the U.S. foreign tax credit, generally will be considered “passive category income,” with certain exceptions. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), if any foreign income taxes are withheld on interest payments on the New Notes, a U.S. Holder may be entitled to a foreign tax credit in respect of any such foreign income taxes. These generally applicable restrictions and conditions include new requirements adopted in Treasury Regulations promulgated in December 2021, and subject to the discussion below, there can be no assurance that any taxes imposed by Peru will satisfy these requirements. A recent notice from the IRS provides temporary relief from such Treasury Regulations by allowing taxpayers to apply a modified version of the Treasury Regulations for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance), *provided* that the taxpayer consistently applies such modified version of the Treasury Regulations and complies with specific requirements set forth in a previous notice. In the case of a U.S. Holder that consistently elects to apply the modified version of the Treasury Regulations in the manner described in the preceding sentence, the Peruvian tax on interest generally will qualify as a creditable tax. In the case of all other U.S. Holders, the application of these requirements to the Peruvian tax on interest is uncertain and we have not determined whether these requirements have been met. If the Peruvian tax is not a creditable tax for a U.S. Holder or the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes, the U.S. Holder may be able to deduct the Peruvian tax in computing the U.S. Holder’s taxable income for U.S. federal income tax purposes, subject to applicable limitations and requirements. The rules governing foreign tax credits are complex and, therefore, U.S. Holders are urged to consult their tax advisors regarding the availability of a foreign tax credit under their particular circumstances.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the New Notes

In general, subject to the discussion above regarding market discount, a sale or other disposition of a New Note by a U.S. Holder should result in taxable gain or loss equal to the difference between the amount realized (except to the extent attributable to accrued but unpaid interest on the New Note which amount should be taxable as described above for interest under—“Interest and OID on the New Notes”) and the U.S. Holder’s adjusted tax basis in such New Note immediately before such disposition (which should reflect any OID and market discount previously included in income). Such gain or loss will be capital gain or loss and will generally be treated as U.S. source gain or loss. Capital gains of non-corporate U.S. Holders (including individuals) derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

If we undergo certain transactions, as described under “Description of New Notes—Covenants—Limitation on Merger, Consolidation and Sale of Assets” above, a deemed taxable exchange of any outstanding New Notes may occur for U.S. federal income tax purposes. U.S. Holders should consult their tax advisors regarding the potential U.S. federal income tax implications of such a deemed taxable exchange.

Information Reporting and Backup Withholding

In general, information may be reported to the IRS in respect of payments made to a U.S. Holder that is not an exempt recipient pursuant to the Exchange Offer, as well as payments on the Existing Notes and the New Notes. If a U.S. Holder fails to provide an accurate taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements, the U.S. Holder may be subject to backup withholding at the applicable statutory rate (currently 24%), unless the U.S. Holder is exempt from backup withholding and properly certifies its exemption. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a credit against a U.S. Holder’s U.S. federal income tax liability and may entitle the U.S. Holder to a refund, *provided* that the required information is furnished to the IRS in a timely manner.

Certain Tax Reporting Rules

Certain U.S. Holders may be required to report information with respect their interests in “specified foreign financial assets” (as defined in Section 6038D of the Code), including securities issued by a non-U.S. corporation. Certain exceptions apply, including an exception for securities held in accounts maintained by certain financial institutions. Persons who are required to report specified foreign financial assets and fail to do so may be subject to substantial penalties. Each U.S. Holder should consult its tax advisor regarding foreign financial asset reporting obligations and their possible application to the holding of New Notes.

Tax Consequences to U.S. Holders Who Do Not Participate in the Exchange Offer

The U.S. federal income tax consequences to a non-tendering U.S. Holder as a result of the adoption of the Proposed Amendments will depend on whether or not, under applicable Treasury Regulations, the adoption of the Proposed Amendments result in a significant modification of the Existing Notes (as described above under “Consequences of Participating in the Exchange Offer”). While the matter is uncertain, we intend to take the position that the adoption of the Proposed Amendments will not result in a significant modification of the Existing Notes. Under this position, the adoption of the Proposed Amendments will not be a taxable event to a non-tendering U.S. Holder, and such U.S. Holder will have the same adjusted tax basis, holding period and market discount (if any) in the Existing Notes as such holder had immediately prior to the Exchange Offer. There can be no assurance, however, that the IRS would not take a contrary position or that a court would not agree with such contrary position. If the adoption of the Proposed Amendments were treated as a significant modification, the U.S. federal income tax consequences relating thereto would include the potential recognition of taxable gain or (subject to the possible application of the wash sale rules) loss to non-tendering U.S. Holders, as described above under “Consequences of Participating in the Exchange Offer.”

VALIDITY OF THE NEW NOTES

The validity of the New Notes will be passed upon for us by Allen Overy Shearman Sterling US LLP, our United States counsel, and by Payet, Rey, Cauvi, Pérez Abogados, our Peruvian Counsel, and for the Dealer Managers by Paul Hastings LLP, United States counsel for the Dealer Managers, and by Miranda & Amado Abogados, Peruvian counsel for the Dealer Managers. Allen Overy Shearman Sterling US LLP may rely without independent investigation as to all matters of Peruvian law on Payet, Rey, Cauvi, Pérez Abogados and Paul Hastings LLP may rely without independent investigation as to all matters of Peruvian law on Miranda & Amado Abogados.

INFORMATION RELATED TO THE EXCHANGE AGENT, THE INFORMATION AGENT AND THE DEALER MANAGERS

Exchange Agent

D.F. King & Co., Inc. has been appointed the Exchange Agent for the Exchange Offer and the Solicitation of Consents. All correspondence in connection with the Exchange Offer and the Solicitation of Consents should be sent or delivered by each Eligible Holder of Existing Notes, or a beneficial owner's custodian bank, depository, broker, trust company or other nominee, to the Exchange Agent at the address and telephone numbers set forth on the back-cover page of this Exchange Offer Memorandum. We will pay the Exchange Agent reasonable and customary fees for its services and will reimburse it for its out-of-pocket expenses in connection therewith.

Information Agent

D.F. King & Co., Inc. has also been appointed as the Information Agent for the Exchange Offer and the Solicitation of Consents and will receive reasonable and customary compensation for its services, and we will reimburse it for its out-of-pocket expenses in connection therewith. Questions concerning tender procedures and requests for additional copies of this Exchange Offer Memorandum or other Exchange Offer Documents should be directed to the Information Agent at the address and telephone numbers set forth on the back-cover page of this Exchange Offer Memorandum. Holders of Existing Notes may also contact their custodian bank, depository, broker, trust company or other nominee for assistance concerning the Exchange Offer and the Solicitation of Consents.

Dealer Managers

We have retained BofA Securities, Inc. and Moelis & Company LLC to act as Dealer Managers and Solicitation Agents in connection with the Exchange Offer and the Solicitation. We will pay the Dealer Managers a reasonable and customary fee for soliciting tenders in the Exchange Offer. We will also reimburse the Dealer Managers for certain of its reasonable out-of-pocket expenses. The obligations of the Dealer Managers to perform such functions are subject to certain conditions. We have agreed to indemnify the Dealer Managers against certain liabilities, including liabilities under the federal securities laws, in connection with its services. Questions regarding the terms of the Exchange Offer may be directed to the Dealer Managers at the address and telephone numbers set forth on the back-cover page of this Exchange Offer Memorandum.

At any given time, the Dealer Managers may trade Existing Notes or other of our securities for their own account or for the accounts of their customers and, accordingly, may hold a long or short position in the Existing Notes. To the extent the Dealer Managers or any of their respective affiliates holds Existing Notes during the Exchange Offer, the Dealer Managers or their respective affiliates may tender such Existing Notes under the Exchange Offer.

From time to time in the ordinary course of business, the Dealer Managers and their respective affiliates have provided, and may provide in the future, investment or commercial banking services to us and our affiliates in the ordinary course of business for customary compensation.

In addition, in the ordinary course of their business activities, the Dealer Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their respective customers. Such investments and securities activities may involve securities and/or instruments of the Company or its affiliates. If the Dealer Managers or any of their respective affiliates has a lending relationship with the Company or its affiliates, the Dealer Managers or certain of their respective affiliates routinely hedge, and the Dealer Managers or certain of their respective affiliates are likely to hedge, their credit exposure to the Company or its affiliates consistent with their customary risk management policies. Typically,

the Dealer Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Company's or its affiliates' securities. The Dealer Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Dealer Managers or their affiliates have acted as managers and/or initial purchasers in prior financing transactions involving the Company and its subsidiaries.

None of the Company, the Subsidiary Guarantors, the Dealer Managers, the Trustee, the Registrar, the Paying Agent, the Transfer Agent, the Exchange Agent or the Information Agent makes any recommendation as to whether or not Eligible Holders of the Existing Notes should exchange their Existing Notes in the Exchange Offer.

None of the Subsidiary Guarantors, the Dealer Managers, the Trustee, the Registrar, the Paying Agent, the Transfer Agent, the Exchange Agent or the Information Agent assumes any responsibility for the accuracy or completeness of the information concerning us or our affiliates or the Existing Notes contained or referred to in this Exchange Offer Memorandum or for any failure by us to disclose events that may have occurred and may affect the significance or accuracy of such information.

We will not make any payment to brokers, dealers or others soliciting acceptances of the Exchange Offer other than the Dealer Managers, as described above.

Any questions or requests for assistance or for additional copies of the Exchange Offer Documents may be directed to the Information Agent at one of the telephone numbers provided on the back cover of this Exchange Offer Memorandum. Holders may also contact the Dealer Managers at the telephone numbers provided on the back cover of this Exchange Offer Memorandum for assistance concerning the Exchange Offer.

Other Fees and Expenses

Tendering Eligible Holders of Existing Notes will not be required to pay any fee or commission to the Dealer Managers. However, if a tendering Eligible Holder handles the transaction through its broker, dealer, commercial bank, trust company or other institution, such Eligible Holder may be required to pay brokerage fees or commissions.

INDEPENDENT AUDITORS

Our consolidated financial statements as of December 31, 2023 and 2022 and for each of the two years ended December 31, 2023 and 2022 included in this Exchange Offer Memorandum have been audited by Velásquez, Loli y Asociados S. Civil de R.L., member firm of Deloitte Touche Tohmatsu Limited, independent auditors, as indicated in their report appearing herein.

LISTING AND GENERAL INFORMATION

The creation and issuance of the New Notes have been authorized by our shareholders at the general shareholders meeting held on July 24, 2024 and by the resolutions of our board of directors dated June 19, 2024.

Except as disclosed in this Exchange Offer Memorandum, there are no litigation or arbitration proceedings against or affecting us or any of our respective assets, nor are we aware of any pending or threatened proceedings, which are or might reasonably be expected to be material in the context of the issuance of the New Notes.

Except as disclosed in this Exchange Offer Memorandum, there has been no material adverse change or any development reasonably likely to involve a material adverse change, in our condition (financial or otherwise), prospects or general affairs since December 31, 2023 that is material in the context of the issuance of the New Notes.

Application will be made to list the New Notes on the Official List of the Luxembourg Stock Exchange and to admit the New Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

For so long as any of the New Notes remain outstanding, copies of the following documents will be obtainable and available free of charge during normal business hours at the offices of our principal office, at the addresses listed on the last page of this Exchange Offer Memorandum:

- the indenture relating to the New Notes;
- our by-laws (*estatuto*);
- the by-laws (*estatuto*) of each Subsidiary Guarantor;
- the financial statements included in this Exchange Offer Memorandum; and
- all our future annual and quarterly unaudited interim condensed consolidated financial statements.

Each of the dealer manager agreement among the Company, the Subsidiary Guarantors and the Dealer Managers, the indenture and the New Notes are governed by the laws of the State of New York. The Subsidiary Guarantors are wholly-owned by the Company.

The global notes representing the New Notes have been accepted for clearing and settlement by Clearstream and Euroclear. The Rule 144A Global Note has been assigned ISIN US92863UAC09, CUSIP 92863U AC0 and Common Code 290269016. The Regulation S Global Note has been assigned ISIN USP98047AD80 and CUSIP P98047 AD8 and Common Code 290269024.

Under New York law, claims against the issuer for the payment of principal, premium, if any, or interest on the New Notes must be made within six years from the due date for payment thereof.

INDEX TO FINANCIAL STATEMENTS

Unaudited Interim Condensed Consolidated Financial Statements as of March 31, 2024 and for the three months ended March 31, 2024 and 2023

	<u>Page</u>
Consolidated Statement of Financial Position	F-4
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Loss)	F-5
Consolidated Statement of Changes in Net Equity	F-7
Consolidated Statement of Cash Flows	F-8
Notes to the Condensed Consolidated Interim Financial Statements	F-9

Audited Consolidated Financial Statements as of December 31, 2023 and 2022, and for the years ended December 31, 2023 and 2022

Independent Auditors' Report	F-65
Consolidated Statement of Financial Position	F-70
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Loss)	F-71
Consolidated Statement of Changes in Net Equity	F-73
Consolidated Statement of Cash Flows	F-74
Notes to the Consolidated Financial Statements	F-75

**VOLCAN COMPAÑÍA MINERA S.A.A. AND
SUBSIDIARIES**

**Report on Review of Interim Financial
Information**

**Unaudited Condensed Interim Consolidated
Financial Statements**

As of March 31, 2024 and for
the three-month period then ended and 2023

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

TABLE OF CONTENTS

	<u>Pages</u>
Unaudited Condensed Interim Consolidated Statements of Financial Position	1
Unaudited Condensed Interim Consolidated Statements of Profit or Loss and Other	
Unaudited Comprehensive Income	2-3
Unaudited Condensed Interim Consolidated Statements of Changes in Equity	4
Unaudited Condensed Interim Consolidated Statements of Cash Flows	5
Notes to the Unaudited Condensed Interim Consolidated Financial Statements	6-59

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF MARCH 31, 2024 (UNAUDITED) AND DECEMBER 31, 2023 (AUDITED) (In thousands of U.S. dollars (US\$000))

	<u>Notes</u>	<u>03/31/2024</u>	<u>12/31/2023</u>
		<u>US\$000</u>	<u>US\$000</u>
		<u>(Unaudited)</u>	<u>(Audited)</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	6	62,239	61,642
Trade accounts receivable (net)	9	18,862	20,316
Other accounts receivable (net)	10	92,585	77,038
Inventories (net)	12	50,790	48,305
Other financial assets	11	83	655
Total current assets		<u>224,559</u>	<u>207,956</u>
NON-CURRENT ASSETS:			
Other accounts receivable (net)	10	34,115	35,970
Investment in associate	7	-	148,118
Financial investments	8	33,305	37,158
Inventories (net)	12	5,498	5,619
Property, plant and equipment (net)	13	754,630	771,778
Right-of-use assets (net)	14	18,869	17,926
Mining concessions, exploration and development costs and other assets (net)	15	<u>652,780</u>	<u>650,650</u>
Total non-current assets		<u>1,499,197</u>	<u>1,667,219</u>
TOTAL		<u>1,723,756</u>	<u>1,875,175</u>

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

Bank overdrafts
Financial obligations
Trade accounts payable
Other accounts payable
Deferred income

Total current liabilities

NON-CURRENT LIABILITIES:

Financial obligations
Other accounts payable
Provisions
Deferred income tax
Deferred income

Total non-current liabilities

Total liabilities

EQUITY:

Issued capital stock
Higher value in acquisition of treasury shares
Treasury shares
Legal reserve
Accumulated other comprehensive income
Accumulated losses

Total equity

TOTAL

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024 AND 2023 (UNAUDITED) (In thousands of U.S. dollars (US\$000))

	Notes	Three months period from January 1 to March 31	
		2024	2023
		US\$000 (Unaudited)	US\$000 (Unaudited)
Net sales	21	176,683	221,092
Cost of sales	22	<u>(159,354)</u>	<u>(174,200)</u>
Gross profit		17,329	46,892
Administrative expenses	23	(11,907)	(13,708)
Selling expenses	24	(7,065)	(7,408)
Other income	25	11,174	15,141
Other expenses	25	<u>(11,524)</u>	<u>(19,638)</u>
Operating (loss) profit		(1,993)	21,279
Finance income	27	248	1,910
Finance expenses	27	<u>(18,206)</u>	<u>(16,882)</u>
(Loss) profit before income tax		(19,951)	6,307
Benefit (expense) income tax	28	<u>750</u>	<u>(5,510)</u>
Net (loss) profit for the period		<u>(19,201)</u>	<u>797</u>
Weighted average of the number of outstanding shares (in thousands)	29	<u>3,857,594</u>	<u>3,857,594</u>
Basic and diluted (loss) profit per share	29	<u>(0.0050)</u>	<u>0.0002</u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)
(In thousands of U.S. dollars (US\$000))**

	Three months period from January 1 to March 31	
	2024	2023
	US\$000	US\$000
	(Unaudited)	(Unaudited)
Net (loss) profit for the period	(19,201)	797
OTHER COMPREHENSIVE INCOME:		
Items that will not be reclassified to profit or loss:		
Unrealized (loss) profit of investments in equity instruments	(3,852)	2,611
Deferred income tax	<u>1,136</u>	<u>(770)</u>
Total other comprehensive income that will not be reclassified to profit or loss	(2,716)	1,841
Items that can be subsequently reclassified to profit or loss:		
Unrealized loss of derivative financial instruments	(142)	-
Deferred income tax	<u>42</u>	<u>-</u>
Total other comprehensive income that can be subsequently reclassified to profit or loss	<u>(100)</u>	<u>-</u>
Total comprehensive (loss) income, net of income tax	<u>(22,017)</u>	<u>2,638</u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024 AND 2023 (UNAUDITED) (In thousands of U.S. dollars (US\$000))

	Issued capital stock US\$000 Note 20 (a)	Higher value in acquisition of treasury shares US\$000 Note 20 (b)	Treasury shares US\$000 Note 20 (c)	Legal reserve US\$000 Note 20 (d)	
Balance as of January 1, 2023 (Audited)	1,134,300	(173,234)	(60,934)	10,695	
Comprehensive income					
Net loss for the period	-	-	-	-	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	
Capital decrease	(227,620)	-	-	-	
Legal reserve	-	-	-	(986)	
Balance as of March 31, 2023 (Unaudited)	<u>906,680</u>	<u>(173,234)</u>	<u>(60,934)</u>	<u>9,709</u>	
Balance as of January 1, 2024 (Audited)	906,680	(173,234)	(60,934)	10,416	
Comprehensive income					
Net loss for the period	-	-	-	-	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	
Capital decrease	(132,386)	-	-	-	
Other changes in equity	-	-	-	-	
Balance as of March 31, 2024 (Unaudited)	<u>774,294</u>	<u>(173,234)</u>	<u>(60,934)</u>	<u>10,416</u>	

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)
(In thousands of U.S. dollars (US\$000))**

	Three months period from January 1 to March 31	
	2024	2023
	US\$000	US\$000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES:		
Collections from:		
Sales	208,821	263,201
Return of credit balance subject to profit and taxes	6,710	5,345
Other	2,140	-
Payments to/for:		
Suppliers and third parties	(135,364)	(148,491)
Employees	(25,255)	(23,053)
Income tax	(2,592)	(5,527)
Royalties	(2,426)	(2,474)
Expenses for coverage	573	-
Net cash and cash equivalents provided by operating activities	52,607	89,001
INVESTING ACTIVITIES:		
Payments for:		
Purchase of property, plant and equipment	(19,990)	(29,401)
Increase of exploration and development costs, and other assets	(30,001)	(43,560)
Net cash and cash equivalents used in investing activities	(49,991)	(72,961)
FINANCING ACTIVITIES:		
Collection from:		
Obtainment of financial obligations	-	254
Obtainment related party loan	25,000	-
Payments for:		
Leasing	(5,171)	(7,059)
Overdrafts and other financial liabilities	(3,119)	1,019
Interests	(18,729)	(16,690)
Net cash and cash equivalents used in financing activities	(2,019)	(22,476)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	597	(6,436)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	61,642	73,600
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	62,239	67,164

Transactions that do not result in cash flows are described in Note 34.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024 (UNAUDITED) AND DECEMBER 31, 2023 (AUDITED)

(Amounts expressed in thousands of U.S. dollars)

1. INCORPORATION, ECONOMIC ACTIVITY, APPROVAL OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS, SUBSIDIARIES, AND OTHER CONTRACTUAL MATTERS

(a) Incorporation and economic activity

Volcan Compañía Minera S.A.A. (hereinafter “the Company”) was a subsidiary of Glencore AG, which is a subsidiary of Glencore Plc., a company domiciled in Switzerland, hereinafter the “Parent”, owner of 63% of common class A voting shares in circulation and the total include the economic interest of 23%, excluding treasury shares.

Subsequent event:

On May 08, 2024, Glencore Plc., sold its shares to Integral Capital Business S.A. domiciled in Panama, owner of 63% of common class A voting shares in circulation and the total include the economic interest of 23%, excluding treasury shares. The direct parent is Transition Metals Ag.

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

Total common class A voting shares and class B non-voting shares comprising the capital stock of the Company are listed in the Stock Exchange of Lima.

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

The Company and Subsidiaries engaged in the mining sector operate the mining units of Yauli, Animon, Alparmarca and Cerro in the departments of Cerro de Pasco, Junín, and Lima. The Subsidiaries engaged in the electric power generation business have authorizations and electric power generation concessions for self-consumption in their mining operations of Animon and for sale to third parties through firm power or spot price agreements. Subsidiaries Huanchor and EGERBA engaged in the electric power generation business operate in the department of Lima and are connected to National Interconnected Electrical System (SEIN).

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

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

(b) Approval of the condensed interim consolidated financial statements

The condensed interim consolidated financial statements as of March 31, 2024 have been approved by the Company’s Management on April 26, 2024. Management believes that the accompanying consolidated financial statements will be approved by the Annual Mandatory

Shareholders' Meeting as presented. The consolidated financial statements as of December 31, 2023 were approved by the Annual Mandatory Shareholders' Meeting held on March 26, 2024.

(c) *Subsidiaries*

The Subsidiaries included in the preparation of the accompanying condensed interim consolidated financial statements are presented below:

Consolidated Subsidiaries and economic activity	Direct and indirect interest in ownership		Domicile
	As of	As of	
	03/31/2024	03/31/2023	
	%	%	
Mining exploration and operation:			
Compañía Minera Chungar S.A.C.	100.00	100.00	Peru
Empresa Administradora Cerro S.A.C. (3)	100.00	100.00	Peru
Empresa Explotadora de Vinchos Ltda. S.A.C.	100.00	100.00	Peru
Minera Aurífera Toruna S.A.C. (1)	80.00	80.00	Peru
Óxido de Pasco S.A.C. (3)	-	100.00	Peru
Electric power generation:			
Hidroeléctrica Huanchor S.A.	100.00	100.00	Peru
Compañía Hidroeléctrica Tingo S.A. (2)	100.00	100.00	Peru
Empresa de Generación Eléctrica Río Baños S.A.C.	100.00	100.00	Peru
Investments in general:			
Roquel Global S.A.C.	100.00	100.00	Peru
Compañía Industrial Limitada de Huacho S.A.	96.41	96.41	Peru
Empresa Minera Paragsha S.A.C.	100.00	100.00	Peru

- (1) Subsidiary of Empresa Minera Paragsha S.A.C. and indirect subsidiary of the Company.
- (2) Subsidiary of Compañía Minera Chungar S.A.C. and indirect subsidiary of the Company.
- (3) Subsidiary Empresa Administradora Cerro S.A.C. absorbed Óxidos de Pasco S.A.C.

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

(c.1) *Mining exploration and operation*

Compañía Minera Chungar S.A.C.

This company has two mining units, Animon and Alpamarca, located in the department of Pasco and is engaged in the exploration, development, and operation of mineral deposits, basically with zinc, copper, and lead contents. This company has 226 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 32.

In addition, the Subsidiary has 10 hydroelectric power plants, from which 9 are located in Huaral and one in Cerro de Pasco. Six of these plants have a concession (4 indefinite and 2 definite) and four plants do not have a concession nor a permit since this plant has a production less than 500KW, as established in the Electrical Concessions Law. Based on the estimate of reserves and resources, the Company's Management has considered a useful life of mine until 2045.

Empresa Administradora Cerro S.A.C.

This company is engaged in the exploration, development, and operation of mineral deposits, basically with zinc and lead contents. Now, the Subsidiary processes stockpiles in its mining unit Cerro since its mining operations have stopped. The Subsidiary has 35 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are

mentioned in Note 32. Based on the estimate of reserves and resources, the Company's Management has considered a useful life of mine until 2030.

In addition, as a result of the merger with Óxidos de Pasco S.A.C., which became effective in October 2023, the Subsidiary is engaged in the treatment of oxidized minerals at a leach pad. The Subsidiary has one beneficiation concession with an indefinite term. Based on the estimate of reserves and resources, the Company's Management has considered a useful life of mine until 2029.

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

This company was incorporated for the exploration, development and operation of mineral deposits and its main activity was the exploration of its mining concessions through the financing of the Company and Subsidiaries. No activities have been developed in 2024 and 2023.

The Company's Management is reevaluating potential projects or the option of a simple reorganization in order to search for synergies for the development of its projects. The Subsidiary has 5 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 32.

Minera Aurífera Toruna S.A.C.

This company was incorporated for the exploration, development and operation of mineral deposits and its main activity was the exploration of its mining concessions through the financing of the Company and Subsidiaries. No activities have been developed in 2024 and 2023.

The Company's Management is reevaluating potential projects or the option of a simple reorganization in order to search for synergies for the development of its projects. The Subsidiary has 7 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 32.

(c.2) Electric power generation

Hidroeléctrica Huanchor S.A.C.

This company is mainly engaged in the sale of energy through the operation and maintenance of electric transmission system generation plants. For this, this company has the hydroelectric power plant of Huanchor of 19.768 MW and mini hydroelectric power plant of Tamboraque of 1.3 MW, both located in the district of San Mateo, province of Huarochiri, Lima. The Subsidiary has a definite electrical concession.

Subsequent event:

On June 14, 2024 the Company has signed a definitive agreement for the sale of this subsidiary for an amount of US\$46,800. The carrying amount of the consolidated net assets of this subsidiary was US\$18,526 as of March 31, 2024.

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

This company is mainly engaged in the sale of energy through the operation and maintenance of the hydroelectric power plant of Rucuy of 20.27 MW, located in the district of Pacaraos, province of Huaral, department of Lima. The Subsidiary has a definite electrical concession.

Subsequent event:

On May 31, 2024 the Company sold this subsidiary for an amount of US\$31,675. The carrying amount of the consolidated net assets of this subsidiary was US\$32,105 as of March 31, 2024.

Compañía Hidroeléctrica Tingo S.A.

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

(c.3) Investments in general

Roquel Global S.A.C.

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

Compañía Industrial Limitada de Huacho S.A.

This company is mainly engaged in real estate activities.

Empresa Minera Paragsha S.A.C.

This company was incorporated for exploration, operation, assignment, and mining usufruct; however, its main activity now is the purchase and sale of investments in equity instruments. This subsidiary has shares of the Company and Cementos Polpaico S.A. (Note 8). This subsidiary has 47 mining concessions, from which there are 43 concessions with an indefinite term and 4 concessions with extinction resolutions.

Inversiones Portuarias Chancay S.A.A.

This company was incorporated in the Registration Office of Lima of the National Superintendence of Public Records on October 3, 2023. According to Volcan’s Shareholders’ Meeting held on August 24, 2023, this company was incorporated to acquire, develop and negotiate interests or equity rights in companies engaged in port and logistics activities of any kind, as well as any related services.

The Shareholders’ Meeting approved the spin-off of the 40% equity interest owned by the Company in Cosco Shipping Ports Chancay Peru S.A. This transaction is expected to be settled and completed during 2024.

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

The effective date of the spin-off was on March 4, 2024, see note 7, and the equity block net carrying amounts to the sum of (in thousand) S/443,328 composed by capital for (in thousand) S/407,656 and additional capital for (in thousand) S/35,672. As a consequence of the spin-off

the equity block the Board agreed to modify bylaws, so that it is written as follows: The subscribed and paid capital of the Inversiones Portuarias Chancay S.A.A. is (in thousand) S/407,656 represented by 1,633,414,553 Class “A” common shares and 2,443,157,622 Class “B” common shares with a nominal value of S/0.10 each.

(c.4) Unconsolidated entities

The Company prepares its condensed interim consolidated financial statements incorporating the balances and transactions of those entities over which it has control, regardless of the level of equity interest, except certain Subsidiaries since they are undergoing a liquidation process. Management believes that the financial statements of unconsolidated entities do not have relevant figures for the condensed interim consolidated financial statements that could affect the economic decisions of users.

(c.5) Unaudited financial information of Subsidiaries

The unaudited interim financial statements of direct and indirect Subsidiaries as of March 31, 2024 are summarized below:

	Assets US\$000 (Unaudited)	Liabilities US\$000 (Unaudited)	Equity US\$000 (Unaudited)	Net profit US\$000 (Unaudited)
Compañía Minera Chungar S.A.C.	739,034	583,754	155,280	(14,560)
Empresa Administradora Cerro S.A.C.	405,378	194,956	210,422	1,159
Empresa Minera Paragsha S.A.C.	142,386	108,705	33,681	(2,471)
Empresa Explotadora de Vinchos Ltda. S.A.C.	163	25,302	(25,138)	(389)
Minera Aurífera Toruna S.A.C. (1)	12	4,058	(4,046)	(97)
Hidroeléctrica Huanchor S.A.C.	50,155	31,628	18,526	488
Empresa de Generación Eléctrica Río Baños S.A.C.	45,030	12,925	32,105	467
Compañía Hidroeléctrica Tingo S.A. (2)	19,861	1,284	18,577	210
Roquel Global S.A.C.	18,680	2,958	15,723	(132)
Compañía Industrial Limitada de Huacho S.A.	6,809	215	6,594	45
Unconsolidated entities	27	-	27	-
	1,427,535	965,785	461,751	(15,280)

The audited financial statements of direct and indirect Subsidiaries as of December 31, 2023 are summarized below:

	Assets US\$000	Liabilities US\$000	Equity US\$000	Net profit US\$000
Compañía Minera Chungar S.A.C.	747,519	577,540	169,979	(48,668)
Empresa Administradora Cerro S.A.C.	393,874	184,612	209,262	99,944
Empresa Minera Paragsha S.A.C.	147,116	106,254	40,862	(10,883)
Empresa Explotadora de Vinchos Ltda. S.A.C.	157	24,906	(24,749)	(1,241)
Minera Aurífera Toruna S.A.C. (1)	12	3,961	(3,949)	(403)
Hidroeléctrica Huanchor S.A.C.	50,162	32,124	18,038	(9,266)
Empresa de Generación Eléctrica Río Baños S.A.C.	46,366	14,728	31,638	13,782
Compañía Hidroeléctrica Tingo S.A. (2)	20,235	1,868	18,367	999
Roquel Global S.A.C.	18,761	2,906	15,855	(804)
Compañía Industrial Limitada de Huacho S.A.	6,838	287	6,551	317
Inversiones Portuarias Chancay S.A.A.	-	1	(1)	(1)
Unconsolidated entities	34	-	34	-
	1,431,074	949,187	481,887	43,776

- (1) Subsidiary of Empresa Minera Paragsha S.A.C. and indirect subsidiary of the Company.
- (2) Subsidiary of Compañía Minera Chungar S.A.C. and indirect subsidiary of the Company.
- (3) Subsidiaries absorbed due to merger in 2023.

(d) Merger

The Shareholders' Meeting of Empresa Administradora Cerro S.A.C. approved the merger by absorption to Óxidos de Pasco S.A.C. on September 29, 2023. The shareholders of the absorbed entity, corresponding to related entities that are part of the Volcan group.

The effective date of the merger was October 1, 2023. The merger was performed at the carrying amount of the merged company as of September 30, 2023.

The equity block absorbed by Empresa Administradora Cerro S.A.C. comprises the following:

	Óxidos de Pasco S.A.C. 09/30/2023 US\$000
ASSET	
Current asset	
Cash and cash equivalents	4,444
Trade accounts receivable (net)	1,032
Accounts receivable from related entities	93,852
Other accounts receivable	7,425
Inventory (net)	5,709
Total current asset	112,462
Non-current asset	
Property, plant and equipment (net)	117,763
Mining concessions, exploration and development costs	1,207
Deferred income tax	18,909
Total non-current asset	137,879
TOTAL ASSET	250,341
LIABILITY	
Current liability	
Trade accounts payable	11,436
Accounts payable to related entities	3,053
Other accounts payable	5,680
Financial obligations	222
Total current liability	20,391
Non-current liability	
Deferred income tax	13,563
Provisions	3,310
Total non-current liability	16,873
TOTAL LIABILITY	37,264
Net value of block of equity absorbed by Empresa Administradora Cerro S.A.C.	213,077

(e) Other contractual matters

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

On January 23, 2019, the Company entered into with Cosco Shipping Ports Limited (CSPL) and its subsidiary Cosco Shipping (Chancay) Ports Limited (CSPL SPV), companies of the Peoples' Republic of China, with the participation of Terminales Portuarios Chancay S.A. (now Cosco Shipping Ports Chancay Perú S.A.) (CSPL), subsidiary of the Company until May 13, 2019, a subscription and investment agreement and a shareholders' agreement, under which CSPL, through its subsidiary CSPL SPV, became the shareholder of Cosco Shipping Ports Chancay Perú S.A. with 60% of shares of the capital stock for US\$225,000 at the closing date, which is subject to the verification of the compliance with the Antitrust Law, provided by the international authorities of Ukraine and China.

On May 13, 2019, the strategic partner was incorporated with an interest of 60% of shares of CSPL through a capital increase. The Company holds and owns the remaining 40% of shares of the capital stock of Cosco Shipping Ports Chancay Perú S.A., thus it became from subsidiary to associate of the Company at that date (Note 7).

The definite completion of the transaction was mainly subject to the approval of the modification of the Environmental Impact Assessment (MEIA), which was obtained on September 22, 2020. That date, pursuant to Director's Resolution No. 00158-2020, the National Service of Environmental Certification for Sustainable Investments (SENACE) approved the modification of the Environmental Impact Assessment (MEIA-d) of the Expansion Project of the Operating Port Area – Stage 1 of the Multi-purpose Port Terminal Chancay. When the MEIA was approved, CSPL SPV made capital contributions in the first semester of 2021.

The infrastructure project is located 50 km. on the northern area of the Callao Port. This project consists in a multi-purpose port terminal that will have two specialized terminals: (i) a terminal for containers that will include 11 docks for this type of cargo; and (ii) a terminal for loading bulk, general and rolling cargoes that will have four docks. At the first stage, an area of 141 hectares will be developed with an investment of US\$1,300,000.

At the Board of Directors' Meeting of Volcan Compañía Minera S.A.A. held on March 24, 2023, as shareholder of 40% of Cosco Shipping Ports Chancay Peru S.A., the financing granted by financial entities for US\$975,000 was approved for the development of the Multi-purpose Port Terminal Chancay.

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

The project represents a major infrastructure work and an important opportunity for economic development for the country since it will be part of China's new connectivity network with the rest of the world, comprised by sea and land lanes. The operations of this project are estimated to commence by the end of 2024.

(e.2) Bond issuance

"4.375% Senior Notes Due 2026"

On February 11, 2021, bonds known as "4.375% Senior Notes Due 2026" were issued and placed in their entirety in the international market for US\$475,000 under Rule 144A and

Regulation S of the U.S. Securities Act of the United States of America. The Company requested the inclusion of bonds in the Official List of the Luxembourg Stock Exchange and the admission for negotiation in the Euro MTF of the Luxembourg Stock Exchange.

These bonds mature in 5 years, on February 11, 2026, and accrue interests at an annual rate of 4.375%. Interests will be paid in semiannual installments as from August 11, 2021. Financial compliance covenants were not established for this obligation, but certain limitations were determined, as described in Note 16 (b).

The instruments issued by the Company were partially repurchased on June 21, 2022 for up to US\$110,000 by using the Company's available cash. A profit of US\$6,600 was obtained from this transaction due to the discount obtained at the face value of the repurchased debt.

According to Management, the Company does not have any noncompliance event derived from the bond issuance agreement.

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

Interbank (trustee) and Volcan Compañía Minera S.A.A. (trustor) entered into this agreement on August 5, 2013. Pursuant to this agreement, a guarantee and administration trust fund was established, under which the Company transfers the administration of all the cash flows credited in its collection accounts, held in several financial entities, to Interbank under this trust. Commitments derived from this trust agreement are being met and allow ensuring cash flows to address the obligations of the Company and involved Subsidiaries.

2. MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation and presentation

The accompanying condensed interim consolidated financial statements as of March 31, 2024 and for the three months periods ended March 2024 and 2023 have been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB). In accordance with IAS 34, the interim financial information is intended only to provide updated information on the content of the last annual financial statements authorized for issuance, focusing on new activities, events and circumstances that occurred during the period of three months, and does not duplicate information previously published in the last annual financial statements authorized for issuance.

Consequently, these condensed interim consolidated financial statements do not include all the information required to complete financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) and, accordingly, for a proper comprehension of the information included in these condensed interim consolidated financial statements, they should be read together with the consolidated financial statements as of December 31, 2023 that have been prepared in accordance with IFRS issued by the IASB and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

These unaudited condensed interim consolidated financial statements are presented in thousands of U.S. dollars, which is the Company's functional currency.

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

(b) Material accounting policies

The accounting policies considered the most important for the preparation of the Company's condensed interim financial statements are described in Note 2 of the audited annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of the Standards, Interpretations and amendments described in Note 4.

(c) Seasonality

In view of the business activities in which the Company and Subsidiaries are engaged, their transactions are not cyclical or seasonal in nature. Therefore, no specific disclosures are included in these explanatory notes to the unaudited condensed interim consolidated financial statements for the three months period ended March 31, 2024 and 2023.

(d) Comparative information

The information for 2023 contained in these three months unaudited condensed interim consolidated financial statements is presented for comparison purposes only with the information of the three months period ended March 31, 2024 for the condensed interim consolidated statement of profit and loss and other comprehensive income, changes in equity and cash flows. The audit information as of December 31, 2023 is presented for comparison purposes with the condensed interim consolidated statement of financial position as of March 31, 2024.

(e) Going concern

As of March 31, 2024 and as of December 31, 2023, the Company and Subsidiaries present a negative working capital for US\$249,444 and US\$232,145, respectively.

Management prepares its consolidated financial statements under the going concern principle based on the judgment that there are no events or conditions that can contribute material uncertainties about the Company and Subsidiaries' capacity to continue as a going concern. This is based on, Management has projections of cash flows provided by its operating flows mainly, which allow addressing its obligations for at least the next twelve months.

Management has credit capacity that allows them having access to credit lines in top-ranked financial entities to address their obligations.

These cash flows depend on significant judgments and assumptions, such as the selling price of the mineral, production costs, among others.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company and Subsidiaries' Management is responsible for the information contained in these condensed interim consolidated financial statements. To prepare them, certain estimates have been used to quantify some assets, liabilities, revenue, expenses, and commitments

recorded therein, based on experience and other relevant factors. Actual results may differ from those estimates.

These estimates are reviewed on an ongoing basis. Changes in accounting estimates are prospectively recognized by recording the effects of changes in the corresponding profit or loss accounts for the period when corresponding reviews are conducted.

The most important estimates considered for the preparation of the condensed interim consolidated financial statements of the Company and Subsidiaries refer to:

- Determination of functional currency and record of foreign currency transactions.
- Fair value of financial instruments.
- Valuation of inventories
- Useful life assigned to mining rights, exploration and development costs, property, plant and equipment, and intangible assets.
- Determination of mineral reserves and resources.
- Impairment loss of long-term assets.
- Liability for the disposal of assets and mine closure.
- Provisions and estimate for contingencies.
- Revenue recognition.
- Current and deferred income tax and mining taxes.
- Uncertain tax positions.
- Going concern.

Actual results may differ from those estimates. The results for interim periods are not necessarily indicative of annual results.

During the three months period ended March 31, 2024, there were no significant changes in the estimates made at 2023 year-end.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS INTERNATIONALLY ISSUED

(a) *Amendments to current and effective standards adopted in 2024, but that were not relevant or significant for the Company and Subsidiaries*

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Presentation of Financial Statements-Non-current Liabilities with covenant
Amendments to IAS 7	Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures-Supplier Finance Arrangements
Amendments to IFRS 16	Leases Liability in a Sale and Leaseback transaction

(b) New IFRSs and amendments that are not effective yet

The Company has not adopted in advance the following new standards and amendments to standards that have been issued, but that are not effective for 2024. The Company does not expect a material impact on the financial results of the Company and Subsidiaries.

Amendments to IAS 21	Lack of Exchangeability (a)
Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments (b)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 18	Presentation and Disclosures in Financial Statements (c)
IFRS 19	Subsidiaries without Public Accountability: Disclosures (c)

- (a) Effective for the Company for annual periods beginning on January 1, 2025
- (b) Effective for the Company for annual periods beginning on January 1, 2026
- (c) Effective for the Company for annual periods beginning on January 1, 2027

5. FINANCIAL INSTRUMENTS AND RISKS

(a) Categories of financial instruments

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

	03/31/2024 US\$000 (Unaudited)	12/31/2023 US\$000 (Audited)
Financial assets:		
Cash and cash equivalents	62,239	61,642
Amortized cost		
Other accounts receivable (net)	7,386	5,591
Fair value through profit or loss		
Trade accounts receivable (net)	18,862	20,316
Derivatives not designated as hedging instruments	32	440
Derivatives designated as hedging instruments	19	42
	18,913	20,798
Fair value through other comprehensive income		
Financial investments	33,305	37,158
Derivatives designated as hedging instruments	32	173
	33,337	37,331
Total	121,875	125,362
Financial liabilities:		
Amortized cost		
Bank overdrafts	4,165	1,046
Financial obligations	799,376	803,869
Trade accounts payable	227,858	242,213
Other accounts payable	20,075	17,098
Total	1,051,474	1,064,226

(b) Financial risks

During the normal course of operations, the Company and Subsidiaries are exposed to several financial risks. The risk management program of the Company and Subsidiaries is mainly focused on financial markets and seeks to minimize potential adverse effects on the financial performance of the Company and Subsidiaries. The Financial Management Department of the Company and Subsidiaries is in charge of risk management, which identifies, evaluates, and covers financial risks.

(i) Market risk

Exchange rate risk

The Company and Subsidiaries perform their sales in U.S. dollars, which allow them to meet their obligations in such currency. The exchange rate risk mainly arises from balances held in soles.

As of March 31, 2024 and December 31, 2023, the balances of financial assets and liabilities denominated in foreign currency correspond to balances in Peruvian soles and are expressed in U.S. dollars at the closing exchange rates of US\$0.269 and US\$0.270 per S/1.00, respectively, and are summarized below:

	<u>03/31/2024</u> S/000 (Unaudited)	<u>12/31/2023</u> S/000 (Audited)
Assets		
Cash and cash equivalents	120,405	114,622
Trade accounts receivable (net)	3,139	3,088
Other accounts receivable (net)	<u>139,095</u>	<u>136,271</u>
Total assets	<u>262,639</u>	<u>253,981</u>
Liabilities		
Bank overdrafts	(4,230)	(422)
Trade accounts payable	(139,637)	(141,198)
Other accounts payable	<u>(47,721)</u>	<u>(42,673)</u>
Total liabilities	<u>(191,588)</u>	<u>(184,293)</u>
Net asset	<u>71,051</u>	<u>69,688</u>

In 2024, the Company and Subsidiaries recorded a net exchange profit for US\$25 and net exchange loss for US\$4,191 (net exchange profit for US\$101 and net exchange loss for US\$4,191 in the period 2023) (Note 27).

Management considers a sensitivity rate of 5% as reasonable in the assessment of exchange rate risk. A sensitivity analysis assuming the devaluation and revaluation of the Peruvian sol (S/), equivalent to the rate mentioned above, exclusively on balances of assets and liabilities reflected above, considering other constant variables in the consolidated statement of profit or loss before income tax, is presented in the following table:

	Changes in exchange rate	Effect on profit or loss before taxes (Debit) credit	
		<u>03/31/2024</u> US\$000 (Unaudited)	<u>12/31/2023</u> US\$000 (Audited)
Revaluation	+5%	(955)	(939)
Devaluation	-5%	955	939

Price risk

The Company and Subsidiaries are exposed to commercial risks arising from changes in mineral market prices. In order to cover the risk arising from the decrease of prices of metals, Management will hire derivative financial instruments.

For the control and follow-up of hedges, Management approved the “Metal Price Hedging Policy”, which is executed and monitored together with the Financial Risk Management Policy. Management has also a Hedging Committee whose objective is to mitigate the risks associated with variations and volatility of the prices of metals they produce.

As of March 31, 2024 and March 31, 2023, if the average sales prices of main metals payable, contained in ore concentrates, increase (or decrease) by 10% and all other variables are held constant, profit or loss after taxes of the Company and Subsidiaries would change, as shown below:

	Effect on profit (loss) before income tax (Debit) Credit US\$000 (unaudited)
Zinc concentrate	
2024:	
Increase in the international price of zinc	9,588
Decrease in the international price of zinc	(9,588)
2023:	
Increase in the international price of zinc	13,445
Decrease in the international price of zinc	(13,445)
	Effect on profit (loss) before income tax (Debit) Credit US\$000 (unaudited)
Lead concentrate	
2024:	
Increase in the international price of lead	4,255
Decrease in the international price of lead	(4,255)
2023:	
Increase in the international price of lead	5,065
Decrease in the international price of lead	(5,065)
	Effect on profit (loss) before income tax (Debit) Credit US\$000 (unaudited)
Copper concentrate	
2024:	
Increase in the international price of copper	1,050
Decrease in the international price of copper	(1,050)
2023:	
Increase in the international price of copper	1,027
Decrease in the international price of copper	(1,027)

	Effect on profit (loss) before income tax (Debit) Credit
	US\$000
	(unaudited)
Silver concentrate	
2024:	
Increase in the international price of silver	1,407
Decrease in the international price of silver	(1,407)
2023:	
Increase in the international price of silver	1,645
Decrease in the international price of silver	(1,645)

As of March 31, 2024 and December 31, 2023, the fair value of embedded derivatives contained in commercial agreements amounts to a loss of US\$1,574 and a profit of US\$1,071, respectively

Interest rate risk

The Company and Subsidiaries have significant assets, which are held in renowned financial entities and accrue interests at current rates in the market. Operating income and cash flows of the Company and Subsidiaries are independent of changes in interest rates in the market.

The interest rate risk is addressed by Management of the Company and Subsidiaries through a policy that establishes obtaining loans at fixed and variable interest rates.

Management considers that the risk of fluctuations in the fair value of interest rates is not significant since the interest rates of its financing agreements are not significantly different from the market interest rates for similar financial instruments.

(ii) Credit risk

The credit risk of the Company and Subsidiaries arises from the inability of debtors to meet their obligations. For this reason, Management establishes conservative credit policies and constantly evaluates the conditions of the market where their debtors operate, for which Management uses risk rating reports for commercial and credit operations.

The financial assets (excluding cash and cash equivalents and financial investments) of the Company and Subsidiaries are within their maturity dates.

Trade accounts receivable are denominated in U.S. dollars and expire on the issue date of the payment receipt. Such amounts are effective in the following days of maturity. The sales of the Company and Subsidiaries are performed to local and foreign customers, with whom they have commercial agreements. As of March 31, 2024, the Company has a portfolio of 17 customers (25 customers as of December 31, 2023). The three most important customers of the Company and Subsidiaries represented 47% of total sales for the three-month period ended March 31, 2024 (52% of total sales for the three-month period ended March 31, 2023).

The Company's Management considers the credit history of its customers and their payment capacity and evaluates the debts that are estimated to be collected as variation to determine the required provision for doubtful accounts. Management concludes that a provision for doubtful accounts is not required.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and having the possibility to be engaged and/or have engaged certain financing operations through adequate credit sources.

As of March 31, 2024 and as of December 31, 2023, the Company and Subsidiaries present a negative working capital for US\$249,444 and US\$232,145, respectively.

The increase of negative working capital is mainly due to the maturity of the first three amortizations of capital of the syndicated loan in April, July, and October of the current year, for which they were reclassified to short-time liabilities for a total of US\$137,143. The other amortizations will continue throughout 2025, and the last payment will be made on January 25, 2026 pursuant to the agreement.

In this regard, Management has a credit capacity that allows having access to credit lines in first-class financial entities to meet their obligations. In addition, Management generates cash flows from significant operating activities in three months period from January 1 to March 31, 2024 for US\$77,607 (US\$49,877 in three months period from January 1 to March 31, 2023).

Management considers that these measures will allow the Company and Subsidiaries using sufficient cash flows to manage their financial obligations appropriately.

The table below presents an analysis of the financial liabilities of the Company and Subsidiaries classified according to their maturity (including interests to be paid at those maturities) at the date of the condensed interim consolidated statement of financial position:

Financial assets	Less than 1 year US\$000	Between 1 and 2 years US\$000	Between 2 and 10 years US\$000	Total US\$000
As of March 31, 2024 (unaudited):				
Cash and cash equivalents	62,239	-	-	62,239
Other accounts receivable (net)	7,386	-	-	7,386
Trade accounts receivable (net)	18,862	-	-	18,862
Derivatives not designated as hedging instruments	32	-	-	32
Derivatives designated as hedging instruments	51	-	-	51
Financial investments	-	-	33,305	33,305
Total	88,570	-	33,305	121,875
As of December 31, 2023 (audited):				
Cash and cash equivalents	61,642	-	-	61,642
Other accounts receivable (net)	5,591	-	-	5,591
Trade accounts receivable (net)	20,316	-	-	20,316
Derivatives not designated as hedging instruments	440	-	-	440
Derivatives designated as hedging instruments	215	-	-	215
Financial investments	-	-	37,158	37,158
Total	88,204	-	37,158	125,362

Financial liabilities	Less than 1 year US\$000	Between 1 and 2 years US\$000	Between 2 and 10 years US\$000	Total US\$000
As of March 31, 2024 (unaudited):				
Bank overdrafts	4,165	-	-	4,165
Financial obligations	226,094	679,849	1,030	906,973
Trade accounts payable	227,858	-	-	227,858
Other accounts payable	20,075	-	-	20,075
Total	478,192	679,849	1,030	1,159,071
As of December 31, 2023 (audited):				
Bank overdrafts	1,046	-	-	1,046
Financial obligations	160,941	202,799	562,280	926,020
Trade accounts payable	242,213	-	-	242,213
Other accounts payable	17,098	-	-	17,098
Total	421,298	202,799	562,280	1,186,377

(iv) Capital management risk

The objective is to safeguard the ability of the Company and Subsidiaries to continue as going concern in order to generate returns to shareholders and benefits to other interest groups and maintain an optimal capital structure to reduce capital cost.

Management handles its capital structure and makes adjustments to deal with changes in the economic conditions of the market. In order to maintain or adjust the capital structure, the Company can adjust the payment of dividends to its shareholders, return capital to its shareholders or issue new shares. No changes were made to the objectives, policies, or procedures in 2024 and 2023.

The leverage ratio was as follows:

	03/31/2024 US\$000 (Unaudited)	12/31/2023 US\$000 (Audited)
Financial obligations	799,376	803,869
Cash and cash equivalents	(62,239)	(61,642)
Total net debt	737,137	742,227
Total equity	198,829	364,598
Net debt ratio	3.71	2.04

(c) Fair value of financial instruments

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

- Level 1: Input is quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company may access to at the measurement date.
- Level 2: Input is different from quoted prices included in Level 1, which are observable for the asset or liability, whether directly or indirectly.
- Level 3: Input is not observable for the asset or liability.

Fair value of financial assets and liabilities of the Company that are not measured at fair value, but fair value disclosures are required

Management considers that the carrying amounts of financial assets and liabilities recognized in the condensed interim consolidated financial statements are similar to their fair value, including the long-term loan that accrues equivalent interests at current market rates. The fair value of bonds issued in the international market (Note 16 (b)) is classified as Level 1 since quoted prices are available. The fair value of these bonds amount to US\$226,402 as of March 31, 2024 (US\$223,690 as of December 31, 2023).

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

As of March 31, 2024, and December 31, 2023, the financial instruments measured at fair value after initial recognition refer to trade accounts receivable, financial investments and derivative financial instruments.

The following table shows the financial instruments measured at fair value on a constant basis, classified per level:

	<u>03/31/2024</u>	<u>12/31/2023</u>
	US\$000	US\$000
	(Unaudited)	(Audited)
Financial assets		
Level 1		
Investments in equity instruments (a)	33,305	37,158
Level 2		
Trade accounts receivable (b)	18,862	20,316
Derivatives not designated as hedging instruments	32	440
Derivatives designated as hedging instruments	51	215
	<u>18,945</u>	<u>20,971</u>

- (a) Financial investments (Note 8) correspond to the investment in Cementos Polpaico S.A., which is listed on the Chile Stock Exchange; for this reason, it has been classified as Level 1.
- (b) Trade accounts receivable, designated at fair value through profit or loss, comprise the changes in the value of provisional liquidations, which are adjusted at market value based on future estimates of metal prices at the date of the consolidated financial statements. The measurement of fair value is classified as Level 2 since these measurements derive from international quotation prices in force included in Level 1.
- (c) No transfers have been made between levels during the year.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	<u>03/31/2024</u>	<u>12/31/2023</u>
	US\$000	US\$000
	(Unaudited)	(Audited)
Cash in banks (a) (b)	58,676	60,072
Other funds	3,563	1,570
	<u>62,239</u>	<u>61,642</u>

- (a) Cash in banks mainly comprise checking accounts denominated in soles and U.S. dollars, which are held in local banks, are freely available and accrue interests at market rates. Checking accounts include trust accounts that were constituted to meet the commitments derived from financial obligations (Notes 1(e.3) and 16), which are also freely available.
- (b) The Company and Subsidiaries present amounts for US\$29,408 and US\$19,775 as of March 31, 2024 and December 31, 2023 as part of petty cash and cash in banks, which correspond to cash deposited in Banco de la Nacion for the payment of taxes. In addition, amounts withheld by the Tax Administration are presented in this item for US\$3,563 as of March 31, 2024 (US\$1,529 as of December 31, 2023).

7. INVESTMENT IN ASSOCIATE

The investment in associate comprises the following:

Company	Class	Number of shares	Interest in equity		Face value	Carrying amount	
			03/31/2024 %	12/31/2023 %		03/31/2024 US\$000 (unaudited)	12/31/2023 US\$000 (audited)
Cosco Shipping Ports Chancay Perú S.A.	Common	410,653,252	40	40	1 Sol	-	148,118

Cosco Shipping Ports Chancay Perú S.A. is engaged in port activities and its objective is the development, construction, implementation, commissioning, and operation of a multi-purpose port at the Chancay bay, located in the northern area of Lima. It is estimated to commence operations in 2024.

At the Board of Directors' Meeting of Volcan Compañía Minera S.A.A. held on December 31, 2023, as shareholder of 40% of Cosco Shipping Ports Chancay Peru S.A., the financing granted by financial entities for US\$975,000 was approved for the development of the Multi-purpose Port Terminal Chancay.

As of December 31, 2023, this investment in associate has been measured using the equity method.

At the General Meeting of Shareholders of Volcan on August 24, 2023, the spin-off of the segregation of the equity block made up of 40% of the shares owned by Volcan in Cosco Shipping Ports Chancay Peru S.A. was approved. The incorporation of Inversiones Portuarias Chancay S.A.A., the receiving company of the spin-off equity block, was registered in the Lima Registry Office of the Superintendency of Public Registries on October 3, 2023. The date of entry into force of the spin-off was on March 4, 2024.

8. FINANCIAL INVESTMENTS

Financial investments comprise the following:

Company	Class	Number of shares	Interest in net equity as of				Carrying amount as of	
			03/31/2024	12/31/2023	Face value	03/31/2024	12/31/2023	
			%	%		US\$000 (unaudited)	US\$000 (audited)	
Financial investments at fair value:								
Cemento Polpaico S.A.	Common	4,056,643	15.9	15.9	8,040	Chilean pesos	33,300	37,153
Other investments:								
Other companies	Common	-	-	-	-		5	5
							33,305	37,158

Cementos Polpaico S.A. is engaged in the production and commercialization of cement and lime. As of March 31, 2024, the quotation amounted to 8,040 Chilean pesos per share, equivalent to US\$8.209 (8,040 Chilean pesos per share, equivalent to US\$9.159 as of December 31, 2023). Those shares are listed on the Chile Stock Exchange.

9. TRADE ACCOUNTS RECEIVABLE (NET)

Trade accounts receivable (net) comprise the following:

	03/31/2024 US\$000 (Unaudited)	12/31/2023 US\$000 (Audited)
From third parties		
Invoices	40,604	32,360
Impairment estimate for accounts receivable	(23,827)	(23,831)
Embedded derivatives	(1,239)	1,065
	<u>15,538</u>	<u>9,594</u>
From related entities		
Invoices	3,659	10,716
Embedded derivatives	(335)	6
	<u>3,324</u>	<u>10,722</u>
Total	<u>18,862</u>	<u>20,316</u>

Accounts receivable have current maturity, do not accrue interests, and do not have specific guarantees. These accounts are expected to be collected in the first quarter of the following year.

The main customers of the Company and Subsidiaries are renowned in the international market, have good credit history and do not have financial issues at year-end.

On March 31, 2024, the Company and Subsidiaries performed sales to the following related entities: Glencore Perú S.A.C. and Glencore Lima Trading S.A.C. for US\$34,436 and US\$17,726, respectively (Glencore Perú S.A.C. and Glencore Lima Trading S.A.C. for US\$36,268 and US\$20,969 in 2023, respectively).

On December 22, 2023, Glencore Lima Trading S.A.C. and Volcan Compañía Minera S.A.A. entered into a loan for consumption agreement No. 062-24-01 for US\$25,000, under which the Company will sell zinc concentrates in favor of Glencore Lima Trading under the terms and conditions established in the agreement. The collection shall be made in three parts for US\$10,000, US\$10,000 and US\$5,000 on January 15, February 15, and March 15, 2024, respectively.

The impairment estimate for accounts receivable according to the assessment of expected credit losses is mainly related to a customer that is undergoing a liquidation process and comes from 2008. Management of the Company and Subsidiaries believe that the estimate for doubtful accounts is sufficient to cover the non-compliance risk at the date of the condensed interim consolidated statement of financial position.

10. OTHER ACCOUNTS RECEIVABLE (NET)

Other accounts receivable (net) comprise the following:

	<u>03/31/2024</u> <u>US\$000</u> <u>(Unaudited)</u>	<u>12/31/2023</u> <u>US\$000</u> <u>(Audited)</u>
Tax credit for value-added tax (a)	60,127	58,173
Recoverable taxes	35,656	35,284
Credit balance for income tax and temporary tax on net assets (b)	17,958	16,544
Public works for taxes, in process (d)	4,635	4,282
Prepaid expenses	4,137	3,818
Advances granted to contractors and suppliers	10,551	1,689
Loans granted to employees	1,407	431
Other minor items	<u>926</u>	<u>2,904</u>
	135,397	123,125
Impairment estimate for other accounts receivable (e)	<u>(16,083)</u>	<u>(15,708)</u>
Subtotal	<u>119,314</u>	<u>107,417</u>
<u>Amortized cost:</u>		
Accounts receivable from contractors and others	14,237	13,262
Loans granted to third parties (c)	10,509	10,511
Other minor items	<u>2,061</u>	<u>1,244</u>
	26,807	25,017
Impairment estimate for other accounts receivable (e)	<u>(19,421)</u>	<u>(19,426)</u>
Subtotal	<u>7,386</u>	<u>5,591</u>
Total	<u>126,700</u>	<u>113,008</u>
Non-current portion	<u>34,115</u>	<u>35,970</u>
Current portion	<u>92,585</u>	<u>77,038</u>

(a) As of March 31, 2024, this item includes an amount of US\$16,083 (US\$15,708 as of December 31, 2023), which corresponds to tax credit that is not expected to be recovered; therefore, an impairment estimate has been established for such amount.

(b) As of March 31, 2024, this item corresponds to the balance for payments on account of income tax for US\$13,327 and payments for the temporary tax on net assets for US\$4,631, which will be requested as from 2024 (as of December 31, 2023, this item corresponded to the balance for payments on account of income tax for US\$11,879 and

payments for the temporary tax on net assets for US\$4,665, which were requested as from 2024 and are being recovered).

- (c) Corresponds to payments made for public works, for which partial certificates from “Regional and Local Public Investment – Public Treasury” (CIPRL in Spanish) have been obtained that will allow the cancellation of the amount invested by the Company in the execution of investment projects.

In 2024, the Company continued the execution of the projects “Improvement and extension of sports services of the Municipal Sports Center at Av. 1° de Mayo, district of Chancay – province of Huaral – department of Lima”, with code CUI No. 2466179, and “Improvement of integral management of municipal solid waste in the district of Huayllay – province of Pasco – department of Pasco”, with code CUI No. 2511013, for which US\$2,044 has been recovered through the “CIPRL” under the scheme of Law 29230 on Works for Taxes. The recovery of the invested balance amounting to US\$1,440 will be arranged in 2024.

- (d) As of March 31, 2024, this item mainly corresponds to the impairment provision for tax credit for value-added tax for US\$16,083 and loans receivable for US\$10,076. As of December 31, 2023, this item mainly corresponded to the impairment provision for tax credit for value-added tax for US\$15,708, loans receivable for US\$10,076, and the remaining balance mainly corresponds to contractors receivable.

Management of the Company and Subsidiaries believes that the impairment estimate for other accounts receivable is sufficient to cover the non-compliance risk at the date of the condensed interim consolidated statement of financial position.

11. OTHER FINANCIAL ASSETS

Other financial assets comprise the following:

	<u>03/31/2024</u> US\$000 (Unaudited)	<u>12/31/2023</u> US\$000 (Audited)
Derivative financial instruments:		
Derivatives not designated as hedging instruments (a)	32	440
Derivatives designated as hedging instruments (b)	<u>51</u>	<u>215</u>
	<u>83</u>	<u>655</u>

- (a) As of March 31, 2024, this item corresponds to pending invoices for the settlement of derivative financial instruments.
- (b) The contracts for derivative financial instruments were negotiated with several international financial entities, including JP Morgan, Morgan Stanley and Citibank NY.

12. INVENTORIES (NET)

Inventories (net) comprise the following:

	03/31/2024	12/31/2023
	US\$000	US\$000
	(Unaudited)	(Audited)
Concentrates (a)	6,984	8,052
Mineral (a)	16,512	11,956
Pyrite stockpiles	5,498	5,619
Sundry supplies	36,572	37,805
Inventories in transit	218	271
	65,784	63,703
Impairment estimate	(9,496)	(9,779)
Total	<u>56,288</u>	<u>53,924</u>
Non-current portion	<u>5,498</u>	<u>5,619</u>
Current portion	<u>50,790</u>	<u>48,305</u>

- (a) According to the sales commitments, the concentrate held as of March 31, 2024 will be sold, and the mineral will be exploited in 2024.

Management believes that the impairment estimate covers the risk of loss at the date of the condensed interim consolidated statement of financial position.

13. PROPERTY, PLANT AND EQUIPMENT (NET)

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

	Balance as of January 1, 2024 US\$000 (Audited)	Additions US\$000
Cost of:		
Land	23,573	
Buildings and other constructions	1,200,955	
Environmental management program infrastructure	680	
Machinery and equipment	187,986	1,50
Vehicles	3,320	
Furniture and fixtures and computer equipment	8,937	
Sundry equipment	430,633	26
Units in transit	3,244	46
Works in progress (a)	86,629	8,23
	<u>1,945,957</u>	<u>10,46</u>
Accumulated depreciation of:		
Buildings and other constructions	686,093	17,77
Environmental management program infrastructure	680	
Machinery and equipment	147,157	3,36
Vehicles	2,811	4
Furniture and fixtures and computer equipment	7,108	11
Sundry equipment	330,330	5,81
	<u>1,174,179</u>	<u>27,11</u>
Net value	<u>771,778</u>	

	Balance as of January 1, 2023 US\$000 (Audited)	Additions US\$000	Sales and/or disposals US\$000	Transfers US\$000	Impairment estimates US\$000
Cost of:					
Land	23,919	262	-	(608)	
Buildings and other constructions	1,078,997	3,597	(2,149)	111,934	
Environmental management program infrastructure	259	-	-	421	
Machinery and equipment	193,491	1,832	(6,421)	(916)	
Vehicles	3,500	(49)	(166)	35	
Furniture and fixtures and computer equipment	10,485	56	(57)	(1,547)	
Sundry equipment	399,352	11,581	(218)	19,918	
Units in transit	1,620	1,874	-	(250)	
Works in progress (a)	104,404	49,619	(1,183)	(66,211)	
	<u>1,816,027</u>	<u>68,772</u>	<u>(10,194)</u>	<u>62,776</u>	
Accumulated depreciation of:					
Buildings and other constructions	564,168	70,582	(532)	51,875	
Environmental management program infrastructure	259	-	-	421	
Machinery and equipment	140,060	13,730	(5,717)	(916)	
Vehicles	2,801	188	(164)	(14)	
Furniture and fixtures and computer equipment	7,807	532	(19)	(1,212)	
Sundry equipment	288,020	24,190	(52)	18,172	
	<u>1,003,115</u>	<u>109,222</u>	<u>(6,484)</u>	<u>68,326</u>	
Net value	<u>812,912</u>				

- (a) As of March 31, 2024, the projects that are part of item works in progress mainly belong to Volcan Compañía Minera S.A.A. for US\$34,397 and Subsidiary Compañía Minera Chungar S.A.C. for US\$22,265 (US\$46,142 and US\$31,848 as of December 31, 2023, respectively), as detailed below:

Volcan Compañía Minera S.A.A.

	03/31/2024	12/31/2023
	US\$000	US\$000
	(Unaudited)	(Audited)
Growth of tailings facility Rumichaca Level 4233	11,010	9,323
Growth of tailings facility Andaychagua Alto Level 4412	-	2,635
Tailings facility - filter Gavilán - Carahuacra	2,441	2,441
Water supply channel - Andaychagua river	-	1,962
Growth of tailings facility Rumichaca Level 4250	2,467	1,925
Construction of housing modules Andaychagua	-	1,601
Construction of powder magazine San Cristóbal	1,465	1,465
Acquisition and assembly of bulk flotation cells	-	965
Industrial waste water treatment plant	965	965
Installation of RCS100 cell - zinc circuit	888	804
Maintenance workshop Level 1320	542	542
Construction of third stage of wall of overflow spillway Andaychagua	-	522
Construction of Electrical Substation Level 820 RP314E	-	484
Other minor projects	14,619	20,508
	34,397	46,142

Subsidiary Compañía Minera Chungar S.A.C.

	03/31/2024	12/31/2023
	US\$000	US\$000
	(Unaudited)	(Audited)
Romina project - General infrastructure	5,241	4,889
Construction of Cacray camp	3,971	3,876
Reinforcement of Electrical Substation Animon	1,370	1,083
Engineering of Rinconada tailings facility	1,253	1,253
Rinconada tailings facility	1,172	1,172
Transmission line Yanahuin Romina	1,097	1,097
Romina project - permits, social & environment	1,088	1,053
Oefa gaps; Construction Infrastructure and Components	715	-
Elevation of dam of tailings facility Et.V-4688	-	9,693
Other minor projects	6,358	7,732
	22,265	31,848

As of March 31, 2024 and December 31, 2023, other Subsidiaries have projects in progress for US\$12,688 and US\$8,639, respectively.

The projects held as of March 31, 2024 are estimated to be completed between 2024 and 2025.

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

	03/31/2024	03/31/2023
	US\$000	US\$000
	(Unaudited)	(Unaudited)
Cost of sales (Note 22)	25,959	25,003
Administrative expenses (Note 23)	361	72
Selling expenses (Note 24)	17	1
Other expenses (Note 25)	776	1,077
Total	27,113	26,153

- (c) As of March 31, 2024, buildings, machinery, and equipment include assets under finance leases with a carrying amount of US\$8,054 and US\$26,572, respectively (US\$8,138 and US\$27,770 as of December 31, 2023).
- (d) The Company and Subsidiaries hired insurance policies on their main assets according to the policies established by Management.
- (e) As of March 31, 2024 and December 31, 2023, the cost of property, plant and equipment is presented net of accumulated impairment of US\$335,623, distributed in items of buildings and constructions for US\$263,245, machinery and equipment and sundry equipment for US\$43,897, and others for US\$28,481.

In 2023, as part of the impairment assessment, the Company's Management determined an impairment for US\$25,058, which was attributed to the item of buildings and other constructions. On the other hand, Management of Administradora Cerro S.A.C. and Empresa Generadora Rio Baños S.A.C. determined an impairment recovery for US\$33,634, which was attributed to the item of buildings and other constructions (Note 26).

- (f) As of March 31, 2024 and December 31, 2023, the Company and Subsidiaries have assets fully depreciated for US\$115,299 and US\$111,827, respectively.

14. RIGHT-OF-USE ASSETS (NET)

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

	Balance as of January 1, 2024 US\$000 (Audited)	Additions US\$000	Balance as of March 31, 2024 US\$000 (Unaudited)
Cost of:			
Operating machinery	13,448	537	13,985
Vehicles	11,029	2,074	13,103
Properties	170	-	170
	<u>24,646</u>	<u>2,611</u>	<u>27,258</u>
Depreciation of:			
Operating machinery	1,857	711	2,568
Vehicles	4,711	943	5,654
Properties	152	15	167
	<u>6,720</u>	<u>1,669</u>	<u>8,389</u>
Net value	<u>17,926</u>		<u>18,869</u>

	Balance as of January 1, 2023 US\$000 (Audited)	Additions US\$000	Disposals US\$000	Transfers US\$000	Balance as of December 31, US\$000 (Audited)
Cost of:					
Operating machinery	10,255	5,878	(2,685)	-	13,448
Vehicles	10,403	6,370	(6,151)	407	11,029
Properties	170	-	-	-	170
	<u>20,827</u>	<u>12,248</u>	<u>(8,836)</u>	<u>407</u>	<u>24,646</u>
Depreciation of:					
Operating machinery	2,685	1,857	(2,685)	-	1,857
Vehicles	6,661	3,525	(5,931)	456	4,711
Properties	96	56	-	-	152
	<u>9,443</u>	<u>5,438</u>	<u>(8,616)</u>	<u>456</u>	<u>6,720</u>
Net value	<u>11,385</u>				<u>17,926</u>

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

	03/31/2024 US\$000 (Unaudited)	03/31/2023 US\$000 (Unaudited)
Cost of sales (Note 22)	1,513	910
Other expenses (Note 25)	<u>156</u>	<u>47</u>
Total	<u>1,669</u>	<u>957</u>

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

The movement in the cost and accumulated amortization of mining concessions, exploration and development costs, closure of mining units and other assets was as follows:

	Balance as of January 1, 2024 US\$000 (Audited)	Additions US\$000	Transfers US\$000	Balance as of March 31, 2024 US\$000 (Unaudited)
Cost of:				
Mining concessions	260,650	-	-	260,650
Exploration costs	338,691	2,044	-	340,735
Development costs (a)	896,005	17,578	(3,436)	910,147
Closure of mining units	210,609	-	3,436	214,045
Community rights	24,645	-	-	24,645
Other intangibles	20,995	-	498	21,493
	<u>1,751,595</u>	<u>19,622</u>	<u>498</u>	<u>1,771,715</u>
Amortization of:				
Mining concessions	205,730	1,183	-	206,913
Exploration costs	201,663	3,824	-	205,487
Development costs (a)	577,179	8,954	-	586,133
Closure of mining units	98,717	3,280	-	101,997
Community rights	8,911	388	-	9,299
Other intangibles	8,745	361	-	9,106
	<u>1,100,945</u>	<u>17,990</u>	<u>-</u>	<u>1,118,935</u>
Net value	<u>650,650</u>			<u>652,780</u>

	Balance as of January 1, 2023 US\$000 (Audited)	Additions US\$000	Disposals and/or transfers US\$000	Change in estimate US\$000 (Note 33)	Im e (I
Cost of:					
Mining concessions	272,001	-	(11,351)	-	
Exploration costs	312,547	13,077	18,710	-	
Development costs (a)	830,575	76,308	28,255	-	
Closure of mining units	217,595	-	-	(6,986)	
Community rights	24,645	-	-	-	
Other intangibles	15,018	-	5,977	-	
	<u>1,672,381</u>	<u>89,385</u>	<u>41,591</u>	<u>(6,986)</u>	
Amortization of:					
Mining concessions	211,841	5,243	(11,354)	-	
Exploration costs	163,385	19,568	18,710	-	
Development costs (a)	502,615	46,309	28,255	-	
Closure of mining units	80,728	17,989	-	-	
Community rights	6,814	2,097	-	-	
Other intangibles	7,060	1,249	436	-	
	<u>972,443</u>	<u>92,455</u>	<u>36,047</u>	<u>-</u>	
Net value	<u>699,938</u>				

(a) Development costs:

The movement and structure of this item is presented below:

	Balance as of January 1, 2024 US\$000 (Audited)	Additions US\$000	Transfers US\$000	Balance as of March 31, 2024 US\$000 (Unaudited)
Cost of:				
Yauli	435,487	13,809	-	449,296
Cerro de Pasco	156,056	-	(3,436)	152,620
Animon	298,204	3,769	-	301,973
Vinchos	6,258	-	-	6,258
	<u>896,005</u>	<u>17,578</u>	<u>(3,436)</u>	<u>910,147</u>
Accumulated amortization of:				
Yauli	306,854	3,874	-	310,728
Cerro de Pasco	103,383	1,344	-	104,727
Animon	160,684	3,736	-	164,420
Vinchos	6,258	-	-	6,258
	<u>577,179</u>	<u>8,954</u>	<u>-</u>	<u>586,133</u>
Net cost	<u>318,826</u>			<u>324,014</u>

	Balance as of January 1, 2023 US\$000 (Audited)	Additions US\$000	Transfers US\$000	Impairment estimate US\$000	Impairment recovery US\$000	Balance as of December 31, 2023 US\$000 (Audited)
Cost of:						
Yauli	464,357	62,936	-	(91,806)	-	435,487
Cerro de Pasco	75,128	-	28,255	-	52,673	156,056
Animon	284,832	13,372	-	-	-	298,204
Vinchos	6,258	-	-	-	-	6,258
	<u>830,575</u>	<u>76,308</u>	<u>28,255</u>	<u>(91,806)</u>	<u>52,673</u>	<u>896,005</u>
Accumulated amortization of:						
Yauli	279,177	27,677	-	-	-	306,854
Cerro de Pasco	75,128	-	28,255	-	-	103,383
Animon	142,052	18,632	-	-	-	160,684
Vinchos	6,258	-	-	-	-	6,258
	<u>502,615</u>	<u>46,309</u>	<u>28,255</u>	<u>-</u>	<u>-</u>	<u>577,179</u>
Net cost	<u>327,960</u>					<u>318,826</u>

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

	03/31/2024 US\$000 (Unaudited)	03/31/2023 US\$000 (Unaudited)
Cost of sales (Note 22)	17,381	21,643
Administrative expenses (Note 23)	494	72
Other expenses (Note 25)	<u>115</u>	<u>598</u>
Total	<u>17,990</u>	<u>22,313</u>

As of March 31, 2024 and December 31, 2023, the cost of mining concessions, development costs and other intangibles is presented net of accumulated impairment of US\$694,359, distributed in items of mining concessions for US\$45,984, exploration costs for US\$237,045, development costs for US\$359,786, and other intangibles for US\$51.

In 2023, as part of the impairment assessment of certain cash-generating units (CGUs), the Company's Management determined an estimate of impairment loss for US\$99,742, distributed in items of exploration costs for US\$7,936, development costs for US\$91,806, and also determined an impairment recovery for US\$54,966, distributed in items of exploration costs for US\$2,293 and development costs for US\$52,673 (Note 26).

16. FINANCIAL OBLIGATIONS

The movement and structure of this item is presented below:

	Original amount US\$000	Interest rate (%)	Maturity
Bonds:			
Negotiated bonds (b)	475,000	4.375	Feb-26
Adjustment for amortized cost (issue costs)			
Syndicated loan (c)	400,000	-	Jan-26
Adjustment for amortized cost (issue costs)			
Lease liability with third parties			
Lease liability	-	-	-
Lease liability with financial entities			
Banco Internacional del Perú-Interbank	8,533	Between 2.07 and 3.30	Between Apr-24 and Feb-25
Scotiabank Perú S.A.A.	28,584	Between 2.33 and 7.35	Between Apr-24 and Agus-25
Interests payable			
Total financial obligations			
Non-current portion			
Current portion			

- (a) Negotiated bonds known as “4.375% Senior Notes Due 2026” were issued on February 11, 2021 and placed in their entirety in the international market for US\$475,000, at an annual coupon rate of 4.375%, maturing in 5 years. Interests will be paid in semiannual installments from August 11, 2021 to February 11, 2026. The issue document of these bonds does not establish the compliance with financial covenants; however, it establishes certain limitations, such as incurring additional debts, for the Company as well as for Subsidiaries considered restricted, if when acquiring such debt, the consolidated fixed hedge rate of the Company and Subsidiaries is less than 2.0. This document also establishes limitations for the sale of assets, among others.

Funds were received on February 11, 2021 and in that month, the Company did the following:

- (i) Partial purchase of “5.375% Senior Notes Due 2022” for US\$125,000.
- (ii) Payment of syndicated loan for US\$303,000, including accrued interests.
- (iii) Payment of other medium-term credits for US\$34,000.
- (iv) The balance of funds received for the new issue of bonds was used for operation-related expenses.

The instruments issued by the Company were partially repurchased on June 21, 2022 for up to US\$110,000 by using the Company’s available cash. A profit of US\$6,600 was obtained from this transaction due to the discount obtained at the face value of the repurchased debt.

- (b) On December 29, 2021, the Company signed an agreement for a syndicated loan managed by Citigroup Global Markets Inc. and Banco Santander S.A. for US\$400,000 with a maturity of 48 months and a grace period of 24 months.

The loan was disbursed on January 25, 2022.

Sixty percent of the loan will be amortized with 7 quarterly installments and a final installment of forty percent. The interest rate of this loan is variable, equivalent to SOFR (3m) plus a markup calculated based on the credit rating of the company. The applicable markup is 400 bps as of March 31, 2024 and December 31, 2023.

The lenders of this loan are the following entities: Banco Santander, S.A.; Citibank, N.A.; Bank of Nova Scotia; Banco Internacional del Peru S.A.A.; Banco Interamericano de Finanzas; Banco de Crédito e Inversiones, S.A.; Banco Latinoamericano de Comercio Exterior, S.A.; Bancaribe Curacao Bank N.V.; Banco de Crédito del Perú; Natixix, New York Branch and Banco de Occidente Panamá, S.A.

This loan is secured by the Company and the following related entities:

Compañía Minera Chungar S.A.C. and Empresa Administradora Cerro S.A.C. (the guarantors). The agreement establishes that the Company and guarantors together shall represent no less than 90% of the consolidated EBITDA (the term EBITDA is defined in the contract).

In the event that the aforementioned subsidiaries do not cover said percentage or are sold, the other subsidiaries of the Company will become guarantors until said percentage is reached. In addition, the agreement has established the following financial covenant:

- Consolidated total debt to EBITDA ratio: the consolidated debt to EBITDA ratio, measured as of the last day of each fiscal quarter described below, should be less than: (i) 4.25 – 2022-2023; (ii) 4.00 – 2024; (iii) and thereafter 3.75.

The result of the debt to EBITDA ratio is 3.17 as of March 31, 2024 and 2.87 as of December 31, 2023, respectively.

- (c) The debt amortization schedule at face value, including interests to be accrued, as of March 31, 2024 and December 31, 2023 is as follows:

	03/31/2024	12/31/2023
	US\$000	US\$000
	(Unaudited)	(Unaudited)
2024	226,094	160,941
2025	679,849	202,799
2026	1,030	562,280
Total	<u>906,973</u>	<u>926,020</u>

As of March 31, 2024 and December 31, 2023, the reconciliation of cash flows to financial obligations are shown below:

	03/31/2024	12/31/2023
	US\$000	US\$000
	(Unaudited)	(Audited)
Movements related to cash flows		
Payment of short-term loans from banks	-	(2,804)
Payment of leases with financial entities	(2,987)	(13,413)
Payment of interests on loans	(18,729)	(54,183)
Payment of leases with third parties	(2,184)	(9,172)
Bank overdrafts	3,119	(848)
Total	<u>(20,781)</u>	<u>(80,420)</u>
Movements not related to cash flows		
Obtainment of finance leases	1,502	1,240
Interests on loans	14,383	55,639
Exchange difference - financial obligations	381	868
Accrual of issue costs - bonds	275	1,012
Accrual of structural costs - syndicated loan	254	1,015
Lease liabilities with third parties	2,612	12,199
Decrease of financial obligations during the year	<u>(1,374)</u>	<u>(8,447)</u>
Financial obligations at the beginning of the year	<u>802,050</u>	<u>810,497</u>
Financial obligations at the end of the year	<u>800,676</u>	<u>802,050</u>

- (d) Guarantees

The Company has guarantees received from its Subsidiaries Compañía Minera Chungar S.A.C. and Empresa Administradora Cerro S.A.C. in order to secure the full compliance with pertinent obligations for the international issuance of bonds under Rule 144A and Regulation S of the United States Securities Act of 1933.

17. TRADE ACCOUNTS PAYABLE

Trade accounts payable comprise the following:

	<u>03/31/2024</u>	<u>12/31/2023</u>
	<u>US\$000</u>	<u>US\$000</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Invoices payable (a) (b)	167,131	169,656
Invoices to receive (c)	46,631	58,207
Guarantee funds	<u>14,096</u>	<u>14,350</u>
Total	<u>227,858</u>	<u>242,213</u>

- (a) Trade accounts payable mainly arise from the acquisition of materials and supplies for the execution of activities of the Company and Subsidiaries and are mainly denominated in U.S. dollars and sales, have current maturity, do not accrue interests and no guarantees have been granted for these obligations. As of March 31, 2024 and 2023, balances payable are effective and within the payment terms established by the Company and Subsidiaries, which range between 30 and 90 days.
- (b) As of March 31, 2024, the Company and Subsidiaries hold obligations for US\$35,889 (US\$39,345 as of December 31, 2023), which are related to invoices that the suppliers have granted to financial entities. Those obligations do not accrue interests and have the original maturity that was agreed upon with suppliers.
- (c) Invoices to receive correspond to the estimated record of consumption of goods and services, for which, at the date of the consolidated financial statements, the payment receipts issued by their pertinent suppliers have not been received.

18. OTHER ACCOUNTS PAYABLE

Other accounts payable comprise the following:

	03/31/2024 US\$000 (Unaudited)	12/31/2023 US\$000 (Audited)
Short term		
To third parties		
Salaries and profit-sharing of employees (b)	27,515	23,359
Income tax	24	107
Advances from customers (a)	11,600	3,200
Mining taxes	2,267	2,388
Dividends	969	975
Contribution to OEFA	106	136
Other minor items	2,979	4,250
	<u>45,460</u>	<u>34,415</u>
Amortized cost:		
Water use/treatment/discharge	8,125	7,744
Operating rights and penalties	8,978	7,371
Other minor items	2,972	1,983
	<u>20,075</u>	<u>17,098</u>
	<u>65,535</u>	<u>51,513</u>
To related entities		
Salaries and bonuses of the Board of Directors	8,420	8,436
Intereses	395	-
Sundry items	350	546
	<u>9,165</u>	<u>8,982</u>
Total	<u>74,700</u>	<u>60,495</u>
Long term		
Loan (c)	<u>25,000</u>	<u>-</u>
	<u>25,000</u>	<u>-</u>

- (a) This item corresponds to an advance received from IXM S.A. and Transamine S.A. for the future delivery of 1,875 MT of lead concentrate and 10,000 MT of zinc concentrate respectively, which will be completed in 2024.
- (b) As of March 31, 2024, this item mainly includes vacations, profit-sharing, and performance bonus of employees for US\$10,084, US\$3,121 and US\$7,506, respectively (US\$11,090, US\$2,833 and US\$7,138 for vacations, profit-sharing, and performance bonus of employees, respectively, in 2023).
- (c) Corresponds to a loan received from Glencore Lima Trading (related entity) for US\$25,000. The interest rate of this loan is variable, equivalent to SOFR (3m) plus 4.5%.

19. PROVISIONS

Provisions comprise the following:

	03/31/2024	12/31/2023
	US\$000	US\$000
	(Unaudited)	(Audited)
Provisions for lawsuits (a)	33,667	32,346
Mine closure (Note 32)	263,653	262,670
Agreements with communities (b)	22,302	23,365
Other provisions	5,081	5,093
Total	324,703	323,474

(a) The movement of provisions for lawsuits is presented below:

	US\$000
Balance as of January 1, 2023 (audited)	25,422
Provision for the year	6,924
Balance as of December 31, 2023 (audited)	32,346
Provision for the period (Note 25)	2,019
Reversal (Note 25)	(698)
Balance as of March 31, 2024 (unaudited)	33,667

(b) As of March 31, 2024 and December 31, 2023, the nominal value of the provision for obligations with communities is US\$25,504, which has been determined using the annual discount rate of 1.85%, resulting in a net value of US\$23,365.

20. EQUITY

(a) Issued capital stock

The issued capital stock of the Company is represented by 1,633,414,553 class A voting shares, and 2,443,157,622 class B non-voting shares with a right of preferred dividend allocation, which is not cumulative. All common shares are duly subscribed and paid and have a face value of S/0.55 per share (S/0.66 in 2023).

The preferred right to participate in the allocation of dividends in cash consists in receiving an additional payment for dividends of 5% per share, only on the amount of each dividend in cash paid to each common class A share. This right is not cumulative if the Shareholders' Meeting does not declare nor pay dividends in cash in any period.

Both common class A and B shares, listed on the Lima Stock Exchange, are actively negotiated in the stock market. As of March 31, 2024, their quotation was S/0.50 and S/0.30 per share, respectively (S/0.53 and S/0.312 per share, respectively, as of December 31, 2023). As of March 31, 2024, the negotiation frequency of class A shares was 15% and 100% for class B shares (25% for class A shares and 95% for class B shares as of December 31, 2023).

The equity interest structure as of March 31, 2024 and December 31, 2023 is as follows:

Individual interest percentage in issued capital stock	Number of shareholders		Total interest percentage	
	03/31/2024 (Unaudited)	12/31/2023 (Audited)	03/31/2024 %	12/31/2023 %
Less than 0.20	8,530	8,315	12.95	12.73
From 0.20 to 1.00	19	19	8.49	8.31
From 1.01 to 5.00	17	18	51.35	56.77
From 5.01 to 10.00	2	1	10.42	5.40
From 10.01 to 20.00	1	1	16.79	16.79
	<u>8,569</u>	<u>8,354</u>	<u>100.00</u>	<u>100.00</u>

The Shareholders' Meeting of Volcan Compañía Minera S.A.A. was held on July 3, 2023, in which class A and class B shareholders participated and agreed to reduce the capital stock of the Company by US\$227,620 (S/856,080) through the decrease of the face value of all class A and class B shares issued by the Company; that is, affecting 4,076,572,175 shares issued by the Company, whose face value reduced from S/0.87 to S/0.66.

The effective date of the spin-off was March 4, 2024. As a consequence of the spin-off of the equity block, whose net carrying amount for (in thousand) S/443,328 (equivalent for US\$132,386) the face value reduced from S/0.66 to S/0.55.

(b) Higher value in acquisition of treasury shares

This item corresponds to the result obtained from the purchase of treasury shares, which are credited or debited in this account.

(c) Treasury shares

This item corresponds to shares of the Company acquired by Subsidiaries. From total shares, 182,994,435 common class A shares and 12,234,901 class B shares are owned by subsidiary Empresa Minera Paragsha S.A.C., 23,442,345 common class A shares are owned by subsidiary Compañía Minera Chungar S.A.C., and 306,283 common class A shares are owned by subsidiary Compañía Industrial Limitada de Huacho S.A.

(d) Legal reserve

Pursuant to the General Business Law, the legal reserve is established by transferring a minimum of 10% of net profit from each period, after deducting accumulated losses, until it achieves an amount equivalent to the fifth part of capital. In the absence of undistributed profit or freely available reserves, the legal reserve shall be applied to offset losses, and must be replaced. The legal reserve can be capitalized but shall also be replaced.

(e) Accumulated other comprehensive income

This item corresponds to unrealized profit (loss) of derivative financial instruments designated as hedging instruments. This unrealized profit or loss derives from the fact that the price of commodities was agreed upon at a value higher or lower than their liquidation value, and at a profit or loss for the effect of the fair value of the investment in equity instruments (Note 8).

21. NET SALES

For the three-month period ended March 31, 2024 and for the three-month period ended March 31, 2023, revenue mainly includes sales of zinc, lead, silver, and copper concentrates and silver bars, as follows:

	<u>03/31/2024</u> US\$000 (Unaudited)	<u>03/31/2023</u> US\$000 (Unaudited)
Net sales per concentrate:		
Zinc	95,882	134,451
Lead	42,552	50,652
Silver bars	16,182	17,748
Silver	14,068	16,447
Copper	<u>10,501</u>	<u>10,273</u>
	179,185	229,571
Profit (loss) in:		
Execution of financial instruments	143	-
Embedded derivatives (c)	<u>(2,645)</u>	<u>(8,479)</u>
Total	<u>176,683</u>	<u>221,092</u>

The net sales of concentrates to customers per geographical area are presented below (without including the valuation effect of the embedded derivative and unrealized profit of hedging instruments):

	<u>03/31/2024</u> US\$000 (Unaudited)	<u>03/31/2023</u> US\$000 (Unaudited)
Peru	115,508	150,688
Asia	57,642	72,163
Europe	<u>6,035</u>	<u>6,720</u>
	<u>179,185</u>	<u>229,571</u>

(a) Sales concentration

For the three-month period ended March 31, 2024, the three most important customers represented 47% of total sales (52% of total sales for the three-month period ended March 31, 2023). As of March 31, 2024 and 2023, 11% of accounts receivable is related to these customers. The concentrates of the Company and Subsidiaries are sold to renowned companies in the country and abroad, with whom commercial agreements are executed.

(b) Sales commitments

As of March 31, 2024, the Company and Subsidiaries hold commitments with related entities and third parties for sales of zinc, lead, and copper concentrates for 700,528 WMT, 68,587 WMT and 8,160 WMT until 2028, for an approximate amount of US\$701,829, US\$168,787 and US\$35,378, respectively (739,419 WMT, 158,181 WMT and 11,735 WMT, respectively, as of December 31, 2023, for an approximate amount of US\$710,149, US\$357,436 and US\$41,265).

As of March 31, 2024, the Company and Subsidiaries hold commitments for the sale of dore bars for 1,930,000 oz. for US\$55,815. As of December 31, 2023, the Company and Subsidiaries held commitments for the sale of dore bars for 2,620,600 oz. for US\$55,815.

- (c) For the three-month period ended March 31, 2024, and for the three-month period ended March 31, 2023, fair values of embedded derivatives caused a loss of US\$2,645 and US\$8,479, respectively. Future quotations of the dates when open positions as of March 31, 2024, and 2023 are expected to be liquidated are obtained from the publications of the London Metal Exchange.

22. COST OF SALES

Cost of sales comprises the following:

	<u>03/31/2024</u> US\$000 (Unaudited)	<u>03/31/2023</u> US\$000 (Unaudited)
Beginning balance of concentrates (Note 12)	8,052	11,036
Beginning balance of minerals (Note 12)	11,956	13,547
Services provided by third parties, energy and others	61,002	65,418
Consumption of supplies	28,695	31,365
Depreciation (Note 13 (b))	24,362	24,675
Depreciation of right-of-use assets (Note 14)	1,513	910
Employee benefits	19,559	21,514
Amortization (Note 15 (b))	16,172	21,605
Ending balance of concentrates (Note 12)	(6,984)	(10,146)
Ending balance of minerals (Note 12)	(16,512)	(12,497)
Subtotal	147,815	167,427
Cost of plant shutdown	8,734	6,407
Depreciation of plant shutdown (Note 13 (b))	1,597	328
Amortization of plant shutdown (Note 15 (b))	1,209	38
Total	<u>159,354</u>	<u>174,200</u>

23. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	<u>03/31/2024</u> US\$000 (Unaudited)	<u>03/31/2023</u> US\$000 (Unaudited)
Employee benefits	6,624	4,785
Professional fees	618	1,650
Services provided by contractors	79	2,010
Mails, telecommunications and other minor items	851	741
Insurance	983	1,831
Communications and information technology	112	323
Operating rights - Penalties	1,148	-
Leases	337	641
Amortization (Note 15 (b))	494	72
Depreciation (Note 13 (b))	361	75
Others	300	1,580
Total	<u>11,907</u>	<u>13,708</u>

24. SELLING EXPENSES

Selling expenses comprise the following:

	<u>03/31/2024</u> US\$000 (Unaudited)	<u>03/31/2023</u> US\$000 (Unaudited)
Freight	4,424	4,696
Services for the sale of concentrates	786	842
Sundry services	229	155
Services provided by contractors	208	152
Employee benefits	233	217
Samples, analysis and supervision	282	296
Shipment expenses	341	363
Services provided by third parties	154	115
Leases	391	571
Depreciation (Note 13(b))	17	1
Total	<u>7,065</u>	<u>7,408</u>

25. OTHER INCOME AND EXPENSES

Other income comprises the following:

	<u>03/31/2024</u> US\$000 (Unaudited)	<u>03/31/2023</u> US\$000 (Unaudited)
Other income:		
Income from the sale of energy to third parties	3,515	5,395
Income from interest	2,226	1
Income from the sale of sundry supplies	1,607	2,910
Insurance compensation	14	4,134
Income from services provided to third parties	2,049	769
Reversal of provision for lawsuits (Note 19)	698	-
Recovery of impairment of supplies (Note 12)	339	407
Others	726	1,525
Total	<u>11,174</u>	<u>15,141</u>

Other expenses comprise the following:

	<u>03/31/2024</u> US\$000 (Unaudited)	<u>03/31/2023</u> US\$000 (Unaudited)
Other expenses:		
Cost of sales of sundry supplies	(1,482)	(2,697)
Services provided by contractors	(1,471)	(3,319)
Cost of sales of energy	(1,093)	(1,250)
Professional fees	(133)	(1,214)
Provision for lawsuits (Note 19)	(2,019)	(2,349)
Tax administrative penalties	(897)	(311)
Leases	(523)	(648)
Depreciation (Note 13(b))	(776)	(1,077)
Depreciation of right-of-use assets (Note 14)	(156)	(47)
Sundry non-deductible expenses	(105)	(1,288)
Contribution for regulation OEFA and OSINERMIING	(369)	(541)
Cost of services provided to third parties	(369)	-
Impairment of other accounts receivable	(411)	(484)
Amortization (Note 15(b))	(115)	(598)
Expenses from previous years	(278)	(1,587)
Others	(1,327)	(2,228)
Total	<u>(11,524)</u>	<u>(19,638)</u>

26. IMPAIRMENT OF NON-FINANCIAL ASSETS

By applying International Accounting Standard 36 Impairment of non-financial assets, the Company and Subsidiaries updated their assessment of the recoverable value of long-term assets.

In 2023, as part of the impairment assessment of certain cash-generating units (CGU), the Company's Management determined a loss for the impairment estimate of US\$124,800 in Volcan Cía. Minera S.A.A. They also recognized a recovery corresponding to the impairment estimate in Empresa Administradora Cerro S.A.C. and Empresa Generadora Rio Baños S.A.C. for US\$81,800 and US\$6,800, respectively.

	<u>2023</u>
	<u>Impairment</u>
	<u>estimate</u>
	<u>US\$000</u>
Cash-generating units:	
Volcan	(124,800)
Cerro	81,800
Egerba	<u>6,800</u>
Total	<u>(36,200)</u>
Recorded in:	
Property, plant and equipment (net) (Note 13)	8,576
Exploration costs (Note 15)	(5,643)
Mining concessions, development costs and other intangibles (net) (Note 15)	<u>(39,133)</u>
Total	<u>(36,200)</u>

The impairment in Volcan Cía. Minera S.A.A. resulted from lower volumes of resources and the increase of the discount rate, assumptions used in the determination of its cash flows. Such amount was fully allocated to the items Buildings and constructions and Development costs.

The recovery mainly in Empresa Administradora Cerro S.A.C. resulted from higher volumes of resources. This amount was allocated to the items Buildings and constructions, Exploration costs and Development costs.

27. FINANCE INCOME AND EXPENSES

Finance income and expenses comprise the following:

	03/31/2024 US\$000 (Unaudited)	03/31/2023 US\$000 (Unaudited)
Finance income		
Net foreign exchange difference gain	25	101
Interests on loans	-	1,530
Other finance income	223	279
Total	248	1,910
Finance expenses		
Interests on issued bonds	(4,191)	(4,191)
Interests on syndicated loans	(10,192)	(8,336)
Interests and expenses of financial obligations	(335)	(7)
Effect for the update of the present value of mine closure (Note 32)	(1,218)	(846)
Amortized cost of bonds	(220)	(220)
Effect for the update of the present value of communities	(104)	(69)
Interests on lease liabilities	(380)	(160)
Commissions and other expenses	(1,566)	(3,053)
Total	(18,206)	(16,882)

28. INCOME TAX

Income tax comprise the following:

	03/31/2024 US\$000 (Unaudited)	03/31/2023 US\$000 (Unaudited)
Income tax		
Current	(1,130)	(6,277)
Deferred	4,128	4,130
	2,998	(2,147)
Special mining tax	(290)	(965)
Mining royalties	(1,943)	(2,305)
Contribution to the mining retirement fund	(15)	(93)
Total	750	(5,510)

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

During March 31, 2024, and 2023, the effective income tax rate is different from the tax rate. The nature of this difference is due to certain items related to taxable profit, whose effects are summarized below:

	03/31/2024 Amount US\$000 (Unaudited)	Percentage %	03/31/2023 Amount US\$000 (Unaudited)	Percentage %
(Loss) profit before income tax	(19,951)	100.00	6,307	100.00
Income tax as per tax rate	(5,886)	29.50	1,861	29.50
Translation effect of non-financial assets	811	(4.06)	867	13.75
Deferred assets not recognized due to lack of recoverability	362	63.87	128	2.03
Tax effects on non-deductible expenses and other minor items	2,156	(10.81)	1,356	21.50
Mining taxes	2,248	(11.27)	3,364	53.34
Income tax expense and tax rate applicable to profit as per records	(750)	3.76	5,510	87.36

(b) Income tax payable

The Company and Subsidiaries have a credit balance with the Tax Administration for US\$24 as of March 31, 2024 (US\$107 as of December 31, 2023) (Note 18).

(c) Significant changes to income tax in Peru

After March 31, 2024, no significant changes have been made to the income tax regime in Peru, which may affect these condensed interim consolidated financial statements. The standards and interpretations effective as of March 31, 2024 have been considered by Management when preparing these condensed interim consolidated financial statements.

Below we present the main amendments that will be applicable as from 2024:

- Presumed interests for cash loans between unrelated entities

Pursuant to Legislative Decree No. 1545 published on March 15, 2023, article 26 of the Income Tax Law was modified. It was established that, in case of loans in local currency, the presumed interest will be the TAMN (lending rate in local currency) multiplied by an adjustment factor of 0.42. In case of loans in foreign currency, the presumed interest rate will be the TAMEX (lending rate in foreign currency) multiplied by an adjustment factor of 0.65.

If there is an economic relationship between the creditor and the debtor, the presumed interest rate shall be determined by transfer pricing regulations.

29. BASIC AND DILUTED LOSS PER SHARE

Loss per share is calculated dividing consolidated net profit attributable to common shareholders by the weighted average of number of common shares outstanding at the date of the consolidated statement of financial position.

As of March 31, 2024 and 2023, diluted loss per common share has not been calculated since there are no diluting common or investment shares, such as financial instruments and other contracts that give the right to obtain common or investment shares, so it is the same as basic earnings per share.

	<u>03/31/2024</u>	<u>03/31/2023</u>
	<u>US\$000</u>	<u>US\$000</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Net loss	(19,201)	(81,382)
Average common shares - thousands of units	3,857,594	3,857,594
Net basic and diluted (loss) earnings per share for the year	(0.005)	(0.021)

30. INFORMATION PER BUSINESS SEGMENT

The Company organizes its activities in six business segments: Volcan, Chungar, Cerro, investments, energy, and other non-reportable segments.

The contributions of each business segment mainly derive from the net margin of production and sale of zinc, lead, copper or bulk concentrates, the production and sale of Dore bars,

revenue from dividends received from investments in equity instruments, revenue from the lease of properties, and the sale of energy and power.

- Volcan: production and sale of concentrates produced in mining unit of Yauli, which comprises mines San Cristobal, Carahuacra, Andaychagua and Ticlio, Carahuacra Norte open pit and Victoria, Andaychagua and Mahr Tunel concentration plants.
- Chungar: production and sale of concentrates produced in mining units of Chungar and Alpamarca. Chungar comprises mines Animon and Islay and the Animon concentration plant. Alpamarca comprises Alpamarca open pit, mine Rio Pallanga and Alpamarca plant.
- Cerro: production and sale of concentrates produced in mining unit of Cerro, which comprises polymetallic stockpiles and San Expedito and Paragsha concentration plants. In addition, as a result of the merger with Oxidos, it has oxide stockpiles, oxides in site, pyrite stockpiles and the Oxidos leach pad.
- Investments: include operations of its Subsidiary Empresa Minera Paragsha S.A.C.
- Energy: includes operations in hydroelectric power plants Huanchor, Tingo and Rucuy.
- Others: include operations of port, non-operating, and other subsidiaries.

Data of inrest per business segment as of March 31, 2024 and 2023 is presented in the tables below:

As of March 31, 2024 and for the 3-month period ended:

	Volcan US\$000	Chungar US\$000	Cerro US\$000	Investment US\$000	Energy US\$000
Total assets	2,143,170	739,034	405,378	142,386	115,045
Total liabilities	1,391,015	583,754	194,956	108,705	45,838
Sales	102,677	48,644	40,269	-	3,347
Gross profit	21,403	(6,790)	2,596	-	1,551
Operating expenses	(20,872)	(7,538)	(4,328)	(489)	(739)
Other operating income	8,104	3,543	1,387	-	497
Operating profit (loss)	8,636	(10,784)	(344)	(489)	1,308
Profit (loss) before income tax	(2,844)	(17,357)	1,754	(2,469)	1,503
Net profit (loss) for the year	(3,920)	(14,560)	1,159	(2,471)	1,165
<u>Detail of sales</u>					
Local sales	77,382	42,381	10,830	-	3,347
International sales	28,042	6,290	29,345	-	-
Embedded derivative, estimate of committed sales, adjustment of open temporary liquidations and execution of financial instruments	(2,747)	(27)	93	-	-
	<u>102,677</u>	<u>48,644</u>	<u>40,268</u>	<u>-</u>	<u>3,347</u>

As of December 31, 2023 and for the three-month period ended March 31, 2023 (Unaudited)

	<u>Volcan</u> US\$000	<u>Chungar</u> US\$000	<u>Cerro</u> US\$000	<u>Óxidos</u> US\$000	<u>Investment</u> US\$000	<u>Energy</u> US\$000
Total assets	2,200,967	666,486	392,906	-	147,062	114,000
Total liabilities	1,312,402	496,507	183,644	-	106,200	46,000
Sales	130,716	68,372	22,338	17,748	-	4,000
Gross profit	37,718	7,887	2,681	(2,425)	-	2,000
Operating expenses	(24,109)	(10,638)	(4,976)	(1,046)	(509)	(1,000)
Other operating income	7,076	1,852	1,650	567	-	5,000
Operating profit (loss)	20,686	(898)	(646)	(2,905)	(509)	6,000
Profit (loss) before income tax	13,869	(8,733)	(275)	(1,550)	(2,966)	6,000
Net profit (loss) for the year	6,979	(7,931)	232	(290)	(2,964)	5,000
<u>Detail of sales</u>						
Local sales	101,596	55,188	11,862	-	-	4,000
International sales	33,196	16,815	11,124	17,748	-	-
Embedded derivative, estimate of committed sales, adjustment of open temporary liquidations and execution of financial instruments	(4,076)	(3,631)	(648)	-	-	-
	130,716	68,372	22,338	17,748	-	4,000

31. COMMITMENTS AND CONTINGENCIES

(a) Contingencies

Based on the opinion of their external and internal legal advisors, the Company and Subsidiaries' Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$33,667 and US\$32,346, which is presented in item "Provisions" of the condensed interim consolidated statement of financial position as of March 31, 2024, and December 31, 2023, respectively (Note 19). The Company and Subsidiaries' Management and their legal advisors believe that this provision covers probable contingencies sufficiently.

In relation to possible contingencies, external and internal legal advisors of the Company and Subsidiaries determined an amount of US\$98,742 as of March 31, 2024 (US\$84,479 as of December 31, 2023), which corresponds to several proceedings addressed by the Company.

The detail of contingencies of the Company and Subsidiaries are summarized below:

(a.1) Volcan Compañía Minera S.A.A.

Based on the opinion of its external and internal legal advisors, the Company's Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$16,187, which is presented in item "Provisions" of the condensed interim consolidated statement of financial position as of March 31, 2024 (US\$16,221 as of December 31, 2023). The Company's Management and its legal advisors believe that this provision covers probable contingencies sufficiently.

In relation to possible contingencies, external and internal legal advisors of the Company determined an amount of US\$47,995 as of March 31, 2024 (US\$37,181 as of December 31, 2023), which corresponds to several proceedings addressed by the Company.

Civil and labor proceedings

As of March 31, 2024, certain civil and labor lawsuits have been filed against the Company for US\$8,270 (US\$7,672 as of December 31, 2023), which have been classified as probable. Contingencies classified as possible amount to US\$14,717 as of March 31, 2024 (US\$14,654 as of December 31, 2023) for compensations for occupational disease, refund of social benefits, payment of profit sharing, reinstatement of employees and others.

Tax proceedings

As of March 31, 2024, the Company has not yet resolved some administrative proceedings with the National Superintendence of Tax Administration (SUNAT) and the Tax Court for certain tax determination resolutions, fine and interest resolutions, mainly corresponding to criteria differences in the determination of tax bases for the settlement of third-category income tax of 2015 and 2017.

As of March 31, 2024, and December 31, 2023, other tax proceedings were classified as possible, which include expenses disallowed by the National Superintendence of Tax Administration (SUNAT) for not complying with the criteria of the Tax Administration to amortize the development expenses, among other related concepts. These possible contingencies amount to US\$8,526 as of March 31, 2024 (US\$8,503 as of December 31, 2023).

Sanctioning administrative proceedings and contentious-administrative actions

The Company has not yet resolved certain environmental, safety, occupational health and labor safety proceedings with the following regulatory entities: National Water Authority - Local Water Authorities, Employment and Work Promotion Ministry (National Superintendence of Labor Supervision), Ministry of Energy and Mines, Ministry of Production, Supervisory Entity of Investment in Energy and Mining (OSINERGMIN) and the Environmental Supervision and Evaluation Entity (OEFA) for alleged breach of several environmental standards and the provisions of the Safety and Occupational Health Regulations, at a level of probable contingencies for US\$7,917 as of March 31, 2024 (US\$8,549 as of December 31, 2023), and possible contingencies for US\$24,752 as of March 31, 2024 (US\$14,024 as of December 31, 2023)

Based on a legal and factual basis, the Company's Management and its legal advisors believe that no additional significant liabilities will arise for the Company from the final resolution of all these proceedings.

(a.2) Compañía Minera Chungar S.A.C. (Chungar)

Based on the opinion of its external and internal legal advisors, Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$9,830 as of March 31, 2024 (US\$9,077 as of December 31, 2023). Management and its legal advisors believe that this provision covers probable contingencies sufficiently.

In relation to possible contingencies, external legal advisors determined an amount of US\$39,453 as of March 31, 2024 (US\$38,944 as of December 31, 2023), which corresponds to several proceedings addressed by the Subsidiary.

Civil and labor proceedings

As of March 31, 2024, certain civil and labor lawsuits have been filed against Chungar for US\$1,621 (US\$1,550 as of December 31, 2023), which have been classified as probable. Contingencies classified as possible amount to US\$15,719 as of March 31, 2024 (US\$15,726 as of December 31, 2023) for payment of compensations for damages for occupational disease, refund of social benefits, and others under appeal and/or judgment process.

Tax proceedings

As of March 31, 2024, Chungar has not yet resolved some administrative proceedings with the National Superintendence of Tax Administration (SUNAT) and the Tax Court for certain tax determination resolutions, fine and interest resolutions.

Tax determination resolutions, fine and interest resolutions mainly correspond to criteria differences in the determination of tax bases for the settlement of third-category income tax of 2002 – 2004, 2017 and 2018, according to the National Superintendence of Tax Administration (SUNAT), to the omitted payment of taxes. To this date, these proceedings have been contested at an administrative level, have been appealed to the Tax Court, and have been contested at a legal level before the Judiciary.

Finally, there are other contingencies that have derived from concept discrepancies with the Tax Administration and have been classified as possible for US\$17,488 as of March 31, 2024 (US\$17,459 as of December 31, 2023).

Sanctioning administrative proceedings and contentious-administrative actions

The Subsidiary has not yet resolved certain environmental, safety, occupational health and labor safety proceedings with the following regulatory entities: National Water Authority - Local Water Authorities, Employment and Work Promotion Ministry (National Superintendence of Labor Supervision), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA for alleged breach of several environmental standards and safety and occupational health regulations, at a level of probable contingencies for US\$8,209 as of March 31, 2024 (US\$7,527 as of December 31, 2023).

Contingencies classified as possible amount to US\$6,246 as of March 31, 2024 (US\$5,759 as of December 31, 2023).

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

Based on the opinion of its external and internal legal advisors, Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$6,877 as of March 31, 2024 (US\$6,208 as of December 31, 2023). Management and its legal advisors believe that this provision covers probable contingencies sufficiently.

In relation to possible contingencies, external legal advisors determined an amount of US\$9,994 as March 31, 2024 (US\$7,056 as of December 31, 2024), which corresponds to several proceedings addressed by the Subsidiary.

Civil and labor proceedings

As of March 31, 2024, certain labor lawsuits have been filed against the Subsidiary for US\$2,411 (US\$2,328 as of December 31, 2023), which have been classified as probable. Civil and labor contingencies classified as possible amount to US\$946 as of March 31, 2024 (US\$1,241 as of December 31, 2023) for payment of compensations for damages for occupational disease, refund of social benefits, payment of production bonus, and others under appeal and/or judgment process.

Tax proceedings

As of March 31, 2024, and December 31, 2023, the Subsidiary has not yet resolved some administrative proceedings with the National Superintendence of Tax Administration (SUNAT), the Tax Court and local governments for certain tax determination resolutions, fine and interest resolutions.

Tax determination resolutions, fine and interest resolutions correspond to the omitted payment of taxes according to the National Superintendence of Tax Administration (SUNAT), as well as criteria differences in the determination of tax bases for the settlement of third-category income tax. To this date, these proceedings have been contested at an administrative level.

In addition, the Subsidiary has some tax administrative proceedings that were classified as probable contingencies and are presented in item "Provisions" of the condensed interim consolidated statement of financial position for US\$687 as of March 31, 2024 (US\$688 as of December 31, 2023).

Contingencies classified as possible amount to US\$86 as of March 31, 2024 (US\$85 as of December 31, 2023).

Sanctioning administrative proceedings and contentious-administrative actions

The Subsidiary has not yet resolved certain environmental, safety, occupational health and labor safety proceedings with the following regulatory entities: National Water Authority - Local Water Authorities, Employment and Work Promotion Ministry (National Superintendence of Labor Supervision), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA for alleged breach of several environmental standards and the provisions of the Safety and Occupational Health Regulations, at a level of probable contingencies for US\$3,779 as of March 31, 2024 (US\$3,192 as of March 31, 2023) and contingencies classified as possible for US\$8,962 (US\$5,730 as of December 31, 2023).

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

Based on the opinion of its external and internal legal advisors, Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$693 as of March 31, 2024 (US\$717 as of December 31, 2023) and contingencies classified as possible for US\$1,300 as of March 31, 2024 (US\$1,298 as of December 31, 2023). Management and its legal advisors believe that this provision covers probable contingencies sufficiently.

Labor proceedings

As of March 31, 2024, certain labor lawsuits have been filed against the subsidiary for US\$20 (US\$20 as of December 31, 2023), which have been classified as probable.

Tax proceedings

As of March 31, 2024, some tax proceedings have been filed against the subsidiary, which include expenses disallowed by the National Superintendence of Tax Administration (SUNAT), classified as possible for US\$1,300 (US\$1,298 as of December 31, 2023).

Sanctioning administrative proceedings and contentious-administrative actions

The Subsidiary has not yet resolved certain environmental proceedings with the following regulatory entities: National Water Authority - Local Water Authorities, Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA for alleged breach of several environmental standards and the provisions of the Safety and Occupational Health Regulations, at a level of probable contingencies for US\$673 as of March 31, 2024 (US\$696 as of December 31, 2023).

(a.5) Hidroeléctrica Huanchor S.A.C.

Based on the opinion of its external and internal legal advisors, Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$5 as of March 31, 2024 (US\$5 as of December 31, 2023)

(a.6) Generación Eléctrica Rio Baños S.A.C.

Sanctioning administrative proceedings and contentious-administrative actions

The Subsidiary has not yet resolved certain environmental proceedings with OEFA for alleged breach of several standards, at a level of probable contingencies for US\$75 as of March 31, 2024 (US\$117 as of December 31, 2023).

(b) Guarantees

The Company and Subsidiaries have letters of guarantee with financial entities, which expired in March 2024 and were renewed until March 2025, in favor of:

- General Mining Board of the Ministry of Energy and Mines that guarantees the compliance with the applicable Mine Closure Plans of the Company and Subsidiaries for US\$123,659 as of March 31, 2024 (US\$114,845 as of December 31, 2023).
- National Superintendence of Tax Administration (SUNAT) for US\$10,242 (equivalent to S/38,000) to guarantee debts and obligations held with the Tax Administration as of December 31, 2023.
- Third parties that guarantee the compliance with payments for the provision of services and/or others for US\$7,380 (comprised by S/24,713 and US\$6,645) as of March 31, 2024 and US\$7,448 (comprised by S/24,906 and US\$736) as of December 31, 2023.

32. ENVIRONMENTAL OBLIGATIONS

Provision for the closure of mining units

The Congress of the Republic of Peru issued Law No. 28090 on October 14, 2003. The purpose of this Law is to regulate the obligations and procedures to be followed by mining owners for the preparation, presentation, and implementation of Mine Closure Plans, as well as the constitution of pertinent environmental guarantees, which ensure the compliance with investments, according to environmental protection, preservation, and restoration principles. The Regulations of Law No. 28090 were published on August 16, 2005.

In 2023 and 2022, the Company and Subsidiaries submitted the updates of the Mine Closure Plan of their main mining units to the Ministry of Energy and Mines and are expecting to receive the pertinent approvals of certain mining units.

	<u>03/31/2024</u> US\$000 (Unaudited)	<u>12/31/2023</u> US\$000 (Audited)
Mining units		
Cerro de Pasco	34,920	34,758
Chungar	48,400	48,176
Carahuacra	69,198	68,884
Andaychagua	35,546	35,554
Alpamarca	33,996	33,859
Vinchos	20,582	20,492
Ticlio	10,699	10,676
Vichaycocha	4,321	4,301
Toruna	1,768	1,760
San Sebastian	4,223	4,210
	<u>263,653</u>	<u>262,670</u>
Total (Note 19)		

The movement of the provision for the closure of mining units and exploration projects is presented below:

	<u>US\$000</u>
Balance as of January 1, 2023 (audited)	<u>270,714</u>
Changes in estimates (Note 15)	(6,986)
Other expenses/income	633
Increase for update of present value of provision (Note 27)	3,393
Disbursements	<u>(5,084)</u>
Balance as of December 31, 2023 (audited)	<u>262,670</u>
Increase for update of present value of provision (Note 27)	1,218
Disbursements	<u>(235)</u>
Balance as of March 31, 2024 (unaudited)	<u>263,653</u>

The provision for the closure of mining units represents the present value of closure costs that are expected to be incurred between 2024 and 2052.

Changes in estimates consider the change in the rate, the modification of budgets and the deletion of contingent costs.

The estimate of costs for the closure of mining units is based on the study prepared by an independent advisor, which complies with current environmental regulations, as well as the quality requirements and standards shared by the parent. The provision for the closure of mining units mainly corresponds to activities that should be performed for the restoration of the mining unit and areas affected by mining activities. Main works to be performed are earthmoving works, revegetation works and disassembly of plants.

This estimate is highly sensitive to changes in different variables such as the discount rate and period. However, closure budgets are regularly reviewed to take into account any significant change in conducted studies.

In addition, the time when disbursements will be made will depend on Management's judgment and the useful life of the mine, which will be based on the reserves and resources of the mining units.

As of March 31, 2024, the nominal value of the provision for the closure of mining units is US\$309,665, which has been determined using the annual discount rate of 1.85%, resulting in a net present value of US\$263,653 (nominal value of US\$309,901 as of December 31, 2023, using an annual discount rate of 1.25%, resulting in a net present value of US\$262,670). The Company and Subsidiaries consider that this liability is sufficient to comply with environmental protection laws in force approved by the Ministry of Energy and Mines.

33. REMUNERATIONS PAID TO KEY EMPLOYEES

The remuneration of the key employees of the Company and Subsidiaries for the three-month periods ended March 31, 2024 and 2023 amounted to US\$4,809 and US\$2,321, respectively, and corresponds to salaries, profit sharing, benefits and social charges, bonuses and extraordinary allowances.

34. NON-MONETARY TRANSACTIONS AND STATEMENT OF CASH FLOWS

Transactions that have not resulted in cash flows were the following:

2024:

- Assets acquired under leases for US\$1,502.
- Acquisition of property, plant, and equipment, which have not been paid yet, for US\$8,960.
- Acquisition of mining concessions, development costs and other intangibles, which have not been paid yet, for US\$17,578.
- Acquisition of exploration costs, which have not been paid yet, for US\$2,044.

2023:

- Adjustment of the present value of the provision for the closure of mining units for US\$8,062.
- Adjustment of the present value of the liability with communities for US\$2,773.
- Assets acquired under leases for US\$1,240.
- Acquisition of property, plant, and equipment, which have not been paid yet, for US\$28,283.
- Acquisition of mining concessions, development costs and other intangibles, which have not been paid yet, for US\$18,215.
- Acquisition of exploration costs, which have not been paid yet, for US\$3,492.

35. SUBSEQUENT EVENTS

We are not aware of any subsequent event that has occurred between the closing date and authorization date of these condensed interim consolidated financial statements, which may significantly affect them other than the matters described in Note 1.

**Volcan Compañía Minera S.A.A. and
Subsidiaries**

Independent Auditors' Report

Consolidated Financial Statements

For the Years Ended

December 31, 2023 and 2022

(Free translation of a report originally issued in
Spanish)

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

TABLE OF CONTENTS

	Pages
INDEPENDENT AUDITORS' REPORT	1-5
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022:	
Consolidated Statements of Financial Position	6
Consolidated Statements of Profit or Loss and Other Comprehensive Income	7-8
Consolidated Statements of Changes in Equity	9
Consolidated Statements of Cash Flows	10
Notes to the Consolidated Financial Statements	11-96

INDEPENDENT AUDITORS' REPORT

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

Opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of **Volcan Compañía Minera S.A.A. and Subsidiaries** (hereinafter, "the Group"), which comprise the consolidated statements of financial position as of December 31, 2023, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, as well as a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the financial position of the Group as of December 31, 2023, the results of operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) approved by the Junta de Decanos de los Colegios de Contadores Públicos del Perú (Board of Deans of the Peruvian Professional Associations of Certified Public Accountants). Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements relevant for our audit of the financial statements in Peru, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of long-term assets

Description of the key audit matter

As indicated in Notes 13, 14 and 15 to the consolidated financial statements, as of December 31, 2023, the Company and Subsidiaries have long-term assets for a net depreciation and impairment value of US\$1,440 million. In this regard, in 2023, the Group recorded an impairment of US\$125 million and recovery of US\$89 million as a result of its assessment of the recoverable value of those

assets. To this effect, Management made significant estimates regarding different factors, such as future mineral prices, proven and probable reserves and inferred resources that determine the net production value, head grades, operating costs, capital expenditures and discount rate. Due to the uncertainty in the estimate, we have identified this matter as a key audit matter.

Audit response to the key audit matter

- We obtained an understanding of the relevant method, judgments and assumptions used by Management, including the involvement of its specialists for the measurement of reserves and resources, discount rate, and others, and evaluated whether there were relevant changes compared to 2022.
- We tested the design and implementation of Management's relevant review control about the estimate of the value in use and used assumptions and judgments.
- We involved our specialists in valuations and our mining specialists to challenge the method to calculate the projected cash flows, the assumptions and information sources used by Management including the sensitivity of those assumptions, in particular, regarding the projected selling prices for minerals, estimate of reserves and resources and net production value, recovery and mineral conversion rates in the production process, head grades and discount rate used to determine the value in use.
- We evaluated the appropriateness of the disclosures related to the key assumptions used.

2. Going concern

Description of the key audit matter

As indicated in Note 3 to the consolidated financial statements, Management prepares the consolidated financial statements under the going concern principle based on the judgment that there are no events or conditions that can contribute material uncertainties about the Company's capacity to continue as a going concern. We have identified this matter as a key audit matter since Management's judgment is based on the forecast of income and cash flows that depend on significant assumptions, such as the selling price of the mineral and production costs, within a period of no less than the next 12 months.

Audit response to the key audit matter

- We reviewed the forecast of cash flows prepared by Management.
- We evaluated the expected compliance with the financial commitments of the Company and Subsidiaries.
- We reviewed the availability of credit lines with financial entities.
- We evaluated the appropriateness of the disclosures in the consolidated financial statements.

3. Liability for asset disposal and mine closure

Description of the key audit matter

As indicated in Note 33 to the consolidated financial statements, the Group has a provision for US\$263 million to restore and rehabilitate the environment affected by its operations and for the disposal of assets. This provision is governed by a combination of legislative requirements and policies of the Company and includes significant estimates such as: i) costs for rehabilitation and dismantling activities of assets, ii) the period of time to make future related disbursements, and iii) discount rate.

Audit response to the key audit matter

- We obtained an understanding of how the Group determines the calculation method, identifies the relevant assumptions and data sources, and the need of changes in them.
- We evaluated whether the judgments, significant assumptions, and data to develop the estimate are consistent with the guidelines of the local regulatory entity, and whether the inflation rate and discount rate used in the calculation are aligned with the market.
- We examined the competence, capacity, objectivity, and nature of the work of the internal expert who assisted the Group in the preparation of the estimate.
- We evaluated the appropriateness of the disclosures in the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the report but does not include the consolidated financial statements and our auditor's report thereon. We expect to have the other information after the date of this audit report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance of the Company.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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 and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

We also provide those charged with governance of the Group with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of the Group, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We 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 report

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

The translation of this report has been made solely for the convenience of English-speaking readers and has been derived from the consolidated financial statements originally issued in Spanish.

Velásquez, Loli y Asociados S. Civil de R. L.

Countersigned by:

Marco Roca P. (Partner)
Marco Roca Peña
CPC Registration No. 33204

February 26, 2024

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2023 AND 2022 (In thousands of U.S. dollars (US\$000))

	Notes	2023 US\$000	2022 US\$000	
ASSETS				LIABILITIES AND EQUITY
CURRENT ASSETS:				CURRENT LIABILITIES:
Cash and cash equivalents	6	61,642	73,600	Bank overdrafts
Trade accounts receivable (net)	9	20,316	28,586	Financial obligations
Other accounts receivable (net)	10	77,038	65,389	Trade accounts payable
Inventories (net)	12	48,305	57,093	Other accounts payable
Other financial assets	11	655	-	Deferred income
Total current assets		207,956	224,668	Total current liabilities
NON-CURRENT ASSETS:				NON-CURRENT LIABILITIES:
Other accounts receivable (net)	10	35,970	34,262	Financial obligations
Investment in associate	7	148,118	147,801	Other accounts payable
Financial investments	8	37,158	38,704	Provisions
Inventories (net)	12	5,619	6,218	Deferred income tax
Property, plant and equipment (net)	13	771,778	812,912	Deferred income
Right-of-use assets (net)	14	17,926	11,385	Total non-current liabilities
Mining concessions, exploration and development costs and other assets (net)	15	650,650	699,938	Total liabilities
Total non-current assets		1,667,219	1,751,220	EQUITY:
				Issued capital stock
				Higher value in acquisition of treasury shares
				Treasury shares
				Legal reserve
				Accumulated other comprehensive income
				Accumulated losses
				Total equity
TOTAL		1,875,175	1,975,888	TOTAL

The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of U.S. dollars (US\$000))**

	Notes	2023 US\$000	2022 US\$000
Net sales	21	883,086	951,266
Cost of sales	22	<u>(725,507)</u>	<u>(762,743)</u>
Gross profit		157,579	188,523
Administrative expenses	23	(55,157)	(69,346)
Selling expenses	24	(30,563)	(24,852)
Other income	25	63,429	60,068
Other expenses	25	(78,507)	(87,465)
Impairment loss of long-term assets	26	<u>(36,200)</u>	<u>(126,069)</u>
Operating profit (loss)		20,581	(59,141)
Financial income	27	5,793	14,751
Financial expenses	27	<u>(70,526)</u>	<u>(57,124)</u>
Loss before income tax		(44,152)	(101,514)
Income tax	28	<u>34,169</u>	<u>20,132</u>
Net loss for the year		<u>(9,983)</u>	<u>(81,382)</u>
Weighted average of the number of outstanding shares (in thousands)	29	<u>3,857,594</u>	<u>3,857,594</u>
Basic and diluted loss per share	29	<u>(0.003)</u>	<u>(0.021)</u>

The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of U.S. dollars (US\$000))**

	2023	2022
	US\$000	US\$000
Net loss for the year	(9,983)	(81,382)
OTHER COMPREHENSIVE INCOME:		
Items that will not be reclassified to profit or loss:		
Unrealized (loss) profit of investments in equity instruments	(1,269)	96
Deferred income tax	374	(28)
	(895)	68
Items that can be subsequently reclassified to profit or loss:		
Unrealized profit of derivative financial instruments	173	-
Deferred income tax	(51)	-
Total other comprehensive income that can be subsequently reclassified to profit or loss	122	-
Total comprehensive income, net of income tax	(10,755)	(81,314)

The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In thousands of U.S. dollars (US\$000))

	Issued capital stock US\$000 Note 20 (a)	Higher value in acquisition of treasury shares US\$000 Note 20 (b)	Treasury shares US\$000 Note 20 (c)	Legal reserve US\$000 Note 20 (d)	
Balance as of January 1, 2022	<u>1,134,300</u>	<u>(173,234)</u>	<u>(60,934)</u>	<u>10,695</u>	
Comprehensive income					
Net loss for the year	-	-	-	-	
Other comprehensive income for the year	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	
Balance as of December 31, 2022	<u>1,134,300</u>	<u>(173,234)</u>	<u>(60,934)</u>	<u>10,695</u>	
Comprehensive income					
Net loss for the year	-	-	-	-	
Other comprehensive income for the year	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	
Capital decrease	(227,620)	-	-	(986)	
Legal reserve	-	-	-	707	
Balance as of December 31, 2023	<u>906,680</u>	<u>(173,234)</u>	<u>(60,934)</u>	<u>10,416</u>	

The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of U.S. dollars (US\$000))**

	2023	2022
	US\$000	US\$000
OPERATING ACTIVITIES:		
Collections from:		
Sales	1,039,336	1,097,004
Return of credit balance subject to profit and taxes	27,723	33,041
Payments to/for:		
Suppliers and third parties	(669,275)	(651,506)
Employees	(119,659)	(106,815)
Income tax	(18,322)	(19,857)
Royalties	(11,411)	(15,993)
Net cash and cash equivalents provided by operating activities	248,392	335,874
INVESTING ACTIVITIES:		
Payments for:		
Purchase of property, plant and equipment	(85,548)	(168,831)
Increase of exploration and development costs, and other assets	(94,382)	(120,696)
Net cash and cash equivalents used in investing activities	(179,930)	(289,527)
FINANCING ACTIVITIES:		
Collection from:		
Obtainment of financial obligations	-	396,955
Payments for:		
Financial obligations	(25,389)	(548,423)
Overdrafts and other financial liabilities	(848)	(971)
Premium for bond repurchase	-	(3,300)
Interests	(54,183)	(48,195)
Net cash and cash equivalents used in financing activities	(80,420)	(203,934)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,958)	(157,587)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	73,600	231,187
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	61,642	73,600

Transactions that do not result in cash flows are described in Note 35.

The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (Amounts expressed in thousands of U.S. dollars)

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

(a) Incorporation and economic activity

Volcan Compañía Minera S.A.A. (hereinafter “the Company”) is a subsidiary of Glencore AG, which is a subsidiary of Glencore Plc., a company domiciled in Switzerland, hereinafter the “Parent”, owner of 63% of common class A voting shares and an economic interest of 23%, excluding treasury shares.

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

Total common class A voting shares and class B non-voting shares comprising the capital stock of the Company are listed in the Stock Exchange of Lima.

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

The Company and Subsidiaries engaged in the mining sector operate the mining units of Yauli, Animon, Alpamarca and Cerro in the departments of Cerro de Pasco, Junín, and Lima. The Subsidiaries engaged in the electric power generation business have authorizations and electric power generation concessions for self-consumption in their mining operations of Animon and for sale to third parties through firm power or spot price agreements. Subsidiaries Huanchor and EGERBA engaged in the electric power generation business operate in the department of Lima and are connected to National Interconnected Electrical System (SEIN).

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

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

(b) Approval of the consolidated financial statements

The consolidated financial statements as of December 31, 2023 have been approved by the Company’s Management on February 15, 2024 and will be submitted to the Board of Directors and Shareholders for approval. Management believes that the accompanying consolidated financial statements will be approved by the Annual Mandatory Shareholders’ Meeting as presented. The consolidated financial statements as of December 31, 2022 were approved by the Annual Mandatory Shareholders’ Meeting held on March 31, 2023.

(c) Subsidiaries

The Subsidiaries included in the preparation of the accompanying consolidated financial statements are presented below:

Consolidated Subsidiaries and economic activity	Direct and indirect interest in ownership		Domicile
	2023	2022	
	%	%	
Mining exploration and operation:			
Compañía Minera Chungar S.A.C.	100.00	100.00	Peru
Empresa Administradora Cerro S.A.C. (4)	100.00	100.00	Peru
Empresa Explotadora de Vinchos Ltda. S.A.C.	100.00	100.00	Peru
Minera Aurífera Toruna S.A.C. (1)	80.00	80.00	Peru
Óxido de Pasco S.A.C. (4)	-	100.00	Peru
Electric power generation:			
Hidroeléctrica Huanchor S.A.	100.00	100.00	Peru
Empresa de Generación Eléctrica Río Baños S.A.C. (2)	100.00	100.00	Peru
Compañía Hidroeléctrica Tingo S.A. (3)	100.00	100.00	Peru
Investments in general:			
Roquel Global S.A.C.	100.00	100.00	Peru
Compañía Industrial Limitada de Huacho S.A.	96.41	96.41	Peru
Empresa Minera Paragsha S.A.C.	100.00	100.00	Peru
Inversiones Portuarias Chancay S.A.A.	100.00	-	Peru

- (1) Subsidiary of Empresa Minera Paragsha S.A.C. and indirect subsidiary of the Company.
- (2) Subsidiary of Hidroeléctrica Huanchor S.A. and indirect subsidiary of the Company.
- (3) Subsidiary of Compañía Minera Chungar S.A.C. and indirect subsidiary of the Company.
- (4) Subsidiary Empresa Administradora Cerro S.A.C. absorbed Óxidos de Pasco S.A.C.

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

(c.1) Mining exploration and operation

Compañía Minera Chungar S.A.C.

This company has two mining units, Animon and Alpamarca, located in the department of Pasco and is engaged in the exploration, development, and operation of mineral deposits, basically with zinc, copper, and lead contents. This company has 226 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 33.

In addition, the Subsidiary has 10 hydroelectric power plants, from which 9 are located in Huaral and one in Cerro de Pasco. Six of these plants have a concession (4 indefinite and 2 definite) and four plants do not have a concession nor a permit since this plant has a production less than 500KW, as established in the Electrical Concessions Law. Based on the estimate of reserves and resources, the Company's Management has considered a useful life of mine until 2045.

Empresa Administradora Cerro S.A.C.

This company is engaged in the exploration, development, and operation of mineral deposits, basically with zinc and lead contents. Now, the Subsidiary processes stockpiles in its mining unit Cerro since its mining operations have stopped. The Subsidiary has 35 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 33. Based on the estimate of reserves and resources, the Company's Management has considered a useful life of mine until 2030.

In addition, as a result of the merger with Óxidos de Pasco S.A.C., which became effective in October 2023, the Subsidiary is engaged in the treatment of oxidized minerals at a leach pad. The Subsidiary has one beneficiation concession with an indefinite term. Based on the estimate of reserves and resources, the Company's Management has considered a useful life of mine until 2029.

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

This company was incorporated for the exploration, development and operation of mineral deposits and its main activity was the exploration of its mining concessions through the financing of the Company and Subsidiaries. No activities have been developed in 2023 and 2022.

The Company's Management is reevaluating potential projects or the option of a simple reorganization in order to search for synergies for the development of its projects. The Subsidiary has 5 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 33.

Minera Aurífera Toruna S.A.C.

This company was incorporated for the exploration, development and operation of mineral deposits and its main activity was the exploration of its mining concessions through the financing of the Company and Subsidiaries. No activities have been developed in 2023 and 2022.

The Company's Management is reevaluating potential projects or the option of a simple reorganization in order to search for synergies for the development of its projects. The Subsidiary has 7 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 33.

(c.2) Electric power generation

Hidroeléctrica Huanchor S.A.C.

This company is mainly engaged in the sale of energy through the operation and maintenance of electric transmission system generation plants. For this, this company has the hydroelectric power plant of Huanchor of 19.768 MW and mini hydroelectric power plant of Tamboraque of 1.3 MW, both located in the district of San Mateo, province of Huarochiri, Lima. The Subsidiary has a definite electrical concession.

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

This company is mainly engaged in the sale of energy through the operation and maintenance of the hydroelectric power plant of Rucuy of 20.27 MW, located in the district of Pacaraos, province of Huaral, department of Lima. The Subsidiary has a definite electrical concession.

Compañía Hidroeléctrica Tingo S.A.

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

(c.3) Investments in general

Roquel Global S.A.C.

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

Compañía Industrial Limitada de Huacho S.A.

This company is mainly engaged in real estate activities.

Empresa Minera Paragsha S.A.C.

This company was incorporated for exploration, operation, assignment, and mining usufruct; however, its main activity now is the purchase and sale of investments in equity instruments. This subsidiary has shares of the Company and Cementos Polpaico S.A. (Note 8). This subsidiary has 47 mining concessions with an indefinite term, from which there are 43 concessions with an indefinite term and 4 concessions with extinction resolutions.

Inversiones Portuarias Chancay S.A.A.

This company was registered in Entry No. 15416224 of the Registration Office of Lima of the National Superintendence of Public Records on October 3, 2023. According to Volcan's Shareholders' Meeting held on August 24, 2023, this company was incorporated to acquire, develop and negotiate interests or equity rights in companies engaged in port and logistics activities of any kind, as well as any related services.

The Shareholders' Meeting approved the split-off project including the split-off of a block of equity comprised by 40% of shares in Cosco Shipping Ports Chancay Peru S.A., owned by the Company, which is being executed as per the activity schedule. The execution is expected to happen in 2024.

(c.4) Unconsolidated entities

The Company prepares its consolidated financial statements incorporating the balances and transactions of those entities over which it has control, regardless of the level of equity interest, except certain Subsidiaries since they are undergoing a liquidation process. Management believes that the financial statements of unconsolidated entities do not have relevant figures for the consolidated financial statements that could affect the economic decisions of users.

(c.5) Financial information of Subsidiaries

The financial statements of direct and indirect Subsidiaries (unaudited) as of December 31, 2023 are summarized below:

	Assets US\$000	Liabilities US\$000	Equity US\$000	Net profit (loss) US\$000
Compañía Minera Chungar S.A.C.	747,519	577,540	169,979	(48,668)
Empresa Explotadora de Vinchos Ltda. S.A.C.	157	24,906	(24,749)	(1,241)
Empresa Minera Paragsha S.A.C.	147,116	106,254	40,862	(10,883)
Minera Aurífera Toruna S.A.C. (1)	12	3,961	(3,949)	(403)
Hidroeléctrica Huanchor S.A.C.	50,162	32,124	18,038	(9,266)
Empresa de Generación Eléctrica Río Baños S.A.C. (2)	46,366	14,728	31,638	13,782
Compañía Hidroeléctrica Tingo S.A. (3)	20,592	2,225	18,367	999
Roquel Global S.A.C.	18,761	2,906	15,855	(804)
Compañía Industrial Limitada de Huacho S.A.	6,849	298	6,551	317
Empresa Administradora Cerro S.A.C.	397,503	188,241	209,262	99,944
Inversiones Portuarias Chancay	-	1	(1)	(1)
Unconsolidated entities	34	-	34	-
	1,435,071	953,184	481,887	43,777

The financial statements of direct and indirect Subsidiaries (unaudited) as of December 31, 2022 are summarized below:

	Assets US\$000	Liabilities US\$000	Equity US\$000	Net profit (loss) US\$000
Compañía Minera Chungar S.A.C.	698,575	475,787	222,788	(48,819)
Empresa Explotadora de Vinchos Ltda. S.A.C.	78	23,586	(23,508)	(4,000)
Empresa Minera Paragsha S.A.C.	180,890	95,480	85,410	(5,939)
Minera Aurífera Toruna S.A.C. (1)	11	3,558	(3,547)	(461)
Hidroeléctrica Huanchor S.A.C.	64,600	4,637	59,963	2,874
Empresa de Generación Eléctrica Río Baños S.A.C. (2)	45,950	32,417	13,533	890
Compañía Hidroeléctrica Tingo S.A. (3)	18,716	1,348	17,368	898
Roquel Global S.A.C.	18,328	1,669	16,659	(946)
Compañía Industrial Limitada de Huacho S.A.	6,420	132	6,288	423
Óxidos de Pasco S.A.C. (4)	236,332	25,376	210,956	56,985
Empresa Administradora Cerro S.A.C.	70,066	171,704	(101,638)	(6,774)
Unconsolidated entities	23	-	23	-
	1,339,989	835,694	504,295	(4,869)

- (1) Subsidiary of Empresa Minera Paragsha S.A.C. and indirect subsidiary of the Company.
- (2) Subsidiary of Hidroeléctrica Huanchor S.A. and indirect subsidiary of the Company.
- (3) Subsidiary of Compañía Minera Chungar S.A.C. and indirect subsidiary of the Company.
- (4) Subsidiaries absorbed due to merger in 2023.

(d) Merger

The Shareholders' Meeting of Empresa Administradora Cerro S.A.C. approved the merger by absorption to Óxidos de Pasco S.A.C. on September 29, 2023.

The effective date of the merger was October 1, 2023. The merger was performed at the carrying amount of the merged company as of September 30, 2023.

The block of equity absorbed by Empresa Administradora Cerro S.A.C. comprises the following:

	Óxidos de Pasco S.A.C. 30.09.2023 US\$000
ASSET	
Current asset	
Cash and cash equivalents	4,444
Trade accounts receivable (net)	1,032
Accounts receivable from related entities	93,852
Other accounts receivable	7,425
Inventory (net)	5,709
Total current asset	112,461
Non-current asset	
Property, plant and equipment (net)	117,763
Mining concessions, exploration and development costs	1,207
Deferred income tax	18,909
Total non-current asset	137,879
TOTAL ASSET	250,341
LIABILITY	
Current liability	
Trade accounts payable	11,436
Accounts payable to related entities	3,053
Other accounts payable	5,680
Financial obligations	222
Total current liability	20,391
Non-current liability	
Deferred income tax	13,563
Provisions	3,310
Total non-current liability	16,873
TOTAL LIABILITY	37,264
Net value of block of equity absorbed by Empresa Administradora Cerro S.A.C.	213,077

A description of the economic activity of the merged subsidiary is presented below:

Óxidos de Pasco S.A.C.

This entity was engaged in the treatment of oxidized minerals at a leach pad. This subsidiary had one beneficiation concession with an indefinite term. Based on the estimate of reserves and resources, the Company's Management considered a useful life of mine until 2051.

(e) Other contractual matters

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

On January 23, 2019, the Company entered into with Cosco Shipping Ports Limited (CSPL) and its subsidiary Cosco Shipping (Chancay) Ports Limited (CSPL SPV), companies of the Peoples' Republic of China, with the participation of Terminales Portuarios Chancay S.A. (now Cosco Shipping Ports Chancay Perú S.A.) (CSPL), subsidiary of the Company until May 13, 2019, a subscription and investment agreement and a shareholders' agreement, under which CSPL, through its subsidiary CSPL SPV, became the shareholder of Cosco Shipping Ports Chancay Perú S.A. with 60% of shares of the capital stock for US\$225,000 at the closing date, which is subject to the verification of the compliance with the Antitrust Law, provided by the international authorities of Ukraine and China.

On May 13, 2019, the strategic partner was incorporated with an interest of 60% of shares of CSPL through a capital increase. The Company holds and owns the remaining 40% of shares of the capital stock of Cosco Shipping Ports Chancay Perú S.A., thus it became from subsidiary to associate of the Company at that date (Note 7).

The definite completion of the transaction was mainly subject to the approval of the modification of the Environmental Impact Assessment (MEIA), which was obtained on September 22, 2020. That date, pursuant to Director's Resolution No. 00158-2020, the National Service of Environmental Certification for Sustainable Investments (SENACE) approved the modification of the Environmental Impact Assessment (MEIA-d) of the Expansion Project of the Operating Port Area – Stage 1 of the Multi-purpose Port Terminal Chancay. When the MEIA was approved, CSPL SPV made capital contributions in the first semester of 2021.

The infrastructure project is located 50 km. on the northern area of the Callao Port. This project consists in a multi-purpose port terminal that will have two specialized terminals: (i) a terminal for containers that will include 11 docks for this type of cargo; and (ii) a terminal for loading bulk, general and rolling cargoes that will have four docks. At the first stage, an area of 141 hectares will be developed with an investment of US\$1,300,000.

At the Board of Directors' Meeting of Volcan Compañía Minera S.A.A. held on March 24, 2023, as shareholder of 40% of Cosco Shipping Ports Chancay Peru S.A., the financing granted by financial entities for US\$975,000 was approved for the development of the Multi-purpose Port Terminal Chancay.

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

The project represents a major infrastructure work and an important opportunity for economic development for the country since it will be part of China's new connectivity network with the rest of the world, comprised by sea and land lanes. The operations of this project are estimated to commence by the end of 2024.

(e.2) Bond issuance

"5.375% Senior Notes Due 2022"

On February 2, 2012, bonds known as "5.375% Senior Notes Due 2022" were issued and placed in its entirety in the international market for US\$600,000, at an annual rate of 5.375%, maturing in 10 years, on February 2, 2022. Interests are paid in semiannual installments as from August 2,

2012. Financial compliance covenants were not established for this obligation, but certain limitations and levies were determined, as well as requirements for annual financial information presentation, which are described in Note 16 (b).

Capital and interests of “5.375% Senior Notes Due 2022” were fully paid on February 2, 2022.

“4.375% Senior Notes Due 2026”

On February 11, 2021, bonds known as “4.375% Senior Notes Due 2026” were issued and placed in their entirety in the international market for US\$475,000 under Rule 144A and Regulation S of the U.S. Securities Act of the United States of America. The Company requested the inclusion of bonds in the Official List of the Luxembourg Stock Exchange and the admission for negotiation in the Euro MTF of the Luxembourg Stock Exchange.

These bonds mature in 5 years, on February 11, 2026, and accrue interests at an annual rate of 4.375%. Interests will be paid in semiannual installments as from August 11, 2021. Financial compliance covenants were not established for this obligation, but certain limitations were determined, as described in Note 16 (b).

The instruments issued by the Company were partially repurchased on June 21, 2022 for up to US\$110,000 by using the Company’s available cash. A profit of US\$6,600 was obtained from this transaction due to the discount obtained at the face value of the repurchased debt.

According to Management, the Company does not have any noncompliance event derived from the bond issuance agreement.

(e.3) Guarantee and Administration Trust Agreement entered into with Banco Internacional del Perú S.A.A., hereinafter “Interbank”

Interbank (trustee) and Volcan Compañía Minera S.A.A. (trustor) entered into this agreement on August 5, 2013. Pursuant to this agreement, a guarantee and administration trust fund was established, under which the Company transfers the administration of all the cash flows credited in its collection accounts, held in several financial entities, to Interbank under this trust. Commitments derived from this trust agreement are being met and allow ensuring cash flows to address the obligations of the Company and involved Subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

The accompanying consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), effective as of December 31, 2023 and 2022, as applicable, including International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), or by the former Standing Interpretations Committee (SIC), adopted by the IASB, which have been validated by the Accounting Standards Committee for their application in Peru. Historical cost basis was applied for these purposes, except those items measured at fair value, as further explained in the section of significant accounting policies.

Historical cost is generally based on fair value of the consideration given for asset exchange.

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

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

(b) Consolidation principles

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

All significant intercompany transactions have been eliminated in consolidation. When necessary, adjustments are made to the financial statements of certain Subsidiaries to bring their accounting policies into line with those used by other members of the group.

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

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

(c) Functional and presentation currency

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

(d) Foreign currency transactions

Transactions in currencies other than the U.S. dollar are considered as “foreign currency transactions” and are recognized by applying the exchange rates effective at the date of transactions. At the end of each reporting period, balances of monetary items denominated in foreign currency are translated by applying the exchange rates effective at that date.

Balances of non-monetary items accounted for at fair value, denominated in foreign currency, are translated by applying the exchange rates applicable at the date when fair value was determined. Balances of non-monetary items recognized in historical cost terms, denominated in foreign currency, are translated by applying the exchange rates effective at the date of transactions.

Exchange differences arising from monetary items are recognized in net profit or loss for the period when arisen.

(e) Financial instruments

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

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

Financial assets

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

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

Classification of financial assets

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

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

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

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

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

Amortized cost and effective interest method

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

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

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

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at fair value through other comprehensive income. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

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

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

Impairment of financial assets

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

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

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

The duration of expected credit losses during the life of the credit represents the expected credit losses that will result from all possible default events over the expected useful life of a financial instrument. In contrast, 12-month expected credit losses during the life of the credit represents the portion of the useful life of expected credit losses during the life of the credit that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

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

Financial liabilities at fair value through profit or loss are measured at fair value, with any profit or losses arising on the new measurement recognized in profit or loss. The net profit or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the "other profit and losses" line item.

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

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

Financial liabilities measured subsequently at amortized cost

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

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

Derecognition of financial liabilities

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

Derivative financial instruments

The Company and Subsidiaries enter into a variety of derivative financial instruments to manage its exposure to rate risks and prices of commodities.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The profit or loss in changes of fair value of these assets is recognized in profit or loss for the year they are incurred unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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

Embedded derivatives

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

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

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

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Company and Subsidiaries generally designate the whole hybrid contract at fair value through profit or loss.

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

Hedge accounting

The Company and Subsidiaries designate certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, and cash flow hedges. As of December 31, 2023, the Company and Subsidiaries held hedge operations of commodities in order to ensure future flows of sale of concentrates.

At the inception of the hedge relationship, the Company and Subsidiaries document the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company and

Subsidiaries document whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

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

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company and Subsidiaries adjust the hedge ratio of the hedging relationship (i.e., rebalance the hedge) so that it meets the qualifying criteria again.

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

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

Note 5 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in Note 20.

Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income in which case it is recognized in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognized in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedging gain or

loss remains in other comprehensive income to match that of the hedging instrument. Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

The Company and Subsidiaries discontinue hedge accounting only when the hedging relationship (or a part thereof) cease to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated, or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

The effects for fair value change on fair value hedges are presented in the consolidated statement of other comprehensive income.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The profit or loss relating to the ineffective portion is recognized immediately in profit or loss.

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

The Company and Subsidiaries discontinue hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated, or exercised. The discontinuation is accounted for prospectively. Any profit or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the profit or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

The effects for fair value change on cash flow hedges are presented in the consolidated statement of other comprehensive income.

(f) Cash and cash equivalents

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

(g) Inventories and obsolescence estimate

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

(h) Property, plant, and equipment (net)

Property, plant, and equipment are presented at acquisition cost, less accumulated depreciation, and the accumulated amount of impairment losses.

Initial disbursements, as well as those subsequently incurred, related to goods whose cost can be estimated reliably, and it is probable that future economic benefits will be obtained from them, are recognized as property, plant, and equipment.

Disbursements for maintenance and repairs are recognized as expenses during the period when incurred. Main components of major equipment are recorded independently and are depreciated according to their useful life. Profit or loss arising from the sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset, which is recognized in profit or loss for the period when the sale is considered performed.

Property, plant and equipment under construction or acquisition are presented at cost, less any determined impairment loss. The cost of these assets in process includes professional fees and, for qualifying assets, borrowing costs. Those assets are subsequently classified to their category of property, plant, and equipment when the construction or acquisition process has been completed and they are ready for intended use. These assets are depreciated from that moment, similarly to the rest of categories of property, plant, and equipment.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The profit or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation

Units-of-production method

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

The units of production are measured in recoverable metric tons of lead, copper, and zinc. The depreciation ratio per units of production is determined according to the production of the year over economically recoverable reserves and resources.

Straight-line method

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

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

(i) Mining concessions, evaluation, exploration and development costs and other intangibles

Mining rights and concessions

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

Mining concessions are capitalized in the consolidated statement of financial position and represent the ownership of the Company and Subsidiaries of mining properties with a geological interest. Mining concessions are amortized as from the production stage based on the units-of-production method, using proven and probable reserves and a portion of inferred resources. In case the Company and Subsidiaries abandon those concessions, associated costs are written off in the consolidated statement of profit or loss and other comprehensive income.

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

Evaluation and exploration costs

Exploration costs are capitalized only provided that they are estimated to be economically recoverable through a successful operation in the future or when the activities are in process in the area of interest, and it has not reached a stage that allows evaluating reasonably the existence of economically recoverable reserves. Costs are capitalized as evaluation and exploration assets until the Company and Subsidiaries have completed a preliminary feasibility study, some resources have become reserves and Management determines the probability that the property turns into a mine. At that time, it is considered that the development stage of the property starts, and subsequent evaluation and exploration costs are reclassified.

These costs mainly include used materials and fuel, land survey costs, drilling costs and payments made to contractors. For this purpose, economically recoverable benefits of exploration projects can be evaluated properly when any of the following conditions are met: i)

the Board of Directors authorizes Management to conduct a feasibility study for the project, and
ii) the purpose of the exploration is to convert resources into reserves or to confirm resources.

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

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

Development costs

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

Development costs are amortized as described above for evaluation and exploration costs.

Intangibles

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

(j) Review of impairment of long-term assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognized as expense.

An impairment loss can be subsequently reversed and recognized as revenue in profit for the year, to the extent that the increased carrying amount does not exceed the carrying amount

that would have been determined if no impairment loss had been recognized for the asset (cash-generating unit) in previous years.

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

(k) Investment in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion of such investment, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current assets held for sale and discontinued operations. Under the equity method, an investment in an associate is recognized initially in the consolidated statement of financial position at cost and adjusted for changes after the acquisition for the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Company's share of losses of an associate or joint venture exceeds the Company's interest in that associate or joint venture, the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

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

(l) Leases

The Company and Subsidiaries as lessees:

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

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

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

After the commencement date, the amount of lease liabilities increases to reflect the accrual of interests and is reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured whether there is a modification, change in the lease term or change in in-substance fixed payments.

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

(m) Provisions

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

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

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

(n) Provision for closure of mining units

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

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

After initial measurement, the obligation is adjusted to reflect the passing of time and changes in estimated future cash flows underlying the obligation. The provision increase due to the passing of time is recognized as financial expense, while increases and decreases for changes in estimated future cash flows are capitalized and depreciated during the life of the related asset. Actual incurred costs in the settlement of the liability for site restoration are recorded in the provision as long as the provision has been determined by those costs. A profit or loss can be recorded after the settlement of the liability while the asset is depreciated based on proven and probable reserves by applying the units-of-production method. Related depreciation is recognized as expense.

(o) Financing costs

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

Provided the variable rate of loans used to finance a qualifying asset and that are covered by an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and is reclassified to profit or loss when the qualifying asset affects profit or loss. Provided the fixed rate of loans is used to finance qualifying assets and are covered by an effective hedge of interest rate risk, capitalized costs of loans reflect the interest rate hedge.

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

(p) Revenue recognition

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

Revenue is recognized as follows:

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

Sale agreements of concentrates, dore bars and others generally provide a temporary payment based on provisional assays and prices of quoted metals. The final liquidation is based on the results of final assays and prices of metals applicable in specific quotation periods, which tend to range between a month after the shipment and up to three months after the shipment arrives to the agree-upon place and is based on the average prices of metals in the market. For this purpose, the transaction price can be measured reliably for those products, such as zinc, lead, copper, and silver, for which there is a free and active market, such as the London Stock Exchange.

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

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

- (ii) Revenue from the sale of energy and electrical power is recognized every month based on cyclical readings and is fully recognized in the period in which such service is provided, establishing only one performance obligation.
- (iii) Revenue from interests is recognized based on the effective yield in proportion to the time elapsed.
- (iv) Other revenue is recognized in profit or loss when earned.

(q) Recognition of costs and expenses

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

(r) Employee benefits

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

(s) Operating profit

Operating profit is understood as total net sales less total cost of sales, administrative expenses, selling expenses, other income and expenses and impairment loss of long-term assets, excluding financial income and expenses, and income tax expense.

(t) Income tax

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

Current income tax

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

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

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

Deferred income tax

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

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

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

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

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

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

Current and deferred income tax for the year

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

(u) Contingent assets and liabilities

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

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

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

(v) Basic and diluted loss per share

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

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

(w) Segments

The Company and Subsidiaries report financial and descriptive information about their reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as it is used internally for evaluating operating segment performance and deciding how to allocate resources to segments.

(x) Reclassifications

Certain amounts of the consolidated financial statements for the year ended December 31, 2022 have been reclassified to make them comparable to those of the consolidated financial statements as of December 31, 2023. The nature of reclassifications, reclassified amounts and affected accounts are summarized below:

	<u>2022</u> US\$000
Consolidated statement of financial position	
(i) From other accounts payable to trade accounts payable	8,620
(i) For a correct presentation of trade accounts payable corresponding to deductions to pay to suppliers.	

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company and Subsidiaries' Management is responsible for the information contained in these consolidated financial statements. To prepare them, certain estimates have been used to quantify some assets, liabilities, revenue, expenses, and commitments recorded therein, based on experience and other relevant factors. Final results may differ from those estimates.

These estimates are reviewed on an ongoing basis. Changes in accounting estimates are prospectively recognized by recording the effects of changes in the corresponding profit or loss accounts for the period when corresponding reviews are conducted.

The most important estimates considered for the preparation of the consolidated financial statements of the Company and Subsidiaries refer to:

- Determination of functional currency and record of foreign currency transactions.
- Fair value of financial instruments.
- Valuation of inventories
- Useful life assigned to mining rights, exploration and development costs, property, plant and equipment, and intangible assets.
- Determination of mineral reserves and resources.
- Impairment loss of long-term assets.
- Liability for the disposal of assets and mine closure.
- Provisions and estimate for contingencies.
- Revenue recognition.
- Current and deferred income tax and mining taxes.
- Uncertain tax positions.
- Going concern.

Key sources of uncertainty in estimates

We present the following basic assumptions regarding the future and other key sources of uncertainty in estimates, at the end of the reporting period, which may imply a significant risk of material adjustments in the carrying amounts of assets and liabilities during the next financial periods.

Determination of reserves and mineral resources

The Company and Subsidiaries calculate their mineral reserves and resources based on the guidelines provided by the Australian Standard – JORC Code (Joint Ore Reserves Committee), which establish technical and economic standards and recommendations. The Company and Subsidiaries have internationally certified employees who, together with specialists from the Parent, are in charge of the preparation and review of reserves annually.

Proven and probable reserves and a percentage of inferred resources are used in the calculation of the depreciation and amortization of non-financial assets, which are depreciated by applying the units-of-production method (Notes 2(h) and 2(i)), as well as for the determination of the closure period of mining units and the impairment analysis of non-financial assets.

Provision for the disposal of assets and mine closure

The Company and Subsidiaries determine an estimate for the obligations of disposal of assets and closure of their mining units using the discounted cash flow model. In order to develop this model, Management makes certain estimates about the scope and costs for disposal and closure activities, changes in technology and regulations, and other macroeconomic variables considered in the estimate, such as inflation rates and others considered to determine the discount rate. In addition, Management takes into account the best-estimated terms when these disbursements will be made.

The Company and Subsidiaries regularly review future estimated disbursements, disbursement terms and considered discount rates, as indicated in Note 33, and correct the values of the asset and liability prospectively, if necessary.

Review of carrying amounts and impairment evaluation

The Company and Subsidiaries annually review whether a permanent asset requires an impairment estimate according to the accounting policy indicated in Note 2(j). This determination requires the use of professional judgment by the Company and Subsidiaries' Management in order to analyze impairment indicators as well as in the determination of value in use. In this last case, the application of judgment is required for the preparation of future cash flows, including projected future level of operations of the Company and Subsidiaries, forecast of economic factors that affect its income and costs, and the determination of the discount rate to be applied to such flow.

Useful life of property, plant, and equipment

As described in Note 2(h), the Company and Subsidiaries review the estimated useful life of property, plant, and equipment annually. Internal specialists of the operations and maintenance areas are involved in these evaluations in order to determine if the useful life is appropriate for the expected use of its assets. The determination of useful lives requires estimates regarding the expected commercial and technological evolution and different uses of assets. The hypothesis related to the technological environment and its future development imply a significant judgment degree, since the timing and nature of those future technological changes are difficult to predict.

Contingencies

The Company and Subsidiaries are subject to transactions or contingent events over which professional judgment is used for estimating the probability of occurrence of future events. The

legal situation at the estimate date and the opinion of legal advisors are considered for that purpose (Note 32).

Taxes

The determination of tax obligations and expenses requires interpretations of applicable tax regulations. The Company and Subsidiaries seek professional tax advice before making any decision on tax matters. Even though Management considers that its estimates are prudent and appropriate, interpretation differences may arise with the tax administration that may affect tax charges in the future.

Recovery of deferred tax assets: An evaluation is required to determine whether deferred tax assets should be recognized in the consolidated statement of financial position. Deferred tax assets require Management to evaluate the probability that the Company and Subsidiaries generate taxable profit in future periods to use deferred tax assets. The estimates of future taxable income are based on forecasts of operating cash flows and the application of tax laws of each jurisdiction. Provided future cash flows and taxable income are significantly different from the estimates, it could affect the capacity of the Company and Subsidiaries to realize net deferred tax assets recorded at the reporting date.

Uncertain tax positions

The Company and Subsidiaries apply a significant judgment when identifying uncertainties over income tax treatments. In this regard, the Company and Subsidiaries have reviewed the following situations:

- Contentious proceedings
- Implemented tax plans
- Performed corporate reorganizations
- Other situations identified by Management

In the evaluation, Management has considered the following sources to identify potential uncertain tax situations:

- Criteria applied by the tax administration in its reviews
- Opinions of the tax administration in reports or official letters
- Case law of courts in all instances
- SUNAT's guidelines (National Superintendence of Customs and Tax Administration)
- Usual practice in the market

The evaluation has been conducted for all unexpired tax periods, considering for this the provisions of the tax code.

As a result of the examination of each one of the situations mentioned above, Management has identified uncertain tax situations that may affect the determination of income tax under IFRIC 23, mainly those related to the amortization of development costs, which do not have a significant implication on the consolidated financial statements due to their temporary nature.

Management must reevaluate its estimates when there is a change in a circumstance, such as the knowledge of actions followed by the tax administration, formally adopted situations, the case law of courts or the expiry of the statute of limitations.

Going concern

Management prepares its consolidated financial statements under the going concern principle based on the judgment that there are no events or conditions that can contribute material uncertainties about the Company and Subsidiaries' capacity to continue as a going concern. As a result, Management has projections of cash flows provided by its operating flows mainly, which allow addressing its obligations for at least the next twelve months.

Management has credit capacity that allows them having access to credit lines in top-ranked financial entities to address their obligations. Management had a revolving credit line of up to US\$55,000 with Santander Bank. This credit line expired in November 2023 and was not renewed.

These cash flows depend on significant judgments and assumptions, such as the selling price of the mineral, production costs, among others.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS INTERNATIONALLY ISSUED

(a) New IFRSs, interpretations and amendments to current standards that did not significantly affect reported amounts and their disclosures in current and previous years

The following standards, interpretations and amendments to current standards were published with mandatory application for accounting periods beginning on or after January 1, 2023, which did not affect the records and disclosures of the Company and Subsidiaries:

- ***IFRS 17 Insurance Contracts.*** Effective for annual periods beginning on or after January 1, 2023.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

- ***Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies***

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

- ***Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 Leases at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

- ***Amendments to IAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules***

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

- ***Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates***

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

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

At the approval date of these consolidated financial statements, the Company and Subsidiaries have not applied the following new standards, interpretations and amendments that have been issued, but are not effective yet:

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application is permitted.

Management considers that these amendments are not applicable to the Company and Subsidiaries since they do not perform this type of operations.

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

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted.

Management considers that these amendments would not have an impact on the Company and Subsidiaries.

- ***Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants***

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current).

Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2024. Earlier application of the amendments is permitted.

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

- ***Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements***

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

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

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

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

- ***Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback***

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

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

- ***Amendment to IAS 21—Lack of Exchangeability***

The amendments to IAS 21 specify when a currency is exchangeable into another currency and when it is not: (i) a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; (ii) a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

The amendments specify how an entity determines the exchange rate to apply when a currency is not exchangeable: when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.

The amendments require the disclosure of additional information when a currency is not exchangeable: when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

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

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

5. FINANCIAL INSTRUMENTS AND RISKS

(a) Categories of financial instruments

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

	2023 US\$000	2022 US\$000
Financial assets:		
Cash and cash equivalents	61,642	73,600
Amortized cost		
Other accounts receivable (net)	5,591	12,005
Fair value through profit or loss		
Trade accounts receivable (net)	20,316	28,586
Derivatives not designated as hedging instruments	440	-
Derivatives designated as hedging instruments	42	-
	20,798	28,586
Fair value through other comprehensive income		
Financial investments	37,158	38,422
Derivatives designated as hedging instruments	173	-
	37,331	38,422
Total	125,362	152,613
Financial liabilities:		
Amortized cost		
Bank overdrafts	1,046	198
Financial obligations	803,869	811,468
Trade accounts payable	242,213	251,239
Other accounts payable	17,098	12,854
Total	1,064,226	1,075,759

(b) Financial risks

During the normal course of operations, the Company and Subsidiaries are exposed to several financial risks. The risk management program of the Company and Subsidiaries is mainly focused on financial markets and seeks to minimize potential adverse effects on the financial performance of the Company and Subsidiaries. The Financial Management Department of the Company and Subsidiaries is in charge of risk management, which identifies, evaluates, and covers financial risks.

(i) Market risk

Exchange rate risk

The Company and Subsidiaries perform their sales in U.S. dollars, which allow them to meet their obligations in such currency. The exchange rate risk mainly arises from balances held in soles.

As of December 31, 2023 and 2022, the balances of financial assets and liabilities denominated in foreign currency correspond to balances in Peruvian soles and are expressed in U.S. dollars at the closing exchange rates of US\$0.270 and US\$0.262 per S/1.00, respectively, and are summarized below:

	<u>2023</u> <u>S/000</u>	<u>2022</u> <u>S/000</u>
Assets		
Cash and cash equivalents	114,622	82,586
Trade accounts receivable (net)	3,088	6,844
Other accounts receivable (net)	<u>136,271</u>	<u>131,782</u>
Total assets	<u>253,981</u>	<u>221,212</u>
Liabilities		
Bank overdrafts	(422)	(276)
Financial obligations	-	(10,555)
Trade accounts payable	(141,198)	(148,741)
Other accounts payable	<u>(42,673)</u>	<u>(33,360)</u>
Total liabilities	<u>(184,293)</u>	<u>(192,932)</u>
Net asset	<u>69,688</u>	<u>28,280</u>

In 2023, the Company and Subsidiaries recorded a net exchange profit for US\$201,059 and net exchange loss for US\$200,108 (net exchange profit for US\$70,991 and net exchange loss for US\$70,993 in 2022) (Note 27).

Management considers a sensitivity rate of 5% as reasonable in the assessment of exchange rate risk. A sensitivity analysis assuming the devaluation and revaluation of the Peruvian sol (S/), equivalent to the rate mentioned above, exclusively on balances of assets and liabilities reflected above, considering other constant variables in the consolidated statement of profit or loss before income tax, is presented in the following table:

	<u>Changes in exchange rate</u>	<u>Effect on profit or loss before taxes (Debit) credit</u>	
		<u>2023</u>	<u>2022</u>
		<u>US\$000</u>	<u>US\$000</u>
Revaluation	+5%	(939)	(371)
Devaluation	-5%	939	371

Price risk

The Company and Subsidiaries are exposed to commercial risks arising from changes in mineral market prices. In order to cover the risk arising from the decrease of prices of metals, Management will hire derivative financial instruments.

For the control and follow-up of hedges, Management approved the "Metal Price Hedging Policy", which is executed and monitored together with the Financial Risk Management Policy. Management has also a Hedging Committee whose objective is to mitigate the risks associated with variations and volatility of the prices of metals they produce.

As of December 31, 2023 and 2022, if the average sales prices of main metals payable, contained in ore concentrates, increase (or decrease) by 10% and all other variables are held constant, profit or loss after taxes of the Company and Subsidiaries would change, as shown below:

	Effect on profit (loss) before income tax (Debit) Credit
	US\$000
Zinc concentrate	
2023:	
Increase in the international price of zinc	43,842
Decrease in the international price of zinc	(43,842)
2022:	
Increase in the international price of zinc	56,438
Decrease in the international price of zinc	(56,438)
	Effect on profit (loss) before income tax (Debit) Credit
	US\$000
Lead concentrate	
2023:	
Increase in the international price of lead	22,864
Decrease in the international price of lead	(22,864)
2022:	
Increase in the international price of lead	17,878
Decrease in the international price of lead	(17,878)
	Effect on profit (loss) before income tax (Debit) Credit
	US\$000
Copper concentrate	
2023:	
Increase in the international price of copper	6,064
Decrease in the international price of copper	(6,064)
2022:	
Increase in the international price of copper	5,308
Decrease in the international price of copper	(5,308)
	Effect on profit (loss) before income tax (Debit) Credit
	US\$000
Silver concentrate	
2023:	
Increase in the international price of silver	6,857
Decrease in the international price of silver	(6,857)
2022:	
Increase in the international price of silver	5,770
Decrease in the international price of silver	(5,770)

As of December 31, 2023 and 2022, the fair value of embedded derivatives contained in commercial agreements amounts to a profit of US\$1,071 and a loss of US\$2,880, respectively.

Interest rate risk

The Company and Subsidiaries have significant assets, which are held in renowned financial entities and accrue interests at current rates in the market. Operating income and cash flows of the Company and Subsidiaries are independent of changes in interest rates in the market.

The interest rate risk is addressed by Management of the Company and Subsidiaries through a policy that establishes obtaining loans at fixed and variable interest rates.

Management considers that the risk of fluctuations in the fair value of interest rates is not significant since the interest rates of its financing agreements are not significantly different from the market interest rates for similar financial instruments.

(ii) Credit risk

The credit risk of the Company and Subsidiaries arises from the inability of debtors to meet their obligations. For this reason, Management establishes conservative credit policies and constantly evaluates the conditions of the market where their debtors operate, for which Management uses risk rating reports for commercial and credit operations.

The financial assets (excluding cash and cash equivalents and financial investments) of the Company and Subsidiaries are within their maturity dates.

Trade accounts receivable are denominated in U.S. dollars and expire on the issue date of the payment receipt. Such amounts are effective in the following days of maturity. The sales of the Company and Subsidiaries are performed to local and foreign customers, with whom they have commercial agreements. As of December 31, 2023, the Company has a portfolio of 24 customers (25 customers as of December 31, 2022). The three most important customers of the Company and Subsidiaries represented 46% of total sales (67% of total sales in 2022).

The Company's Management considers the credit history of its customers and their payment capacity and evaluates the debts that are estimated to be collected as variation to determine the required provision for doubtful accounts. Management concludes that a provision for doubtful accounts is not required.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and having the possibility to be engaged and/or have engaged certain financing operations through adequate credit sources.

As of December 31, 2023 and 2022, the Company and Subsidiaries present a negative working capital for US\$232,145 and US\$136,335, respectively.

The increase of negative working capital is mainly due to the maturity of the first three amortizations of capital of the syndicated loan in April, July, and October of the current year, for which they were reclassified to short-time liabilities for a total of US\$102,857. The other amortizations will continue throughout 2025, and the last payment will be made on January 25, 2026 pursuant to the agreement.

In this regard, Management has a credit capacity that allows having access to credit lines in first-class financial entities to meet their obligations. In addition, Management generates cash flows from significant operating activities (US\$248,392 in 2023 and US\$335,874 in 2022).

Management considers that these measures will allow the Company and Subsidiaries using sufficient cash flows to manage their financial obligations appropriately.

The table below presents an analysis of the financial liabilities of the Company and Subsidiaries classified according to their maturity (including interests to be paid at those maturities) at the date of the consolidated statement of financial position:

Financial assets	Less than 1 year US\$000	Between 1 and 2 years US\$000	Between 2 and 10 years US\$000	Total US\$000
As of December 31, 2023:				
Cash and cash equivalents	61,642	-	-	61,642
Other accounts receivable (net)	5,591	-	-	5,591
Trade accounts receivable (net)	20,316	-	-	20,316
Derivatives not designated as hedging instruments	440	-	-	440
Derivatives designated as hedging instruments	215	-	-	215
Financial investments	-	-	37,158	37,158
Total	88,204	-	37,158	125,362
As of December 31, 2022:				
Cash and cash equivalents	73,600	-	-	73,600
Other accounts receivable (net)	12,005	-	-	12,005
Trade accounts receivable (net)	28,586	-	-	28,586
Financial investments	-	-	38,422	38,422
Total	114,191	-	38,422	152,613
Financial liabilities				
	Less than 1 year US\$000	Between 1 and 2 years US\$000	Between 2 and 10 years US\$000	Total US\$000
As of December 31, 2023:				
Bank overdrafts	1,046	-	-	1,046
Financial obligations	160,941	202,799	562,280	926,020
Trade accounts payable	242,213	-	-	242,213
Other accounts payable	17,098	-	-	17,098
Total	421,298	202,799	562,280	1,186,377
As of December 31, 2022:				
Bank overdrafts	198	-	-	198
Financial obligations	84,010	62,580	815,436	962,026
Trade accounts payable	259,859	-	-	259,859
Other accounts payable	12,854	-	-	12,854
Total	356,921	62,580	815,436	1,234,937

(iv) Capital management risk

The objective is to safeguard the ability of the Company and Subsidiaries to continue as going concern in order to generate returns to shareholders and benefits to other interest groups and maintain an optimal capital structure to reduce capital cost.

Management handles its capital structure and makes adjustments to deal with changes in the economic conditions of the market. In order to maintain or adjust the capital structure, the Company can adjust the payment of dividends to its shareholders, return capital to its shareholders or issue new shares. No changes were made to the objectives, policies, or procedures in 2023 and 2022.

The leverage ratio was as follows:

	2023 US\$000	2022 US\$000
Financial obligations	803,869	811,468
Cash and cash equivalents	(61,642)	(73,600)
Total net debt	742,227	737,868
Total equity	364,598	375,353
Net debt ratio	2.04	1.97

(c) Fair value of financial instruments

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

- Level 1: Input is quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company may access to at the measurement date.
- Level 2: Input is different from quoted prices included in Level 1, which are observable for the asset or liability, whether directly or indirectly.
- Level 3: Input is not observable for the asset or liability.

Fair value of financial assets and liabilities of the Company that are not measured at fair value, but fair value disclosures are required

Management considers that the carrying amounts of financial assets and liabilities recognized in the consolidated financial statements are similar to their fair value, including the long-term loan that accrues equivalent interests at current market rates. The fair value of bonds issued in the international market (Note 16 (b)) is classified as Level 1 since quoted prices are available. The fair value of these bonds amount to US\$223,690 as of December 31, 2023 (US\$316,860 as of December 31, 2022).

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

As of December 31, 2023 and 2022, the financial instruments measured at fair value after initial recognition refer to trade accounts receivable, financial investments and derivative financial instruments.

The following table shows the financial instruments measured at fair value on a constant basis, classified per level:

	2023 US\$000	2022 US\$000
Financial assets		
Level 1		
Investments in equity instruments (a)	37,153	38,422
Level 2		
Trade accounts receivable (b)	20,316	28,586
Derivatives not designated as hedging instruments	440	-
Derivatives designated as hedging instruments	215	-
	<u>20,971</u>	<u>28,586</u>

- (a) Financial investments (Note 8) correspond to the investment in Cementos Polpaico S.A., which is listed on the Chile Stock Exchange; for this reason, it has been classified as Level 1.
- (b) Trade accounts receivable, designated at fair value through profit or loss, comprise the changes in the value of provisional liquidations, which are adjusted at market value based on future estimates of metal prices at the date of the consolidated financial statements. The measurement of fair value is classified as Level 2 since these measurements derive from international quotation prices in force included in Level 1.
- (c) No transfers have been made between levels during the year.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	2023 US\$000	2022 US\$000
Petty cash and cash in banks (a) (b)	60,072	72,318
Other funds	1,570	1,282
	<u>61,642</u>	<u>73,600</u>

- (a) Petty cash and cash in banks mainly comprise checking accounts denominated in soles and U.S. dollars, which are held in local banks, are freely available and accrue interests at market rates. Checking accounts include trust accounts that were constituted to meet the commitments derived from financial obligations (Notes 1(e.3) and 16), which are also freely available.
- (b) The Company and Subsidiaries present amounts for US\$19,775 and US\$16,037 as of December 31, 2023 and 2022 as part of petty cash and cash in banks, which correspond to cash deposited in Banco de la Nación for the payment of taxes. In addition, amounts withheld by the Tax Administration are presented in this item for US\$1,529 as of December 31, 2023 (US\$1,322 as of December 31, 2022).

7. INVESTMENT IN ASSOCIATE

The investment in associate comprises the following:

Company	Class	Number of shares	Interest in equity		Face value	Carrying amount	
			As of December			As of December 31,	
			2023	2022		2023	2022
			%	%		US\$000	US\$000
Cosco Shipping Ports Chancay Perú S.A.	Common	410,653,252	40	40	1 Sol	148,118	147,801

Cosco Shipping Ports Chancay Perú S.A. is engaged in port activities and its objective is the development, construction, implementation, commissioning, and operation of a multi-purpose port at the Chancay bay, located in the northern area of Lima. It is estimated to commence operations in 2024.

At the Board of Directors' Meeting of Volcan Compañía Minera S.A.A. held on March 24, 2023, as shareholder of 40% of Cosco Shipping Ports Chancay Peru S.A., the financing granted by financial entities for US\$975,000 was approved for the development of the Multi-purpose Port Terminal Chancay.

In 2022, the number of shares increased by 98,433,844 through the capitalization of capital premium in the associate in favor of the Company.

As of December 31, 2023 and 2022, this investment in associate has been measured using the equity method (Note 2(k)).

8. FINANCIAL INVESTMENTS

Financial investments comprise the following:

Company	Class	Number of shares	Interest in equity		Face value	Carrying amount		
			As of December			As of December 31,		
			2023	2022		2023	2022	
			%	%		US\$000	US\$000	
Financial investments at fair value:								
Cemento Polpaico S.A.	Common	4,056,643	15.9	15.9	8,040	Chilean pesos	37,153	38,422
Other investments:								
Other companies	Common	-	-	-	-		5	282
							37,158	38,704

Cementos Polpaico S.A. is engaged in the production and commercialization of cement and lime. As of December 31, 2023, the quotation amounted to 8,040 Chilean pesos per share, equivalent to US\$9.159 (8,040 Chilean pesos per share, equivalent to US\$9.471 as of December 31, 2022). Those shares are listed on the Chile Stock Exchange.

9. TRADE ACCOUNTS RECEIVABLE (NET)

Trade accounts receivable (net) comprise the following:

	2023 US\$000	2022 US\$000
From third parties		
Invoices	32,360	35,583
Impairment estimate for accounts receivable	(23,831)	(19,539)
Embedded derivatives	1,065	3,147
	<u>9,594</u>	<u>19,191</u>
From related entities		
Invoices	10,716	9,662
Embedded derivatives	6	(267)
	<u>10,722</u>	<u>9,395</u>
Total	<u><u>20,316</u></u>	<u><u>28,586</u></u>

Accounts receivable have current maturity, do not accrue interests, and do not have specific guarantees. These accounts are expected to be collected in the first quarter of the following year.

The main customers of the Company and Subsidiaries are renowned in the international market, have good credit history and do not have financial issues at year-end.

In 2023, the Company and Subsidiaries performed sales to the following related entities: Glencore Perú S.A.C. and Glencore Lima Trading S.A.C. for US\$167,770 and US\$70,521, respectively (Glencore Perú S.A.C. and Glencore Lima Trading S.A.C. for US\$302,106 and US\$79,349 in 2022, respectively).

On December 22, 2023, Glencore Lima Trading S.A.C. and Volcan Compañía Minera S.A.A. entered into a loan for consumption agreement No. 062-24-01 for US\$25,000, under which the Company will sell zinc concentrates in favor of Glencore Lima Trading under the terms and conditions established in the agreement. The collection shall be made in three parts for US\$10,000, US\$10,000 and US\$5,000 on January 15, February 15, and March 15, 2024, respectively.

The impairment estimate for accounts receivable according to the assessment of expected credit losses is mainly related to a customer that is undergoing a liquidation process and comes from 2008. Management of the Company and Subsidiaries believe that the estimate for doubtful accounts is sufficient to cover the non-compliance risk at the date of the consolidated statement of financial position.

10. OTHER ACCOUNTS RECEIVABLE (NET)

Other accounts receivable (net) comprise the following:

	2023 US\$000	2022 US\$000
Tax credit for value-added tax (a)	58,173	59,254
Recoverable taxes	35,284	32,790
Credit balance for income tax and temporary tax on net assets (b)	16,544	10,727
Public works for taxes, in process (d)	4,282	2,455
Prepaid expenses	3,818	5,031
Advances granted to contractors and suppliers	1,689	3,624
Loans granted to employees	431	271
Other minor items	2,904	300
	123,125	114,452
Impairment estimate for other accounts receivable (e)	(15,708)	(26,806)
Subtotal	107,417	87,646
<u>Amortized cost:</u>		
Accounts receivable from contractors and others	13,262	14,493
Loans granted to third parties (c)	10,511	10,596
Insurance compensation	-	3,866
Other minor items	1,244	2,139
	25,017	31,094
Impairment estimate for other accounts receivable (e)	(19,426)	(19,089)
Subtotal	5,591	12,005
Total	113,008	99,651
Non-current portion	35,970	34,262
Current portion	77,038	65,389

- (a) As of December 31, 2023, this item includes an amount of US\$15,708 (US\$26,806 as of December 31, 2022), which corresponds to tax credit that is not expected to be recovered; therefore, an impairment estimate has been established for such amount.
- (b) As of December 31, 2023, this item corresponds to the balance for payments on account of income tax for US\$11,879 and payments for the temporary tax on net assets for US\$4,665, which will be requested as from 2024 (as of December 31, 2022, this item corresponded to the balance for payments on account of income tax for US\$6,970 and payments for the temporary tax on net assets for US\$3,757, which were requested as from 2023 and are being recovered).
- (c) Loans granted to third parties accrue interests at market rates and are considered to have a current maturity. The Company and Subsidiaries have considered provisioning the amount of US\$10,076 as doubtful account according to the assessment of uncollectibility risk.

- (d) This item corresponds to payments made for public works, for which the “Regional and Local Public Investment – Public Treasury” partial certificates (CIPRL in Spanish) have been obtained. These certificates would allow the payment of the amount invested by the Company for the execution of investment projects. In 2023, the Company started the execution of the projects “Improvement and extension of sports services of the Municipal Sports Center at Av. 1° de Mayo, district of Chancay – province of Huaral – department of Lima”, with code CUI No. 2466179, and “Improvement of integral management of municipal solid waste in the district of Huayllay – province of Pasco – department of Pasco”, with code CUI No. 2511013, for which, pursuant to Law 29230 of Works for Taxes, US\$1,377 has been recovered through the “CIPRL”. The recovery of the invested balance amounting to US\$1,227 will be arranged in 2024.
- (e) As of December 31, 2023, this item mainly corresponds to the impairment provision for tax credit for value-added tax for US\$15,708 and loans receivable for US\$10,076. As of December 31, 2022, this item mainly corresponded to the impairment provision for tax credit for value-added tax for US\$26,806, loans receivable for US\$10,060, and the remaining balance mainly corresponds to contractors receivable.

Management of the Company and Subsidiaries believes that the impairment estimate for other accounts receivable is sufficient to cover the non-compliance risk at the date of the consolidated statement of financial position.

11. OTHER FINANCIAL ASSETS

Other financial assets comprise the following:

	2023 US\$000	2022 US\$000
Derivative financial instruments:		
Derivatives not designated as hedging instruments (a)	440	-
Derivatives designated as hedging instruments (b)	215	-
	<u>655</u>	<u>-</u>

- (a) As of December 31, 2023, this item corresponds to pending invoices for the settlement of derivative financial instruments.
- (b) The contracts for derivative financial instruments were negotiated with several international financial entities, including JP Morgan, Morgan Stanley and Citibank NY (Note 30).

12. INVENTORIES (NET)

Inventories (net) comprise the following:

	2023 US\$000	2022 US\$000
Concentrates (a)	8,052	11,036
Mineral (a)	11,956	13,547
Pyrite stockpiles	5,619	6,218
Sundry supplies	37,805	49,271
Inventories in transit	271	1,018
	63,703	81,090
Impairment estimate (b)	(9,779)	(17,779)
Total	53,924	63,311
Non-current portion	5,619	6,218
Current portion	48,305	57,093

(a) According to the sales commitments, the concentrate held as of December 31, 2023 will be sold, and the mineral will be exploited in 2024.

(b) The impairment estimate comprises the following:

	2023 US\$000	2022 US\$000
Opening balance	17,779	17,033
Destruction of supplies (c)	(8,305)	(185)
Additions (Note 25)	1,099	1,120
Recovery (Note 25)	(794)	(189)
Saldo Final	9,779	17,779

(c) In 2023, the impairment estimate decreased by US\$8,305 mainly as a result of the destruction of supplies.

Management believes that the impairment estimate covers the risk of loss at the date of the consolidated statement of financial position.

13. PROPERTY, PLANT AND EQUIPMENT (NET)

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

	Balance as of January 1, 2023 US\$000	Additions US\$000	Sales and/or disposals US\$000	Transfers US\$000	Impairment US\$000
Cost of:					
Land	23,919	262	-	(608)	
Buildings and other constructions	1,078,997	3,597	(2,149)	111,934	
Environmental management program infrastructure	259	-	-	421	
Machinery and equipment	193,491	1,832	(6,421)	(916)	
Vehicles	3,500	(49)	(166)	35	
Furniture and fixtures and computer equipment	10,485	56	(57)	(1,547)	
Sundry equipment	399,352	11,581	(218)	19,918	
Units in transit	1,620	1,874	-	(250)	
Works in progress (a)	104,404	49,619	(1,183)	(66,211)	
	<u>1,816,027</u>	<u>68,772</u>	<u>(10,194)</u>	<u>62,776</u>	
Accumulated depreciation of:					
Buildings and other constructions	564,168	70,582	(532)	51,875	
Environmental management program infrastructure	259	-	-	421	
Machinery and equipment	140,060	13,730	(5,717)	(916)	
Vehicles	2,801	188	(164)	(14)	
Furniture and fixtures and computer equipment	7,807	532	(19)	(1,212)	
Sundry equipment	288,020	24,190	(52)	18,172	
	<u>1,003,115</u>	<u>109,222</u>	<u>(6,484)</u>	<u>68,326</u>	
Net value	<u>812,912</u>				

	Balance as of January 1, 2022 US\$000	Additions US\$000	Sales and/or disposals US\$000	
Cost of:				
Land	23,537	382	-	
Buildings and other constructions	976,667	7,500	-	
Environmental management program infrastructure	22,281	-	(22,022)	
Machinery and equipment	300,338	16,323	(123,646)	
Vehicles	11,561	310	(8,371)	
Furniture and fixtures and computer equipment	16,030	592	(6,137)	
Sundry equipment	497,908	28,071	(126,454)	
Units in transit	1,602	1,288	-	
Works in progress (a)	79,696	75,028	(150)	
	<u>1,929,620</u>	<u>129,494</u>	<u>(286,780)</u>	
Accumulated depreciation of:				
Buildings and other constructions	491,692	72,476	-	
Environmental management program infrastructure	22,281	-	(22,022)	
Machinery and equipment	248,315	13,414	(121,669)	
Vehicles	10,920	211	(8,330)	
Furniture and fixtures and computer equipment	12,913	1,031	(6,137)	
Sundry equipment	386,980	24,321	(123,281)	
	<u>1,173,101</u>	<u>111,453</u>	<u>(281,439)</u>	
Net value	<u>756,519</u>			

- (a) As of December 31, 2023, the projects that are part of item works in progress mainly belong to Volcan Compañía Minera S.A.A. for US\$46,142 and Subsidiary Compañía Minera Chungar S.A.C. for US\$31,848 (US\$65,988 and US\$30,638 as of December 31, 2022, respectively), as detailed below:

Volcan Compañía Minera S.A.A.

	2023 US\$000	2022 US\$000
Growth of tailings facility Rumichaca Level 4233	9,323	-
Growth of tailings facility Andaychagua Alto Level 4412	2,635	-
Tailings facility - filter Gavilán - Carahuacra	2,441	2,441
Water supply channel - Andaychagua river	1,962	1,543
Growth of tailings facility Rumichaca Level 4250	1,925	-
Construction of housing modules Andaychagua	1,601	1,601
Construction of powder magazine San Cristóbal	1,465	754
Acquisition and assembly of bulk flotation cells	965	965
Industrial waste water treatment plant	965	965
Installation of RCS100 cell - zinc circuit	804	-
Maintenance workshop Level 1320	542	542
Construction of third stage of wall of overflow spillway Andaychagua	522	-
Construction of Electrical Substation Level 820 RP314E	484	484
Growth of tailings facility Rumichaca Level 4230 IV stage	-	10,810
Growth of tailings facility Rumichaca Level 4231	-	3,415
Purchase and installation of cell Rcs-100 Victoria plant	-	2,794
Growth of tailings facility Andaychagua Level 4412	-	2,467
New filtered tailings facility level 4412	-	2,382
Purchase of houses San José	-	1,543
Water supply channel - Andaychagua river	-	1,420
Dosing and mixing plant - Im. SC	-	1,413
Pumping system Level 1300 to 1200	-	1,400
New radio coverage system Tetra - installation	-	1,399
Electrical system San Cristobal 5010 Kv - 1012 Mva	-	1,346
Concrete-filled pipes Andaychagua	-	1,209
Other minor projects	20,508	25,095
	<u>46,142</u>	<u>65,988</u>

Subsidiary Compañía Minera Chungar S.A.C.

	2023 US\$000	2022 US\$000
Elevation of dam of tailings facility Et.V-4688	9,693	9,693
Romina project - General infrastructure	4,889	1,820
Construction of Cacray camp	3,876	1,078
Engineering of Rinconada tailings facility	1,253	-
Rinconada tailings facility	1,172	1,172
Transmission line Yanahuin Romina	1,097	1,097
Reinforcement of Electrical Substation Animon	1,083	1,083
Romina project - permits, social & environment	1,053	-
New tailings facility Animon Quimacocha	-	6,168
Other minor projects	7,732	8,527
	<u>31,848</u>	<u>30,638</u>

As of December 31, 2023 and 2022, other Subsidiaries have projects in progress for US\$12,209 and US\$7,778, respectively.

The projects held as of December 31, 2023 are estimated to be completed between 2024 and 2025.

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

	<u>2023</u> US\$000	<u>2022</u> US\$000
Cost of sales (Note 22)	105,240	107,864
Administrative expenses (Note 23)	1,528	229
Selling expenses (Note 24)	43	96
Other expenses (Note 25)	<u>2,411</u>	<u>3,264</u>
Total	<u>109,222</u>	<u>111,453</u>

- (c) As of December 31, 2023, buildings, machinery, and equipment include assets under finance leases with a carrying amount of US\$8,138 and US\$27,770, respectively (US\$14,359 and US\$37,669 as of December 31, 2022).
- (d) The Company and Subsidiaries hired insurance policies on their main assets according to the policies established by Management.
- (e) As of December 31, 2023, the cost of property, plant and equipment is presented net of accumulated impairment of US\$335,623, distributed in items of buildings and constructions for US\$263,245, machinery and equipment and sundry equipment for US\$43,897, and others for US\$28,481 (as of December 31, 2022, it is presented net of accumulated impairment of US\$345,181, distributed in items of buildings and constructions for US\$273,354, machinery and equipment and sundry equipment for US\$47,231, and others for US\$24,596).

In 2023, as part of the impairment assessment, the Company's Management determined an impairment for US\$25,058, which was attributed to the item of buildings and other constructions. On the other hand, Management of Administradora Cerro S.A.C. and Empresa Generadora Rio Baños S.A.C. determined an impairment recovery for US\$33,634, which was attributed to the item of buildings and other constructions (Note 26).

- (f) As of December 31, 2023 and 2022, the Company and Subsidiaries have assets fully depreciated for US\$111,827 and US\$105,797, respectively.

14. RIGHT-OF-USE ASSETS (NET)

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

	Balance as of January 1, 2023 US\$000	Additions US\$000	Disposals US\$000	Transfers US\$000	Balance as of December 31, 2023 US\$000
Cost of:					
Operating machinery	10,255	5,878	(2,685)	-	13,448
Vehicles	10,403	6,370	(6,151)	407	11,029
Properties	170	-	-	-	170
	<u>20,827</u>	<u>12,248</u>	<u>(8,836)</u>	<u>407</u>	<u>24,646</u>
Depreciation of:					
Operating machinery	2,685	1,857	(2,685)	-	1,857
Vehicles	6,661	3,525	(5,931)	456	4,711
Properties	96	56	-	-	152
	<u>9,443</u>	<u>5,438</u>	<u>(8,616)</u>	<u>456</u>	<u>6,721</u>
Net value	<u>11,385</u>				<u>17,926</u>
	Balance as of January 1, 2022 US\$000	Additions US\$000	Disposals US\$000	Impairment estimate US\$000	Balance as of December 31, 2022 US\$000
Cost of:					
Operating machinery	33,321	7,570	(30,636)	-	10,255
Vehicles	10,688	7,316	(6,801)	(800)	10,403
Properties	244	-	(74)	-	170
	<u>44,253</u>	<u>14,886</u>	<u>(37,511)</u>	<u>(800)</u>	<u>20,828</u>
Depreciation of:					
Operating machinery	32,589	732	(30,636)	-	2,685
Vehicles	7,144	6,318	(6,801)	-	6,661
Properties	135	36	(74)	-	97
	<u>39,868</u>	<u>7,086</u>	<u>(37,511)</u>	<u>-</u>	<u>9,443</u>
Net value	<u>4,385</u>				<u>11,385</u>

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

	2023 US\$000	2022 US\$000
Cost of sales (Note 22)	4,568	5,952
Administrative expenses (Note 23)	<u>870</u>	<u>1,134</u>
Total	<u>5,438</u>	<u>7,086</u>

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

The movement in the cost and accumulated amortization of mining concessions, exploration and development costs, closure costs and other intangibles follows:

	Balance as of January 1, 2023 US\$000	Additions US\$000	Disposals and/or transfers US\$000	Change in estimate US\$000 (Note 33)	Impairment US\$000
Cost of:					
Mining concessions	272,001	-	(11,351)	-	-
Exploration costs	312,547	13,077	18,710	-	-
Development costs (a)	830,575	76,308	28,255	-	-
Closure of mining units	217,595	-	-	(6,986)	-
Community rights	24,645	-	-	-	-
Other intangibles	15,018	-	5,977	-	-
	<u>1,672,381</u>	<u>89,385</u>	<u>41,591</u>	<u>(6,986)</u>	<u>-</u>
Amortization of:					
Mining concessions	211,841	5,243	(11,354)	-	-
Exploration costs	163,385	19,568	18,710	-	-
Development costs (a)	502,615	46,309	28,255	-	-
Closure of mining units	80,728	17,989	-	-	-
Community rights	6,814	2,097	-	-	-
Other intangibles	7,060	1,249	436	-	-
	<u>972,443</u>	<u>92,455</u>	<u>36,047</u>	<u>-</u>	<u>-</u>
Net value	<u>699,938</u>				

	Balance as of January 1, 2022 US\$000	Additions US\$000	Disposals US\$000	Transfers US\$000
Cost of:				
Mining concessions	272,001	-	-	-
Exploration costs	303,626	14,076	-	-
Development costs (a)	904,488	90,087	-	-
Closure of mining units	154,019	-	-	-
Community rights	24,384	-	-	-
Other intangibles	17,822	5,173	(8,170)	228
	<u>1,676,340</u>	<u>109,336</u>	<u>(8,170)</u>	<u>228</u>
Amortization of:				
Mining concessions	206,140	5,701	-	-
Exploration costs	143,301	20,084	-	-
Development costs (a)	439,511	63,104	-	-
Closure of mining units	67,153	13,575	-	-
Community rights	3,964	2,850	-	-
Other intangibles	14,288	941	(8,169)	-
	<u>874,357</u>	<u>106,255</u>	<u>(8,169)</u>	<u>-</u>
Net value	<u>801,983</u>			

(a) Development costs:

The movement and structure of this item is presented below:

	Balance as of January 1, 2023 US\$000	Additions US\$000	Transfers US\$000	Impairment estimate US\$000	Impairment recovery US\$000	Balance as of December 31, 2023 US\$000
Cost of:						
Yauli	464,357	62,936	-	(91,806)	-	435,487
Cerro de Pasco	75,128	-	28,255	-	52,673	156,056
Animon	284,832	13,372	-	-	-	298,204
Vinchos	6,258	-	-	-	-	6,258
	<u>830,575</u>	<u>76,308</u>	<u>28,255</u>	<u>(91,806)</u>	<u>52,673</u>	<u>896,005</u>
Accumulated amortization of:						
Yauli	279,177	27,677	-	-	-	306,854
Cerro de Pasco	75,128	-	28,255	-	-	103,383
Animon	142,052	18,632	-	-	-	160,684
Vinchos	6,258	-	-	-	-	6,258
	<u>502,615</u>	<u>46,309</u>	<u>28,255</u>	<u>-</u>	<u>-</u>	<u>577,179</u>
Net cost	<u>327,960</u>					<u>318,826</u>

	Balance as of January 1, 2022 US\$000	Additions US\$000	Impairment estimate US\$000	Balance as of December 31, 2022 US\$000
Cost of:				
Yauli	561,228	67,129	(164,000)	464,357
Cerro de Pasco	75,128	-	-	75,128
Animon	261,874	22,958	-	284,832
Vinchos	6,258	-	-	6,258
	<u>904,488</u>	<u>90,087</u>	<u>(164,000)</u>	<u>830,575</u>
Accumulated amortization of:				
Yauli	241,609	37,568	-	279,177
Cerro de Pasco	75,128	-	-	75,128
Animon	116,516	25,536	-	142,052
Vinchos	6,258	-	-	6,258
	<u>439,511</u>	<u>63,104</u>	<u>-</u>	<u>502,615</u>
Net cost	<u>464,977</u>			<u>327,960</u>

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

	2023 US\$000	2022 US\$000
Cost of sales (Note 22)	89,702	105,043
Administrative expenses (Note 23)	2,559	409
Other expenses (Note 25)	194	803
Total	<u>92,455</u>	<u>106,255</u>

- (c) As of December 31, 2023, the cost of mining concessions, development costs and other intangibles is presented net of accumulated impairment of US\$694,359, distributed in items of mining concessions for US\$45,984, exploration costs for US\$237,045, development costs for US\$359,786, and other intangibles for US\$51,544 (as of December 31, 2022, it is presented net of accumulated impairment of US\$636,331, distributed in items of mining concessions for US\$45,984, exploration costs for US\$233,821, development costs for US\$304,981, and other intangibles for US\$51,546).

In 2023, as part of the impairment assessment of certain cash-generating units (CGUs), the Company's Management determined an estimate of impairment loss for US\$99,742, distributed in items of exploration costs for US\$7,936, development costs for US\$91,806, and also determined an impairment recovery for US\$54,966, distributed in items of exploration costs for US\$2,293 and development costs for US\$52,673 (Note 26).

16. FINANCIAL OBLIGATIONS

The movement and structure of this item is presented below:

	Original amount		Interest rate (%)	Maturity
	S/	US\$000		
Loans (a):				
Banco Internacional del Perú-Interbank	29,570	-	Between 0.99 and 1.48	Between Apr-23 and
Scotiabank Perú S.A.A.	9,665	-	Between 1.15 and 1.30	Between Sep-23 and
Bonds:				
Negotiated bonds (b)	-	475,000	4.375	Feb-26
Adjustment for amortized cost (issue costs)				
Syndicated loan (c)	-	400,000	-	Jan-26
Adjustment for amortized cost (issue costs)				
Lease liability with third parties				
Lease liability	-	-	-	-
Lease liability with financial entities				
Banco Internacional del Perú-Interbank	-	2,573	Between 2.19 and 4.45	Between Jan-24 and
Scotiabank Perú S.A.A.	-	11,298	Between 2.04 and 3.83	Between Jan-24 and
Interests payable				
Total financial obligations				
Non-current portion				
Current portion				

- (a) As of December 31, 2022, this item corresponds to short-term loans obtained from Interbank and Scotiabank for working capital and acquisition of machinery. The loans from Interbank and Scotiabank do not require the compliance with financial ratios, but they did maintain restrictions for certain subsidiaries such as the allocation of dividends, while the loans were held effective. These loans were paid in 2023.
- (b) Negotiated bonds known as “4.375% Senior Notes Due 2026” were issued on February 11, 2021 and placed in their entirety in the international market for US\$475,000, at an annual coupon rate of 4.375%, maturing in 5 years. Interests will be paid in semiannual installments from August 11, 2021 to February 11, 2026. The issue document of these bonds does not establish the compliance with financial covenants; however, it establishes certain limitations, such as incurring additional debts, for the Company as well as for Subsidiaries considered restricted, if when acquiring such debt, the consolidated fixed hedge rate of the Company and Subsidiaries is less than 2.0. This document also establishes limitations for the sale of assets, among others.

Funds were received on February 11, 2021 and in that month, the Company did the following:

- (i) Partial purchase of “5.375% Senior Notes Due 2022” for US\$125,000.
- (ii) Payment of syndicated loan for US\$303,000, including accrued interests.
- (iii) Payment of other medium-term credits for US\$34,000.
- (iv) The balance of funds received for the new issue of bonds was used for operation-related expenses.

The instruments issued by the Company were partially repurchased on June 21, 2022 for up to US\$110,000 by using the Company’s available cash. A profit of US\$6,600 was obtained from this transaction due to the discount obtained at the face value of the repurchased debt.

- (c) On December 29, 2021, the Company signed an agreement for a syndicated loan managed by Citigroup Global Markets Inc. and Banco Santander S.A. for US\$400,000 with a maturity of 48 months and a grace period of 24 months.

The loan was disbursed on January 25, 2022.

Sixty percent of the loan will be amortized with 7 quarterly installments and a final installment of forty percent. The interest rate of this loan is variable, equivalent to LIBOR (3m) plus a markup calculated based on the credit rating of the company. The applicable markup is 400 bps as of December 31, 2023 (325 bps as of December 31, 2022).

The lenders of this loan are the following entities: Banco Santander, S.A.; Citibank, N.A.; Bank of Nova Scotia; Banco Internacional del Peru S.A.A.; Banco Interamericano de Finanzas; Banco de Crédito e Inversiones, S.A.; Banco Latinoamericano de Comercio Exterior, S.A.; Bancaribe Curacao Bank N.V.; Banco de Crédito del Perú; Natixix, New York Branch and Banco de Occidente Panamá, S.A.

This loan is secured by the Company and the following related entities:

Compañía Minera Chungar S.A.C. and Empresa Administradora Cerro S.A.C. (the guarantors). The agreement establishes that the Company and guarantors together shall represent no less than 90% of the consolidated EBITDA (the term EBITDA is defined in the contract).

In the event that the aforementioned subsidiaries do not cover said percentage or are sold, the other subsidiaries of the Company will become guarantors until said percentage is reached. In addition, the agreement has established the following financial covenant:

- Consolidated total debt to EBITDA ratio: the consolidated debt to EBITDA ratio, measured as of the last day of each fiscal quarter described below, should be less than: (i) 4.25 – 2022-2023; (ii) 4.00 – 2024; (iii) and thereafter 3.75.

The result of the debt to EBITDA ratio is 2.87 and 2.70 as of December 31, 2023 and 2022, respectively.

The funds of the operation were fully destined to the payment of “5,375% Senior Notes Due 2022”, issued on February 2, 2012.

- (d) The debt amortization schedule at face value, including interests to be accrued, as of December 31, 2023 and 2022 is as follows:

	2023 US\$000	2022 US\$000
2023	-	84,010
2024	160,941	62,580
2025	202,799	52,885
2026	562,280	762,551
Total	926,020	962,026

- (e) As of December 31, 2023 and 2022, the reconciliation of cash flows to financial obligations are shown below:

	2023 US\$000	2022 US\$000
Movements related to cash flows		
Obtainment of syndicated loans	-	400,000
Issue costs - syndicated loan	-	(3,045)
Payment of short-term loans from banks	(2,804)	(9,937)
Bond payment	-	(410,264)
Bond purchase, net	-	(110,000)
Payment of leases with financial entities	(13,413)	(14,938)
Payment of interests on loans	(54,183)	(48,195)
Payment of leases with third parties	(9,172)	(6,584)
Bank overdrafts	(848)	(971)
Total	(80,420)	(203,934)
Movements not related to cash flows		
Obtainment of finance leases	1,240	17,005
Interests on loans	55,639	42,593
Exchange difference - financial obligations	868	982
Accrual of issue costs - bonds	1,012	2,496
Accrual of structural costs - syndicated loan	1,015	-
Lease liabilities with third parties	12,199	14,900
Decrease of financial obligations during the year	(8,447)	(125,958)
Financial obligations at the beginning of the year	810,497	936,455
Financial obligations at the end of the year	802,050	810,497

- (f) Guarantees

The Company has guarantees received from its Subsidiaries Compañía Minera Chungar S.A.C. and Empresa Administradora Cerro S.A.C. in order to secure the full compliance with pertinent obligations for the international issuance of bonds under Rule 144A and Regulation S of the United States Securities Act of 1933.

17. TRADE ACCOUNTS PAYABLE

Trade accounts payable comprise the following:

	2023 US\$000	2022 US\$000
Invoices payable (a) (b)	169,656	168,694
Invoices receivable (c)	58,207	76,292
Guarantee funds	14,350	14,873
Total	242,213	259,859

- (a) Trade accounts payable mainly arise from the acquisition of materials and supplies for the execution of activities of the Company and Subsidiaries and are mainly denominated in U.S. dollars and soles, have current maturity, do not accrue interests and no guarantees have been granted for these obligations. As of December 31, 2023 and 2022, balances

payable are effective and within the payment terms established by the Company and Subsidiaries, which range between 30 and 90 days.

- (b) As of December 31, 2023, the Company and Subsidiaries hold obligations for US\$39,345 (US\$52,174 as of December 31, 2022), which are related to invoices that the suppliers have granted to financial entities. Those obligations do not accrue interests and have the original maturity that was agreed upon with suppliers.
- (c) Invoices receivable correspond to the estimated record of consumption of goods and services, for which, at the date of the consolidated financial statements, the payment receipts issued by their pertinent suppliers have not been received.

18. OTHER ACCOUNTS PAYABLE

Other accounts payable comprise the following:

	2023 US\$000	2022 US\$000
Short term		
To third parties		
Salaries and profit-sharing of employees (a)	23,359	27,128
Income tax	107	6,562
Advances from customers (a)	3,200	3,200
Mining taxes	2,388	2,725
Dividends	975	951
Contribution to OEFA	136	203
Other minor items	4,250	4,794
	<u>34,415</u>	<u>45,563</u>
Amortized cost:		
Water use/treatment/discharge	7,744	5,520
Operating rights and penalties	7,371	5,310
Other minor items	1,983	2,024
	<u>17,098</u>	<u>12,854.00</u>
	<u>51,513</u>	<u>58,417</u>
To related entities		
Salaries and bonuses of the Board of Directors	8,436	7,573
Sundry items	546	259
	<u>8,982</u>	<u>7,832</u>
Total	<u>60,495</u>	<u>66,249</u>
Long term		
Advances from customers (a)	-	3,200
	<u>-</u>	<u>3,200</u>

- (a) This item corresponds to an advance received from IXM S.A. for the future delivery of 3,750 MT of lead concentrate, which will be completed in 2024.
- (b) As of December 31, 2023, this item mainly includes vacations, profit-sharing, and performance bonus of employees for US\$11,090, US\$2,833 and US\$7,138, respectively

(US\$12,031, US\$7,741 and US\$5,176 for vacations, profit-sharing, and performance bonus of employees, respectively, in 2022).

19. PROVISIONS

Provisions comprise the following:

	2023 US\$000	2022 US\$000
Provisions for lawsuits (a)	32,346	25,422
Mine closure (Note 33)	262,670	270,714
Agreements with communities (b)	23,365	22,180
Other provisions	5,093	4,968
Total	323,474	323,284

(a) The movement of provisions for lawsuits is presented below:

	US\$000
Balance as of January 1, 2022	25,970
Provision for the year (Note 25)	4,419
Reversal (Note 25)	(4,967)
Balance as of December 31, 2022	25,422
Provision for the year (Note 25)	6,924
Balance as of December 31, 2023	32,346

(b) As of December 31, 2023, the nominal value of the provision for obligations with communities is US\$25,504 (US\$23,706 as of December 31, 2022), which has been determined using the annual discount rate of 1.85% (1.25% in 2022), resulting in a net value of US\$23,365 (US\$22,180 as of December 31, 2022).

20. EQUITY

(a) Issued capital stock

The issued capital stock of the Company is represented by 1,633,414,553 class A voting shares, and 2,443,157,622 class B non-voting shares with a right of preferred dividend allocation, which is not cumulative. All common shares are duly subscribed and paid and have a face value of S/0.66 per share (S/0.87 in 2022).

The preferred right to participate in the allocation of dividends in cash consists in receiving an additional payment for dividends of 5% per share, only on the amount of each dividend in cash paid to each common class A share. This right is not cumulative if the Shareholders' Meeting does not declare nor pay dividends in cash in any period.

Both common class A and B shares, listed on the Lima Stock Exchange, are actively negotiated in the stock market. Their quotation was S/0.53 and S/0.312 per share, respectively (S/1.50 and S/0.51 per share, respectively, as of December 31, 2022). As of December 31, 2023, the

negotiation frequency of class A shares was 25% and 95% for class B shares (20% for class A shares and 100% for class B shares as of December 31, 2022).

The equity interest structure as of December 31, 2023 and 2022 is as follows:

Individual interest percentage in issued capital stock	Number of shareholders		Total interest percentage	
	2023	2022	2023 %	2022 %
Less than 0.20	8,315	7,669	12.73	12.03
From 0.20 to 1.00	19	18	8.31	8.08
From 1.01 to 5.00	18	18	56.77	52.69
From 5.01 to 10.00	1	2	5.40	10.41
From 10.01 to 20.00	1	1	16.79	16.79
	<u>8,354</u>	<u>7,708</u>	<u>100.00</u>	<u>100.00</u>

The Shareholders' Meeting of Volcan Compañía Minera S.A.A. was held on July 3, 2023, in which class A and class B shareholders participated and agreed to reduce the capital stock of the Company by US\$227,620 (S/856,080) through the decrease of the face value of all class A and class B shares issued by the Company; that is, affecting 4,076,572,175 shares issued by the Company, whose face value reduced from S/0.87 to S/0.66.

(b) Higher value in acquisition of treasury shares

This item corresponds to the result obtained from the purchase of treasury shares, which are credited or debited in this account.

(c) Treasury shares

This item corresponds to shares of the Company acquired by Subsidiaries. From total shares, 182,994,435 common class A shares and 12,234,901 class B shares are owned by subsidiary Empresa Minera Paragsha S.A.C., 23,442,345 common class A shares are owned by subsidiary Compañía Minera Chungar S.A.C., and 306,283 common class A shares are owned by subsidiary Compañía Industrial Limitada de Huacho S.A.

(d) Legal reserve

Pursuant to the General Business Law, the legal reserve is established by transferring a minimum of 10% of net profit from each period, after deducting accumulated losses, until it achieves an amount equivalent to the fifth part of capital. In the absence of undistributed profit or freely available reserves, the legal reserve shall be applied to offset losses, and must be replaced. The legal reserve can be capitalized but shall also be replaced.

(e) Accumulated other comprehensive income

This item corresponds to unrealized profit (loss) of derivative financial instruments designated as hedging instruments. This unrealized profit or loss derives from the fact that the price of commodities was agreed upon at a value higher or lower than their liquidation value, and at a profit or loss for the effect of the fair value of the investment in equity instruments (Note 8).

21. NET SALES

During 2023 and 2022, revenue mainly includes sales of zinc, lead, silver, and copper concentrates and silver bars, as follows:

	2023 US\$000	2022 US\$000
Net sales per concentrate:		
Zinc	438,415	564,379
Lead	228,635	178,782
Silver bars	84,747	105,075
Silver	68,565	57,696
Copper	60,639	53,084
	881,001	959,016
Profit (loss) in:		
Execution of financial instruments	3,893	-
Embedded derivatives (Note 30(a))	(1,808)	(5,030)
Estimate of committed sales	-	(2,720)
Total	883,086	951,266

The net sales of concentrates to customers per geographical area are presented below (without including the valuation effect of the embedded derivative and unrealized profit of hedging instruments):

	2023 US\$000	2022 US\$000
Peru	606,197	734,132
Asia	197,439	122,925
Europe	77,365	96,651
America	-	5,308
	881,001	959,016

(a) Sales concentration

In 2023, the three most important customers represented 46% of total sales (67% of total sales in 2022). As of December 31, 2023 and 2022, 28% of accounts receivable is related to these customers. The concentrates of the Company and Subsidiaries are sold to renowned companies in the country and abroad, with whom commercial agreements are executed.

(b) Sales commitments

As of December 31, 2023, the Company and Subsidiaries hold commitments with related entities and third parties for sales of zinc, lead, and copper concentrates for 739,419 WMT, 158,181 WMT and 11,735 WMT until 2028, for an approximate amount of US\$710,149, US\$357,436 and US\$41,265, respectively (698,730 WMT, 92,653 WMT and 8,700 WMT, respectively, as of December 31, 2022, for an approximate amount of US\$800,594, US\$191,372 and US\$41,365).

As of December 31, 2023, the Company and Subsidiaries hold commitments for the sale of dore bars for 2,620,600 oz. for US\$55,815. As of December 31, 2022, the Company and Subsidiaries held commitments for the sale of dore bars for 3,570,000 oz. for US\$91,286.

22. COST OF SALES

Cost of sales comprises the following:

	2023 US\$000	2022 US\$000
Beginning balance of concentrates (Note 12)	11,036	11,383
Beginning balance of minerals (Note 12)	13,547	19,610
Services provided by third parties, energy and others	279,460	284,316
Consumption of supplies	128,476	135,266
Depreciation (Note 13 (b))	103,455	106,245
Depreciation of right-of-use assets (Note 14)	4,568	5,952
Labor	89,524	87,178
Amortization (Note 15 (b))	88,829	104,267
Ending balance of concentrates (Note 12)	(8,052)	(11,036)
Ending balance of minerals (Note 12)	(11,956)	(13,547)
Subtotal	698,887	729,634
Cost of plant shutdown	23,962	30,714
Depreciation of plant shutdown (Note 13 (b))	1,785	1,619
Amortization of plant shutdown (Note 15 (b))	873	776
Total	725,507	762,743

23. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	2023 US\$000	2022 US\$000
Personnel charges	21,565	17,566
Professional fees	5,613	14,981
Services provided by contractors	4,912	9,537
Mails, telecommunications and other minor items	3,103	7,098
Insurance	4,316	4,210
Communications and information technology	810	2,507
Operating rights - Penalties	2,908	2,490
Personnel services	221	2,230
Leases	2,325	1,744
Depreciation of right-of-use assets (Note 14)	870	1,134
Amortization (Note 15 (b))	2,559	409
Depreciation (Note 13 (b))	1,528	229
Others	4,427	5,211
Total	55,157	69,346

24. SELLING EXPENSES

Selling expenses comprise the following:

	2023 US\$000	2022 US\$000
Freight	19,306	17,521
Services for the sale of concentrates	3,296	1,571
Sundry services	776	1,005
Services provided by contractors	864	1,022
Personnel expenses	1,159	1,417
Samples, analysis and supervision	1,476	966
Shipment expenses	1,152	292
Services provided by third parties	352	765
Leases	2,139	197
Depreciation (Note 13(b))	43	96
Total	<u>30,563</u>	<u>24,852</u>

25. OTHER INCOME AND EXPENSES

Other income comprises the following:

	2023 US\$000	2022 US\$000
Other income:		
Income from the sale of energy to third parties	23,767	16,384
Income from the sale of sundry supplies	9,991	12,459
Income from recovery of impairment of other accounts receivable	13,688	8,384
Insurance compensation	4,481	-
Income from services provided to third parties	2,457	7,265
Reversal of provision for lawsuits (Note 19)	-	4,967
Disposal of fixed assets	680	2,375
Recovery of impairment of supplies (Note 12)	794	189
Profit from valuation of investment in associate under the equity method	316	-
Others	<u>7,255</u>	<u>8,045</u>
Total	<u><u>63,429</u></u>	<u><u>60,068</u></u>

Other expenses comprise the following:

	2023 US\$000	2022 US\$000
Other expenses:		
Cost of sales of sundry supplies	(10,660)	(12,832)
Services provided by contractors	(7,603)	(12,013)
Cost of sales of energy	(9,900)	(9,227)
Professional fees	(4,344)	(6,321)
Compensation	(37)	(5,839)
Expense for mine closure and communities	(8,866)	(2,052)
Derecognition of property, plant and equipment	(1,287)	(5,340)
Provision for lawsuits (Note 19)	(6,924)	(4,419)
Tax administrative penalties	(3,201)	(3,814)
Leases	(2,690)	(3,321)
Depreciation (Note 13(b))	(2,411)	(3,264)
Sundry non-deductible expenses	(2,071)	(2,887)
Contribution for regulation OEFA and OSINERMIN	(1,764)	(2,421)
Cost of services provided to third parties	(5,228)	(1,428)
Loss for valuation of investment in associate under the equity method	-	(1,343)
Impairment of other accounts receivable	(7,031)	(1,213)
Impairment estimate for supplies (Note 12)	(1,099)	(1,120)
Amortization (Note 15(b))	(194)	(803)
Others	(3,285)	(7,808)
Total	<u>(78,595)</u>	<u>(87,465)</u>

26. IMPAIRMENT OF NON-FINANCIAL ASSETS

By applying International Financial Reporting Standard 36 Impairment of non-financial assets, the Company and Subsidiaries updated their assessment of the recoverable value of long-term assets.

In 2023, as part of the impairment assessment of certain cash-generating units (CGU), the Company's Management determined a loss for the impairment estimate of US\$124,800 in Volcan Cía. Minera S.A.A. They also recognized a recovery corresponding to the impairment estimate in Empresa Administradora Cerro S.A.C. and Empresa Generadora Rio Baños S.A.C. for US\$81,800 and US\$6,800, respectively.

The impairment in Volcan Cía. Minera S.A.A. resulted from lower volumes of resources and the increase of the discount rate, assumptions used in the determination of its cash flows. Such amount was fully allocated to the items Buildings and constructions and Development costs.

The recovery mainly in Empresa Administradora Cerro S.A.C. resulted from higher volumes of resources. This amount was allocated to the items Buildings and constructions, Exploration costs and Development costs.

In 2022, as part of the impairment assessment of certain cash-generating units (CGU), the Company's Management determined a loss for the impairment estimate of US\$184,824, distributed in Empresa Administradora Cerro S.A.C. for US\$20,824, Volcan Cía. Minera S.A.A. for US\$164,000, and Empresa Explotadora de Vinchos Ltda. S.A.C. for US\$45. They also recognized a recovery corresponding to the impairment estimate in Óxidos de Pasco S.A.C. for US\$58,800.

	<u>2023</u>	<u>2022</u>
	<u>Impairment estimate</u>	<u>Impairment estimate</u>
	<u>US\$000</u>	<u>US\$000</u>
Cash-generating units:		
Volcan	(124,800)	(164,000)
Cerro	81,800	(20,824)
Egerba	6,800	-
Óxidos	-	58,800
Vinchos	-	(45)
	<u> </u>	<u> </u>
Total	<u>(36,200)</u>	<u>(126,069)</u>
 Recorded in:		
Property, plant and equipment (net) (Note 13)	8,576	43,921
Exploration costs (Note 15)	(5,643)	(5,155)
Mining concessions, development costs and other intangibles (net) (Note 15)	(39,133)	(164,035)
Right-of-use assets (net) (Note 14)	-	(800)
	<u> </u>	<u> </u>
Total	<u>(36,200)</u>	<u>(126,069)</u>

For the calculation of the value in use, flows were projected during the life of mine of each CGU. The discount rate used, for flows after taxes, was 13.25% and 9.35% as of December 31, 2023 and 2022, respectively. The Company and Subsidiaries' mining units are aligned to the life of the mines, which ranges from 2024 to 2045. In case of power companies, the discounts rate used was 13.25% and 9.35% as of December 31, 2023 and 2022, and the useful lives of assets range from 2024 to 2051.

The impairment estimate is highly sensitive to several factors such as the price of minerals, proven and probable reserves and inferred resources, head grades and discount rate. A change in the perspectives of these assumptions may give rise to additional significant impairments/reversals. Level 3 valuation techniques were used in the determination of the discounted value for both periods.

Management of the Company and Subsidiaries believes that the balance of the impairment estimate for non-financial assets is sufficient to cover the impairment risk appropriately at the date of the consolidated statement of financial position. In addition, Management considers that no significant changes will be made on the discount rate that may increase the impairment loss.

27. FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise the following:

	2023 US\$000	2022 US\$000
Financial income		
Net exchange difference profit	951	-
Income from purchase of bonds, net of early tender premium	-	6,600
Interests on loans	4,841	5,107
Dividends	-	2,302
Other financial income	1	742
	<u>5,793</u>	<u>14,751</u>
Financial expenses		
Net exchange difference loss	-	(2)
Interests on issued bonds	(16,766)	(21,058)
Interests on syndicated loans	(38,488)	(20,811)
Interests and expenses of financial obligations	(1,200)	(3,811)
Financial costs for purchase of bonds	-	(1,546)
Effect for the update of the present value of mine closure (Note 33)	(3,393)	(3,092)
Amortized cost of bonds	(881)	(1,965)
Effect for the update of the present value of communities	(230)	-
Interests on lease liabilities	(1,271)	(850)
Commissions and other expenses	(8,297)	(3,989)
	<u>(70,526)</u>	<u>(57,124)</u>

28. INCOME TAX

Income tax profit shown in the consolidated statement of profit or loss comprise the following:

	2023 US\$000	2022 US\$000
Income tax		
Current	(12,116)	(29,499)
Deferred (a)	<u>57,096</u>	<u>63,583</u>
	44,980	34,084
Special mining tax (b)	(2,019)	(4,450)
Mining royalties (b)	(8,599)	(9,098)
Contribution to the mining retirement fund (c)	<u>(193)</u>	<u>(404)</u>
Total	<u>34,169</u>	<u>20,132</u>

- (a) The Company and Subsidiaries recognize the effects of temporary differences between the accounting basis and the following table, according to the items that generated it.

		Additions (deductions)		
	Balance as of January 1, 2022 US\$000	Statement of profit or loss US\$000	Other comprehensive income US\$000	Balance as of December 31, 2022 US\$000
Deferred asset				
Depreciation expenses of property, plant and equipment (net)	68,104	(15,893)	-	52,211
Amortization expenses of mining rights and concessions, exploration, development and stripping costs	50	(2)	-	48
Provision for the closure of mining units	42,846	19,707	-	62,553
Lease liability	709	2,338	-	3,047
Fair value of derivative financial instruments	661	(661)	-	-
Provision for contingencies	7,104	324	-	7,428
Obsolescence estimate for inventories	3,428	266	-	3,694
Recoverable tax loss	27,838	(5,804)	-	22,034
Embedded derivatives and sales adjustments	-	119	-	119
Fair value of shares of Cementos Polpaico S.A.	7,104	-	(28)	7,076
Provision for community agreements	5,627	151	-	5,778
Pending vacations payable	1,712	100	-	1,812
Provision for doubtful accounts	50	-	-	50
Undercapitalization - interests	4,647	216	-	4,863
Others	2,426	138	-	2,564
Total	172,306	999	(28)	173,277
Deferred liability				
Use of amortization benefits of mining rights and concessions, exploration, development and stripping costs	(253,792)	36,623	-	(217,169)
Use of depreciation benefits of property, plant and equipment (net)	(21,072)	(2,275)	-	(23,347)
Effect for translation of tax benefits into U.S. dollars	(79,139)	21,715	-	(57,424)
Valuation of stockpiles	(1,959)	125	-	(1,834)
Adjustment at fair value of investments in associates	(5,143)	396	-	(4,747)
Insurance compensation	(2,025)	-	-	(2,025)
Embedded derivatives	(976)	871	-	(105)
Sales adjustments	(1,357)	475	-	(882)
Amortized cost of financial obligations	(1,773)	(127)	-	(1,900)
Others	(4,901)	4,781	-	(120)
Total	(372,137)	62,584	-	(309,553)
Net asset (liability)	(199,831)	63,583	(28)	(136,277)

Management believes that there is a reasonable certainty about the recoverability of the deferred income tax asset related to the tax loss of the Company and its Subsidiaries, considering the option selected by the Company and its Subsidiaries for offsetting losses and the business plan. In 2023, the Company recovered US\$7,731 (US\$14,220 as of December 31, 2022), and in case of subsidiaries Compañía Minera Chungar S.A. and Hidroeléctrica Huanchor S.A.C., an increase of tax loss was recorded for US\$8,801 (US\$8,416 as of December 31, 2022) and US\$1,375, respectively.

For other subsidiaries that have tax losses, no deferred income tax assets generated for US\$33,579 were recognized (US\$56,181 as of December 31, 2022) since there was no certainty about the recoverability of such deferred income tax asset.

(b) Mining royalties and special mining tax

On September 28, 2011, pursuant to Law No. 29788, the Law of the Mining Royalty (Law No. 28258) was modified and established that all companies that do not have an established regime will take the operating profit as a basis for the calculation of mining royalties. Tax rates range between 1% and 12%, depending on the operating margin. In no case, royalties shall be less than 1% of quarterly sales. The paid quantity is classified as an accepted deduction for the calculation of income tax. Mining companies are required to submit a quarterly tax return and make payments in local currency in the last 12 working days of the second month after the month when the quarter ends.

In addition, the Special Mining Tax is created pursuant to Law No. 29789. The tax is imposed on the operating profit and is not applicable to companies that have entered into a tax stability agreement with the Peruvian government.

(c) Contribution to the mining retirement fund

This item corresponds to the contribution of 0.5% of annual income of mining, metallurgical, and iron and steel companies, before taxes, to provide a complementary payment, in addition to retirement, disability and survival pensions of mining, metallurgical and iron and steel employees, pursuant to Law No. 29741, which is applicable since 2012.

The resources of FCJMMS (Complementary Mining, Metallurgical and Iron and Steel Fund) will be managed by the FCR (Consolidated Fund of Social Security Reserves), created by Legislative Decree No. 817, Social Security Regime Law under the responsibility of the Peruvian government.

SUNAT manages the contributions to FCJMMS, which will be transferred to the FCR to be part of the FCJMMS. The requesting parties collect these contributions at the Service Center of the Social Security Administration (ONP, for its acronym in Spanish).

Tax situation

(i) ***Current tax framework***

The Company and Subsidiaries are subject to the Peruvian tax regime. The income tax rate applicable to companies for 2023 is 29.5%.

The last paragraph of article 52-A of the Income Tax Law (hereinafter ITL) establishes that the companies that distribute to domiciled natural entities dividends and any other form of profit distribution referred to in paragraph i) of article 24° of the ITL are imposed with a rate of 5%.

Article 54° establishes that natural entities that are not domiciled in the country will be subject to the withholding of 5% of their income from Peruvian source, such as dividends and other forms of profit distribution, except those indicated in paragraph f) of article 10° of the ITL.

Paragraph e) of article 56° establishes that the tax on legal entities that are not domiciled in the country will be determined by applying a rate of 5% when dividends are distributed, and other forms of profit distribution received from legal entities. However, any amount or payment in kind resulting from the taxable third-category income that represents an indirect disposal of income that is not susceptible to subsequent tax control, including amounts charged to undeclared expenses and income (alleged dividends), is subject to the income tax rate of 5% assumed by the entity in 2023.

Management of the Company and Subsidiaries believes that, as a result of the application of these standards, no significant contingencies will arise for the Company and Subsidiaries as of December 31, 2023.

(ii) Open years to tax review

The Tax Administration is authorized to review, and if applicable, correct the income tax determined by the Company and Subsidiaries in the last four years, counted from January 1 of the year following the year when the pertinent income tax return was submitted (open years to tax review).

Income tax returns from 2019 to 2023 and value-added tax for the periods from December 2019 to December 2023 of the Company and Subsidiaries will be reviewed by the Tax Administration. In addition, the income tax return of the Company for 2020 is also subject to review.

Since certain differences may arise from the interpretation that the Tax Administration has on regulations applicable to the Company and Subsidiaries, it is not possible to determine to date whether additional tax liabilities will arise or not from the reviews to be conducted. Any additional tax, charge, and interest, if incurred, will be recognized in profit or loss for the year when such criteria differences with the Tax Administration are resolved. However, Management of the Company and Subsidiaries believes that that no material liabilities will arise as a result of potential reviews.

(iii) Transfer pricing

The following new standards have been established in order to determine income tax:

- Comparable uncontrolled price (CUP) for commodities: It is confirmed that, for import or export of commodities, the market value will be provided by quotation (it was established before for operations with intermediaries or from, through or to tax havens). The detail of this standard is included in the regulations.

- New formal obligations: The Transfer Pricing Technical Study is no longer submitted and new tax returns are included:

Tax return	Minimum annual income	Assumption	Details	Effective from
Local report	S/11,385 (US\$3,066)	Operations with related entities	Transactions that give rise to taxable income or deductible expense	2018
Master report	S/99,000 (US\$26,663)	Taxpayers that are part of a Group	Organizational structure, description of the business, transfer pricing policies, financial and tax position	2018
Report per country	Not applicable	Taxpayers that are part of a Multinational Group	Global revenue distribution, paid taxes, and activities of each entity of the multinational group	2019

The Company and Subsidiaries have submitted the local report, master report and report per country for 2022 to the Tax Administration and are now preparing the pertinent reports for 2023.

Based on the analysis of operations of the Company and Subsidiaries, Management and its legal advisors consider that no significant liabilities will arise for the consolidated financial statements as of December 31, 2023 and 2022, in relation to transfer pricing.

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

During 2023 and 2022, the effective income tax rate is different from the tax rate. The nature of this difference is due to certain items related to taxable profit, whose effects are summarized below:

	2023		2022	
	Amount US\$000	Percentage %	Amount US\$000	Percentage %
Loss before income tax	(44,152)	100.00	(101,514)	100.00
Income tax as per tax rate	(13,025)	29.50	(29,946)	29.50
Unrecognized deferred tax for tax losses	(671)	1.52	1,258	(1.24)
Adjustment of income tax from previous years			-	-
Translation effect of non-financial assets	181	(0.41)	(3,536)	3.48
Deferred assets not recognized due to lack of recoverability	(28,200)	63.87	6,837	(6.74)
Tax effects on non-deductible expenses and other minor items	(3,265)	7.39	(8,697)	8.57
Mining taxes	10,811	(24.49)	13,952	(13.74)
Income tax expense and tax rate applicable to profit as per records	(34,169)	77.39	(20,132)	19.83

(v) Income tax payable

The Company and Subsidiaries have a credit balance with the Tax Administration for US\$107 as of December 31, 2023 (US\$6,562 as of December 31, 2022) (Note 18).

(vi) Significant changes to income tax in Peru

After December 31, 2023, no significant changes have been made to the income tax regime in Peru, which may affect these consolidated financial statements. The standards and interpretations effective as of December 31, 2023 have been considered by Management when preparing these consolidated financial statements.

Below we present the main amendments that will be applicable as from 2024:

- Presumed interests for cash loans between unrelated entities

Pursuant to Legislative Decree No. 1545 published on March 15, 2023, article 26 of the Income Tax Law was modified. It was established that, in case of loans in local currency, the presumed interest will be the TAMN (lending rate in local currency) multiplied by an adjustment factor of 0.42. In case of loans in foreign currency, the presumed interest rate will be the TAMEX (lending rate in foreign currency) multiplied by an adjustment factor of 0.65.

If there is an economic relationship between the creditor and the debtor, the presumed interest rate shall be determined by transfer pricing regulations.

(vii) Tax losses

In accordance with Legislative Decree No. 945 and as established by Law No. 27513, tax loss carryforwards may be applied under one of the following options:

- (a) Offsetting total net third category loss from Peruvian source recorded in one taxable year, assigning this amount every year until its depletion, to net third category income to be obtained in the four immediately subsequent years, calculated as from the following year of its generation. The amount that is not offset once this period of time has passed will not be offset in subsequent years.
- (b) Offsetting total net third category loss from Peruvian source recorded in one taxable year, assigning this amount every year until its depletion, to 50% of net third category income to be obtained in immediately subsequent years.

Management of the Company and Subsidiaries Compañía Minera Chungar S.A.C. and Empresa Administradora Cerro S.A.C. selected option (b) and other Subsidiaries selected option (a) to offset tax losses.

29. BASIC AND DILUTED LOSS PER SHARE

Loss per share is calculated dividing consolidated net profit attributable to common shareholders by the weighted average of number of common shares outstanding at the date of the consolidated statement of financial position.

As of December 31, 2023 and 2022, diluted loss per common share has not been calculated since there are no diluting common or investment shares, such as financial instruments and other contracts that give the right to obtain common or investment shares, so it is the same as basic earnings per share.

	2023 US\$000	2022 US\$000
Net loss	(9,983)	(81,382)
Average common shares - thousands of units	3,857,594	3,857,594
Net basic and diluted (loss) earnings per share for the year	(0.003)	(0.021)

30. DERIVATIVE FINANCIAL INSTRUMENTS

During 2023, the Company and Subsidiaries used derivative financial instruments to reduce market risks to which they are exposed. Risks mainly refer to the effects of changes in the prices of traded metals, which vary constantly.

Derivative financial instruments designated at fair value comprise changes in the settlement prices of covered commodities, which are adjusted at a market value based on future estimates of prices of metals at the date of the consolidated financial statements. The measurement of fair value is categorized at Level 2 since they are measurements derived from international quotation prices in effect included in Level 1.

(a) Hedging operations of mineral prices

In 2023, the Company and Subsidiaries entered into price swaps to ensure future flows provided by its sales, as well as treatment expenses that are subject to escalators that increase them in upward price scenarios.

As of December 31, 2023, the Company had the following hedging operations in force (Note 11), which will be settled in 2024:

Metal	Total volumen FMT/OZ	Period	Fair value US\$000
Silver	124,998	January 2024 - June 2024	215
Total			215

(b) Embedded derivative for the variation of quotations in concentrate sale agreements

As of December 31, 2023 and 2022, provisional liquidations in metric tons (MT) of zinc, lead and copper, and ounces (Oz.) of silver held at those dates, their final liquidation periods and the fair value of embedded derivatives are shown below:

As of December 31, 2023:

	Quantity DMT/OZ	Quotation period	Fair value US\$000
Receivable			
Zinc	268,222	Jul 2023 - Feb 2024	1,293
Lead	142,446	May 2023 - Mar 2024	(562)
Copper	13,964	Nov 2023 - Feb 2024	225
Silver	54,659	Jun 2023 - Jan 2024	115
Total - Note 9			<u>1,071</u>

As of December 31, 2022:

	Quantity DMT/OZ	Quotation period	Fair value US\$000
Receivable			
Zinc	76,494	Dec 2022 - Mar 2023	(1,324)
Lead	12,976	Aug 2022 - Jan 2023	2,608
Copper	988	Jan - 2023	426
Silver	3,609	Jan 2023 - Feb 2023	1,170
Total - Note 9			<u>2,880</u>

As of December 31, 2023 and 2022, fair values of embedded derivatives caused a loss of US\$1,808 and US\$5,030, respectively, and are shown in item “Net sales” of the consolidated statement of profit or loss (Note 21). Future quotations of the dates when open positions as of December 31, 2023 and 2022 are expected to be liquidated are obtained from the publications of the London Metal Exchange.

31. INFORMATION PER BUSINESS SEGMENT

The Company organizes its activities in six business segments: Volcan, Chungar, Cerro, investments, energy, and other non-reportable segments.

The contributions of each business segment mainly derive from the net margin of production and sale of zinc, lead, copper or bulk concentrates, the production and sale of Dore bars, revenue from dividends received from investments in equity instruments, revenue from the lease of properties, and the sale of energy and power.

- Volcan: production and sale of concentrates produced in mining unit of Yauli, which comprises mines San Cristobal, Carahuacra, Andaychagua and Ticlio, Carahuacra Norte open pit and Victoria, Andaychagua and Mahr Tunel concentration plants.
- Chungar: production and sale of concentrates produced in mining units of Chungar and Alpamarca. Chungar comprises mines Animon and Islay and the Animon concentration plant. Alpamarca comprises Alpamarca open pit, mine Rio Pallanga and Alpamarca plant.
- Cerro: production and sale of concentrates produced in mining unit of Cerro, which comprises polymetallic stockpiles and San Expedito and Paragsha concentration plants. In addition, as a result of the merger with Oxidos, it has oxide stockpiles, oxides in site, pyrite stockpiles and the Oxidos leach pad.

- Investments: include operations of its Subsidiary Empresa Minera Paragsha S.A.C.
- Energy: includes operations in hydroelectric power plants Huanchor, Tingo and Rucuy.
- Others: include operations of port, non-operating, and other subsidiaries.

Data of interest per business segment as of December 31, 2023 and 2022 is presented in the tables below:

As of December 31, 2023:

	Volcan US\$000	Chungar US\$000	Cerro US\$000	Investment US\$000	Energy US\$000	
Total assets	2,200,968	747,519	397,503	147,116	117,120	
Total liabilities	1,312,403	577,540	188,241	106,254	49,077	
Sales	530,017	227,922	170,808	-	21,330	
Gross profit	141,575	(101)	12,928		11,443	
Operating expenses	(228,353)	(47,517)	(20,347)	(1,774)	(42,861)	
Other operating income	29,674	10,474	99,429	36	33,876	
Operating profit (loss)	(57,104)	(37,144)	92,010	(1,738)	2,458	
Profit (loss) before income tax	(88,127)	(65,245)	99,594	(10,887)	3,104	
Net profit (loss) for the year	(72,701)	(48,668)	99,944	(10,883)	5,515	
<u>Detail of sales</u>						
Local sales	391,985	202,033	57,862	-	21,330	
International sales	134,499	26,590	113,714	-	-	
Embedded derivative, estimate of committed sales, adjustment of open temporary liquidations and execution of financial instruments	3,533	(701)	(768)	-	-	
	530,017	227,922	170,808	-	21,330	

As of December 31, 2022:

	Volcan US\$000	Chungar US\$000	Cerro US\$000	Óxidos US\$000	Investment US\$000	Energy US\$000
Total assets	2,238,277	698,575	70,066	236,332	180,890	129,266
Total liabilities	1,277,133	475,787	171,704	25,376	95,480	38,402
Sales	554,513	238,292	104,225	105,075	-	16,385
Gross profit	163,844	(30,569)	28,268	22,120	-	7,157
Operating expenses	(266,935)	(46,215)	(45,124)	51,450	(1,628)	(2,868)
Other operating income	32,121	21,257	12,626	1,147	169	681
Operating profit (loss)	(70,970)	(58,142)	(4,230)	74,717	(1,459)	4,970
Profit (loss) before income tax	(89,612)	(75,623)	(3,323)	77,614	(5,937)	5,219
Net profit (loss) for the year	(72,546)	(48,819)	(6,774)	56,985	(5,939)	4,662
<u>Detail of sales</u>						
Local sales	503,867	200,365	80,252	96,651	-	16,385
International sales	55,542	41,215	23,973	8,424	-	-
Embedded derivative, estimate of committed sales, adjustment of open temporary liquidations and execution of financial instruments	(4,896)	(3,288)	-	-	-	-
	554,513	238,292	104,225	105,075	-	16,385

32. COMMITMENTS AND CONTINGENCIES

(a) Contingencies

Based on the opinion of their external and internal legal advisors, the Company and Subsidiaries' Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$32,346 and US\$25,422, which is presented in item "Provisions" of the consolidated statement of financial position as of December 31, 2023 and 2022, respectively (Note 19). The Company and Subsidiaries' Management and their legal advisors believe that this provision covers probable contingencies sufficiently.

In relation to possible contingencies, external and internal legal advisors of the Company and Subsidiaries determined an amount of US\$84,479 (US\$54,859 as of December 31, 2022), which corresponds to several proceedings addressed by the Company.

The detail of contingencies of the Company and Subsidiaries are summarized below:

(a.1) Volcan Compañía Minera S.A.A.

Based on the opinion of its external and internal legal advisors, the Company's Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$16,221, which is presented in item "Provisions" of the consolidated statement of financial position as of December 31, 2023 (US\$14,402 as of December 31, 2022). The Company's Management and its legal advisors believe that this provision covers probable contingencies sufficiently.

In relation to possible contingencies, external and internal legal advisors of the Company determined an amount of US\$37,181 (US\$35,585 as of December 31, 2022), which corresponds to several proceedings addressed by the Company.

Civil and labor proceedings

As of December 31, 2023, certain civil and labor lawsuits have been filed against the Company for US\$7,672 (US\$6,759 as of December 31, 2022), which have been classified as probable. Contingencies classified as possible amount to US\$14,654 (US\$14,195 as of December 31, 2022) for compensations for occupational disease, refund of social benefits, payment of profit sharing, reinstatement of employees and others.

Tax proceedings

As of December 31, 2023, the Company has not yet resolved some administrative proceedings with the National Superintendence of Tax Administration (SUNAT) and the Tax Court for certain tax determination resolutions, fine and interest resolutions, mainly corresponding to criteria differences in the determination of tax bases for the settlement of third-category income tax and municipal taxes tax of 2007, 2009, 2013, 2015 and 2017.

As of December 31, 2023 and 2022, other tax proceedings were classified as possible, which include expenses disallowed by the National Superintendence of Tax Administration (SUNAT) for not complying with the criteria of the Tax Administration to amortize the development expenses, among other related concepts. These possible contingencies amount to US\$8,503 (US\$8,763 as of December 31, 2022).

Sanctioning administrative proceedings and contentious-administrative actions

The Company has not yet resolved certain environmental, safety, occupational health and labor safety proceedings with the following regulatory entities: National Water Authority - Local Water Authorities, Employment and Work Promotion Ministry (National Superintendence of Labor Supervision), Ministry of Energy and Mines, Ministry of Production, Supervisory Entity of Investment in Energy and Mining (OSINERGMIN) and the Environmental Supervision and Evaluation Entity (OEFA) for alleged breach of several environmental standards and the provisions of the Safety and Occupational Health Regulations, at a level of probable contingencies for US\$8,549 (US\$7,643 as of December 31, 2022), and possible contingencies for US\$14,024 as of December 31, 2023 (US\$12,627 as of December 31, 2022).

Based on a legal and factual basis, the Company's Management and its legal advisors believe that no additional significant liabilities will arise for the Company from the final resolution of all these proceedings.

(a.2) Compañía Minera Chungar S.A.C. (Chungar)

Based on the opinion of its external and internal legal advisors, Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$9,077 as of December 31, 2023 (US\$5,568 as of December 31, 2022). Management and its legal advisors believe that this provision covers probable contingencies sufficiently.

In relation to possible contingencies, external legal advisors determined an amount of US\$38,944 as of December 31, 2023 (US\$15,181 as of December 31, 2022), which corresponds to several proceedings addressed by the Subsidiary.

Civil and labor proceedings

As of December 31, 2023, certain civil and labor lawsuits have been filed against Chungar for US\$1,550 (US\$645 as of December 31, 2022), which have been classified as probable. Contingencies classified as possible amount to US\$15,726 (US\$657 as of December 31, 2023) for payment of compensations for damages for occupational disease, refund of social benefits, and others under appeal and/or judgment process.

Tax proceedings

As of December 31, 2023, Chungar has not yet resolved some administrative proceedings with the National Superintendence of Tax Administration (SUNAT) and the Tax Court for certain tax determination resolutions, fine and interest resolutions.

Tax determination resolutions, fine and interest resolutions mainly correspond to criteria differences in the determination of tax bases for the settlement of third-category income tax of 2004 and 2017, according to the National Superintendence of Tax Administration (SUNAT), to the omitted payment of taxes. To this date, these proceedings have been contested at an administrative level, have been appealed to the Tax Court, and have been contested at a legal level before the Judiciary.

Finally, there are other contingencies that have derived from concept discrepancies with the Tax Administration and have been classified as possible for US\$17,459 as of December 31, 2023 (US\$13,819 as of December 31, 2022).

Sanctioning administrative proceedings and contentious-administrative actions

The Subsidiary has not yet resolved certain environmental, safety, occupational health and labor safety proceedings with the following regulatory entities: National Water Authority - Local Water Authorities, Employment and Work Promotion Ministry (National Superintendence of Labor Supervision), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA for alleged breach of several environmental standards and safety and occupational health regulations, at a level of probable contingencies for US\$7,527 as of December 31, 2023 (US\$4,923 as of December 31, 2022).

Contingencies classified as possible amount to US\$5,759 (US\$705 as of December 31, 2022).

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

Based on the opinion of its external and internal legal advisors, Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$6,208 as of December 31, 2023 (US\$4,375 as of December 31, 2022). Management and its legal advisors believe that this provision covers probable contingencies sufficiently.

In relation to possible contingencies, external legal advisors determined an amount of US\$7,056 (US\$1,651 as of December 31, 2022), which corresponds to several proceedings addressed by the Subsidiary.

Civil and labor proceedings

As of December 31, 2023, certain labor lawsuits have been filed against the Subsidiary for US\$2,328 (US\$2,295 as of December 31, 2022), which have been classified as probable. Civil and labor contingencies classified as possible amount to US\$1,241 (US\$1,617 as of December 31, 2022) for payment of compensations for damages for occupational disease, refund of social benefits, payment of production bonus, and others under appeal and/or judgment process.

Tax proceedings

As of December 31, 2023 and 2022, the Subsidiary has not yet resolved some administrative proceedings with the National Superintendence of Tax Administration (SUNAT), the Tax Court and local governments for certain tax determination resolutions, fine and interest resolutions.

Tax determination resolutions, fine and interest resolutions correspond to the omitted payment of taxes according to the National Superintendence of Tax Administration (SUNAT), as well as criteria differences in the determination of tax bases for the settlement of third-category income tax. To this date, these proceedings have been contested at an administrative level.

In addition, the Subsidiary has some tax administrative proceedings that were classified as probable contingencies and are presented in item "Provisions" of the consolidated statement of financial position for US\$688 as of December 31, 2023 (US\$669 as of December 31, 2022).

Contingencies classified as possible amount to US\$85 (US\$19 as of December 31, 2022).

Sanctioning administrative proceedings and contentious-administrative actions

The Subsidiary has not yet resolved certain environmental, safety, occupational health and labor safety proceedings with the following regulatory entities: National Water Authority - Local Water Authorities, Employment and Work Promotion Ministry (National Superintendence of Labor Supervision), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA for alleged breach of several environmental standards and the provisions of the Safety and Occupational Health Regulations, at a level of probable contingencies for US\$3,192 as of December 31, 2023 (US\$1,411 as of December 31, 2022) and contingencies classified as possible for US\$5,730 (US\$15 as of December 31, 2022).

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

Based on the opinion of its external and internal legal advisors, Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$717 as of December 31, 2023 (US\$536 as of December 31, 2022) and contingencies classified as possible for US\$1,298 (US\$2,294 as of December 31, 2022). Management and its legal advisors believe that this provision covers probable contingencies sufficiently.

Labor proceedings

As of December 31, 2023, certain labor lawsuits have been filed against the subsidiary for US\$20 (US\$8 as of December 31, 2022), which have been classified as probable.

Tax proceedings

As of December 31, 2023, some tax proceedings have been filed against the subsidiary, which include expenses disallowed by the National Superintendence of Tax Administration (SUNAT), classified as possible for US\$1,298 (US\$2,294 as of December 31, 2022).

Sanctioning administrative proceedings and contentious-administrative actions

The Subsidiary has not yet resolved certain environmental proceedings with the following regulatory entities: National Water Authority - Local Water Authorities, Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA for alleged breach of several environmental standards and the provisions of the Safety and Occupational Health Regulations, at a level of probable contingencies for US\$696 as of December 31, 2023 (US\$528 as of December 31, 2022).

(a.5) Hidroeléctrica Huanchor S.A.C.

Based on the opinion of its external and internal legal advisors, Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$5 as of December 31, 2023. The subsidiary does not have any probable or possible contingencies as of December 31, 2022.

(a.6) Generación Eléctrica Río Baños S.A.C.

Sanctioning administrative proceedings and contentious-administrative actions

The Subsidiary has not yet resolved certain environmental proceedings with OEFA for alleged breach of several standards, at a level of probable contingencies for US\$117 as of December 31, 2023 (US\$17 as of December 31, 2022).

(b) Guarantees

The Company and Subsidiaries have letters of guarantee with financial entities, which expired in December 2023 and were renewed until October 2024, in favor of:

- General Mining Board of the Ministry of Energy and Mines that guarantees the compliance with the applicable Mine Closure Plans of the Company and Subsidiaries for US\$114,845 (US\$106,868 in 2022).
- National Superintendence of Tax Administration (SUNAT) for US\$10,242 (equivalent to S/38,000) to guarantee debts and obligations held with the Tax Administration (US\$3,414, equivalent to S/12,696, in 2022).
- Third parties that guarantee the compliance with payments for the provision of services and/or others for US\$7,448 (comprised by S/24,906 and US\$736) and US\$6,889 (comprised by S/24,639 and US\$426) in 2022.

33. ENVIRONMENTAL OBLIGATIONS

Provision for the closure of mining units

The Congress of the Republic of Peru issued Law No. 28090 on October 14, 2003. The purpose of this Law is to regulate the obligations and procedures to be followed by mining owners for the preparation, presentation, and implementation of Mine Closure Plans, as well as the constitution of pertinent environmental guarantees, which ensure the compliance with investments, according to environmental protection, preservation, and restoration principles. The Regulations of Law No. 28090 were published on August 16, 2005.

In 2023 and 2022, the Company and Subsidiaries submitted the updates of the Mine Closure Plan of their main mining units to the Ministry of Energy and Mines and are expecting to receive the pertinent approvals of certain mining units.

As of December 31, 2023, the Company and Subsidiaries recognized a liability of US\$262,670 for all their mining units (US\$270,714 as of December 31, 2022), in relation to their obligations for future closure:

	2023 US\$000	2022 US\$000
Mining units		
Cerro de Pasco	34,758	35,386
Óxidos	-	2,637
Chungar	48,176	52,571
Carahuacra	68,884	76,604
Andaychagua	35,554	38,469
Alpamarca	33,859	22,576
Vinchos	20,492	21,469
Ticlio	10,676	11,238
Vichaycocha	4,301	3,400
Toruna	1,760	1,816
San Sebastian	4,210	4,548
Total (Note 18)	<u>262,670</u>	<u>270,714</u>

The movement of the provision for the closure of mining units and exploration projects is presented below:

	US\$000
Balance as of January 1, 2022	<u>207,693</u>
Changes in estimates (Note 15)	63,576
Other expenses/income	4,765
Increase for update of present value of provision (Note 27)	3,092
Disbursements	<u>(8,412)</u>
Balance as of December 31, 2022	<u>270,714</u>
Changes in estimates (Note 15)	(6,986)
Other expenses/income	633
Increase for update of present value of provision (Note 27)	3,393
Disbursements	<u>(5,084)</u>
Balance as of December 31, 2023	<u>262,670</u>

The provision for the closure of mining units represents the present value of closure costs that are expected to be incurred between 2024 and 2052.

Changes in estimates consider the change in the rate, the modification of budgets and the deletion of contingent costs.

The estimate of costs for the closure of mining units is based on the study prepared by an independent advisor, which complies with current environmental regulations, as well as the quality requirements and standards shared by the parent. The provision for the closure of mining units mainly corresponds to activities that should be performed for the restoration of the mining unit and areas affected by mining activities. Main works to be performed are earthmoving works, revegetation works and disassembly of plants.

This estimate is highly sensitive to changes in different variables such as the discount rate and period. However, closure budgets are regularly reviewed to take into account any significant change in conducted studies.

In addition, the time when disbursements will be made will depend on Management's judgment and the useful life of the mine, which will be based on the reserves and resources of the mining units.

As of December 31, 2023, the nominal value of the provision for the closure of mining units is US\$309,901, which has been determined using the annual discount rate of 1.85%, resulting in a net present value of US\$262,670 (nominal value of US\$297,552 as of December 31, 2022, using an annual discount rate of 1.25%, resulting in a net present value of US\$270,714). The Company and Subsidiaries consider that this liability is sufficient to comply with environmental protection laws in force approved by the Ministry of Energy and Mines.

34. REMUNERATIONS PAID TO KEY PERSONNEL

The remuneration of the key personnel of the Company and Subsidiaries for the years ended December 31, 2023 and 2022 amounted to US\$11,746 and US\$8,991, respectively, and corresponds to salaries, profit sharing, benefits and social charges, bonuses and extraordinary allowances.

35. NON-MONETARY TRANSACTIONS AND STATEMENT OF CASH FLOWS

Transactions that have not resulted in cash flows were the following:

2023

- Adjustment of the present value of the provision for the closure of mining units for US\$8,062.
- Adjustment of the present value of the liability with communities for US\$2,773.
- Assets acquired under leases for US\$1,240.
- Acquisition of property, plant, and equipment, which have not been paid yet, for US\$28,283.
- Acquisition of mining concessions, development costs and other intangibles, which have not been paid yet, for US\$18,215.
- Acquisition of exploration costs, which have not been paid yet, for US\$3,492.

2022

- Adjustment of the present value of the provision for the closure of mining units for US\$68,242.
- Adjustment of the present value of the liability with communities for US\$311.
- Assets acquired under leases for US\$31,894.
- Acquisition of property, plant, and equipment, which have not been paid yet, for US\$41,179.
- Acquisition of mining concessions, development costs and other intangibles, which have not been paid yet, for US\$26,881.
- Acquisition of exploration costs, which have not been paid yet, for US\$4,852.

36. LEASES

The Company as lessee

Leases are related to leases of minor machinery and equipment for up to 3 years. The Company and Subsidiaries do not have operating lease agreements that contain clauses for the review of market rentals. The Company and Subsidiaries do not have the option to buy leased assets at the expiry date of lease terms.

Amounts recognized for this concept were US\$42,834 and US\$47,215 in 2023 and 2022, respectively. The commitments for leases are shown below according to their expiry date:

	<u>2023</u>	<u>2022</u>
	<u>US\$000</u>	<u>US\$000</u>
1 year or less	20,390	21,645
More than 1 to 3 years	<u>7,244</u>	<u>13,078</u>
	<u>27,633</u>	<u>34,723</u>

The carrying amount of right-of-use assets and liabilities recognized and the movements generated in the year are presented in Note 14 and Note 16, respectively.

37. SUBSEQUENT EVENTS

We are not aware of any subsequent event that has occurred between the closing date and authorization date of these consolidated financial statements, which may significantly affect them.

ISSUER

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EXHIBIT B
SUPPLEMENT NO.1 TO THE EXCHANGE OFFERING MEMORANDUM

**EXCHANGE OFFER MEMORANDUM AND CONSENT SOLICITATION STATEMENT
SUPPLEMENT NO. 1**



**Supplement No. 1 to the Exchange Offer Memorandum and Consent Solicitation Statement relating to the
Offer to Exchange any and all of the 4.375% Senior Notes due 2026 (the “Existing Notes”)
for Newly Issued 8.750% Senior Secured Notes due 2030 (the “New Notes”)
and Solicitation of Consents to Proposed Amendments to the Existing Indenture governing the Existing Notes**

To be eligible to receive the Total Consideration (as defined in the Exchange Offer Memorandum), which includes the Early Participation Premium (as defined in the Exchange Offer Memorandum), registered holders of the Existing Notes (each such holder, a “Holder”) must validly tender their Existing Notes and deliver their Consents (as defined in the Exchange Offer Memorandum) on or prior to 5:00 p.m., New York City time, on August 22, 2024, unless extended or earlier terminated by the Company (as defined below), in its sole discretion (such date and time, as the same may be extended or earlier terminated, the “Early Participation Deadline”). Existing Notes tendered for exchange on or prior to the Early Participation Deadline may be validly withdrawn, and the related Consents may be validly revoked, at any time prior to 5:00 p.m., New York City time, on August 22, 2024, unless extended by the Company, in its sole discretion (such date and time, as the same may be extended, the “Withdrawal Deadline”). The Exchange Offer (as defined below) will expire at 5:00 p.m., New York City time, on September 6, 2024, unless extended by the Company, in its sole discretion (such date and time, as the same may be extended, the “Expiration Deadline”). Eligible Holders who validly tender their Existing Notes and deliver their Consents after the Early Participation Deadline, but on or prior to the Expiration Deadline, will be eligible to receive only the Exchange Consideration (as defined in the Exchange Offer Memorandum).

This Supplement No. 1 (this “Supplement No. 1”) to the Exchange Offer Memorandum and Consent Solicitation Statement dated August 5, 2024 (the “Exchange Offer Memorandum”) by Volcan Compañía Minera S.A.A., a *sociedad anónima abierta* organized under Peruvian law (the “Company”) amends and supplements the information contained therein, mainly to update the sections “Summary Consolidated Financial Data,” “Selected Consolidated Financial Data,” “Selected Operating Data,” “Capitalization,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” with recent developments based on the completion of the limited review of the Company’s financial results as of and for the six-month periods ended June 30, 2024 (the “June 2024 Financial Information”) and to replace in their entirety the Company’s Unaudited Interim Condensed Consolidated Financial Statements as of March 31, 2024 and for the three months ended March 31, 2024 and 2023 included in the section “Index to Financial Statements” with the Unaudited Interim Condensed Consolidated Financial Statements as of June 30, 2024 and for the six months ended June 30, 2024 and 2023 attached to this Supplement No. 1 under the section “Index to Financial Statements.”

Accordingly such information as included in this Supplement No. 1 supersedes and replaces the information provided in the Exchange Offer Memorandum with respect to the Company’s financial results as of and for the three months ended March 31, 2024 and 2024 under the headings “Summary Consolidated Financial Data,” “Selected Consolidated Financial Data,” “Selected Operating Data,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Index to Financial Statements” and, as applicable, to the extent the context requires. Except for this supplemental information, all other information contained in the Exchange Offer Memorandum remains unmodified.

You should read this Supplement No. 1 together with the Exchange Offer Memorandum, including the section of the Exchange Offer Memorandum entitled “*Risk Factors*.” However, to the extent that any information in the Exchange Offer Memorandum is inconsistent with the information set forth in this Supplement No. 1, you should rely on the information in this Supplement No. 1 and not on the information in the Exchange Offer Memorandum.

Terms used but not defined in this Supplement No. 1 have the respective meanings given to them in the Exchange Offer Memorandum.

Neither the U.S. Securities Exchange Commission (the “SEC”) nor any state securities commission or any other regulatory body has approved or disapproved of these securities or determined if the Exchange Offer Memorandum or this Supplement No. 1 is accurate or complete. Any representation to the contrary is a criminal offense.

Dealer Managers and Solicitation Agents

BofA Securities

Moelis & Company

August 15, 2024

TABLE OF CONTENTS

	<u>Page</u>
Selected Consolidated Financial Data	1
Selected Operating Data	5
Capitalization.....	7
Management's Discussion and Analysis of Financial Condition and Results of Operations	9
Index to Financial Statements.....	F-1

SELECTED CONSOLIDATED FINANCIAL DATA

We set forth below certain financial and operating data as of and for the years ended December 31, 2022 and 2023 and the six-month periods ended June 30, 2023 and 2024. Our interim condensed consolidated financial data as of and for the six-month periods ended June 30, 2023 and 2024 is unaudited.

You should read this information together with our audited consolidated financial statements as of and for the years ended December 31, 2022 and 2023, and the notes thereto, included in the Exchange Offer Memorandum, and our unaudited interim condensed consolidated financial statements as of and for the six-month periods ended June 30, 2023 and 2024, and notes thereto, included elsewhere in this Supplement No. 1, as well as the information presented in sections “*Summary Consolidated Financial Data*,” “*Presentation of Financial Information*” of the Exchange Offer Memorandum and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” of the Exchange Offer Memorandum and of this Supplement No. 1. These results are not necessarily indicative of our future results of operations or financial condition.

	As of or for the year ended December 31,		As of or for the six months ended June 30,	
	2022	2023	2023	2024
(In millions of U.S. dollars, except for ratios, cash cost, production data, reserves and resources, and prices)				
Consolidated Statement of Comprehensive Income				
Net Sales	951.3	883.1	434.4	395.0
Cost of sales	(762.7)	(725.5)	(362.8)	(323.9)
Gross profit	188.5	157.6	71.6	71.1
Administrative expenses	(69.3)	(55.2)	(31.7)	(22.5)
Selling expenses	(24.9)	(30.6)	(14.5)	(14.0)
Other income	60.1	63.4	26.8	51.4
Other expenses	(87.5)	(78.5)	(36.3)	(50.3)
Impairment loss of long-lived assets	(126.1)	(36.2)	-	-
Operating profit (losses)	(59.1)	20.6	15.9	35.7
Financial income (expenses)	(42.4)	(64.7)	(29.6)	(36.2)
Profit (loss) before income tax	(101.5)	(44.2)	(13.7)	(0.5)
Income tax expense (benefit)	20.1	34.2	2.7	(8.3)
Net (loss) profit	(81.4)	(10.0)	(11.0)	(8.8)
Consolidated Statement of Financial Position				
Cash and cash equivalents	73.6	61.6	50.2	68.0
Trade accounts receivable (net)	28.6	20.3	12.8	15.4
Other accounts receivable	65.4	77.0	76.5	81.8
Other financial assets	-	0.7	1.2	-
Inventories (net)	57.1	48.3	53.7	47.0
Assets classified as held for sale	-	-	-	20.5
Total current assets	224.7	208.0	194.5	232.7
Other accounts receivable (net)	34.3	36.0	37.2	31.3
Financial investments	186.5	185.3	189.8	192.5
Inventories (net)	6.2	5.6	5.9	5.4
Property, plant and equipment, net	812.9	771.8	781.4	690.2
Right-of-use assets	11.4	17.9	16.3	17.6
Mining concessions, costs of exploration and development costs, and other intangibles (net)	699.9	650.7	695.4	646.2
Total non-current assets	1,751.2	1,667.2	1,726.0	1,583.1
Total assets	1,975.9	1,875.2	1,920.5	1,815.8
Total current liabilities	361.0	440.1	334.2	440.0
Total non-current liabilities	1,239.5	1,070.5	1,219.8	1,045.0
Total liabilities	1,600.5	1,510.6	1,554.0	1,485.0

Total equity	375.4	364.6	366.5	330.9
Total liabilities and equity	1,975.9	1,875.2	1,920.5	1,815.8

	As of or for the year ended		As of or for the six months ended	
	December 31,		June 30,	
	2022	2023	2023	2024
(In millions of U.S. dollars, except for ratios, cash cost, production data, reserves and resources, and prices)				

Consolidated Statement of Cash Flow

Cash from operating activities	335.9	248.4	111.2	104.9
Cash used in investing activities	(289.5)	(179.9)	(96.7)	(75.3)
Cash resulting from (used in) financing activities	(203.9)	(80.4)	(37.9)	(23.8)
Net increase (decrease) in cash and cash equivalents.....	(157.6)	(12.0)	(23.4)	5.8

Other Items

Depreciation and amortization.....	224.8	207.1	103.1	94.2
Interest expense ⁽¹⁾	42.9	55.9	26.5	28.7
Adjusted EBITDA ⁽²⁾	298.6	276.9	120.7	132.0
Ratio of net financial debt to Adjusted EBITDA ⁽³⁾	2.7	2.9	3.1	2.4
Adjusted EBITDA coverage ratio ⁽⁴⁾	7.0	4.9	4.5	4.6
Accrued capital expenditures (non-cash) ⁽⁵⁾	242.7	179.6	79.0	66.8
Working capital ⁽⁶⁾	(136.3)	(232.1)	(139.7)	(207.3)

Sales by metal and adjustments

Zinc	564.4	438.4	232.8	212.0
Silver	162.8	153.3	70.7	70.9
Lead	178.8	228.6	118.3	90.1
Copper	53.1	60.6	25.3	24.8
Subtotal.....	959.0	881.0	447.2	397.7
Execution of financial instruments	-	3.9	0.4	(0.1)
Embedded derivatives	(5.0)	(1.8)	(13.2)	(2.7)
Estimate of committed sales	(2.7)	-	-	-
Total	951.3	883.1	434.4	395.0

Cash Cost⁽⁷⁾

Zinc (U.S. dollars per finished metric tonne).....	1,542	1,207	1,194	749
Silver (U.S. dollars per ounce).....	(8.5)	2.8	2.0	(5.7)

Fine Metal Production

Zinc (in thousands of tonnes).....	224.7	242.0	119.1	103.2
Silver (in millions of ounces).....	14.3	15.2	7.3	6.3
Lead (in thousands of tonnes).....	54.9	60.8	28.5	23.6
Copper (in thousands of tonnes)	4.3	5.3	2.7	1.6
Gold (in thousands of ounces)	20.8	18.4	9.3	5.8

Average Spot Prices

Zinc (US\$/tonne – LME SHG Sett).....	3,485	2,649	2,835	2,641
Silver (US\$/ounce – London Spot).....	21.8	23.4	23.4	26.1
Lead (US\$/tonne – LME Sett).....	2,153	2,137	2,129	2,121
Copper (US\$/tonne – LME Sett).....	8,815	8,483	8,704	9,097
Gold (US\$/ounce – London Spot)	1,802	1,943	1,933	2,205

- (1) The components of interest expense are as follows:

	For the year ended December 31,		For the six months ended June 30,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Interest Expense				
Syndicated loan.....	20.8	38.5	17.9	20.2
Financial institutions.....	0.1	-	-	-
Third parties (bonds).....	21.1	16.8	8.3	8.3
Financial leasing.....	0.9	0.7	0.3	0.2
Total interest expense	42.9	55.9	26.5	28.7

- (2) EBITDA is calculated as net (loss) profit for the year/period before income tax expense, financial expenses (income), depreciation and amortization during such period. Adjusted EBITDA is calculated by eliminating from the calculation of EBITDA: (a) any non-recurring items during such period, (b) gains or losses on the sale of property (other than the sale of property in the ordinary course of business) during such period, (c) any other non-cash items deducted from or included in the calculation of pre-tax net income for such period (other than items that will require cash payments and for which an accrual or reserve has been, or is required by IFRS to be, made), and (d) foreign exchange gains or losses upon loans and foreign currency translation adjustments or monetary correction and bank charges. We believe that EBITDA and Adjusted EBITDA, while providing useful information, should not be considered in isolation or as a substitute for net income as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, our calculation of EBITDA and Adjusted EBITDA may be different from the calculation used by other companies and therefore, comparability may be affected.

The following table sets forth the Adjusted EBITDA reconciliation:

	As of and for the year ended December 31,		As of and for the six months ended June 30,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Net (loss) profit	(81.4)	(10.0)	(11.0)	(8.8)
Income tax expense	(20.1)	(34.2)	(2.7)	8.3
Financial expenses, net ⁽¹⁾	38.4	57.1	25.9	30.6
Depreciation and amortization	224.8	207.1	103.1	94.2
EBITDA.....	161.7	220.1	115.3	124.3
Adjustments ⁽²⁾	137.0	56.8	5.4	7.7
Adjusted EBITDA.....	298.6	276.9	120.7	132.0

⁽¹⁾ Excluding exchange difference loss, net and bank charges.

⁽²⁾ The components of the adjustments are as follows:

	As of and for the year ended December 31,		As of and for the six months ended June 30,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Adjustments				
Impairment loss of long-lived assets, net of reversal.....	126.1	36.2	1.7	-
VAT impairment.....	(7.7)	-	-	-
Doubtful recovery provision	-	4.8	-	-
Adjustment of contingencies provision.....	-	-	-	-
Adjustment of inventories	3.9	0.5	-	-
Net present value change of mine closure and communities agreements	6.7	6.8	-	-
Others.....	3.9	1.2	-	2.2
Exchange difference loss, net.....	-	(1.0)	(0.9)	0.7
Bank charges.....	4.0	8.3	4.6	4.8
Adjustments	137.0	56.8	5.4	7.7

- (3) The following table sets forth a description of our financial debt:

	As of December 31,		As of June 30,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Financial debt				
Syndicated loan*	397.0	398.0	397.5	364.2
Financial institutions	2.8	-	0.4	-
Third parties (bonds)**	361.6	362.7	362.2	363.3
Financial leasing	26.6	13.9	19.2	9.4
Loans from other entities.....	-	-	-	25.0
Total gross financial debt***	787.9	774.5	779.3	761.9

Cash and cash equivalents	73.6	61.6	50.2	68.0
Total net financial debt	714.3	712.9	729.1	693.9

* Includes fees amortized cost for US\$3.0 million, US\$2.0 million, US\$2.5 million and US\$1.5 million as of December 31, 2022, December 31, 2023, June 30, 2023 and June 30, 2024, respectively.

** Includes fees amortized cost for US\$3.4 million, US\$2.3 million, US\$2.8 million and US\$1.7 million as of December 31, 2022, December 31, 2023, June 30, 2023 and June 30, 2024, respectively.

***Does not include operating leases (IFRS 16) or bank overdrafts.

- (4) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA for the applicable period to interest expense for the same period.
- (5) Capital expenditures differ from cash used in investing activities because cash used in investing activities includes investments accrued in previous periods paid during the current period and excludes investments accrued in the current period but not paid in the current period. The components of capital expenditures are as follows:

	For the year ended December 31,		For the six months ended June 30,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Capital Expenditures				
Local exploration	11.0	13.1	5.8	4.1
Mine development	82.7	76.3	37.6	32.9
Plants and tailing facilities.....	62.3	32.0	10.0	13.2
Mine and infrastructure.....	40.7	34.5	16.5	10.9
Electrical infrastructure in units	12.8	8.7	3.0	0.7
Regional explorations	0.3	0.1	0.0	0.0
Romina Project*	17.3	10.9	5.3	2.3-
Energy	1.1	0.5	0.0	0.0
Support and others	14.5	3.5	0.8	2.6
Total accrued capital expenditures (non-cash)	242.7	179.6	79.0	66.8

* For a description of the projects, see section “*Business—Growth Projects*” of the Exchange Offer Memorandum.

- (6) Working capital is current assets less current liabilities.
- (7) Zinc and silver cash cost includes all expenses incurred in the production and sale of concentrate, such as production costs (excluding depreciation and amortization), treatment and refining charges, selling expenses, and royalties.

SELECTED OPERATING DATA

The following table sets forth a summary of our production and sales data for each of the years ended December 31, 2022 and 2023 and for the six-month periods ended June 30, 2023 and 2024. For more information regarding such data, see section “*Business*” of the Exchange Offer Memorandum.

	Year ended December 31,		Six months ended June 30,	
	2022	2023	2023	2024
Summary Operating Data				
Treated Mineral (in thousands of dry tonnes).....	8,997	9,429	4,678	4,321
Concentrate Production				
Zinc (in thousands of tonnes).....	429.8	461.9	226.9	202.4
Lead (in thousands of tonnes).....	62.0	80.5	31.9	42.5
Copper (in thousands of tonnes).....	10.0	11.4	4.9	4.2
Bulk (in thousands of tonnes).....	43.1	32.9	22.8	3.8
Fine Metal Production				
Zinc (in thousands of tonnes).....	224.7	242.0	119.1	103.2
Silver (in millions of ounces).....	14.3	15.2	7.3	6.3
Lead (in thousands of tonnes).....	54.9	60.8	28.5	23.6
Copper (in thousands of tonnes).....	4.3	5.3	2.7	1.6
Gold (in thousands of ounces).....	20.8	18.4	9.3	5.8
Average Ore Grade				
Zinc (%).....	3.34%	3.51%	3.54%	3.74%
Silver (ounces per tonne).....	2.46	2.43	1.22	2.02
Lead (%).....	0.91%	0.99%	0.98%	1.13%
Copper (%).....	0.12%	0.12%	0.13%	0.13%
Reserves and Resources (in millions of tonnes)				
Reserves				
Proven.....	6.9	6.8	n/a	n/a
Probable.....	24.6	22.9	n/a	n/a
Total.....	31.5	29.7	n/a	n/a
Resources				
Measured.....	41.0	40.0	n/a	n/a
Indicated.....	108.4	106.8	n/a	n/a
Inferred.....	321	324	n/a	n/a
Total.....	470.3	470.8	n/a	n/a
Total Reserves and Resources.....	501.8	500.5	n/a	n/a
Production of Metal Contained per Mining Unit and Project				
Cerro de Pasco				
Zinc (in thousands of tonnes).....	24.5	19.4	9.3	9.7
Silver (in millions of ounces).....	1.3	1.5	0.7	0.7
Lead (in thousands of tonnes).....	9.2	7.5	3.9	3.6
Chungar				
Zinc (in thousands of tonnes).....	46.6	49.9	25.8	20.1
Silver (in millions of ounces).....	2.1	2.2	1.3	0.7
Lead (in thousands of tonnes).....	19.4	21.0	11.3	6.8
Copper (in thousands of tonnes).....	1.3	1.2	0.7	0.3
Yauli				
Zinc (in thousands of tonnes).....	147.9	166.9	80.9	70.8
Silver (in millions of ounces).....	6.7	7.8	3.5	3.0
Lead (in thousands of tonnes).....	22.3	28.4	11.8	10.9
Copper (in thousands of tonnes).....	2.7	2.8	1.4	0.8
Óxidos de Pasco				
Silver (in millions of ounces).....	3.5	2.6	1.4	1.5
Gold (in thousands of ounces).....	13.8	11.4	5.6	3.5
Alpamarca				
Zinc (in thousands of tonnes).....	5.8	5.8	3.1	2.6
Silver (in millions of ounces).....	0.7	1.0	0.5	0.4
Lead (in thousands of tonnes).....	4.0	4.0	1.6	2.3
Copper (in thousands of tonnes).....	0.2	0.3	0.1	0.1
Average Ore Grade per Mining Unit and Project				
Cerro de Pasco				
Zinc (%).....	1.9%	1.9%	1.9%	2.0%

Silver (ounces per tonne)	1.43	1.50	1.52	1.47
Lead (%)	0.7%	0.8%	0.8%	0.8%
Chungar				
Zinc (%).....	4.1%	4.3%	4.15%	4.83%
Silver (ounces per tonne)	1.97	2.04	2.20	1.83
Lead (%)	1.7%	1.8%	1.8%	1.7%
Copper (%).....	0.2%	0.2%	0.2%	0.2%
Yauli				
Zinc (%).....	5.4%	5.7%	5.8%	5.9%
Silver (ounces per tonne)	2.67	2.83	2.74	2.66%
Lead (%)	0.9%	1.0%	1.0%	1.0%
Copper (%).....	0.2%	0.2%	0.2%	0.1%
Óxidos de Pasco				
Silver (ounces per tonne)	7.17	5.94	5.43	6.17
Gold (grams per tonne)	0.7	0.6	0.7	0.5
Alpamarca				
Zinc (%).....	0.8%	0.8%	0.7%	0.6%
Silver (ounces per tonne)	0.91	1.20	1.21	0.94
Lead (%)	0.5%	0.5%	0.4%	0.5%
Copper (%).....	0.0%	0.0%	0.1%	0.0%

Reserves and Resources per Mining Unit (excluding inferred resources)

Cerro de Pasco				
Reserves (in millions of tonnes).....	9.9	8.7*	n/a	n/a
Resources (in millions of tonnes)	17.3	15.4	n/a	n/a
Total (in millions of tonnes).....	27.1	24.1	n/a	n/a
Chungar				
Reserves (in millions of tonnes).....	4.1	4.6	n/a	n/a
Resources (in millions of tonnes)	12.3	13.2	n/a	n/a
Total (in millions of tonnes).....	16.4	17.8	n/a	n/a
Yauli				
Reserves (in millions of tonnes).....	16.1	16.1	n/a	n/a
Resources (in millions of tonnes)	35.8	35.7	n/a	n/a
Total (in millions of tonnes).....	52.0	51.8	n/a	n/a
Alpamarca				
Reserves (in millions of tonnes).....	0.7	0.3	n/a	n/a
Resources (in millions of tonnes)	2.0	0.5	n/a	n/a
Total (in millions of tonnes).....	2.6	0.8	n/a	n/a

* Includes 0.4 from Oxides.

CAPITALIZATION

The following table sets forth our capitalization in accordance with IFRS at June 30, 2024 and as adjusted to give effect to the Exchange Offer (assuming all Existing Notes are exchanged for New Notes). See sections “*Use of Proceeds*” and “*Exchange Offer*” of the Exchange Offer Memorandum. This table is qualified in its entirety by reference to, and should be read together with, our unaudited interim condensed consolidated financial statements as of and for the six-month periods ended June 30, 2023 and 2024, including the notes thereto, included elsewhere in this Supplement No. 1, with section “*Presentation of Financial Information*” of the Exchange Offer Memorandum, and with sections “*Selected Consolidated Financial Data*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” of the Exchange Offer Memorandum and of this Supplement No. 1.

	As of June 30, 2024		
	Actual ⁽¹⁾	As Adjusted ⁽²⁾	As Further Adjusted ⁽³⁾
	(In millions of U.S. dollars)		
Cash and cash equivalents			
Cash and cash equivalents	68.0	68.0	68.0
Short-term debt			
Original Credit Agreement ⁽⁴⁾	143.9	-	-
Credit Agreement	-	7.5	7.5
Existing Notes	6.5	6.5	0.7
New notes	-	-	-
Other short-term financial obligations ⁽⁵⁾	20.3	20.3	20.3
Total short-term debt	170.7	34.3	28.5
Long-term debt			
Original Credit Agreement	228.6	-	-
Credit Agreement ⁽⁶⁾	-	361.9	361.9
Existing notes	365.0	365.0	36.5
New notes	-	-	331.8
Other long-term financial obligations ⁽⁷⁾	29.6	29.6	29.6
Total long-term debt	623.2	756.5	759.8
Share capital	774.3	774.3	774.3
Treasury shares	(41.5)	(41.5)	(41.5)
Legal reserve	10.5	10.5	10.5
Share premium	(162.3)	(162.3)	(162.3)
Unrealized loss	76.5	76.5	76.5
Accumulated results	(326.7)	(326.7)	(326.7)
Total Equity	330.9	330.9	330.9
Total capitalization⁽⁸⁾	1,124.7	1,121.6	1,119.1

- (1) The capitalization table above includes (i) US\$365,000,000 of principal outstanding under the Existing Notes, as of June 30, 2024, given that under IFRS debt is recorded at its amortized cost using the effective interest rate method (amortized cost is calculated by taking into account any initial premium or discount on the notes and includes any transaction costs that are an integral part of the effective interest rate), (ii) US\$365.7 million of principal outstanding under the Original Credit Agreement, as of June 30, 2024 and (ii) accrued interest of US\$13.2 million owed under the Existing Notes and the Original Credit Agreement, as of June 30, 2024.
- (2) Adjusted to give effect to the refinancing of the Original Credit Agreement in accordance with commercial terms discussed in “Description of Certain Material Agreements.” The adjustments are presented without giving effect to the deduction of fees and expenses incurred in connection with the refinancing of the Original Credit Agreement, other than the structuring fee that has been included in the total outstanding amount under the loan.
- (3) Further adjusted to give effect to the Exchange Offer, assuming that Holders of 90% of the aggregate principal amount of the Existing Notes validly tender (and do not validly withdraw) their Existing Notes and deliver related consents on or prior to the Early Participation Deadline, leading to the issuance of US\$331.8 million aggregate principal amount of New Notes in exchange for the Existing Notes. The adjustments are presented without giving effect to the deduction of fees and expenses incurred in connection with the Exchange Offer and the Solicitations.
- (4) The adjusted amount of short-term financial obligations excludes (and transfers to the long-term financial obligations line) the amount due under the Credit Agreement that had been considered as short-term obligations as of June 30, 2024 (US\$143.9 million), including accrued interest, with the exception of an amortization payment of US\$7.5 million expected under the Credit Agreement, after giving effect to the

refinancing of the Original Credit Agreement in accordance with the commercial terms included in “Description of Certain Material Agreements.”

- (5) Includes operating leasing, financial leasing and bank overdrafts.
- (6) The adjusted amount of long-term financial obligations due under the Credit Agreement excludes the amount of an amortization payment of US\$7.5 million expected under the Credit Agreement, which has been allocated as a short-term obligation.
- (7) Includes operating leasing, financial leasing and bank overdrafts, and a long-term loan from Glencore Lima Trading S.A.C. in the amount of US\$25 million.
- (8) Total capitalization is calculated as the sum of total short-term debt, total long-term debt and total equity.

Except as set forth above, there have been no material changes to our total capitalization since June 30, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based on our consolidated financial statements and should be read in conjunction with our audited consolidated financial statements as of and for the years ended December 31, 2022 and 2023, and the notes thereto, included in the Exchange Offer Memorandum, and our unaudited interim condensed consolidated financial statements as of and for the six-month periods ended June 30, 2023 and 2024, and the notes thereto, included elsewhere in this Supplement No. 1, as well as the data set forth in sections "Summary Consolidated Financial Data," "Selected Consolidated Financial Data" of this Supplement No. 1 and of the Exchange Offer Memorandum, as applicable. Our audited consolidated financial statements as of December 31, 2022 and 2023 and for each of the years ended December 31, 2022 and 2023, and our unaudited condensed consolidated financial statements as of and for the six month-periods ended June 30, 2023 and 2024 have been prepared in U.S. dollars in accordance with IFRS and IAS 34, respectively. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Supplement No. 1 and in Exchange Offer Memorandum, particularly in the section "Risk Factors" of the Exchange Offer Memorandum.

Overview

In the six-month period ended June 30, 2024, we had net sales of US\$395.0 million, net loss of US\$8.8 million and Adjusted EBITDA of US\$132.0 million. In the first six months of 2024, zinc represented 53.3%, silver represented 17.8%, lead represented 22.7% and copper represented 6.2% of our sales by value.

Key Factors Affecting Our Business and Results of Operations

Metal Prices. Our financial performance is significantly affected by the market prices of zinc, lead, silver and, to a lesser extent, copper. Metal prices have historically been subject to wide fluctuations and are affected by numerous factors beyond our control. These factors, which affect each metal to varying degrees, include international economic and political conditions, levels of supply and demand, the availability and cost of substitutes, inventory levels maintained by producers and others, and, to a lesser degree, inventory carrying costs and currency exchange rates. In addition, the market prices of certain metals have on occasion been subject to rapid short-term changes due to speculative activities. For example, in 2023, metal prices, except for silver, experienced a decline due to global concerns over a potential recession in the United States and Europe, as well as a slowdown in growth in China. The following table sets forth the average published market prices for the metals and periods indicated.

	Year ended December 31,		Six months ended June 30,	
	2022	2023	2023	2024
Zinc (US\$/tonne – LME SHG Sett)	3,485	2,649	2,835	2,641
Silver (US\$/ounce – London Spot)	21.8	23.4	23.4	26.1
Lead (US\$/tonne – LME Sett)	2,153	2,137	2,129	2,121
Copper (US\$/tonne – LME Sett)	8,815	8,483	8,704	9,097
Gold (US\$/ounce – London Spot)	1,801	1,943	1,933	2,205

The key drivers and recent trends of each of the metals that we produce are:

- *Zinc* is a major component of the construction and automotive industries, mainly due to its galvanizing applications. While base metal prices were initially negatively impacted in 2023, primarily due to the strong policy of interest rate hikes in the United States and the Eurozone, as well as the deceleration of the construction market in China, such prices, including the price of zinc, have increased in recent months following China's announcement of an economic growth target of 5.0% for 2024 and of a plan to boost growth by issuing long-term bonds over the next several years in order to alleviate a prolonged downturn in the real estate market. As of June 30, 2024, the price of zinc was US\$2,641 per tonne.
- *Silver* is generally seen as store of value and therefore its price tends to be resilient in times of economic uncertainty. In addition, applications in electronics and solar cells have added to the already wide spread

uses of silver in photography, currency, jewelry and silverware. Despite the increases in interest rates by the United States Federal Reserve and the strengthening of the dollar in the United States, the price of silver in 2023 increased compared to the average price in 2022 from US\$21.8 per ounce to US\$23.4 per ounce by the end of the year. As of June 30, 2024, the price of silver was US\$26.1 per ounce.

- *Lead* is used as energy storage and in certain other products such as ammunition, oxides in glass and ceramics, casting metals and sheet lead. As in the case of zinc, lead prices have also been guided by the policies of United States and the Eurozone, and to a lesser extent, by the impact of the construction market in China. However, lead's own demand structure as an energy storing metal has resulted in its price diverging from zinc, with lower prices in several periods since late 2015. Opposition to lead-related projects has hampered the potential for increased demand for lead amid more battery demand. However, from the end of 2021 to the present, the price of lead has been on the rise, primarily due to high automobile penetration rates in various countries. Additionally, new technologies have spurred fresh demand for lead, such as mobile data networks and electronic personal vehicles like electric bicycles. As of June 30, 2024, the price of lead stood at US\$2,121 per tonne.
- *Copper* is used for building construction, power generation and transmission, electronic product manufacturing, and the production of industrial machinery and transportation vehicles. Similar to the other metals described above, the price of copper was also initially negatively impacted as a result of the strong policy of interest rate hikes in the United States and the Eurozone. However, this decrease was followed by a considerable increase in the last month of 2023 and so far in 2024. As of June 30, 2024, the price of copper was US\$9,097 per tonne.

For further information on the drivers and trends affecting these metals, see section “*Industry Overview*” of the Exchange Offer Memorandum.

Production Volumes, Ore Grade and Metal Mix. We have consistently ranked among the ten largest producers of zinc, silver and lead globally every year from 2006 to 2024, according to Wood Mackenzie. We were also the second-leading producer of zinc and lead and the third-leading producer of silver in Peru as of February 2024, according to MINEM. In the last year, due to higher treated tonnage at the Yauli Unit and higher grades at the Chungar Unit, our zinc, lead and silver production has increased, meanwhile our copper production remains stable at the production level from previous years. See section “*Business—Operations—Mining Units—Cerro de Pasco Unit—Outlook*” of the Exchange Offer Memorandum. We are currently using 87% of our installed capacity. Our reserves for all metals as of December 31, 2023 demonstrated grades that are consistent with those of the last few years. The following table sets forth our production for the metals and periods indicated, and the average ore grade of our reserves as of December 31, 2023.

	Average Ore Grade of Reserves as of	Year ended December 31,		Six months ended June 30,	
	December 31, 2023	2022	2023	2023	2024
	(percentages and, in the case of silver, ounces per tonne)	(in thousand tonnes and million ounces in the case of silver)			
Zinc	3.9%	1162	1162	n/a	n/a
Silver	2.3	75	68	n/a	n/a
Lead	0.9%	279	275	n/a	n/a
Copper	0.1%	38	36	n/a	n/a

Costs and Expenses. Our ability to manage our costs and expenses affects our business performance. We strongly focus on controlling and limiting our costs and expenses so that we are better prepared to overcome less favorable pricing conditions. The quality and richness of our ore deposits and our economies of scale allow us to be one of the lowest cost metal producers worldwide. Our consolidated unit cost decreased by 13.3%, from US\$53.2 per metric tonne in the second quarter of 2023 to US\$46.2 per metric tonne in the second quarter of 2024, mainly due to

cost reduction initiatives and exceptional savings measures in response to the halting of operations at the San Cristóbal - Carahuacra, and Ticlio mines.

The largest components of our cost structure are contractors' expenses, production materials and supplies, labor and energy expenses, which accounted for approximately 44%, 27%, 18% and 11%, respectively, of our production costs in the first six months of 2024. In 2023, contractors' expenses accounted for approximately 47%, production materials and supplies accounted for approximately 26%, labor accounted for approximately 18% and energy expenses accounted for approximately 10% of our production costs. In the past we have been able to react quickly to commodity price cycles by reducing controllable costs, such as exploration projects and mining development, achieving significant cost reductions.

Our continuous improvement program, Volcan Avanza, focuses on the constant search for: process improvement and standardization, cost reduction opportunities, and transforming the culture of operational excellence in all of our mining units. Through Volcan Avanza, during 2023, we have focused our efforts on reducing the consumption of supplies in all mining cycle activities, mechanical and electrical maintenance and use of reagents without disrupting normal course of business and maintaining global safety standards. Among other cost saving and productivity initiatives, we suspended operations at Islay Mine, which has been in suspension since July 2023. We also believe that the Volcan Avanza initiatives allow us to mitigate many external market effects such as international metal prices, inflation and exchange rates, among others.

The following table sets forth our cash cost for the metals and periods indicated.

	Year ended December 31,		Six months ended June 30,	
	2022	2023	2023	2024
(U.S. dollars per finished metric tonne and per ounce in the case of silver)				
Cash Cost By-Product⁽¹⁾				
Zinc	1,542	1,207	1,194	749
Silver	(8.5)	2.8	2.0	(5.7)

(1) For the zinc cash cost calculation, silver, lead, copper and gold are considered as by-products. For the silver cash cost calculation, zinc, lead, copper and gold are considered by-products. Therefore, the by-products are not included in this table.

Commercial Terms. The commercial terms that we negotiate for our sales affect our business performance. We sell our products through long-term contracts and tenders. In 2023, approximately 36% of our sales were under long-term contracts and 55% under tenders. Our client base is composed of major global commodity traders and refineries. We have significant negotiating leverage and typically obtain very competitive commercial terms for our products. Sales prices for our products are established principally by reference to prices quoted on the London Metal Exchange and London Bullion Market. Pricing is based on prevailing average prices for the relevant metal for a given period, generally for the month of shipment, the month following the month of shipment or the second month following the month of shipment. Revenues are recorded at provisional prices determined at the time of shipment. Usually, an adjustment is then made after delivery of the products, based on the final pricing terms, the final tonnage delivered (FOB and CIF tonnages are determined at destination) and the final metal contents delivered. Sales to trading companies accounted for approximately 63% of our sales by value in 2023 and 69% in the first six months of 2024.

We take advantage of our leading position in the Central Andes in terms of tonnage and a diversified high quality product basket. The Central Andes is home to several other major mining operations. As a result, this area is one of the most important concentrate hubs of the world. In addition, trading companies have a long history in the region and are generally willing to accept premium terms for our concentrates, as our volume and quality is needed to offset other producers' low volume and especially lower quality concentrates. In general, because of the quality and volume of our production, we have several alternatives to choose from when placing our sales.

Hedging Operations. We generally use metal commodity futures in order to reduce the risk associated with metal price volatility. In addition, we may use foreign currency forwards to mitigate the risk related to our U.S. dollar revenues and certain payments we make in soles. Our hedging policy is approved by our board of directors and our current approval consist of hedging up to 30% of zinc and silver jointly or 50% separately until June 2024. The net result of hedging operations in the comprehensive income statement was a profit of US\$0.2 million in 2023 and a loss

of US\$0.1 million in the first six months of 2024. As of December 31, 2023, we had effective hedge transactions with an accrued net effect of gain of US\$3.9 million. As of June 30, 2024, we had effective hedge transactions with an accrued net effect of loss of US\$0.1 million. See “*Risk Factors—Risks Relating to Our Business—We engage in hedging activity which may not be successful and may result in losses to us*” of Exchange Offer Memorandum. See also Notes 2(d) and 21 to our financial statements for further information on our hedging activity.

Peruvian Inflation and Devaluation of the Sol. Our functional currency is the U.S. dollar. Approximately 40% of our expenses are denominated in soles. Since our revenues are primarily denominated in U.S. dollars, when inflation/deflation in Peru is not offset by a change in the exchange rate of the sol to the U.S. dollar, our financial position, results of operations and cash flows may be adversely affected to the extent that the inflation/devaluation effects are passed onto us by our suppliers or reflected in our wage adjustments. In addition, the U.S. dollar value of our net monetary assets denominated in soles may be affected by devaluation of the sol, resulting in a re-measurement loss in our financial statements. Recent inflation and devaluation/appreciation rates are provided in the table below.

	Year ended December 31,		Six months ended June 30,	
	2022	2023	2023	2024
Peruvian inflation rate	8.56%	3.41%	2.81%	1.30%
Sol/U.S. dollar devaluation (appreciation) rate.....	(4.61%)	(2.63%)	(4.99%)	3.70%

Source: INEI and BCRP

Critical Accounting Policies and Estimates

We have identified certain significant accounting policies on which our financial condition and results of operations are dependent. These significant accounting policies most often involve complex quantitative analyses or are based on subjective judgments or decisions. A change in these estimates and assumptions could affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. See Note 2 to our audited consolidated financial statements and Note 2 to our unaudited interim condensed consolidated financial statements for a detailed discussion of our significant accounting policies, including ‘Statement of compliance and basis of preparation and presentation’, ‘Consolidation principles’, ‘Functional and presentation currency’, ‘Financial instruments’, ‘Cash and cash equivalents’, ‘Inventories and obsolescence estimate’, ‘Property, plant and equipment (net)’, ‘Mining concessions, exploration and development costs and other intangibles’, ‘Review of impairment of long-term assets’, ‘Assets classified as held for sale’, ‘Investment in associates’, ‘Leases’, ‘Provisions’, ‘Provision for closure of mining units’, ‘Financing costs’, ‘Revenue recognition’, ‘Recognition of costs and expenses’, ‘Employee benefits’, ‘Operating profit’, ‘Income tax’, ‘Contingent assets and liabilities’, ‘Basic and diluted earnings per share’ and ‘Segments’.

Results of Operations

Six Months ended June 30, 2023 compared to Six Months ended June 30, 2024

The following table sets forth our summarized results of operations for the periods indicated.

	Six months ended June 30,		% Change
	2023	2024	2Q 2024/2023
	(In millions of U.S. dollars)		
Sales	434.4	395.0	(9%)

	Six months ended June 30,		% Change
	2023	2024	2Q 2024/2023
(In millions of U.S. dollars)			
Cost of sales	(362.8)	(323.9)	(11%)
Gross income	71.6	71.1	(1%)
Administrative expenses	(31.7)	(22.5)	(29%)
Selling expenses	(14.5)	(14.0)	(3%)
Other income	26.8	51.4	92%
Other expenses	(36.3)	(50.3)	39%
Impairment loss of long-lived assets	-	-	-
Operating income	15.9	35.7	125%
Financial income (expenses)	(29.6)	(36.2)	22%
Profit (loss) before income tax	(13.7)	(0.5)	(96%)
Income tax expense	2.7	(8.3)	n.a.
Net (loss) income.....	(11.0)	(8.8)	(20%)

The following table sets forth each line item of our summarized results of operations as a percentage of our sales for the periods indicated.

	Six months ended June 30,		% Change
	2023	2024	2Q 2024/2023
Sales	100%	100%	0%
Cost of sales	(84%)	(82%)	(2%)
Gross income (loss).....	16%	18%	13%
Administrative expenses.....	(7%)	(6%)	(14%)
Selling expenses	(3%)	(4%)	33%
Other income	6%	13%	117%
Other expenses	(8%)	(13%)	63%
Impairment loss of long-lived assets	-	-	-
Operating income (loss)	4%	9%	125%
Financial income (expenses)	(7%)	(9%)	29%
Loss before income tax.....	(3%)	(0%)	(100%)
Income tax expense	1%	(2%)	(300%)
Net (loss) income.....	(3%)	(2%)	(33%)

Sales. The 9% decrease in sales during the six months ended June 30, 2024, was primarily due to lower production, partially offset by improved metal prices and commercial terms, and by adjustments for final pricing terms on the settlements of sales open positions.

The following table sets forth the components of our sales by value, average realized prices and the production of metal contained in our mined ore for the metals and periods indicated.

	Six months ended June 30,		% Change
	2023	2024	2Q 2024/2023
(In millions of U.S. dollars, except for prices and production data)			
Sales by metal and adjustments			
Zinc	232.8	212.0	(9%)
Silver	70.7	70.9	0%
Lead.....	118.3	90.1	(24%)
Copper.....	25.3	24.8	(2%)

Subtotal	447.2	397.7	(11%)
Execution of financial instruments	0.4	(0.1)	(125%)
Embedded derivatives	(13.2)	(2.7)	(80%)
Estimate of committed sales	-	-	-
Total.....	434.3	395.0	(9%)
Average Realized Prices			
Zinc (US\$/tonne).....	2,833	2,624	(7%)
Silver (US\$/ounce).....	23.3	25.7	10%
Lead (US\$/tonne).....	2,125	2,129	0%
Copper (US\$/tonne)	8,669	8,487	(2%)
Gold (US\$/ounce).....	1,943	2,193	13%
Fine Metal Production			
Zinc (in thousands of tonnes)	119.1	103.2	(13%)
Silver (in millions of ounces)	7.3	6.3	(14%)
Lead (in thousands of tonnes).....	28.5	23.6	(17%)
Copper (in thousands of tonnes).....	2.7	1.6	(41%)
Gold (in thousands of ounces).....	9.3	5.8	(38%)

Cost of sales. The 11% decrease in cost of sales was mainly due to lower production costs primarily due to the halt of the three Junin mines in March and April 2024 and reduced depreciation and amortization. The following table sets forth our cost of sales for the periods indicated.

	Six months ended June 30,		% Change
	2023	2024	2Q 2024/2023
Cost of sales	(In millions of U.S. dollars)		
Supplies used.....	65.7	57.1	(13%)
Labor	43.0	37.6	(13%)
Services provided by third parties, energy and others	135.7	117.1	(14%)
Purchase of mineral and concentrates.....	-	0.3	n.a.
Depreciation and amortization.....	98.6	83.7	(15%)
Plant stoppage cost	12.9	28.5	(120%)
Others	3.3	0.7	(79%)
Change in inventories of concentrates in process and ore ..	3.7	1.1	(70%)
Total cost of sales.....	(362.8)	(323.9)	(11%)

Administrative expenses. The 29% decrease in administrative expenses was mainly due to lower personnel expenses and provisions primarily in connection with the reduction of brownfield explorations in the Esperanza project and in connection with the implementation of our personnel optimization plan. The following table sets forth our administrative expenses for the periods indicated.

	Six months ended June 30,		% Change 2Q 2024/2023
	2023	2024	
	(In millions of U.S. dollars)		
Administrative expenses⁽¹⁾			
Personnel expenses.....	12.7	10.7	(16%)
Mails, telecommunications and other minor items.....	3.4	1.9	(44%)
Services provided by contractors.....	4.1	0.2	(95%)
Professional fees.....	2.6	1.6	(38%)
Insurance	1.7	1.9	12%
Rents	1.3	0.7	(46%)
Mining fees and penalties for concessions rights	1.4	2.2	57%
Indemnities.....	0.3	0.3	0%
Communication and information technology	0.6	0.2	(67%)
Depreciation	0.7	0.7	0%
Amortization	1.2	1.0	(17%)
Depreciation of right-of-use assets	0.0	0.0	0%
Others.....	1.7	1.1	(35%)
Total administrative expenses	31.7	22.5	(29%)

(1) Includes administrative expenses for exploitation and exploration activities.

Selling expenses. The 4% decrease in selling expenses was mainly attributable to decreased sales volume sales. The following table sets forth our selling expenses for the periods indicated.

	Six months ended June 30,		% Change 2Q 2024/2023
	2023	2024	
	(In millions of U.S. dollars)		
Selling expenses			
Freight	8.9	8.5	(4%)
Services for the sale of concentrates.....	2.0	1.7	(15%)
Sundry services.....	0.3	0.3	0%
Services provided by contractors.....	0.4	0.4	0%
Personnel expenses.....	0.6	0.5	(17%)
Samples, assays and supervision.....	0.7	0.7	0%
Shipment expenses	0.4	0.5	25%
Services provided by third parties.....	0.3	0.3	0%
Rents.....	1.0	1.0	0%
Total selling expenses	(14.5)	(14.0)	(3%)

Financial income (expenses). The 22% increase in financial expenses is primarily the result of increases in (i) the interest amount due under the Original Credit Agreement, (ii) the amount of the legally required provision for the closure of our mining units, following a periodic review that considered increased present value for such mining units, and (iii) the interest amount due under other financial obligations.

Income tax expense. The variation in income tax and royalties is mainly due to the decrease in deferred tax because of the change rate variation, partially offset by an increase in the current tax.

Net (loss) income. The 20% decrease in the net loss from US\$11.0 million for the six-month period ended June 30, 2023 to US\$8.8 million for the six-month period ended June 30, 2024 is mainly due to the improvement in metal prices, favorable commercial terms, and the reduction of costs and operating expenses.

Liquidity and Capital Resources

Our primary source of liquidity is cash provided by operations, with our primary uses of liquidity being working capital and capital expenditures. Other financing sources include financial leasing lines for the acquisition of mine equipment and lines of credit from financial institutions for working capital purposes. As of June 30, 2024, our long-term debt outstanding was US\$620.5 million, excluding accrued interest.

We expect that we will meet our working capital, capital expenditure and exploration expense requirements for the next several years from internally generated funds and cash on hand. Additional financing, if necessary for the construction of any project, is expected to be obtained from borrowings under bank loans or the issuance of debt securities. There can be no assurance, however, that sufficient funding will be available to us from internal or external sources to finance any future capital expenditure program, or that external funding will be available to us for such purpose on terms or at prices favorable to us. A very significant decline in metal prices would be reasonably likely to affect the availability of such sources of liquidity.

	For the year ended December 31,		For the six months ended June 30,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Cash from operating activities.....	335.9	248.4	111.2	104.9
Cash used in investing activities	(289.5)	(179.9)	(96.7)	(75.3)
Cash resulting from (used in) financing activities.....	(203.9)	(80.4)	(37.9)	(23.8)

Cash from operating activities. The decrease in cash flows generated from operating activities for each of the two years ended December 31, 2023 and 2022 resulted primarily from lower revenues, as well as lower sales and refund taxes and higher labor and suppliers' payments. The cash flow generated from operating activities for the six months ended June 30, 2024, as compared to the previous period in 2023 remained constant with some ordinary variations from operations.

Cash used in investing activities. The decrease in our capital expenditures in 2023, as compared to 2022, is mainly related to lower investments in the acquisition of property, plant and equipment and in development and exploration activities, as a result of cash saving initiatives and the postponement of certain projects made by our management to preserve liquid cash flows. The decrease in cash used in investing activities for the six months ended June 30, 2024, as compared to the previous period in 2023 was mainly related to lower amounts of cash used in exploration and development activities.

Cash resulting from (used in) financing activities. Financing activities during 2022 consisted primarily of interest payments of US\$48.2 million and financial obligations payments of US\$548.4 million. Financing activities during 2023 consisted primarily of interest payments of US\$54.2 million and medium-term loan payments of US\$25.4 million. Financing activities during the first six months of 2024 consisted primarily of interest payments of US\$29.3 million and financial obligations payments of US\$44.7 million; while financing activities during the first six months of 2023 consisted primarily of interest payments of US\$25.4 million and financial obligations payments of US\$13.9 million. Furthermore, on May 31, 2024, we finalized the sale of our subsidiary Empresa de Generación Eléctrica Río Baños S.A.C. for a total amount of US\$31.7 million which also affected cash flow results during the first six months of 2024.

Contractual Obligations and Contingencies

The following table sets forth, in accordance with IFRS, certain contractual obligations and contingencies as of June 30, 2024.

Payments Due by Period				
Total	<1 year	1-3 years	3-5 years	More than 5 years

(In millions of U.S. dollars)

Financial obligations.....	832.3	193.7	625.1	9.2	4.3
Workers' participation ⁽¹⁾	1.4	1.4	-	-	-
Derivatives and financial instruments	0.1	0.1	-	-	-
Provision for the closure of mining units ⁽²⁾	264.6	13.5	31.0	49.2	170.9
Total	1,098.4	208.7	656.1	58.4	175.2

- (1) Workers' participation is currently calculated based on our pre-tax earnings. In Peru, the provision for workers' participation is calculated at 8% of pre-tax earnings. The current portion of this participation, which is accrued during the year, is based on our taxable income and is largely distributed to workers following determination of final results for the year.
- (2) Asset retirement obligations include the aggregate amount of the closure and remediation costs of our mines and facilities to be paid under the mine closure plans.

The credit agreements executed by us with financial institutions impose certain financial covenants during the term of these agreements which are usual for these types of agreements. As of June 30, 2024, we were in compliance with all restrictions and covenants related to our obligations in our credit agreements. See Note 16 to our unaudited consolidated financial statements included elsewhere in this Supplement No. 1.

Capital Expenditures

The following table sets forth our accrued capital expenditures for the periods indicated.

Accrued Capital Expenditures (non-cash)

	For the year ended December 31,		For the six months ended June 30,	
	2022	2023	2023	2024
	(In millions of U.S. dollars)			
Local exploration	11.0	13.1	5.8	4.1
Mine development.....	82.7	76.3	37.6	32.9
Plants and tailing facilities	62.3	32.0	10.0	13.2
Mine and infrastructure.....	40.7	34.5	16.5	10.9
Electrical infrastructure in units	12.8	8.7	3.0	0.7
Regional explorations	0.3	0.1	0.0	0.0
Romina Project*.....	17.3	10.9	5.3	2.3-
Energy.....	1.1	0.5	0.0	0.0
Other projects and working capital	14.5	3.5	0.8	2.6
Total accrued capital expenditures (non-cash).....	242.7	179.6	79.0	66.8

* For a description of the projects, see section "Business—Growth Projects" of the Exchange Offer Memorandum.

We seek to maintain our competitive position in the industry through our capital expenditure program. Over the next three years, we expect to invest more than US\$540 million to sustain and improve our current operations. Besides, our growth investment plan includes the development of the Romina project, which is expected to enter production in 2026, with an estimated average annual production of 40,000 fine tonnes of zinc, 20,000 fine tonnes of lead and around one million ounces of silver during the life of the mine, which is estimated at 13 years.

For the development of the Romina project, we estimate capital expenditures of US\$130 million to US\$145 million, of which from US\$20 to US\$25 million would be invested in 2024, US\$70 to US\$75 million would be invested in 2025 and US\$40 to US\$45 million would be invested in 2026. The sustaining capital expenditures for the Romina project are expected to reach an average of US\$16 million to US\$19 million per year during the first eight years of the mine, and an average of US\$2 million per year in the remaining years of the expected mine life. The operational expenditures expected for the Romina project are around US\$45 per tonne during the first nine years of the mine and US\$25 per tonne in the remaining four years of the estimated mine life.

We plan to fund these projects with cash provided by operations. For a description of these projects, see section “*Business—Growth Projects*” and “*Business—Power and Energy Supply*” of the Exchange Offer Memorandum.

Dividend Policy

Our dividend policy based on past years’ practice has been to pay approximately 20% of our net profits in the form of either cash or stock. There are two kinds of dividend payments: (i) provisional dividends, which are approved by the board of directors and are generally paid during the fourth quarter of each year, and (ii) final dividends, which are paid in accordance with the annual shareholders’ meeting. However, the amount and timing of such payments are subject to the final approval at such annual shareholders’ meeting and board of directors’ meeting, as well as to the availability of earnings to distribute. According to the Peruvian Corporate Law, shareholders can request a dividend of 50% or less of the previous year’s after-tax profits, net of the amount allocated to the legal reserve, with the affirmative vote of at least 20% of the total common stock outstanding.

We have two classes of shares: Class A share have full voting rights while Class B shares have no voting rights (except in certain exceptional cases) and receive a 5% on dividends over what Class A shares receive. We did not make any distribution of dividends in the last three years (2021, 2022, and 2023).

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of December 31, 2023, and 2022, and June 30, 2024 and 2023.

Quantitative and Qualitative Disclosures about Market Risk

During the normal course of our operations, we are exposed to several market risks, such as exchange rate risk, interest rate risk, price risk, credit risk and liquidity risk. Our risk management program is focused on minimizing the potential adverse effects of such risks on our financial performance. For a description of these risks and our capital risk management program as of and for the year ended December 31, 2023, see Note 5 to our audited consolidated financial statements included in the Exchange Offer Memorandum. As of June 30, 2024, there has not been any material change in the risk factors as described in the Exchange Offer Memorandum.

INDEX TO FINANCIAL STATEMENTS

Unaudited Interim Condensed Consolidated Financial Statements as of June 30, 2024 and for the six months ended June 30, 2024 and 2023

	<u>Page</u>
Consolidated Statement of Financial Position.....	F-4
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Loss)	F-5
Consolidated Statement of Changes in Net Equity.....	F-7
Consolidated Statement of Cash Flows	F-8
Notes to the Condensed Consolidated Interim Financial Statements	F-9

**VOLCAN COMPAÑÍA MINERA S.A.A. AND
SUBSIDIARIES**

**Report on Review of Interim Financial
Information**

**Unaudited Condensed Interim Consolidated
Financial Statements**

As of June 30, 2024 and for
the six-month period then ended and 2023

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

TABLE OF CONTENTS

	Pages
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2024 AND FOR THE SIX MONTHS PERIOD THEN ENDED AND 2023	
Unaudited Condensed Interim Consolidated Statements of Financial Position	1
Unaudited Condensed Interim Consolidated Statements of Profit or Loss and Other Unaudited Comprehensive Income	2-3
Unaudited Condensed Interim Consolidated Statements of Changes in Equity	4
Unaudited Condensed Interim Consolidated Statements of Cash Flows	5
Notes to the Unaudited Condensed Interim Consolidated Financial Statements	6-62

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2024 (UNAUDITED) AND DECEMBER 31, 2023 (AUDITED) (In thousands of U.S. dollars (US\$000))

	Notes	06/30/2024 US\$000 (Unaudited)	12/31/2023 US\$000 (Audited)	
ASSETS				LIABILITIES AND EQUITY
CURRENT ASSETS:				CURRENT LIABILITIES:
Cash and cash equivalents	6	68,019	61,642	Bank overdrafts
Trade accounts receivable (net)	9	15,421	20,316	Financial obligations
Other accounts receivable (net)	10	81,838	77,038	Trade accounts payable
Inventories (net)	12	46,965	48,305	Other accounts payable
Other financial assets	11	-	655	Deferred income
				Other financial liabilities
		212,243	207,956	
Assets classified as held for sale	16	20,455	-	Liabilities directly associated with assets classified as held for sale
Total current assets		232,698	207,956	Total current liabilities
NON-CURRENT ASSETS:				NON-CURRENT LIABILITIES:
Other accounts receivable (net)	10	31,289	35,970	Financial obligations
Investment in associate	7	-	148,118	Provisions
Financial investments	8	192,462	37,158	Deferred income tax
Inventories (net)	12	5,385	5,619	Deferred income
Property, plant and equipment (net)	13	690,229	771,778	
Right-of-use assets (net)	14	17,578	17,926	Total non-current liabilities
Mining concessions, exploration and development costs and other assets (net)	15	646,190	650,650	Total liabilities
Total non-current assets		1,583,133	1,667,219	
				EQUITY:
				Issued capital stock
				Higher value in acquisition of treasury shares
				Treasury shares
				Legal reserve
				Accumulated other comprehensive income
				Accumulated losses
				Total equity
TOTAL		1,815,831	1,875,175	TOTAL

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2024 AND 2023 (UNAUDITED) (In thousands of U.S. dollars (US\$000))

	Notes	Six months period from January 1 to June 30	
		2024	2023
		US\$000 (Unaudited)	US\$000 (Unaudited)
Net sales	22	394,971	434,419
Cost of sales	23	(323,892)	(362,805)
Gross profit		71,079	71,614
Administrative expenses	24	(22,509)	(31,728)
Selling expenses	25	(13,962)	(14,524)
Other income	26	51,405	26,847
Other expenses	26	(50,323)	(36,345)
Operating profit		35,690	15,864
Financial income	28	2,186	4,534
Financial expenses	28	(38,353)	(34,122)
Loss before income tax		(477)	(13,724)
Income tax	29	(8,342)	2,680
Net loss for the period		(8,819)	(11,044)
Weighted average of the number of outstanding shares (in thousands)	30	3,857,594	3,857,594
Basic and diluted loss per share	30	(0.002)	(0.003)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2024 AND 2023 (UNAUDITED)
(In thousands of U.S. dollars (US\$000))**

	Six months period from January 1 to June 30	
	2024	2023
	US\$000 (Unaudited)	US\$000 (Unaudited)
Net loss for the period	(8,819)	(11,044)
OTHER COMPREHENSIVE INCOME:		
Items that will not be reclassified to profit or loss:		
Unrealized profit of investments in equity instruments	123,199	2,285
Deferred income tax	(36,344)	(674)
Total other comprehensive income that will not be reclassified to profit or loss	86,855	1,611
Items that can be subsequently reclassified to profit or loss:		
Unrealized loss (gain) of derivative financial instruments	(173)	873
Deferred income tax	51	(258)
Total other comprehensive income that can be subsequently reclassified to profit or loss	(122)	615
Total other comprehensive income for the period net of income tax	86,733	2,226
Total comprehensive income (loss), net of income tax	77,914	(8,818)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2024 AND 2023 (UNAUDITED) (In thousands of U.S. dollars (US\$000))

	Issued capital stock US\$000 Note 21 (a)	Higher value in acquisition of treasury shares US\$000 Note 21 (b)	Treasury shares US\$000 Note 21 (c)	Legal reserve US\$000 Note 21 (d)	
Balance as of January 1, 2023 (Audited)	1,134,300	(173,234)	(60,934)	10,695	
Comprehensive income					
Net loss for the period	-	-	-	-	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	
Capital decrease	(227,620)	-	-	-	
Legal reserve	-	-	-	(986)	
Balance as of June 30, 2023 (Unaudited)	<u>906,680</u>	<u>(173,234)</u>	<u>(60,934)</u>	<u>9,709</u>	
Balance as of January 1, 2024 (Audited)	906,680	(173,234)	(60,934)	10,416	
Comprehensive income					
Net loss for the period	-	-	-	-	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	
Capital decrease	(132,386)	-	-	-	
Other changes in equity	-	10,949	19,423	76	
Balance as of June 30, 2024 (Unaudited)	<u>774,294</u>	<u>(162,285)</u>	<u>(41,511)</u>	<u>10,492</u>	

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2024 AND 2023 (UNAUDITED) (In thousands of U.S. dollars (US\$000))

	Six months period from January 1 to June 30	
	2024	2023
	US\$000	US\$000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES:		
Collections from:		
Sales	441,685	507,662
Return of credit balance subject to profit and taxes	25,484	6,332
Payments to/for:		
Suppliers and third parties	(309,079)	(334,941)
Employees	(50,125)	(59,386)
Income tax	(2,578)	(5,527)
Royalties	(4,864)	(2,936)
Others	4,411	-
Net cash and cash equivalents provided by operating activities	104,934	111,204
INVESTING ACTIVITIES:		
Payments for:		
Purchase of property, plant and equipment	(29,666)	(35,612)
Increase of exploration and development costs, and other assets	(45,598)	(61,042)
Net cash and cash equivalents used in investing activities	(75,264)	(96,654)
FINANCING ACTIVITIES:		
Collection from:		
Sale of shares in energy subsidiary	26,279	-
Obtaining loans with third parties	25,000	507
Overdrafts and other financial liabilities	-	909
Payments for:		
Financial obligations	(44,688)	(13,938)
Overdrafts and other financial liabilities	(1,043)	-
Interests	(29,341)	(25,420)
Net cash and cash equivalents used in financing activities	(23,793)	(37,942)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,877	(23,392)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	61,642	73,600
	67,519	50,208
CASH AND CASH EQUIVALENTS CLASSIFIED AS HELD FOR SALE	500	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>68,019</u>	<u>50,208</u>

Transactions that do not result in cash flows are described in Note 35.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2024 (UNAUDITED) AND DECEMBER 31, 2023 (AUDITED) (Amounts expressed in thousands of U.S. dollars)

1. INCORPORATION, ECONOMIC ACTIVITY, APPROVAL OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS, SUBSIDIARIES, AND OTHER CONTRACTUAL MATTERS

(a) Incorporation and economic activity

Volcan Compañía Minera S.A.A. (hereinafter “the Company”) is a subsidiary of Transition Metals Ag., which is a subsidiary of Integral Capital Business S.A., a company domiciled in Panama, owner of 63% of common class A voting shares in circulation and the total include the economic interest of 23%, excluding treasury shares.

The majority shareholder was a subsidiary of Glencore Plc., a company domiciled in Switzerland until May 08, 2024.

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

Total common class A voting shares and class B non-voting shares comprising the capital stock of the Company are listed in the Stock Exchange of Lima.

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

The Company and Subsidiaries engaged in the mining sector operate the mining units of Yauli, Animon, Alparmarca and Cerro in the departments of Cerro de Pasco, Junín, and Lima. The Subsidiaries engaged in the electric power generation business have authorizations and electric power generation concessions for self-consumption in their mining operations of Animon and for sale to third parties through firm power or spot price agreements. Subsidiary Huanchor is engaged in the electric power generation business operating in the department of Lima. It is connected to the National Interconnected Electrical System (SEIN) and as of June 30, 2024 is classified as assets and liabilities held for sale (Note 16).

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

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

(b) Approval of the condensed interim consolidated financial statements

The condensed interim consolidated financial statements as of June 30, 2024 have been approved by the Company’s Management on July 31, 2024. Management believes that the accompanying consolidated financial statements will be approved by the General Shareholders’ Meeting as presented. The consolidated financial statements as of December 31, 2023 were approved by the Annual Mandatory Shareholders’ Meeting held on March 26, 2024.

(c) Subsidiaries

The Subsidiaries included in the preparation of the accompanying condensed interim consolidated financial statements are presented below:

Consolidated Subsidiaries and economic activity	Direct and indirect interest in ownership	
	As of	As of
	06/30/2024	06/30/2023
	%	%
Mining exploration and operation:		
Compañía Minera Chungar S.A.C.	100.00	100.00
Empresa Administradora Cerro S.A.C. (1)	100.00	100.00
Empresa Explotadora de Vinchos Ltda. S.A.C.	100.00	100.00
Minera Aurífera Toruna S.A.C. (2)	80.00	80.00
Óxido de Pasco S.A.C. (1)	-	100.00
Electric power generation:		
Hidroeléctrica Huancho S.A. (3)	100.00	100.00
Empresa de Generación Eléctrica Río Baños S.A.C. (4)	-	100.00
Compañía Hidroeléctrica Tingo S.A. (5)	100.00	100.00
Investments in general:		
Roquel Global S.A.C.	100.00	100.00
Compañía Industrial Limitada de Huacho S.A.	96.41	96.41
Empresa Minera Paragsha S.A.C.	100.00	100.00

- (1) Subsidiary Empresa Administradora Cerro S.A.C. absorbed Óxidos de Pasco S.A.C.
(2) Subsidiary of Empresa Minera Paragsha S.A.C. and indirect subsidiary of the Company.
(3) Subsidiary classified as asset and liabilities held for sale (Note 16).
(4) Subsidiary Empresa de Generación Eléctrica Río Baños S.A.C. was sold on May 2024.
(5) Subsidiary of Compañía Minera Chungar S.A.C. and indirect subsidiary of the Company.

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

(c.1) Mining exploration and operation

Compañía Minera Chungar S.A.C.

This company has two mining units, Animon and Alpamarca, located in the department of Pasco and is engaged in the exploration, development, and operation of mineral deposits, basically with zinc, copper, and lead contents. This company has 226 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 32.

In addition, the Subsidiary has 10 hydroelectric power plants, from which 9 are located in Huaral and one in Cerro de Pasco. Six of these plants have a concession (4 indefinite and 2 definite) and four plants do not have a concession nor a permit since this plant has a production less than 500KW, as established in the Electrical Concessions Law. Based on the estimate of reserves and resources, the Company's Management has considered a useful life of mine until 2045.

Empresa Administradora Cerro S.A.C.

This company is engaged in the exploration, development, and operation of mineral deposits, basically with zinc and lead contents. Now, the Subsidiary processes stockpiles in its mining unit

Cerro since its mining operations have stopped. The Subsidiary has 35 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 32. Based on the estimate of reserves and resources, the Company's Management has considered a useful life of mine until 2030.

In addition, as a result of the merger with Óxidos de Pasco S.A.C., which became effective in October 2023, the Subsidiary is engaged in the treatment of oxidized minerals at a leach pad. The Subsidiary has one beneficiation concession with an indefinite term. Based on the estimate of reserves and resources, the Company's Management has considered a useful life of mine until 2029.

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

This company was incorporated for the exploration, development and operation of mineral deposits and its main activity was the exploration of its mining concessions through the financing of the Company and Subsidiaries. No activities have been developed in 2024 and 2023.

The Company's Management is reevaluating potential projects or the option of a simple reorganization in order to search for synergies for the development of its projects. The Subsidiary has 5 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 32.

Minera Aurífera Toruna S.A.C.

This company was incorporated for the exploration, development and operation of mineral deposits and its main activity was the exploration of its mining concessions through the financing of the Company and Subsidiaries. No activities have been developed in 2024 and 2023.

The Company's Management is reevaluating potential projects or the option of a simple reorganization in order to search for synergies for the development of its projects. The Subsidiary has 7 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 32.

(c.2) Electric power generation

Hidroeléctrica Huanchor S.A.C.

This company is mainly engaged in the sale of energy through the operation and maintenance of electric transmission system generation plants. For this, this company has the hydroelectric power plant of Huanchor of 19.768 MW and mini hydroelectric power plant of Tamboraque of 1.3 MW, both located in the district of San Mateo, province of Huarochiri, Lima. The Subsidiary has a definite electrical concession.

On June 14, 2024 the Company entered into a definitive agreement to sale the subsidiary for an amount of US\$46,800. The carrying amount of the subsidiary's consolidated net assets as of June 30, 2024, was US\$18,158.

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

This company is mainly engaged in the sale of energy through the operation and maintenance of the hydroelectric power plant of Rucuy of 20.27 MW, located in the district of Pacaraos, province of Huaral, department of Lima. The Subsidiary has a definite electrical concession.

On May 31, 2024 the Company sold this subsidiary for an amount of US\$31,675.

Compañía Hidroeléctrica Tingo S.A.

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

(c.3) Investments in general

Roquel Global S.A.C.

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

Compañía Industrial Limitada de Huacho S.A.

This company is mainly engaged in real estate activities.

Empresa Minera Paragsha S.A.C.

This company was incorporated for exploration, operation, assignment, and mining usufruct; however, its main activity now is the purchase and sale of investments in equity instruments. This subsidiary has shares of the Company and Cementos Polpaico S.A. (Note 8). This subsidiary has 47 mining concessions, from which there are 43 concessions with an indefinite term and 4 concessions with extinction resolutions.

(c.4) Unconsolidated entities

The Company prepares its condensed interim consolidated financial statements by incorporating the balances and transactions of all entities over which it has control, regardless of the level of equity interest, except certain Subsidiaries since they are undergoing a liquidation process. Management believes that the financial statements of unconsolidated entities do not have relevant figures for the condensed interim consolidated financial statements that could affect the economic decisions of users.

(c.5) Unaudited financial information of Subsidiaries

The unaudited interim financial statements of direct and indirect Subsidiaries as of June 30, 2024 are summarized below:

	Assets US\$000 (Unaudited)	Liabilities US\$000 (Unaudited)	Equity US\$000 (Unaudited)	Net profit (loss) US\$000 (Unaudited)
Compañía Minera Chungar S.A.C.	665,417	499,466	165,951	(16,563)
Empresa Administradora Cerro S.A.C. (1)	402,018	188,239	213,779	4,517
Empresa Minera Paragsha S.A.C.	220,566	87,643	132,923	(3,733)
Empresa Explotadora de Vinchos Ltda. S.A.C.	1,015	26,445	(25,430)	(681)
Minera Aurífera Toruna S.A.C. (2)	4	4,106	(4,102)	(152)
Compañía Hidroeléctrica Tingo S.A. (3)	19,476	1,141	18,335	(31)
Roquel Global S.A.C.	18,558	3,139	15,419	(436)
Compañía Industrial Limitada de Huacho S.A.	7,076	277	6,799	85
Unconsolidated entities	21	-	21	-
	1,334,151	810,456	523,695	(16,994)
Held for sale	Assets US\$000 (Unaudited)	Liabilities US\$000 (Unaudited)	Equity US\$000 (Unaudited)	Net profit US\$000 (Unaudited)
Hidroeléctrica Huanchor S.A.C.	20,455	2,297	18,158	662
	20,455	2,297	18,158	662

The audited financial statements of direct and indirect Subsidiaries as of December 31, 2023 are summarized below:

	Assets US\$000 (Audited)	Liabilities US\$000 (Audited)	Equity US\$000 (Audited)	Net profit (loss) US\$000 (Audited)
Compañía Minera Chungar S.A.C.	747,519	577,540	169,979	(48,668)
Empresa Administradora Cerro S.A.C. (1)	393,874	184,612	209,262	99,944
Empresa Minera Paragsha S.A.C.	147,116	106,254	40,862	(10,883)
Empresa Explotadora de Vinchos Ltda. S.A.C.	157	24,906	(24,749)	(1,241)
Minera Aurífera Toruna S.A.C. (2)	12	3,961	(3,949)	(403)
Hidroeléctrica Huanchor S.A.C.	50,162	32,124	18,038	(9,266)
Empresa de Generación Eléctrica Río Baños S.A.C.	46,366	14,728	31,638	13,782
Compañía Hidroeléctrica Tingo S.A. (3)	20,235	1,868	18,367	999
Roquel Global S.A.C.	18,761	2,906	15,855	(804)
Compañía Industrial Limitada de Huacho S.A.	6,838	287	6,551	317
Inversiones Portuarias Chancay S.A.A.	-	1	(1)	(1)
Unconsolidated entities	34	-	34	-
	1,431,074	949,187	481,887	43,776

- (1) Subsidiary Empresa Administradora Cerro S.A.C. absorbed Óxidos de Pasco S.A.C.
- (2) Subsidiary of Empresa Minera Paragsha S.A.C. and indirect subsidiary of the Company.
- (3) Subsidiary of Compañía Minera Chungar S.A.C. and indirect subsidiary of the Company.

(d) Group investment

Inversiones Portuarias Chancay S.A.A.

This company was incorporated in the Registration Office of Lima of the National Superintendence of Public Records on October 3, 2023. According to Volcan's Shareholders' Meeting held on August 24, 2023, this company was incorporated to acquire, develop and negotiate interests or equity rights in companies engaged in port and logistics activities of any kind, as well as any related services.

The Shareholders' Meeting approved the spin-off of the 40% equity interest owned by the Company in Cosco Shipping Ports Chancay Peru S.A. This transaction is expected to be settled and completed during 2024.

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

The effective date of the spin-off was on March 4, 2024, and the equity block net carrying amounts to the sum of (in thousand) S/443,328 comprising (in thousand) S/407,656 by capital and (in thousand) S/35,672 of additional capital.

As a result of the spin-off, the Board agreed to modify the following bylaws: The subscribed and paid capital of Inversiones Portuarias Chancay S.A.A. is (in thousand) S/407,656 represented by 1,633,414,553 Class "A" common shares and 2,443,157,622 Class "B" common shares with a nominal value of S/0.10 each.

The Company has investments in Inversiones Portuarias Chancay S.A.A. through its subsidiaries for US\$157,815, measured at fair value. (Note 8)

(e) Merger

The Shareholders' Meeting of Empresa Administradora Cerro S.A.C. approved the merger by absorption to Óxidos de Pasco S.A.C. on September 29, 2023. The shareholders of the absorbed entity are related entities belonging to the Volcan group.

The effective date of the merger was October 1, 2023. The merger was performed at the carrying amount of the merged company as of September 30, 2023.

The equity block absorbed by Empresa Administradora Cerro S.A.C. comprises the following:

	Óxidos de Pasco S.A.C. 09/30/2023 US\$000
ASSET	
Current asset	
Cash and cash equivalents	4,444
Trade accounts receivable (net)	1,032
Accounts receivable from related entities	93,852
Other accounts receivable	7,425
Inventory (net)	5,709
Total current asset	112,461
Non-current asset	
Property, plant and equipment (net)	117,763
Mining concessions, exploration and development costs	1,207
Deferred income tax	18,909
Total non-current asset	137,879
TOTAL ASSET	250,341
LIABILITY	
Current liability	
Trade accounts payable	11,436
Accounts payable to related entities	3,053
Other accounts payable	5,680
Financial obligations	222
Total current liability	20,391
Non-current liability	
Deferred income tax	13,563
Provisions	3,310
Total non-current liability	16,873
TOTAL LIABILITY	37,264
Net value of block of equity absorbed by Empresa Administradora Cerro S.A.C.	213,077

(f) Other contractual matters

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

On January 23, 2019, the Company entered into with Cosco Shipping Ports Limited (CSPL) and its subsidiary Cosco Shipping (Chancay) Ports Limited (CSPL SPV), companies of the Peoples' Republic of China, with the participation of Terminales Portuarios Chancay S.A. (now Cosco Shipping Ports Chancay Perú S.A.) (CSPL), subsidiary of the Company until May 13, 2019, a subscription and investment agreement and a shareholders' agreement, under which CSPL, through its subsidiary CSPL SPV, became the shareholder of Cosco Shipping Ports Chancay Perú S.A. with 60% of shares of the capital stock for US\$225,000 at the

closing date, which is subject to the verification of the compliance with the Antitrust Law, provided by the international authorities of Ukraine and China.

On May 13, 2019, the strategic partner was incorporated with an interest of 60% of shares of CSPL through a capital increase. The Company holds and owns the remaining 40% of shares of the capital stock of Cosco Shipping Ports Chancay Perú S.A., thus it became from subsidiary to associate of the Company at that date (Note 7).

The definite completion of the transaction was mainly subject to the approval of the modification of the Environmental Impact Assessment (MEIA), which was obtained on September 22, 2020. That date, pursuant to Director's Resolution No. 00158-2020, the National Service of Environmental Certification for Sustainable Investments (SENACE) approved the modification of the Environmental Impact Assessment (MEIA-d) of the Expansion Project of the Operating Port Area – Stage 1 of the Multi-purpose Port Terminal Chancay. When the MEIA was approved, CSPL SPV made capital contributions in the first semester of 2021.

The infrastructure project is located 50 km. on the northern area of the Callao Port. This project consists in a multi-purpose port terminal that will have two specialized terminals: (i) a terminal for containers that will include 11 docks for this type of cargo; and (ii) a terminal for loading bulk, general and rolling cargoes that will have four docks. At the first stage, an area of 141 hectares will be developed with an investment of US\$1,300,000.

At the Board of Directors' Meeting of Volcan Compañía Minera S.A.A. held on March 24, 2023, as shareholder of 40% of Cosco Shipping Ports Chancay Peru S.A., the financing granted by financial entities for US\$975,000 was approved for the development of the Multi-purpose Port Terminal Chancay.

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

The project represents a major infrastructure work and an important opportunity for economic development for the country since it will be part of China's new connectivity network with the rest of the world, comprised by sea and land lanes. The operations of this project are estimated to commence by the end of 2024.

(f.2) Bond issuance

"4.375% Senior Notes Due 2026"

On February 11, 2021, bonds known as "4.375% Senior Notes Due 2026" were issued and placed in their entirety in the international market for US\$475,000 under Rule 144A and Regulation S of the U.S. Securities Act of the United States of America. The Company requested the inclusion of bonds in the Official List of the Luxembourg Stock Exchange and the admission for negotiation in the Euro MTF of the Luxembourg Stock Exchange.

These bonds mature in 5 years, on February 11, 2026, and accrue interests at an annual rate of 4.375%. Interests will be paid in semiannual installments as from August 11, 2021. Financial compliance covenants were not established for this obligation, but certain limitations were determined, as described in Note 17 (a).

The instruments issued by the Company were partially repurchased on June 21, 2022 for up to US\$110,000 by using the Company's available cash. A profit of US\$6,600 was

obtained from this transaction due to the discount obtained at the face value of the repurchased debt.

According to Management, the Company does not have any noncompliance event derived from the bond issuance agreement.

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

Interbank (trustee) and Volcan Compañía Minera S.A.A. (trustor) entered into this agreement on August 5, 2013. Pursuant to this agreement, a guarantee and administration trust fund was established, under which the Company transfers the administration of all the cash flows credited in its collection accounts, held in several financial entities, to Interbank under this trust. Commitments derived from this trust agreement are being met and allow ensuring cash flows to address the obligations of the Company and involved Subsidiaries.

2. MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation and presentation

The accompanying condensed interim consolidated financial statements as of June 30, 2024 and for the six months periods ended June 30, 2024 and 2023 have been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB). In accordance with IAS 34, the interim financial information is intended only to provide updated information on the content of the last annual financial statements authorized for issuance, focusing on new activities, events and circumstances that occurred during the period of six months, and does not duplicate information previously published in the last annual financial statements authorized for issuance.

Consequently, these condensed interim consolidated financial statements do not include all the information required to complete financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) and, accordingly, for a proper comprehension of the information included in these condensed interim consolidated financial statements, they should be read together with the consolidated financial statements as of December 31, 2023 that have been prepared in accordance with IFRS issued by the IASB and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

These unaudited condensed interim consolidated financial statements are presented in thousands of U.S. dollars, which is the Company's functional currency.

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

(b) Material accounting policies

The accounting policies considered the most important for the preparation of the Company's condensed interim financial statements are described in Note 2 of the audited annual consolidated financial statements for the year ended December 31, 2023, except for the

adoption of the Standards, Interpretations and amendments described in Note 4 and the following police:

Assets classified as held for sale

Long-term assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Long-term assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

When the Company is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate or joint venture, the investment, or the portion of the investment, that will be disposed of is classified as held for sale when the criteria described above are met. The Company then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or joint venture that has not been classified as held for sale continues to be accounted for using the equity method.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

(c) Seasonality

In view of the business activities in which the Company and Subsidiaries are engaged, their transactions are not cyclical or seasonal in nature. Therefore, no specific disclosures are included in these explanatory notes to the unaudited condensed interim consolidated financial statements for the six months period ended June 30, 2024 and 2023.

(d) Comparative information

The information for 2023 contained in these six months unaudited condensed interim consolidated financial statements is presented for comparison purposes only with the information of the six months period ended June 30, 2024 for the condensed interim consolidated statement of profit and loss and other comprehensive income, changes in equity and cash flows. The audit information as of December 31, 2023 is presented for comparison purposes with the condensed interim consolidated statement of financial position as of June 30, 2024.

(e) Going concern

As of June 30, 2024 and as of December 31, 2023, the Company and Subsidiaries present a negative working capital for US\$207,258 and US\$232,145, respectively.

Management prepares its consolidated financial statements under the going concern principle based on the judgment that there are no events or conditions that can contribute material uncertainties about the Company and Subsidiaries' capacity to continue as a going concern. This is based on, Management has projections of cash flows provided by its operating flows mainly, which allow addressing its obligations for at least the next twelve months.

Management has credit capacity that allows them having access to credit lines in top-ranked financial entities to address their obligations.

These cash flows depend on significant judgments and assumptions, such as the selling price of the mineral, production costs, among others.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company and Subsidiaries' Management is responsible for the information contained in these condensed interim consolidated financial statements. To prepare them, certain estimates have been used to quantify some assets, liabilities, revenue, expenses, and commitments recorded therein, based on experience and other relevant factors. Actual results may differ from those estimates.

These estimates are reviewed on an ongoing basis. Changes in accounting estimates are prospectively recognized by recording the effects of changes in the corresponding profit or loss accounts for the period when corresponding reviews are conducted.

The most important estimates considered for the preparation of the condensed interim consolidated financial statements of the Company and Subsidiaries refer to:

- Determination of functional currency and record of foreign currency transactions.
- Fair value of financial instruments.
- Valuation of inventories
- Useful life assigned to mining rights, exploration and development costs, property, plant and equipment, and intangible assets.
- Determination of mineral reserves and resources.
- Impairment loss of long-term assets.
- Liability for the disposal of assets and mine closure.
- Provisions and estimate for contingencies.
- Revenue recognition.

- Current and deferred income tax and mining taxes.
- Uncertain tax positions.
- Going concern.
- Measurement of assets as held for sale.

Actual results may differ from those estimates. The results for interim periods are not necessarily indicative of annual results.

During the six months period ended June 30, 2024, there were no significant changes in the estimates made at 2023 year-end.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS INTERNATIONALLY ISSUED

(a) *Amendments to current and effective standards adopted in 2024, but that were not relevant or significant for the Company and Subsidiaries*

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Presentation of Financial Statements-Non-current Liabilities with covenant
Amendments to IAS 7 and IFRS 7	Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures-Supplier Finance Arrangements
Amendments to IFRS 16	Leases Liability in Sale and Leaseback transaction

(b) *New IFRSs and amendments that are not effective yet*

The Company has not adopted in advance the following new standards and amendments to standards that have been issued, but that are not effective for 2024. The Company does not expect a material impact on the financial results of the Company and Subsidiaries.

Amendments to IAS 21	Lack of Exchangeability (a)
Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments (b)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The effective date of the amendments has yet to be set by the IASB; however, earlier application is permitted.
IFRS 18	Presentation and Disclosures in Financial Statements (c)
IFRS 19	Subsidiaries without Public Accountability: Disclosures (c)

- (a) Effective for the Company for annual periods beginning on January 1, 2025
- (b) Effective for the Company for annual periods beginning on January 1, 2026
- (c) Effective for the Company for annual periods beginning on January 1, 2027

5. FINANCIAL INSTRUMENTS AND RISKS

(a) Categories of financial instruments

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

	<u>06/30/2024</u> US\$000 (Unaudited)	<u>12/31/2023</u> US\$000 (Audited)
Financial assets:		
Cash and cash equivalents	<u>68,019</u>	<u>61,642</u>
Amortized cost		
Other accounts receivable (net)	<u>11,313</u>	<u>5,591</u>
Fair value through profit or loss		
Trade accounts receivable (net)	15,421	20,316
Derivatives not designated as hedging instruments	-	440
Derivatives designated as hedging instruments	<u>-</u>	<u>42</u>
	15,421	20,798
Fair value through other comprehensive income		
Financial investments	192,462	37,158
Derivatives designated as hedging instruments	<u>-</u>	<u>173</u>
	192,462	37,331
Total	<u><u>287,215</u></u>	<u><u>125,362</u></u>
Financial liabilities:		
Amortized cost		
Bank overdrafts	3	1,046
Financial obligations	790,597	803,869
Trade accounts payable	205,375	242,213
Other accounts payable	<u>19,036</u>	<u>17,098</u>
	1,015,011	1,064,226
Fair value through profit or loss		
Derivatives not designated as hedging instruments	<u>75</u>	<u>-</u>
Total	<u><u>1,015,086</u></u>	<u><u>1,064,226</u></u>

(b) Financial risks

During the normal course of operations, the Company and Subsidiaries are exposed to several financial risks. The risk management program of the Company and Subsidiaries is mainly focused on financial markets and seeks to minimize potential adverse effects on the financial performance of the Company and Subsidiaries. The Financial Management Department of the Company and Subsidiaries is in charge of risk management, which identifies, evaluates, and covers financial risks.

(i) Market risk

Exchange rate risk

The Company and Subsidiaries perform their sales in U.S. dollars, which allow them to meet their obligations in such currency. The exchange rate risk mainly arises from balances held in soles.

As of June 30, 2024 and December 31, 2023, the balances of financial assets and liabilities denominated in foreign currency correspond to balances in Peruvian soles and are expressed in U.S. dollars at the closing exchange rates of US\$0.261 and US\$0.270 per S/1.00, respectively, and are summarized below:

	06/30/2024	12/31/2023
	S/000	S/000
	(Unaudited)	(Audited)
Assets		
Cash and cash equivalents	107,450	114,622
Trade accounts receivable (net)	-	3,088
Other accounts receivable (net)	128,475	136,271
Total assets	235,925	253,981
Liabilities		
Bank overdrafts	(1)	(422)
Trade accounts payable	(123,190)	(141,198)
Other accounts payable	(44,027)	(42,673)
Total liabilities	(167,218)	(184,293)
Net asset	68,707	69,688

For the six-month period ended June 30, 2024, the Company and Subsidiaries recorded a net exchange loss for US\$692 (net exchange profit for US\$927 for the six-month period ended June 30, 2023) (Note 28).

Management considers a sensitivity rate of 5% as reasonable in the assessment of exchange rate risk. A sensitivity analysis assuming the devaluation and revaluation of the Peruvian sol (S/), equivalent to the rate mentioned above, exclusively on balances of assets and liabilities reflected above, considering other constant variables in the consolidated statement of profit or loss before income tax, is presented in the following table:

	Changes in exchange rate	Effect on profit or loss before taxes	
		(Debit) credit	
		06/30/2024	12/31/2023
		US\$000	US\$000
		(Unaudited)	(Audited)
Revaluation	+5%	(895)	(939)
Devaluation	-5%	895	939

Price risk

The Company and Subsidiaries are exposed to commercial risks arising from changes in mineral market prices. In order to cover the risk arising from the decrease of prices of metals, Management will hire derivative financial instruments.

For the control and follow-up of hedges, Management approved the “Metal Price Hedging Policy”, which is executed and monitored together with the Financial Risk Management Policy. Management has also a Hedging Committee whose objective is to mitigate the risks associated with variations and volatility of the prices of metals they produce.

As of June 30, 2024 and June 30, 2023, if the average sales prices of main metals payable, contained in ore concentrates, increase (or decrease) by 10% and all other variables are held constant, profit or loss after taxes of the Company and Subsidiaries would change, as shown below:

	Effect on profit (loss) before income tax (Debit) Credit US\$000 (Unaudited)
Zinc concentrate	
2024:	
Increase in the international price of zinc	21,202
Decrease in the international price of zinc	(21,202)
2023:	
Increase in the international price of zinc	23,281
Decrease in the international price of zinc	(23,281)
	Effect on profit (loss) before income tax (Debit) Credit US\$000 (Unaudited)
Lead concentrate	
2024:	
Increase in the international price of lead	9,006
Decrease in the international price of lead	(9,006)
2023:	
Increase in the international price of lead	11,831
Decrease in the international price of lead	(11,831)
	Effect on profit (loss) before income tax (Debit) Credit US\$000 (Unaudited)
Copper concentrate	
2024:	
Increase in the international price of copper	2,478
Decrease in the international price of copper	(2,478)
2023:	
Increase in the international price of copper	2,530
Decrease in the international price of copper	(2,530)
	Effect on profit (loss) before income tax (Debit) Credit US\$000 (Unaudited)
Silver concentrate	
2024:	
Increase in the international price of silver	3,375
Decrease in the international price of silver	(3,375)
2023:	
Increase in the international price of silver	3,145
Decrease in the international price of silver	(3,145)

As of June 30, 2024 and December 31, 2023, the fair value of embedded derivatives contained in commercial agreements amounts to a loss of US\$1,620 and a profit of US\$1,071, respectively (Note 9).

Interest rate risk

The Company and Subsidiaries have significant assets, which are held in renowned financial entities and accrue interests at current rates in the market. Operating income and cash flows of the Company and Subsidiaries are independent of changes in interest rates in the market.

The interest rate risk is addressed by Management of the Company and Subsidiaries through a policy that establishes obtaining loans at fixed and variable interest rates.

Management considers that the risk of fluctuations in the fair value of interest rates is not significant since the interest rates of its financing agreements are not significantly different from the market interest rates for similar financial instruments.

(ii) Credit risk

The credit risk of the Company and Subsidiaries arises from the inability of debtors to meet their obligations. For this reason, Management establishes conservative credit policies and constantly evaluates the conditions of the market where their debtors operate, for which Management uses risk rating reports for commercial and credit operations.

The financial assets (excluding cash and cash equivalents and financial investments) of the Company and Subsidiaries are within their maturity dates.

Trade accounts receivable are denominated in U.S. dollars and expire on the issue date of the payment receipt. Such amounts are effective in the following days of maturity. The sales of the Company and Subsidiaries are performed to local and foreign customers, with whom they have commercial agreements. As of June 30, 2024, the Company has a portfolio of 18 customers (25 customers as of December 31, 2023). The three most important customers of the Company and Subsidiaries represented 46% of total sales for the six-month period ended June 30, 2024 (47% of total sales for the six-month period ended June 30, 2023).

The Company's Management considers the credit history of its customers and their payment capacity and evaluates the debts that are estimated to be collected as variation to determine the required provision for doubtful accounts. Management concludes that a provision for doubtful accounts is not required.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and having the possibility to be engaged and/or have engaged certain financing operations through adequate credit sources.

As of June 30, 2024 and as of December 31, 2023, the Company and Subsidiaries present a negative working capital for US\$207,258 and US\$232,145, respectively.

The net decrease of negative working capital is mainly due classification of assets held for sale of subsidiary Hidroeléctrica Huanchor S.A.C. and the maturity of the first three amortizations of capital of the syndicated loan in April, July, and October of the current year, for which they were reclassified to short-time liabilities for a total of US\$137,143. The other amortizations will continue throughout 2025, and the last payment will be made on January 25, 2026 pursuant to the agreement.

Management considers that these measures will allow the Company and Subsidiaries using sufficient cash flows to manage their financial obligations appropriately.

The table below presents an analysis of the financial liabilities of the Company and Subsidiaries classified according to their maturity (including interests to be paid at those maturities) at the date of the condensed interim consolidated statement of financial position:

Financial assets	Less than 1 year US\$000	Between 1 and 2 years US\$000	Between 2 and 10 years US\$000	Total US\$000
As of June 30, 2024 (Unaudited):				
Cash and cash equivalents	68,019	-	-	68,019
Other accounts receivable (net)	11,313	-	-	11,313
Trade accounts receivable (net)	15,421	-	-	15,421
Financial investments	-	-	192,462	192,462
Total	94,753	-	192,462	287,215
As of December 31, 2023 (Audited):				
Cash and cash equivalents	61,642	-	-	61,642
Other accounts receivable (net)	5,591	-	-	5,591
Trade accounts receivable (net)	20,316	-	-	20,316
Derivatives not designated as hedging instruments	440	-	-	440
Derivatives designated as hedging instruments	215	-	-	215
Financial investments	-	-	37,158	37,158
Total	88,204	-	37,158	125,362
Financial liabilities				
	Less than 1 year US\$000	1 and 2 years US\$000	2 and 10 years US\$000	Total US\$000
As of June 30, 2024 (Unaudited):				
Bank overdrafts	3	-	-	3
Financial obligations	193,726	614,534	24,046	832,306
Trade accounts payable	205,375	-	-	205,375
Other accounts payable	19,036	-	-	19,036
Total	418,140	614,534	24,046	1,056,720
As of December 31, 2023 (Audited):				
Bank overdrafts	1,046	-	-	1,046
Financial obligations	160,941	202,799	562,280	926,020
Trade accounts payable	242,213	-	-	242,213
Other accounts payable	17,098	-	-	17,098
Total	421,298	202,799	562,280	1,186,377

(iv) Capital management risk

The objective is to safeguard the ability of the Company and Subsidiaries to continue as going concern in order to generate returns to shareholders and benefits to other interest groups and maintain an optimal capital structure to reduce capital cost.

Management handles its capital structure and makes adjustments to deal with changes in the economic conditions of the market. In order to maintain or adjust the capital structure, the Company can adjust the payment of dividends to its shareholders, return capital to its shareholders or issue new shares. No changes were made to the objectives, policies, or procedures in 2024 and 2023.

The leverage ratio was as follows:

	06/30/2024	12/31/2023
	US\$000	US\$000
	(Unaudited)	(Audited)
Financial obligations	790,597	803,869
Cash and cash equivalents	(68,019)	(61,642)
Total net debt	722,578	742,227
Total equity	330,865	364,598
Net debt ratio	2.18	2.04

(c) Fair value of financial instruments

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

- Level 1: Input is quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company may access to at the measurement date.
- Level 2: Input is different from quoted prices included in Level 1, which are observable for the asset or liability, whether directly or indirectly.
- Level 3: Input is not observable for the asset or liability.

Fair value of financial assets and liabilities of the Company that are not measured at fair value, but fair value disclosures are required

Management considers that the carrying amounts of financial assets and liabilities recognized in the condensed interim consolidated financial statements are similar to their fair value, including the long-term loan that accrues equivalent interests at current market rates. The fair value of bonds issued in the international market (Note 17 (a)) is classified as Level 1 since quoted prices are available. The fair value of these bonds amount to US\$285,419 as of June 30, 2024 (US\$223,690 as of December 31, 2023).

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

As of June 30, 2024, and December 31, 2023, the financial instruments measured at fair value after initial recognition refer to trade accounts receivable, financial investments and derivative financial instruments.

The following table shows the financial instruments measured at fair value on a constant basis, classified per level:

	06/30/2024 US\$000 (Unaudited)	12/31/2023 US\$000 (Audited)
Financial assets		
Level 1		
Investments in equity instruments (a)	192,462	37,158
Level 2		
Trade accounts receivable (b)	15,421	20,316
Derivatives not designated as hedging instruments	-	440
Derivatives designated as hedging instruments	-	215
	<u>15,421</u>	<u>20,971</u>
Financial liabilities		
Level 2		
Derivatives not designated as hedging instruments	75	-
	<u>75</u>	<u>-</u>

- (a) Financial investments (Note 8) correspond to the investment in Cementos Polpaico S.A., listed on the Chile Stock Exchange, and Inversiones Portuarias Chancay S.A.A., listed on the Peruvian Stock Exchange. As these investments are traded in active markets it has been classified as Level 1.
- (b) Trade accounts receivable, designated at fair value through profit or loss, comprise the changes in the value of provisional liquidations, which are adjusted at market value based on future estimates of metal prices at the date of the consolidated financial statements. The measurement of fair value is classified as Level 2 since these measurements derive from international quotation prices in force included in Level 1.
- (c) No transfers have been made between levels during the year.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	06/30/2024 US\$000 (Unaudited)	12/31/2023 US\$000 (Audited)
Cash in banks (a)	63,743	60,072
Cash in transit	1,859	-
Other funds	2,417	1,570
	<u>68,019</u>	<u>61,642</u>

- (a) Cash in banks mainly comprise checking accounts denominated in soles and U.S. dollars, which are held in local banks, are freely available and accrue interests at market rates.

Checking accounts include trust accounts that were constituted to meet the commitments derived from financial obligations (Notes 17), which are also freely available.

The Company and Subsidiaries present amounts for US\$25,183 and US\$19,775 as of June 30, 2024 and December 31, 2023 as part of cash in banks, which correspond to cash deposited in Banco de la Nación for the payment of taxes. In addition, amounts withheld by the Tax Administration are presented in this item for US\$2,417 as of June 30, 2024 (US\$1,529 as of December 31, 2023).

7. INVESTMENT IN ASSOCIATE

The investment in associate comprises the following:

Company	Class	Number of shares	Interest in equity		Face value	Carrying amount	
			06/30/2024	12/31/2023		06/30/2024	12/31/2023
			%	%		US\$000 (Unaudited)	US\$000 (Audited)
Cosco Shipping Ports Chancay Perú S.A.	Common	410,653,252	40	40	1 Sol	-	148,118

Cosco Shipping Ports Chancay Perú S.A. is engaged in port activities and its objective is the development, construction, implementation, commissioning, and operation of a multi-purpose port at the Chancay bay, located in the northern area of Lima. It is estimated to commence operations in 2024.

At the Board of Directors' Meeting of Volcan Compañía Minera S.A.A. held on December 31, 2023, as shareholder of 40% of Cosco Shipping Ports Chancay Peru S.A., the financing granted by financial entities for US\$975,000 was approved for the development of the Multi-purpose Port Terminal Chancay.

As of December 31, 2023, this investment in associate has been measured using the equity method.

At the General Meeting of Shareholders of Volcan on August 24, 2023, the spin-off of the segregation of the equity block made up of 40% of the shares owned by Volcan in Cosco Shipping Ports Chancay Peru S.A. was approved. The incorporation of Inversiones Portuarias Chancay S.A.A., the receiving company of the spin-off equity block, was registered in the Lima Registry Office of the Superintendency of Public Registries on October 3, 2023. The date of entry into force of the spin-off was on March 4, 2024.

8. FINANCIAL INVESTMENTS

Financial investments comprise the following:

Company	Class	Number of shares	Interest in net equity as of		Face value		Carrying amount as of	
			06/30/2024	12/31/2023			06/30/2024	12/31/2023
			%	%			US\$000 (Unaudited)	US\$000 (Audited)
Financial investments at fair value:								
Cemento Polpaico S.A.	Common	4,056,643	15.90	15.90	8,040	Chilean pesos	34,642	37,153
Inversiones Portuarias Chancay S.A.A.	Common - Class A	206,743,063	11.66	-	2.90	Soles	156,664	-
	Common - Class B	12,234,901	0.50	-	0.36	Soles	1,151	-
Other investments:								
Other companies	Common	-	-	-	-		5	5
							<u>192,462</u>	<u>37,158</u>

Cementos Polpaico S.A. is engaged in the production and commercialization of cement and lime. As of June 30, 2024, the quotation amounted to 8,040 Chilean pesos per share, equivalent to US\$8.539 (8,040 Chilean pesos per share, equivalent to US\$9.159 as of December 31, 2023). Those shares are listed on the Chile Stock Exchange.

Inversiones Portuarias Chancay S.A.A. was incorporated to acquire, develop, and manage interests or equity rights in companies engaged in port and logistics activities, as well as related services.

As of June 30, 2024, the Company has 206,743,063 Class A shares, the quotation amounted to S/2.90 per share (equivalent to US\$0.76 per share) and 12,234,901 Class B shares, with a quoted market price of S/0.36 per share (equivalent to US\$0.09 per share).

9. TRADE ACCOUNTS RECEIVABLE (NET)

Trade accounts receivable (net) comprise the following:

	06/30/2024	12/31/2023
	US\$000	US\$000
	(Unaudited)	(Audited)
From third parties		
Invoices	36,718	32,360
Impairment estimate for accounts receivable	(19,677)	(23,831)
Embedded derivatives	(1,620)	1,065
	<u>15,421</u>	<u>9,594</u>
From related entities		
Invoices	-	10,716
Embedded derivatives	-	6
	<u>-</u>	<u>10,722</u>
Total	<u>15,421</u>	<u>20,316</u>

Accounts receivable have current maturity, do not accrue interests, and do not have specific guarantees. These accounts are expected to be collected in the first quarter of the following year.

The main customers of the Company and Subsidiaries are renowned in the international market, have good credit history and do not have financial issues as of June 30, 2024 and December 31, 2023.

On December 22, 2023, Glencore Lima Trading S.A.C. and Volcan Compañía Minera S.A.A. entered into a consumption loan agreement No. 062-24-01 for US\$25,000. Under the terms and conditions of this agreement, the Company will sell zinc concentrates to Glencore Lima Trading S.A.C. from 2026 to 2028.

The impairment estimated for trade accounts receivable according to the assessment of expected credit losses is mainly related to a customer that is undergoing a liquidation process and comes from 2008. Management of the Company and Subsidiaries believe that the estimate for doubtful accounts is sufficient to cover the non-compliance risk at the date of the condensed interim consolidated statements of financial position.

10. OTHER ACCOUNTS RECEIVABLE (NET)

Other accounts receivable (net) comprise the following:

	06/30/2024 US\$000 (Unaudited)	12/31/2023 US\$000 (Audited)
Tax credit for value-added tax (a)	48,023	58,173
Recoverable taxes	31,472	35,284
Credit balance for income tax and temporary tax on net assets (b)	15,334	16,544
Public works for taxes, in process (d)	5,136	4,282
Prepaid expenses	5,230	3,818
Advances granted to contractors and suppliers	10,781	1,689
Loans granted to employees	965	431
Other minor items	930	2,904
	117,871	123,125
Impairment estimate for other accounts receivable (e)	(16,057)	(15,708)
Subtotal	101,814	107,417
<u>Amortized cost:</u>		
Accounts receivable from contractors and others	12,971	13,262
Loans granted to third parties (c)	10,490	10,511
Escrow account (note 26)	5,250	-
Other minor items	1,675	1,244
	30,386	25,017
Impairment estimate for other accounts receivable (e)	(19,073)	(19,426)
Subtotal	11,313	5,591
Total	113,127	113,008
Non-current portion	31,289	35,970
Current portion	81,838	77,038

- (a) As of June 30, 2024, this item includes an amount of US\$16,057 (US\$15,708 as of December 31, 2023), which corresponds to tax credit that is not expected to be recovered; therefore, an impairment estimate has been established for such amount.
- (b) As of June 30, 2024, this item corresponds to the balance for payments on account of income tax for US\$10,058 and payments for the temporary tax on net assets for US\$5,276, which will be requested as from 2024 (as of December 31, 2023, this item corresponded to the balance for payments on account of income tax for US\$11,879 and payments for the temporary tax on net assets for US\$4,665, which were requested as from 2024 and are being recovered).
- (c) Loans granted to third parties accrue interests at market rates and are considered to have a current maturity. The Company and Subsidiaries have considered provisioning the amount of US\$10,058 as doubtful account according to the assessment of uncollectibility risk.
- (d) Corresponds to payments made for public works, for which partial certificates from “Regional and Local Public Investment – Public Treasury” (CIPRL in Spanish) have been obtained that will allow the cancellation of the amount invested by the Company in the execution of investment projects.

In 2024, the Company continued the execution of the projects “Improvement and extension of sports services of the Municipal Sports Center at Av. 1° de Mayo, district of Chancay – province of Huaral – department of Lima”, with code CUI No. 2466179, and “Improvement of integral management of municipal solid waste in the district of Huayllay – province of Pasco – department of Pasco”, with code CUI No. 2511013, for which US\$2,044 has been recovered through the “CIPRL” under the scheme of Law 29230 on Works for Taxes. The recovery of the invested balance amounting to US\$2,186 will be arranged in 2024.

- (e) As of June 30, 2024, this item mainly corresponds to the impairment provision for tax credit for value-added tax for US\$16,057 and loans receivable for US\$10,058. As of December 31, 2023, this item mainly corresponded to the impairment provision for tax credit for value-added tax for US\$15,708, loans receivable for US\$10,076, and the remaining balance mainly corresponds to contractors receivable.

Management of the Company and Subsidiaries believes that the impairment estimate for other accounts receivable is sufficient to cover the non-compliance risk at the date of the condensed interim consolidated statement of financial position.

11. OTHER FINANCIAL ASSETS AND LIABILITIES

Other financial assets comprise the following:

	06/30/2024	12/31/2023
	US\$000	US\$000
	(Unaudited)	(Audited)
Derivative financial instruments:		
Derivatives not designated as hedging instruments (a)	-	440
Derivatives designated as hedging instruments (b)	-	215
	-	655

Other financial liabilities comprise the following:

	<u>06/30/2024</u>	<u>12/31/2023</u>
	US\$000	US\$000
	(Unaudited)	(Audited)
Derivative financial instruments:		
Derivatives not designated as hedging instruments (a)	75	-
	<u>75</u>	<u>-</u>

- (a) As of June 30, 2024 and December 31, 2023, corresponds to pending invoices for the settlement of derivative financial instruments.
- (b) Derivative financial instruments were contracted with several international financial institutions, including JP Morgan, Morgan Stanley and Citibank NY.

12. INVENTORIES (NET)

Inventories (net) comprise the following:

	<u>06/30/2024</u>	<u>12/31/2023</u>
	US\$000	US\$000
	(Unaudited)	(Audited)
Concentrates (a)	9,216	8,052
Mineral (a)	11,917	11,956
Pyrite stockpiles	5,385	5,619
Sundry supplies	34,320	37,805
Inventories in transit	323	271
	<u>61,161</u>	<u>63,703</u>
Impairment estimate	<u>(8,811)</u>	<u>(9,779)</u>
Total	<u>52,350</u>	<u>53,924</u>
Non-current portion	<u>5,385</u>	<u>5,619</u>
Current portion	<u>46,965</u>	<u>48,305</u>

- (a) According to the sales commitments, the concentrate held as of Jun 30, 2024 will be sold, and the mineral will be exploited in 2024.

Management believes that the impairment estimate covers the risk of loss at the date of the condensed interim consolidated statements of financial position.

13. PROPERTY, PLANT AND EQUIPMENT (NET)

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

	Balance as of January 1, 2024 US\$000 (Audited)	Additions US\$000	Sales and/or disposals US\$000	Transfers US\$000
Cost of:				
Land	23,573	-	-	-
Buildings and other constructions	1,200,955	171	-	28,650
Environmental management program infrastructure	680	-	-	-
Machinery and equipment	187,986	1,503	-	-
Vehicles	3,320	-	-	-
Furniture and fixtures and computer equipment	8,937	4	-	7
Sundry equipment	430,633	1,587	(247)	4,430
Units in transit	3,244	187	-	(2,648)
Works in progress (a)	86,629	17,454	(282)	(27,376)
	<u>1,945,957</u>	<u>20,906</u>	<u>(529)</u>	<u>3,063</u>
Accumulated depreciation of:				
Buildings and other constructions	686,093	36,571	-	-
Environmental management program infrastructure	680	-	-	-
Machinery and equipment	147,157	6,714	-	-
Vehicles	2,811	81	-	-
Furniture and fixtures and computer equipment	7,108	222	-	-
Sundry equipment	330,330	11,195	(99)	-
	<u>1,174,179</u>	<u>54,783</u>	<u>(99)</u>	<u>-</u>
Net value	<u>771,778</u>			

	Balance as of January 1, 2023 US\$000 (Audited)	Additions US\$000	Sales and/or disposals US\$000	Transfers US\$000	Impairment US\$000
Cost of:					
Land	23,919	262	-	(608)	
Buildings and other constructions	1,078,997	3,597	(2,149)	111,934	
Environmental management program infrastructure	259	-	-	421	
Machinery and equipment	193,491	1,832	(6,421)	(916)	
Vehicles	3,500	(49)	(166)	35	
Furniture and fixtures and computer equipment	10,485	56	(57)	(1,547)	
Sundry equipment	399,352	11,581	(218)	19,918	
Units in transit	1,620	1,874	-	(250)	
Works in progress (a)	104,404	49,619	(1,183)	(66,211)	
	<u>1,816,027</u>	<u>68,772</u>	<u>(10,194)</u>	<u>62,776</u>	
Accumulated depreciation of:					
Buildings and other constructions	564,168	70,582	(532)	51,875	
Environmental management program infrastructure	259	-	-	421	
Machinery and equipment	140,060	13,730	(5,717)	(916)	
Vehicles	2,801	188	(164)	(14)	
Furniture and fixtures and computer equipment	7,807	532	(19)	(1,212)	
Sundry equipment	288,020	24,190	(52)	18,172	
	<u>1,003,115</u>	<u>109,222</u>	<u>(6,484)</u>	<u>68,326</u>	
Net value	<u>812,912</u>				

- (a) As of June 30, 2024, the projects that are part of item works in progress mainly belong to Volcan Compañía Minera S.A.A. for US\$35,117 and Subsidiary Compañía Minera Chungar S.A.C. for US\$23,622 (US\$46,142 and US\$31,848 as of December 31, 2023, respectively), as detailed below:

Volcan Compañía Minera S.A.A.

	06/30/2024	12/31/2023
	US\$000	US\$000
	(Unaudited)	(Audited)
Growth of tailings facility Rumichaca Level 4233	13,386	9,323
Growth of tailings facility Rumichaca Level 4250	3,100	1,925
Tailings facility - filter Gavilán - Carahuacra	2,441	2,441
Construction of powder magazine San Cristóbal	1,465	1,465
Industrial waste water treatment plant	965	965
Maintenance workshop Level 1320	542	542
Growth of tailings facility Andaychagua Alto Level 4412	-	2,635
Water supply channel - Andaychagua river	-	1,962
Construction of housing modules Andaychagua	-	1,601
Acquisition and assembly of bulk flotation cells	-	965
Installation of RCS100 cell - zinc circuit	-	804
Construction of third stage of wall of overflow spillway Andaychagua	-	522
Construction of Electrical Substation Level 820 RP314E	-	484
Other minor projects	13,218	20,508
	<u>35,117</u>	<u>46,142</u>

Subsidiary Compañía Minera Chungar S.A.C.

	06/30/2024	12/31/2023
	US\$000	US\$000
	(Unaudited)	(Audited)
Romina project - General infrastructure	6,072	4,889
Construction of Cacray camp	4,073	3,876
Reinforcement of Electrical Substation Animon	1,353	1,083
Romina project - permits, social & environment	1,334	1,053
Engineering of Rinconada tailings facility	1,253	1,253
Rinconada tailings facility	1,172	1,172
Transmission line Yanahuin Romina	1,097	1,097
Oefa gaps; Construction Infrastructure and Components	769	-
Elevation of dam of tailings facility Et.V-4688	-	9,693
Other minor projects	6,498	7,732
	<u>23,622</u>	<u>31,848</u>

As of June 30, 2024 and December 31, 2023, other Subsidiaries have projects in progress for US\$17,576 and US\$8,639, respectively.

The projects held as of June 30, 2024 are estimated to be completed between 2024 and 2025.

- (b) The six months charge for depreciation has been distributed as follows:

	<u>06/30/2024</u>	<u>06/30/2023</u>
	<u>US\$000</u>	<u>US\$000</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Cost of sales (Note 23)	52,627	51,409
Administrative expenses (Note 24)	702	671
Selling expenses (Note 25)	34	19
Other expenses (Note 26)	<u>1,420</u>	<u>1,688</u>
Total	<u>54,783</u>	<u>53,787</u>

As of June 30, 2024, buildings, machinery, and equipment include assets under finance leases with a carrying amount of US\$7,969 and US\$23,873, respectively (US\$8,138 and US\$27,770 as of December 31, 2023).

- (c) The Company and Subsidiaries hired insurance policies on their main assets according to the policies established by Management.
- (d) As of Jun 30, 2024 and December 31, 2023, the cost of property, plant and equipment is presented net of accumulated impairment of US\$335,623, distributed in items of buildings and constructions for US\$263,245, machinery and equipment and sundry equipment for US\$43,897, and others for US\$28,481.

In 2023, as part of the impairment assessment, the Company's Management determined an impairment for US\$25,058, which was attributed to the item of buildings and other constructions. On the other hand, Management of Administradora Cerro S.A.C. and Empresa Generadora Rio Baños S.A.C. determined an impairment recovery for US\$33,634, which was attributed to the item of buildings and other constructions (Note 27).

- (e) As of June 30, 2024 and December 31, 2023, the Company and Subsidiaries have assets fully depreciated for US\$138,711 and US\$111,827, respectively.
- (f) Corresponds to the sale of Empresa Generadora Rio Baños S.A.C.

14. RIGHT-OF-USE ASSETS (NET)

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

	Balance as of January 1, 2024 US\$000 (Audited)	Additions US\$000	Sales and/or disposals US\$000	Reclasifications to assets held for sale US\$000	Balance as of June 30, 2024 US\$000 (Unaudited)
Cost of:					
Operating machinery	13,448	537	-	-	13,985
Vehicles	11,029	2,680	(192)	(94)	13,423
Properties	170	-	-	-	170
	<u>24,646</u>	<u>3,217</u>	<u>(192)</u>	<u>(94)</u>	<u>27,577</u>
Depreciation of:					
Operating machinery	1,857	1,423	-	-	3,280
Vehicles	4,711	1,970	(79)	(53)	6,549
Properties	152	18	-	-	170
	<u>6,721</u>	<u>3,411</u>	<u>(79)</u>	<u>(53)</u>	<u>10,000</u>
Net value	<u>17,926</u>				<u>17,578</u>
	Balance as of January 1, 2023 US\$000 (Audited)	Additions US\$000	Disposals US\$000	Transfers US\$000	Balance as of December 31, US\$000 (Audited)
Cost of:					
Operating machinery	10,255	5,878	(2,685)	-	13,448
Vehicles	10,403	6,370	(6,151)	407	11,029
Properties	170	-	-	-	170
	<u>20,827</u>	<u>12,248</u>	<u>(8,836)</u>	<u>407</u>	<u>24,646</u>
Depreciation of:					
Operating machinery	2,685	1,857	(2,685)	-	1,857
Vehicles	6,661	3,525	(5,931)	456	4,711
Properties	96	56	-	-	152
	<u>9,443</u>	<u>5,438</u>	<u>(8,616)</u>	<u>456</u>	<u>6,720</u>
Net value	<u>11,385</u>				<u>17,926</u>

The six months charge for depreciation of right-of-use assets has been distributed as follows:

	06/30/2024 US\$000 (Unaudited)	06/30/2023 US\$000 (Audited)
Cost of sales (Note 23)	3,092	1,874
Other expenses (Note 26)	<u>319</u>	<u>97</u>
Total	<u>3,411</u>	<u>1,971</u>

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

The movement in the cost and accumulated amortization of mining concessions, exploration and development costs, closure costs and other intangibles follows:

	Balance as of January 1, 2024 US\$000 (Unaudited)	Additions US\$000	Transfers US\$000	Corporate derecognition US\$000
Cost of:				
Mining concessions	260,650	-	-	
Exploration costs	338,691	4,147	-	
Development costs (a)	896,005	32,929	(3,426)	
Closure of mining units	210,609	-	3,437	
Community rights	24,645	-	-	
Other intangibles	20,995	-	(3,074)	
	<u>1,751,595</u>	<u>37,076</u>	<u>(3,063)</u>	
Amortization of:				
Mining concessions	205,730	2,365	-	
Exploration costs	201,663	7,627	-	
Development costs (a)	577,179	17,928	-	
Closure of mining units	98,717	6,577	-	
Community rights	8,911	751	-	
Other intangibles	8,745	711	-	
	<u>1,100,945</u>	<u>35,959</u>	<u>-</u>	
Net value	<u>650,650</u>			

	Balance as of January 1, 2023	Additions	Disposals and/or transfers	Change in estimate	Im e
	US\$000	US\$000	US\$000	US\$000	U
	(Audited)			(Note 33)	(N
Cost of:					
Mining concessions	272,001	-	(11,351)	-	
Exploration costs	312,547	13,077	18,710	-	
Development costs (a)	830,575	76,308	28,255	-	
Closure of mining units	217,595	-	-	(6,986)	
Community rights	24,645	-	-	-	
Other intangibles	15,018	-	5,977	-	
	<u>1,672,381</u>	<u>89,385</u>	<u>41,591</u>	<u>(6,986)</u>	
Amortization of:					
Mining concessions	211,841	5,243	(11,354)	-	
Exploration costs	163,385	19,568	18,710	-	
Development costs (a)	502,615	46,309	28,255	-	
Closure of mining units	80,728	17,989	-	-	
Community rights	6,814	2,097	-	-	
Other intangibles	7,060	1,249	436	-	
	<u>972,443</u>	<u>92,455</u>	<u>36,047</u>	<u>-</u>	
Net value	<u>699,938</u>				

(a) Development costs:

The movement and structure of this item is presented below:

	Balance as of January 1, 2024 US\$000 (Audited)	Additions US\$000	Transfers US\$000	Balance as of June 30, 2024 US\$000 (Unaudited)
Cost of:				
Yauli	435,487	25,182	10	460,679
Cerro de Pasco	156,056	-	(3,436)	152,620
Animon	298,204	7,747	-	305,951
Vinchos	6,258	-	-	6,258
	<u>896,005</u>	<u>32,929</u>	<u>(3,426)</u>	<u>925,508</u>
Accumulated amortization of:				
Yauli	306,854	7,862	-	314,716
Cerro de Pasco	103,383	2,730	-	106,113
Animon	160,684	7,337	-	168,021
Vinchos	6,258	-	-	6,258
	<u>577,179</u>	<u>17,929</u>	<u>-</u>	<u>595,108</u>
Net cost	<u>318,826</u>			<u>330,400</u>

	Balance as of January 1, 2023 US\$000 (Audited)	Additions US\$000	Transfers US\$000	Impairment estimate US\$000	Impairment recovery US\$000	Balance as of December 31, 2023 US\$000 (Audited)
Cost of:						
Yauli	464,357	62,936	-	(91,806)	-	435,487
Cerro de Pasco	75,128	-	28,255	-	52,673	156,056
Animon	284,832	13,372	-	-	-	298,204
Vinchos	6,258	-	-	-	-	6,258
	<u>830,575</u>	<u>76,308</u>	<u>28,255</u>	<u>(91,806)</u>	<u>52,673</u>	<u>896,005</u>
Accumulated amortization of:						
Yauli	279,177	27,677	-	-	-	306,854
Cerro de Pasco	75,128	-	28,255	-	-	103,383
Animon	142,052	18,632	-	-	-	160,684
Vinchos	6,258	-	-	-	-	6,258
	<u>502,615</u>	<u>46,309</u>	<u>28,255</u>	<u>-</u>	<u>-</u>	<u>577,179</u>
Net cost	<u>327,960</u>					<u>318,826</u>

(b) The six months charge for amortization has been distributed as follows:

	06/30/2024 US\$000 (Unaudited)	06/30/2023 US\$000 (Unaudited)
Cost of sales (Note 23)	34,766	46,069
Administrative expenses (Note 24)	979	1,243
Other expenses (Note 26)	214	143
Total	<u>35,959</u>	<u>47,455</u>

(c) As of June 30, 2024 and December 31, 2023, the cost of mining concessions, development costs and other intangibles is presented net of accumulated impairment of US\$694,359, distributed in items of mining concessions for US\$45,984, exploration costs for US\$237,045, development costs for US\$359,786, and other intangibles for US\$51.

In 2023, as part of the impairment assessment of certain cash-generating units (CGUs), the Company's Management determined an estimate of impairment loss for US\$99,742, distributed in items of exploration costs for US\$7,936, development costs for US\$91,806, and also determined an impairment recovery for US\$54,966, distributed in items of exploration costs for US\$2,293 and development costs for US\$52,673 (Note 27).

16. ASSETS AND LIABILITIES HELD FOR SALE

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

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

The transaction will be carried out at a value of US\$46.8 million, and its closing is subject to the prior control procedure regulated by the National Institute for the Defense of Competition and the Protection of Intellectual Property of Peru -INDECOPI, as well as to usual conditions and adjustments for this type of transaction, which is expected to occur within the next 90 days.

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

	<u>06/30/2024</u> <u>US\$000</u>
Cash and cash equivalents	500
Trade accounts receivable (net)	1,054
Other accounts receivable (net)	1,271
Inventories (net)	74
Property, plant and equipment (net)	14,744
Right-of-use assets (net)	41
Mining concessions, exploration and development costs and other assets (net)	14
Deferred income tax	<u>2,757</u>
Total assets classified as held for sale	<u>20,455</u>
Trade accounts payable	559
Other accounts payable	441
Financial obligations	58
Deferred income tax	1,216
Provisions	<u>23</u>
Total liabilities related to assets classified as held for sale	<u>2,297</u>

17. FINANCIAL OBLIGATIONS

The movement and structure of this item is presented below:

	Original amount		Interest rate (%)	Maturity
	S/	US\$000		
Bonds:				
Negotiated bonds (a)	-	475,000	4.375	Feb-2025
Adjustment for amortized cost (issue costs)				
Syndicated loan (b)	-	400,000	-	Jan-2025
Adjustment for amortized cost (issue costs)				
Loans from other entities				
Glencore Lima Trading S.A.C. (c)	-	25,000	SOFR (3m) plus 4.5%	Dec-2025
Lease liability with third parties				
Lease liability	-	-	-	-
Lease liability with financial entities				
Banco Internacional del Perú-Interbank	-	7,327	Between 2.33 and 3.30	Between July-2025 and July-2026
Scotiabank Perú S.A.A.	-	26,624	Between 2.33 and 7.35	Between July-2025 and July-2026
Interests payable				
Total financial obligations				
Non-current portion				
Current portion				

- (a) Negotiated bonds known as “4.375% Senior Notes Due 2026” were issued on February 11, 2021 and placed in their entirety in the international market for US\$475,000, at an annual coupon rate of 4.375%, maturing in 5 years. Interests will be paid in semiannual installments from August 11, 2021 to February 11, 2026. The issue document of these bonds does not establish the compliance with financial covenants; however, it establishes certain limitations, such as incurring additional debts, for the Company as well as for Subsidiaries considered restricted, if when acquiring such debt, the consolidated fixed hedge rate of the Company and Subsidiaries is less than 2.0. This document also establishes limitations for the sale of assets, among others.

Funds were received on February 11, 2021 and in that month, the Company did the following:

- (i) Partial purchase of “5.375% Senior Notes Due 2022” for US\$125,000.
- (ii) Payment of syndicated loan for US\$303,000, including accrued interests.
- (iii) Payment of other medium-term credits for US\$34,000.
- (iv) The balance of funds received for the new issue of bonds was used for operation-related expenses.

The instruments issued by the Company were partially repurchased on June 21, 2022 for up to US\$110,000 by using the Company’s available cash. A profit of US\$6,600 was obtained from this transaction due to the discount obtained at the face value of the repurchased debt.

- (b) On December 29, 2021, the Company signed an agreement for a syndicated loan managed by Citigroup Global Markets Inc. and Banco Santander S.A. for US\$400,000 with a maturity of 48 months and a grace period of 24 months.

The loan was disbursed on January 25, 2022.

Sixty percent of the loan will be amortized with 7 quarterly installments and a final installment of forty percent. The interest rate of this loan is variable, equivalent to SOFR (3m) plus a markup calculated based on the credit rating of the company. The applicable markup is 400 bps as of March 31, 2024 and December 31, 2023.

The lenders of this loan are the following entities: Banco Santander, S.A.; Citibank, N.A.; Bank of Nova Scotia; Banco Internacional del Peru S.A.A.; Banco Interamericano de Finanzas; Banco de Crédito e Inversiones, S.A.; Banco Latinoamericano de Comercio Exterior, S.A.; Bancaribe Curacao Bank N.V.; Banco de Crédito del Perú; Natixix, New York Branch and Banco de Occidente Panamá, S.A.

This loan is secured by the Company and the following related entities:

Compañía Minera Chungar S.A.C. and Empresa Administradora Cerro S.A.C. (the guarantors). The agreement establishes that the Company and guarantors together shall represent no less than 90% of the consolidated EBITDA (the term EBITDA is defined in the contract).

In the event that the aforementioned subsidiaries do not cover said percentage or are sold, the other subsidiaries of the Company will become guarantors until said percentage is reached. In addition, the agreement has established the following financial covenant:

- Consolidated total debt to EBITDA ratio: the consolidated debt to EBITDA ratio, measured as of the last day of each fiscal quarter described below, should be less than: (i) 4.25 – 2022-2023; (ii) 4.00 – 2024; (iii) and thereafter 3.75.

The result of the debt to EBITDA ratio is 2.71 as of June 30, 2024 and 2.87 as of December 31, 2023, respectively.

- (c) Corresponds to a loan received from Glencore Lima Trading S.A.C. for US\$25,000 with a variable interest rate equivalent to SOFR (3M) plus 4.5%.
- (d) The debt amortization schedule at face value, including interests to be accrued, as of June 30, 2024 and December 31, 2023 is as follows:

	06/30/2024 US\$000 (Unaudited)	12/31/2023 US\$000 (Audited)
2024	193,726	160,941
2025	614,534	202,799
2026	24,046	562,280
Total	832,306	926,020

As of June 30, 2024 and 2023, the reconciliation of cash flows to financial obligations are shown below:

	06/30/2024 US\$000 (Unaudited)	06/30/2023 US\$000 (Audited)
Movements related to cash flows		
Obtaining loans from other entities	25,000	-
Payment of short-term loans from banks	-	(2,321)
Payment of short-term loans from syndicated loan	(34,286)	-
Payment of leases with financial entities	(5,919)	(6,878)
Payment of interests on loans	(29,341)	(25,420)
Payment of leases with third parties	(4,483)	(4,739)
Bank overdrafts	(1,043)	-
Total	(50,072)	(39,358)
Movements not related to cash flows		
Obtainment of finance leases	1,502	-
Interests on loans	29,453	26,853
Exchange difference - financial obligations	584	(21)
Accrual of issue costs - bonds	551	551
Accrual of structural costs - syndicated loan	507	507
Lease liabilities with third parties	3,218	6,944
Available for sale	(58)	-
Decrease of financial obligations during the year	(14,315)	(4,524)
Financial obligations at the beginning of the year	804,915	811,666
Financial obligations at the end of the year	790,600	807,142

(e) Guarantees

The Company has guarantees received from its Subsidiaries Compañía Minera Chungar S.A.C. and Empresa Administradora Cerro S.A.C. in order to secure the full compliance with pertinent obligations for the international issuance of bonds under Rule 144A and Regulation S of the United States Securities Act of 1933.

18. TRADE ACCOUNTS PAYABLE

Trade accounts payable comprise the following:

	<u>06/30/2024</u>	<u>12/31/2023</u>
	US\$000	US\$000
	(Unaudited)	(Audited)
Invoices payable (a) (b)	144,480	169,656
Invoices to receive (c)	47,189	58,207
Guarantee funds	<u>13,706</u>	<u>14,350</u>
Total	<u>205,375</u>	<u>242,213</u>

- (a) Trade accounts payable mainly arise from the acquisition of materials and supplies for the execution of activities of the Company and Subsidiaries and are mainly denominated in U.S. dollars and sales, have current maturity, do not accrue interests and no guarantees have been granted for these obligations. As of June 30, 2024 and 2023, balances payable are effective and within the payment terms established by the Company and Subsidiaries, which range between 30 and 90 days.
- (b) As of June 30, 2024, the Company and Subsidiaries hold obligations for US\$9,553 (US\$39,345 as of December 31, 2023), which are related to invoices that the suppliers have granted to financial entities. Those obligations do not accrue interests and have the original maturity that was agreed upon with suppliers.
- (c) Invoices to receive correspond to the estimated record of consumption of goods and services, for which, at the date of the consolidated financial statements, the payment receipts issued by their pertinent suppliers have not been received.

19. OTHER ACCOUNTS PAYABLE

Other accounts payable comprise the following:

	06/30/2024 US\$000 (Unaudited)	12/31/2023 US\$000 (Audited)
Short term		
To third parties		
Salaries and profit-sharing (a)	33,665	31,795
Income tax	783	107
Advances from customers (b)	1,600	3,200
Mining taxes	3,305	2,388
Dividends	937	975
Contribution to OEFA	185	136
Other minor items	2,632	4,250
	<u>43,107</u>	<u>42,851</u>
Amortized cost:		
Water use/treatment/discharge	8,397	7,744
Operating rights and penalties	7,331	7,371
Other minor items	3,308	1,983
	<u>19,036</u>	<u>17,098</u>
	<u>62,143</u>	<u>59,949</u>
To related entities		
Sundry items	-	546
	-	546
Total	<u>62,143</u>	<u>60,495</u>

- (a) As of June 30, 2024, this item mainly includes vacations, profit-sharing, and performance bonus of employees for US\$9,295, US\$1,396 and US\$7,235, respectively (US\$11,090, US\$2,833 and US\$7,138 for vacations, profit-sharing, and performance bonus of employees, respectively, in 2023).
- (b) This item corresponds to an advance received from IXM S.A. and Transamine S.A. for the future delivery of 1,875 MT of lead concentrate and 10,000 MT of zinc concentrate respectively, which will be completed in 2024.

20. PROVISIONS

Provisions comprise the following:

	06/30/2024 US\$000 (Unaudited)	12/31/2023 US\$000 (Audited)
Provisions for lawsuits (a)	32,641	32,346
Mine closure (Note 33)	264,577	262,670
Agreements with communities (b)	19,665	23,365
Other provisions	4,921	5,093
Total	321,804	323,474

(a) The movement of provisions for lawsuits is presented below:

	US\$000
Balance as of January 1, 2023 (Audited)	25,422
Provision for the year	6,924
Balance as of December 31, 2023 (Audited)	32,346
Provision for the period (Note 26)	1,121
Reversal (Note 26)	(826)
Balance as of June 30, 2024 (Unaudited)	32,641

(b) As of June 30, 2024 and December 31, 2023, the nominal value of the provision for obligations with communities is US\$25,504, which has been determined using the annual discount rate of 1.85%, resulting in a net value of US\$23,365.

21. EQUITY

(a) Issued capital stock

The issued capital stock of the Company is represented by 1,633,414,553 class A voting shares, and 2,443,157,622 class B non-voting shares with a right of preferred dividend allocation, which is not cumulative. All common shares are duly subscribed and paid and have a face value of S/0.55 per share (S/0.66 in 2023).

The preferred right to participate in the allocation of dividends in cash consists in receiving an additional payment for dividends of 5% per share, only on the amount of each dividend in cash paid to each common class A share. This right is not cumulative if the Shareholders' Meeting does not declare nor pay dividends in cash in any period.

Both common class A and B shares, listed on the Lima Stock Exchange, are actively negotiated in the stock market. As of June 30, 2024, their quotation was S/0.55 and S/0.205 per share, respectively (S/0.53 and S/0.312 per share, respectively, as of December 31, 2023). As of June 30, 2024, the negotiation frequency of class A shares was 15% and 100% for class B shares (25% for class A shares and 95% for class B shares as of December 31, 2023).

The equity interest structure as of June 30, 2024 and December 31, 2023 is as follows:

Individual interest percentage in issued capital stock	Number of shareholders		Total interest percentage	
	06/30/2024 (Unaudited)	12/31/2023 (Audited)	06/30/2024 (Unaudited) %	12/31/2023 (Audited) %
Less than 0.20	11,192	8,315	18.24	12.73
From 0.20 to 1.00	21	19	9.26	8.31
From 1.01 to 5.00	16	18	50.45	56.77
From 5.01 to 10.00	-	1	-	5.40
From 10.01 to 20.00	1	1	22.05	16.79
	11,230	8,354	100.00	100.00

The Shareholders' Meeting of Volcan Compañía Minera S.A.A. was held on July 3, 2023, in which class A and class B shareholders participated and agreed to reduce the capital stock of the Company by US\$227,620 (S/856,080) through the decrease of the face value of all class A and class B shares issued by the Company; that is, affecting 4,076,572,175 shares issued by the Company, whose face value reduced from S/0.87 to S/0.66.

The effective date of the spin-off was March 4, 2024. As a consequence of the spin-off of the equity block, whose net carrying amount for (in thousand) S/443,328 (equivalent for US\$132,386) the face value reduced from S/0.66 to S/0.55.

(b) Higher value in acquisition of treasury shares

This item corresponds to the result obtained from the purchase of treasury shares, which are credited or debited in this account.

(c) Treasury shares

This item corresponds to shares of the Company acquired by Subsidiaries. From total shares, 182,994,435 common class A shares and 12,234,901 class B shares are owned by subsidiary Empresa Minera Paragsha S.A.C., 23,442,345 common class A shares are owned by subsidiary Compañía Minera Chungar S.A.C., and 306,283 common class A shares are owned by subsidiary Compañía Industrial Limitada de Huacho S.A.

The treasury shares decrease as a consequence of the spin-off of the equity block, the face value of share reduced from S/0.66 to S/0.55.

(d) Legal reserve

Pursuant to the General Business Law, the legal reserve is established by transferring a minimum of 10% of net profit from each period, after deducting accumulated losses, until it achieves an amount equivalent to the fifth part of capital. In the absence of undistributed profit or freely available reserves, the legal reserve shall be applied to offset losses, and must be replaced. The legal reserve can be capitalized but shall also be replaced.

(e) Accumulated other comprehensive income

This item corresponds to unrealized profit (loss) of derivative financial instruments designated as hedging instruments. This unrealized profit or loss derives from the fact that the price of commodities was agreed upon at a value higher or lower than their liquidation value, and at a profit or loss for the effect of the fair value of the investment in equity instruments (Note 8).

22. NET SALES

For the six-month period ended June 30, 2024 and for the six-month period ended June 30, 2023, revenue mainly includes sales of zinc, lead, silver, and copper concentrates and silver bars, as follows:

	06/30/2024 US\$000 (Unaudited)	06/30/2023 US\$000 (Unaudited)
Net sales per concentrate:		
Zinc	212,017	232,814
Lead	90,056	118,305
Silver bars	37,115	39,291
Silver	33,747	31,451
Copper	24,783	25,300
	<u>397,718</u>	<u>447,161</u>
Profit (loss) in:		
Execution of financial instruments	(55)	435
Embedded derivatives (c)	(2,692)	(13,177)
Total	<u>394,971</u>	<u>434,419</u>

The net sales of concentrates to customers per geographical area are presented below (without including the valuation effect of the embedded derivative and unrealized profit of hedging instruments):

	06/30/2024 US\$000 (Unaudited)	06/30/2023 US\$000 (Unaudited)
Peru	246,398	320,493
Asia	48,267	34,448
Europe	103,053	83,660
America	-	8,560
	<u>397,718</u>	<u>447,161</u>

(a) Sales concentration

For the six-month period ended June 30, 2024, the three most important customers represented 46% of total sales (47% of total sales for six-month period ended June 30, 2023). As of June 30, 2024 and 2023, 56% of accounts receivable is related to these customers. The concentrates of the Company and Subsidiaries are sold to renowned companies in the country and abroad, with whom commercial agreements are executed.

(b) Sales commitments

As of June 30, 2024, the Company and Subsidiaries hold commitments with third parties for sales of zinc, lead, and copper concentrates for 728,092 WMT, 74,954 WMT and 4,802 WMT until 2028, for an approximate amount of US\$784,092, US\$198,025 and US\$21,113, respectively (739,419 WMT, 158,181 WMT and 11,735 WMT, respectively, as of December 31, 2023, for an approximate amount of US\$710,149, US\$357,436 and US\$41,265).

As of June 30, 2024, the Company and Subsidiaries hold commitments for the sale of dore bars for 1,117,855 oz. for US\$33,587. As of December 31, 2023, the Company and Subsidiaries held commitments for the sale of dore bars for 2,620,600 oz. for US\$55,815.

- (c) For the six-month period ended June 30, 2024, and for the six-month period ended June 30, 2023, fair values of embedded derivatives caused a loss of US\$2,692 and US\$13,177, respectively. Future quotations of the dates when open positions as of June 30, 2024, and 2023 are expected to be liquidated are obtained from the publications of the London Metal Exchange.

23. COST OF SALES

Cost of sales comprises the following:

	06/30/2024	06/30/2023
	US\$000	US\$000
	(Unaudited)	(Unaudited)
Beginning balance of concentrates (Note 12)	8,052	11,036
Beginning balance of minerals (Note 12)	11,956	13,547
Services provided by third parties, energy and others	117,173	136,938
Consumption of supplies	57,117	65,712
Depreciation (Note 13 (b))	48,673	50,735
Depreciation of right-of-use assets (Note 14)	3,092	1,874
Labor	38,226	45,018
Amortization (Note 15 (b))	31,959	45,964
Purchase of mineral	319	-
Ending balance of concentrates (Note 12)	(9,216)	(7,889)
Ending balance of minerals (Note 12)	(11,917)	(13,017)
Subtotal	295,434	349,918
Cost of plant shutdown	21,697	12,108
Depreciation of plant shutdown (Note 13 (b))	3,954	674
Amortization of plant shutdown (Note 15 (b))	2,807	105
Total	323,892	362,805

24. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	06/30/2024	06/30/2023
	US\$000	US\$000
	(Unaudited)	(Unaudited)
Personnel charges	10,929	13,060
Professional fees	1,575	2,589
Services provided by contractors	213	4,055
Mails, telecommunications and other minor items	1,928	3,416
Insurance	1,878	1,660
Communications and information technology	238	603
Operating rights - Penalties	2,230	1,357
Leases	743	1,345
Amortization (Note 15 (b))	979	1,243
Depreciation (Note 13 (b))	702	671
Others	1,094	1,729
Total	<u>22,509</u>	<u>31,728</u>

25. SELLING EXPENSES

Selling expenses comprise the following:

	06/30/2024	06/30/2023
	US\$000	US\$000
	(Unaudited)	(Unaudited)
Freight	8,521	8,918
Services for the sale of concentrates	1,657	1,972
Sundry services	347	259
Services provided by contractors	438	382
Personnel expenses	485	556
Samples, analysis and supervision	661	693
Shipment expenses	541	442
Services provided by third parties	307	315
Leases	971	968
Depreciation (Note 13(b))	34	19
Total	<u>13,962</u>	<u>14,524</u>

26. OTHER INCOME AND EXPENSES

Other income comprises the following:

	06/30/2024	06/30/2023
	US\$000	US\$000
	(Unaudited)	(Unaudited)
Other income:		
Income for sale of shares (a)	31,675	-
Income from the sale of energy to third parties	6,275	11,646
Income from interest	4,039	-
Income from the sale of sundry supplies	3,202	5,442
Income from services provided to third parties	3,186	1,697
Recovery of impairment of supplies	829	217
Reversal of provision for lawsuits (Note 20)	826	-
Insurance compensation	14	4,134
Others	1,359	3,711
Total	51,405	26,847

- (a) Corresponds to the sale of Empresa Generadora Rio Baños S.A.C., the generated income was US\$31,675 and the cost US\$30,000 classified as "Other expenses"; as a part of the transaction there is a balance receivable "Escrow account" for US\$5,250.

Other expenses comprise the following:

	06/30/2024	06/30/2023
	US\$000	US\$000
	(Unaudited)	(Unaudited)
Other expenses:		
Share disposal cost (a)	(30,000)	-
Cost of sales of sundry supplies	(2,962)	(5,252)
Services provided by contractors	(1,678)	(4,760)
Cost of sales of energy	(3,851)	(6,814)
Professional fees	(395)	(2,072)
Provision for lawsuits (Note 20)	(1,121)	(5,905)
Tax administrative penalties	(1,561)	(563)
Leases	(563)	(1,578)
Depreciation (Note 13(b))	(1,420)	(1,688)
Depreciation of right-of-use assets (Note 14)	(319)	(97)
Sundry non-deductible expenses	(194)	(1,555)
Contribution for regulation OEFA and OSINERMI	(809)	(830)
Cost of services provided to third parties	(502)	(608)
Impairment of other accounts receivable	(826)	(858)
Amortization (Note 15(b))	(214)	(143)
Others	(3,908)	(3,622)
Total	(50,323)	(36,345)

27. IMPAIRMENT OF NON-FINANCIAL ASSETS

By applying International Accounting Standard 36 Impairment of non-financial assets, the Company and Subsidiaries updated their assessment of the recoverable value of long-term assets.

In 2023, as part of the impairment assessment of certain cash-generating units (CGU), the Company's Management determined a loss for the impairment estimate of US\$124,800 in Volcan Cía. Minera S.A.A. They also recognized a recovery corresponding to the impairment

estimate in Empresa Administradora Cerro S.A.C. and Empresa Generadora Rio Baños S.A.C. for US\$81,800 and US\$6,800, respectively.

	<u>2023</u>
	<u>Impairment</u>
	<u>estimate</u>
	<u>US\$000</u>
Cash-generating units:	
Volcan	(124,800)
Cerro	81,800
Egerba	<u>6,800</u>
Total	<u><u>(36,200)</u></u>
Recorded in:	
Property, plant and equipment (net) (Note 13)	8,576
Exploration costs (Note 15)	(5,643)
Development costs (Note 15)	<u>(39,133)</u>
Total	<u><u>(36,200)</u></u>

The impairment in Volcan Cía. Minera S.A.A. resulted from lower volumes of resources and the increase of the discount rate, assumptions used in the determination of its cash flows. Such amount was fully allocated to the items Buildings and constructions and Development costs.

The recovery mainly in Empresa Administradora Cerro S.A.C. resulted from higher volumes of resources. This amount was allocated to the items Buildings and constructions, Exploration costs and Development costs.

As of June, 30, 2024, Management evaluated that there is not additional impairment indicators to recognized in the condensed interim consolidated financial statements.

28. FINANCE INCOME AND EXPENSES

Finance income and expenses comprise the following:

	<u>06/30/2024</u>	<u>06/30/2023</u>
	US\$000	US\$000
	(Unaudited)	(Unaudited)
Financial income		
Net exchange difference profit	-	927
Interests on loans	1,494	2,613
Other financial income	692	994
	<u>2,186</u>	<u>4,534</u>
Financial expenses		
Net exchange difference loss	(692)	-
Interests on issued bonds	(8,336)	(8,336)
Interests on syndicated loans	(20,171)	(17,937)
Interests and expenses of financial obligations	(547)	(13)
Effect for the update of the present value of mine closure (Note 33)	(2,444)	(1,698)
Amortized cost of bonds	(441)	(440)
Effect for the update of the present value of communities	(202)	(131)
Interests on lease liabilities	(763)	(461)
Commissions and other expenses	(4,757)	(5,106)
	<u>(38,353)</u>	<u>(34,122)</u>

29. INCOME TAX

Income tax comprise the following:

	<u>06/30/2024</u>	<u>06/30/2023</u>
	US\$000	US\$000
	(Unaudited)	(Unaudited)
Income tax		
Current	(3,582)	(10,669)
Deferred	892	19,099
	<u>(2,690)</u>	<u>8,430</u>
Special mining tax	(1,322)	(1,287)
Mining royalties	(4,279)	(4,296)
Contribution to the mining retirement fund	(51)	(167)
	<u>(8,342)</u>	<u>2,680</u>

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

During June 30, 2024, and 2023, the effective income tax rate is different from the tax rate. The nature of this difference is due to certain items related to taxable profit, whose effects are summarized below:

	2024		2023	
	Amount US\$000 (Unaudited)	Percentage % (Unaudited)	Amount US\$000 (Audited)	Percentage % (Audited)
Loss before income tax	(477)	100.00	(13,724)	100.00
Income tax as per tax rate	(141)	29.50	(4,049)	29.50
Unrecognized deferred tax for tax losses	1,685	(353.2)	(31)	0.23
Translation effect of non-financial assets	4,072	(853.7)	(5,194)	37.85
Deferred assets not recognized due to lack of recoverability	(2,065)	432.9	(1,089)	7.94
Tax effects on non-deductible expenses and other minor items	(861)	180.5	1,933	(14.08)
Mining taxes	5,652	(1,184.9)	5,750	(41.90)
Income tax expense and tax rate applicable to profit as per records	8,342	(1,749)	(2,680)	19.52

(b) Income tax payable

The Company and Subsidiaries have a credit balance with the Tax Administration for US\$783 as of June 30, 2024 (US\$107 as of December 31, 2023) (Note 19).

(c) Significant changes to income tax in Peru

After June 30, 2024, no significant changes have been made to the income tax regime in Peru, which may affect these condensed interim consolidated financial statements. The standards and interpretations effective as of June 30, 2024 have been considered by Management when preparing these condensed interim consolidated financial statements.

Below we present the main amendments that will be applicable as from 2024:

- Presumed interests for cash loans between unrelated entities

Pursuant to Legislative Decree No. 1545 published on March 15, 2023, article 26 of the Income Tax Law was modified. It was established that, in case of loans in local currency, the presumed interest will be the TAMN (lending rate in local currency) multiplied by an adjustment factor of 0.42. In case of loans in foreign currency, the presumed interest rate will be the TAMEX (lending rate in foreign currency) multiplied by an adjustment factor of 0.65.

If there is an economic relationship between the creditor and the debtor, the presumed interest rate shall be determined by transfer pricing regulations.

30. BASIC AND DILUTED LOSS PER SHARE

Loss per share is calculated dividing consolidated net profit attributable to common shareholders by the weighted average of number of common shares outstanding at the date of the consolidated statement of financial position.

As of June 30, 2024 and 2023, diluted loss per common share has not been calculated since there are no diluting common or investment shares, such as financial instruments and other contracts that give the right to obtain common or investment shares, so it is the same as basic earnings per share.

	<u>06/30/2024</u> US\$000 (Unaudited)	<u>06/30/2023</u> US\$000 (Unaudited)
Net loss	(8,819)	(11,044)
Average common shares - thousands of units	3,857,594	3,857,594
Net basic and diluted (loss) earnings per share for the year	(0.002)	(0.003)

31. INFORMATION PER BUSINESS SEGMENT

The Company organizes its activities in six business segments: Volcan, Chungar, Cerro, investments, energy, and other non-reportable segments.

The contributions of each business segment mainly derive from the net margin of production and sale of zinc, lead, copper or bulk concentrates, the production and sale of Dore bars, revenue from dividends received from investments in equity instruments, revenue from the lease of properties, and the sale of energy and power.

- Volcan: production and sale of concentrates produced in mining unit of Yauli, which comprises mines San Cristobal, Carahuacra, Andaychagua and Ticlio, Carahuacra Norte open pit and Victoria, Andaychagua and Mahr Tunel concentration plants.
- Chungar: production and sale of concentrates produced in mining units of Chungar and Alpamarca. Chungar comprises mines Animon and Islay and the Animon concentration plant. Alpamarca comprises Alpamarca open pit, mine Rio Pallanga and Alpamarca plant.
- Cerro: production and sale of concentrates produced in mining unit of Cerro, which comprises polymetallic stockpiles and San Expedito and Paragsha concentration plants. In addition, as a result of the merger with Oxidos, it has oxide stockpiles, oxides in site, pyrite stockpiles and the Oxidos leach pad.
- Investments: include operations of its Subsidiary Empresa Minera Paragsha S.A.C.
- Energy: includes operations in hydroelectric power plants Huanchor, Tingo and Rucuy.
- Others: include operations of port, non-operating, and other subsidiaries.

Data of interest per business segment as of June 30, 2024 and 2023 is presented in the tables below:

As of June 30, 2024 and for the six-month period ended:

	Volcan US\$000 (Unaudited)	Chungar US\$000 (Unaudited)	Cerro US\$000 (Unaudited)	Investment US\$000 (Unaudited)	Energy US\$000 (Unaudited)
Total assets	1,994,765	665,417	402,018	220,566	39,933
Total liabilities	1,229,555	499,466	188,239	87,643	3,431
Sales	231,544	102,722	89,332	-	3,620
Gross profit	63,443	(4,549)	11,983	-	1,557
Operating expenses	(66,027)	(12,828)	(8,544)	(937)	(456)
Other operating income	45,563	6,722	2,112	-	51
Operating profit (loss)	42,979	(10,655)	5,552	(936)	(288)
Profit (loss) before income tax	13,326	(18,745)	9,878	(3,729)	189
Net profit (loss) for the year	9,156	(16,563)	4,517	(3,733)	(31)
<u>Detail of sales</u>					
Local sales	170,485	78,330	26,243	-	3,620
International sales	63,757	24,395	63,168	-	
Embedded derivative, estimate of committed sales, adjustment of open temporary liquidations and execution of financial instruments	(2,698)	(3)	(79)	-	
	<u>231,544</u>	<u>102,722</u>	<u>89,332</u>	<u>-</u>	<u>3,620</u>

As of December 31, 2023 and for the six-month period ended June 30, 2023 (Unaudited)

	Volcan US\$000	Chungar US\$000	Cerro US\$000	Óxidos US\$000	Investment US\$000	Energía US\$000
Total assets	2,200,967	666,486	392,906	-	147,062	1,312,402
Total liabilities	1,312,402	496,507	183,644	-	106,200	46,614
Sales	252,894	123,717	45,794	39,290	-	-
Gross profit	60,825	5,538	3,385	(144)	-	-
Operating expenses	(49,339)	(21,914)	(10,096)	(2,676)	(1,022)	-
Other operating income	15,921	3,728	3,585	1,085	193	-
Operating profit (loss)	27,407	(12,648)	(3,126)	(1,735)	(829)	-
Profit (loss) before income tax	16,188	(31,280)	(2,532)	1,047	(6,619)	-
Net profit (loss) for the year	5,014	(22,990)	(647)	3,908	(6,614)	-
<u>Detail of sales</u>						
Local sales	212,898	107,970	27,300	39,290	-	-
International sales	46,570	20,980	19,828	-	-	-
Embedded derivative, estimate of committed sales, adjustment of open temporary liquidations and execution of financial instruments	(6,574)	(5,233)	(1,334)	-	-	-
	252,894	123,717	45,794	39,290	-	-

32. COMMITMENTS AND CONTINGENCIES

(a) Contingencies

Based on the opinion of their external and internal legal advisors, the Company and Subsidiaries' Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$32,641 and US\$32,346, which is presented in item "Provisions" of the condensed interim consolidated statement of financial position as of June 30, 2024, and December 31, 2023, respectively (Note 20). The Company and Subsidiaries' Management and their legal advisors believe that this provision covers probable contingencies sufficiently.

In relation to possible contingencies, external and internal legal advisors of the Company and Subsidiaries determined an amount of US\$95,381 as of June 30, 2024 (US\$84,479 as of December 31, 2023), which corresponds to several proceedings addressed by the Company.

The detail of contingencies of the Company and Subsidiaries are summarized below:

(a.1) Volcan Compañía Minera S.A.A.

Based on the opinion of its external and internal legal advisors, the Company's Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$16,285, which is presented in item "Provisions" of the condensed interim consolidated statement of financial position as of June 30, 2024 (US\$16,221 as of December 31, 2023). The Company's Management and its legal advisors believe that this provision covers probable contingencies sufficiently.

In relation to possible contingencies, external and internal legal advisors of the Company determined an amount of US\$46,517 as of June 30, 2024 (US\$37,181 as of December 31, 2023), which corresponds to several proceedings addressed by the Company.

Civil and labor proceedings

As of June 30, 2024, certain civil and labor lawsuits have been filed against the Company for US\$8,380 (US\$7,672 as of December 31, 2023), which have been classified as probable. Contingencies classified as possible amount to US\$14,349 as of June 30, 2024 (US\$14,654 as of December 31, 2023) for compensations for occupational disease, refund of social benefits, payment of profit sharing, reinstatement of employees and others.

Tax proceedings

As of June 30, 2024, the Company has not yet resolved some administrative proceedings with the National Superintendence of Tax Administration (SUNAT) and the Tax Court for certain tax determination resolutions, fine and interest resolutions, mainly corresponding to criteria differences in the determination of tax bases for the settlement of third-category income tax of 2015 and 2017.

As of June 30, 2024, and December 31, 2023, other tax proceedings were classified as possible, which include expenses disallowed by the National Superintendence of Tax Administration (SUNAT) for not complying with the criteria of the Tax Administration to amortize the development expenses, among other related concepts. These possible contingencies amount to US\$8,302 as of June 30, 2024 (US\$8,503 as of December 31, 2023).

Sanctioning administrative proceedings and contentious-administrative actions

The Company has not yet resolved certain environmental, safety, occupational health and labor safety proceedings with the following regulatory entities: National Water Authority - Local Water Authorities, Employment and Work Promotion Ministry (National Superintendence of Labor Supervision), Ministry of Energy and Mines, Ministry of Production, Supervisory Entity of Investment in Energy and Mining (OSINERGMIN) and the Environmental Supervision and Evaluation Entity (OEFA) for alleged breach of several environmental standards and the provisions of the Safety and Occupational Health Regulations, at a level of probable contingencies for US\$7,905 as of June 30, 2024 (US\$8,549 as of December 31, 2023), and possible contingencies for US\$23,866 as of June 30, 2024 (US\$14,024 as of December 31, 2023)

Based on a legal and factual basis, the Company's Management and its legal advisors believe that no additional significant liabilities will arise for the Company from the final resolution of all these proceedings.

(a.2) Compañía Minera Chungar S.A.C. (Chungar)

Based on the opinion of its external and internal legal advisors, Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$9,193 as of June 30, 2024 (US\$9,077 as of December 31, 2023). Management and its legal advisors believe that this provision covers probable contingencies sufficiently.

In relation to possible contingencies, external legal advisors determined an amount of US\$38,903 as of June 30, 2024 (US\$38,944 as of December 31, 2023), which corresponds to several proceedings addressed by the Subsidiary.

Civil and labor proceedings

As of June 30, 2024, certain civil and labor lawsuits have been filed against Chungar for US\$1,984 (US\$1,550 as of December 31, 2023), which have been classified as probable. Contingencies classified as possible amount to US\$15,804 as of June 30, 2024 (US\$15,726 as of December 31, 2023) for payment of compensations for damages for occupational disease, refund of social benefits, and others under appeal and/or judgment process.

Tax proceedings

As of June 30, 2024, Chungar has not yet resolved some administrative proceedings with the National Superintendence of Tax Administration (SUNAT) and the Tax Court for certain tax determination resolutions, fine and interest resolutions.

Tax determination resolutions, fine and interest resolutions mainly correspond to criteria differences in the determination of tax bases for the settlement of third-category income tax of 2002 – 2004, 2017 and 2018, according to the National Superintendence of Tax Administration (SUNAT), to the omitted payment of taxes. To this date, these proceedings have been contested at an administrative level, have been appealed to the Tax Court, and have been contested at a legal level before the Judiciary.

Finally, there are other contingencies that have derived from concept discrepancies with the Tax Administration and have been classified as possible for US\$17,047 as of June 30, 2024 (US\$17,459 as of December 31, 2023).

Sanctioning administrative proceedings and contentious-administrative actions

The Subsidiary has not yet resolved certain environmental, safety, occupational health and labor safety proceedings with the following regulatory entities: National Water Authority - Local Water Authorities, Employment and Work Promotion Ministry (National Superintendence of Labor Supervision), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA for alleged breach of several environmental standards and safety and occupational health regulations, at a level of probable contingencies for US\$7,209 as of June 30, 2024 (US\$7,527 as of December 31, 2023).

Contingencies classified as possible amount to US\$6,052 as of June 30, 2024 (US\$5,759 as of December 31, 2023).

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

Based on the opinion of its external and internal legal advisors, Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$6,491 as of June 30, 2024 (US\$6,208 as of December 31, 2023). Management and its legal advisors believe that this provision covers probable contingencies sufficiently.

In relation to possible contingencies, external legal advisors determined an amount of US\$8,696 as June 30, 2024 (US\$7,056 as of December 31, 2024), which corresponds to several proceedings addressed by the Subsidiary.

Civil and labor proceedings

As of June 30, 2024, certain labor lawsuits have been filed against the Subsidiary for US\$2,393 (US\$2,328 as of December 31, 2023), which have been classified as probable. Civil and labor contingencies classified as possible amount to US\$910 as of June 30, 2024 (US\$1,241 as of December 31, 2023) for payment of compensations for damages for occupational disease, refund of social benefits, payment of production bonus, and others under appeal and/or judgment process.

Tax proceedings

As of June 30, 2024, and December 31, 2023, the Subsidiary has not yet resolved some administrative proceedings with the National Superintendence of Tax Administration (SUNAT), the Tax Court and local governments for certain tax determination resolutions, fine and interest resolutions.

Tax determination resolutions, fine and interest resolutions correspond to the omitted payment of taxes according to the National Superintendence of Tax Administration (SUNAT), as well as criteria differences in the determination of tax bases for the settlement of third-category income tax. To this date, these proceedings have been contested at an administrative level.

In addition, the Subsidiary has some tax administrative proceedings that were classified as probable contingencies and are presented in item "Provisions" of the condensed interim consolidated statement of financial position for US\$666 as of June 30, 2024 (US\$688 as of December 31, 2023).

Contingencies classified as possible amount to US\$83 as of June 30, 2024 (US\$85 as of December 31, 2023).

Sanctioning administrative proceedings and contentious-administrative actions

The Subsidiary has not yet resolved certain environmental, safety, occupational health and labor safety proceedings with the following regulatory entities: National Water Authority - Local Water Authorities, Employment and Work Promotion Ministry (National Superintendence of Labor Supervision), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA for alleged breach of several environmental standards and the provisions of the Safety and Occupational Health Regulations, at a level of probable contingencies for US\$3,432 as of June 30, 2024 (US\$3,192 as of December 31, 2023) and contingencies classified as possible for US\$7,703 (US\$5,730 as of December 31, 2023).

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

Based on the opinion of its external and internal legal advisors, Management has reviewed all tax, labor, civil, administrative, and other proceedings, and has determined and established a provision for probable contingencies for US\$672 as of June 30, 2024 (US\$717 as of December 31, 2023) and contingencies classified as possible for US\$1,265 as of June 30, 2024 (US\$1,298 as of December 31, 2023). Management and its legal advisors believe that this provision covers probable contingencies sufficiently.

Labor proceedings

As of June 30, 2024, certain labor lawsuits have been filed against the subsidiary for US\$20 (US\$20 as of December 31, 2023), which have been classified as probable.

Tax proceedings

As of June 30, 2024, some tax proceedings have been filed against the subsidiary, which include expenses disallowed by the National Superintendence of Tax Administration (SUNAT), classified as possible for US\$1,265 (US\$1,298 as of December 31, 2023).

Sanctioning administrative proceedings and contentious-administrative actions

The Subsidiary has not yet resolved certain environmental proceedings with the following regulatory entities: National Water Authority - Local Water Authorities, Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA for alleged breach of several environmental standards and the provisions of the Safety and Occupational Health Regulations, at a level of probable contingencies for US\$652 as of June 30, 2024 (US\$696 as of December 31, 2023).

(b) Guarantees

The Company and Subsidiaries have letters of guarantee with financial entities, which expired in June 2024 and were renewed until May 2025, in favor of:

- General Mining Board of the Ministry of Energy and Mines that guarantees the compliance with the applicable Mine Closure Plans of the Company and Subsidiaries for US\$123,659 as of June 30, 2024 (US\$114,845 as of December 31, 2023).
- National Superintendence of Tax Administration (SUNAT) for US\$10,242 (equivalent to S/38,000) to guarantee debts and obligations held with the Tax Administration as of December 31, 2023.

- Third parties that guarantee the compliance with payments for the provision of services and/or others for US\$846 (comprised by S/1,613 and US\$426) as of June 30, 2024 and US\$7,448 (comprised by S/24,906 and US\$736) as of December 31, 2023.

33. ENVIRONMENTAL OBLIGATIONS

Provision for the closure of mining units

The Congress of the Republic of Peru issued Law No. 28090 on October 14, 2003. The purpose of this Law is to regulate the obligations and procedures to be followed by mining owners for the preparation, presentation, and implementation of Mine Closure Plans, as well as the constitution of pertinent environmental guarantees, which ensure the compliance with investments, according to environmental protection, preservation, and restoration principles. The Regulations of Law No. 28090 were published on August 16, 2005.

In 2023 the Company and Subsidiaries submitted the updates of the Mine Closure Plan of their main mining units to the Ministry of Energy and Mines and are expecting to receive the pertinent approvals of certain mining units.

	<u>06/30/2024</u> US\$000 (Unaudited)	<u>12/31/2023</u> US\$000 (Audited)
Mining units		
Cerro de Pasco	35,043	34,758
Chungar	48,596	48,176
Carahuacra	69,482	68,884
Andaychagua	35,568	35,554
Alpamarca	34,097	33,859
Vinchos	20,677	20,492
Ticlio	10,748	10,676
Vichaycocha	4,341	4,301
Toruna	1,776	1,760
San Sebastian	4,249	4,210
Total (Note 20)	<u>264,577</u>	<u>262,670</u>

The movement of the provision for the closure of mining units and exploration projects is resented below:

	<u>US\$000</u>
Balance as of January 1, 2023 (audited)	<u>270,714</u>
Changes in estimates (Note 15)	(6,986)
Other expenses/income	633
Increase for update of present value of provision	3,393
Disbursements	<u>(5,084)</u>
Balance as of December 31, 2023 (audited)	<u>262,670</u>
Increase for update of present value of provision (Note 28)	2,444
Disbursements	<u>(537)</u>
Balance as of June 30, 2024 (unaudited)	<u>264,577</u>

The provision for the closure of mining units represents the present value of closure costs that are expected to be incurred between 2024 and 2052.

Changes in estimates consider the change in the rate, the modification of budgets and the deletion of contingent costs.

The estimate of costs for the closure of mining units is based on the study prepared by an independent advisor, which complies with current environmental regulations, as well as the quality requirements and standards shared by the parent. The provision for the closure of mining units mainly corresponds to activities that should be performed for the restoration of the mining unit and areas affected by mining activities. Main works to be performed are earthmoving works, revegetation works and disassembly of plants.

This estimate is highly sensitive to changes in different variables such as the discount rate and period. However, closure budgets are regularly reviewed to take into account any significant change in conducted studies.

In addition, the time when disbursements will be made will depend on Management's judgment and the useful life of the mine, which will be based on the reserves and resources of the mining units.

As of June 30, 2024, the nominal value of the provision for the closure of mining units is US\$309,665, which has been determined using the annual discount rate of 1.85%, resulting in a net present value of US\$263,653 (nominal value of US\$309,901 as of December 31, 2023, using an annual discount rate of 1.25%, resulting in a net present value of US\$262,670). The Company and Subsidiaries consider that this liability is sufficient to comply with environmental protection laws in force approved by the Ministry of Energy and Mines.

34. REMUNERATIONS PAID TO KEY EMPLOYEES

The remuneration of the key employees of the Company and Subsidiaries for the six-month periods ended June 30, 2024 and 2023 amounted to US\$6,803 and US\$6,310, respectively, and corresponds to salaries, profit sharing, benefits and social charges, bonuses and extraordinary allowances.

35. NON-MONETARY TRANSACTIONS AND STATEMENT OF CASH FLOWS

Transactions that have not resulted in cash flows were the following, as of June 30, 2024 and 2023:

2024:

- Assets acquired under leases for US\$1,502.
- Acquisition of property, plant, and equipment, which have not been paid yet, for US\$10,258.
- Acquisition of mining concessions, development costs and other intangibles, which have not been paid yet, for US\$15,351.
- Acquisition of exploration costs, which have not been paid yet, for US\$2,103.

2023:

- Acquisition of property, plant, and equipment, which have not been paid yet, for US\$14,459.
- Acquisition of mining concessions, development costs and other intangibles, which have not been paid yet, for US\$19,203.
- Acquisition of exploration costs, which have not been paid yet, for US\$3,212.

36. SUBSEQUENT EVENTS

We are not aware of any subsequent event that has occurred between the closing date and authorization date of these condensed interim consolidated financial statements, which may significantly affect them other than the matter described:

- On August 5, 2024, Volcan Compañía Minera S.A.A. made a private offer to exchange the “4.375% Senior Notes due 2026” (the “Existing Notes”) to the holders of the Existing Notes, for new notes called “8.750% Senior Secured Notes due 2030” (the “New Notes”), in accordance with the terms and subject to the conditions set forth in the confidential exchange offer memorandum and consent solicitation statement, detailed in the “Exchange Offer Memorandum and Consent Solicitation Statement”.
- On July 24, 2024, Volcan Compañía Minera S.A.A. entered into an “Amended and Restated Credit Agreement” to modify its existing US\$400,000 medium-term Syndicated Loan Agreement, originally signed on December 29, 2021. Certain subsidiaries participated as guarantors for the original loan, with financial institutions serving as “lenders” and Citibank, N.A., as administrative agent.

The modifications include, among others, (i) an extension of the final maturity date until July 24, 2029, and (ii) an amortization schedule modify for the outstanding balance of US\$369,371. The amortization installments, with quarterly maturity, are as follows: US\$10,000 due in 2025, US\$20,000 due in 2026, US\$25,000 due in 2027, US\$35,000 due in 2028 and a final payment of US\$25,000 on the final maturity date.

The refinanced interest rate is SOFR+500 bps for the first three years with a potential increase to SOFR+550 bps for years four and five.

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