



Santiago, 24 de noviembre de 2023

Señores

**Comisión para el Mercado Financiero** (Ex – Superintendencia de Valores y Seguros)

PRESENTE

Ref: Presenta Estados Financieros al 30 de septiembre de 2023

De nuestra consideración,

Por medio de la presente y en atención a lo dispuesto en la Resolución Exenta N° 298 del 17 de Mayo de 2010 de la Superintendencia de Valores y Seguros, hoy Comisión para el Mercado Financiero, adjunto favor encontrar los Estados Financieros de la sociedad según lo dispuesto en el N° 1 de la letra A.3 de dicha resolución, conteniendo la siguiente información:

- A. Estados Financieros al 30 de septiembre de 2023.
- B. Declaración Jurada de Responsabilidad.

Sin otro particular, le saluda atentamente,

DocuSigned by:  
  
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**Michal Bator**

Vicepresidente de Servicios Financieros  
**Sierra Gorda SCM**



Razón Social : Sierra Gorda SCM

Rut : 76.081.590-K

## DECLARACIÓN JURADA DE RESPONSABILIDAD

El Vicepresidente Representante de **Sierra Gorda SCM**, firmante de esta declaración, se hace responsable bajo juramento respecto de la veracidad de toda la información incorporada en los Estados Financieros adjuntos a esta presentación, correspondientes al período de 9 meses terminado al 30 de septiembre de 2023, en cumplimiento de lo dispuesto en la Resolución Exenta N° 298 del 17 de Mayo de 2010 de la Superintendencia de Valores y Seguros, hoy Comisión para el Mercado Financiero.

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**Michal Bator**

Vicepresidente de Servicios Financieros

Santiago, 24 de noviembre de 2023

**SIERRA GORDA S.C.M.**

Condensed Interim Financial Statements as at  
September 30, 2023 and for the three-month and nine-month periods  
ended September 30, 2023 and 2022.

# **SIERRA GORDA S.C.M.**

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US\$: Amounts expressed in millions of United States dollars, except where indicated.





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**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
(U.S. dollars in millions)  
(Unaudited)

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	4	167.2	85.6
Trade receivables	6	103.9	243.3
Other receivables	6	39.2	35.5
Due from related parties		0.7	0.2
Inventory	5	250.5	201.5
Current tax assets		21.2	26.3
<b>Total Current Assets</b>		<b>582.7</b>	<b>592.4</b>
<b>Non-Current</b>			
Mineral property, plant & equipment	7	3,879.5	3,726.0
Intangible assets		73.6	77.4
Inventory	5	139.7	131.5
Deferred income tax assets	12	1,058.5	1,072.8
Other assets		1.0	2.2
<b>Total Non-Current Assets</b>		<b>5,152.3</b>	<b>5,009.9</b>
<b>Total Assets</b>		<b>5,735.0</b>	<b>5,602.3</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Trade and other payables	8	157.0	222.4
Accrued liabilities	9	131.4	124.2
Credit facility		0.1	0.1
Lease liabilities	11	24.2	14.2
Due to related parties		7.6	5.4
Mining tax	12	12.8	17.5
<b>Total Current Liabilities</b>		<b>333.1</b>	<b>383.8</b>
<b>Non-Current</b>			
Subordinated sponsors' loans	10	4,885.9	4,746.0
Credit facility		400.0	400.0
Lease liabilities	11	139.0	109.4
Other liabilities		94.0	87.7
Accrued liabilities	9	38.5	52.6
<b>Total Non-Current Liabilities</b>		<b>5,557.4</b>	<b>5,395.7</b>
<b>Total Liabilities</b>		<b>5,890.5</b>	<b>5,779.5</b>
<b>Shareholders' Equity</b>			
Share capital		2,838.1	2,838.1
Reserve		(20.4)	(19.3)
Retained earnings		(2,973.2)	(2,996.0)
<b>Total Shareholders' Equity</b>		<b>(155.5)</b>	<b>(177.2)</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>5,735.0</b>	<b>5,602.3</b>

The accompanying notes are an integral part of these condensed interim financial statements.



**CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

(U.S. dollars in millions)  
(Unaudited)

	Note	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Three months ended September 30, 2023	Three months ended September 30, 2022
Revenue	14	1,064.8	1,159.1	336.6	334.7
Cost of sales	15	(664.2)	(723.2)	(230.6)	(251.9)
<b>Gross profit</b>		<b>400.6</b>	<b>435.9</b>	<b>106.0</b>	<b>82.8</b>
Selling costs	15	(54.1)	(67.3)	(16.8)	(22.1)
General and administrative expenses	15	(41.0)	(35.0)	(15.5)	(12.0)
Other income		12.0	18.4	11.1	6.2
Other expenses		(5.9)	(8.3)	(1.3)	(1.4)
<b>Operating profit</b>		<b>311.6</b>	<b>343.7</b>	<b>83.5</b>	<b>53.5</b>
Finance income		4.8	0.4	2.1	0.1
Finance expenses		(257.5)	(251.3)	(87.0)	(83.8)
<b>Income profit/(loss) before income tax</b>		<b>58.9</b>	<b>92.8</b>	<b>(1.4)</b>	<b>(30.2)</b>
Income tax expenses	12	(14.3)	(21.8)	(7.9)	6.2
Mining and other tax expenses		(21.8)	(21.1)	(1.7)	(2.3)
<b>Income/(loss) for the period</b>		<b>22.8</b>	<b>49.9</b>	<b>(11.0)</b>	<b>(26.3)</b>
<b>Other comprehensive income/(loss)</b>					
Actuarial losses		(1.1)	(1.2)	0.2	(0.3)
Related tax		-	0.4	(0.6)	0.1
Items that will not be subsequently reclassified to profit or loss		(1.1)	(0.8)	(0.4)	(0.2)
<b>Other comprehensive loss</b>		<b>(1.1)</b>	<b>(0.8)</b>	<b>(0.4)</b>	<b>(0.2)</b>
<b>Total comprehensive income/(loss)</b>		<b>21.7</b>	<b>49.1</b>	<b>(11.4)</b>	<b>(26.5)</b>

The accompanying notes are an integral part of these condensed interim financial statements.



## CONDENSED INTERIM STATEMENT OF CASH FLOWS

(U.S. dollars in millions)

(Unaudited)

	Note	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Three months ended September 30, 2023	Three months ended September 30, 2022
<b>OPERATING ACTIVITIES</b>					
Result for the period		22.8	49.9	(11.0)	(26.3)
<b>Total adjustment to result for the period:</b>		<b>511.9</b>	<b>464.4</b>	<b>150.6</b>	<b>90.1</b>
Depreciation and amortization	15	251.6	303.5	83.4	97.7
Non cash capitalized to deferred stripping asset	15	(25.6)	(14.4)	(8.1)	(5.6)
Foreign exchange gains		(3.4)	(13.2)	(9.6)	(4.6)
Inventory write down		(3.1)	(2.0)	(0.3)	0.1
Change in accruals		(6.9)	25.1	(17.6)	(1.6)
Change in related parties transactions		6.0	79.7	3.5	3.2
Change in interest payables		209.9	214.9	70.9	70.7
Other adjustments		21.2	8.0	7.9	4.4
<b>Changes in working capital:</b>		<b>47.4</b>	<b>(122.3)</b>	<b>17.5</b>	<b>(70.2)</b>
<i>Inventories</i>		(54.1)	(119.7)	(23.4)	(26.3)
<i>Trade and other receivables</i>		135.7	(61.8)	20.1	(16.8)
<i>Trade and other payables</i>		(34.2)	59.2	20.8	(27.1)
Income tax expenses / (benefit)		14.3	21.8	8.6	(6.3)
Mining and other tax expenses		0.5	(36.7)	(5.6)	2.3
<b>Cash provided from operating activities</b>		<b>534.7</b>	<b>514.3</b>	<b>139.6</b>	<b>63.8</b>
<b>INVESTING ACTIVITIES</b>					
Purchase of mineral properties, plant and equipment		(150.2)	(201.4)	(38.1)	(37.6)
Cash cost capitalized to deferred stripping asset	15	(202.2)	(99.6)	(64.0)	(40.5)
<b>Cash used in investing activities</b>		<b>(352.4)</b>	<b>(301.0)</b>	<b>(102.1)</b>	<b>(78.1)</b>
<b>FINANCING ACTIVITIES</b>					
Drawdown on credit facility		-	100.0	-	-
Payments of associated with BGK loan		(4.3)	(5.8)	-	-
Payments of credit facility interest	13	(21.3)	(8.9)	(7.6)	(4.2)
Payments under leases principal		(3.9)	(4.2)	(1.9)	(0.8)
Payments under leases interest		(1.2)	(0.6)	(0.6)	(0.2)
Payments of Sub sponsor's loan' Capital		(11.7)	(151.8)	(11.7)	-
Payments of Sub sponsor's loan' interest		(58.3)	(198.2)	(28.3)	-
<b>Cash provided from financing activities</b>		<b>(100.7)</b>	<b>(269.5)</b>	<b>(50.1)</b>	<b>(5.2)</b>
<b>Effect of foreign exchange rate changes on cash and cash equivalents held</b>		<b>-</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) increase in cash and cash equivalents during the period</b>		<b>81.6</b>	<b>(56.4)</b>	<b>(12.6)</b>	<b>(19.5)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>85.6</b>	<b>191.1</b>	<b>179.8</b>	<b>154.2</b>
<b>Cash and cash equivalents, end of period</b>		<b>167.2</b>	<b>134.7</b>	<b>167.2</b>	<b>134.7</b>
<b>Cash and cash equivalents comprised of:</b>					
<b>Cash deposits, bankers acceptances and term deposits</b>		<b>167.2</b>	<b>134.7</b>	<b>167.2</b>	<b>134.7</b>

The accompanying notes are an integral part of these condensed interim financial statements.



**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(U.S. dollars in millions)

(Unaudited)

	Share capital	Reserve	Retained earnings	Total
<b>Balance, January 1, 2023</b>	<b>2,838.1</b>	<b>(19.3)</b>	<b>(2,996.0)</b>	<b>(177.2)</b>
Profit for the period	-	-	22.8	<b>22.8</b>
Other comprehensive income	-	(1.1)	-	<b>(1.1)</b>
<b>Balance, September 30, 2023</b>	<b>2,838.1</b>	<b>(20.4)</b>	<b>(2,973.2)</b>	<b>(155.5)</b>

	Share capital	Reserve	Retained earnings	Total
<b>Balance, January 1, 2022</b>	<b>2,838.1</b>	<b>(18.7)</b>	<b>(3,093.4)</b>	<b>(274.0)</b>
Profit for the period	-	-	49.9	<b>49.9</b>
Other comprehensive income	-	(0.8)	-	<b>(0.8)</b>
<b>Balance, September 30, 2022</b>	<b>2,838.1</b>	<b>(19.5)</b>	<b>(3,043.5)</b>	<b>(224.9)</b>

The accompanying notes are an integral part of these condensed interim financial statements.



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Nine months ended September 30, 2023 and 2022

(Unaudited)

### 1 NATURE OF OPERATIONS

Minera Quadra Chile Limitada (“MQCL”) was incorporated on April 1, 2004 in the municipality of Santiago in the Republic of Chile under law No. 3,918. On July 29, 2011, MQCL changed its name to Minera Quadra Chile S.C.M. and further to Sierra Gorda S.C.M. (“SG SCM” or the “Company”) on September 14, 2011. The Company is in the business of developing and operating the Sierra Gorda mining project in Chile. Sierra Gorda mining project is an open pit copper and molybdenum mine, with some by-product of gold and silver. The Company’s head office is located at Magdalena 140, 10th floor, Las Condes, Santiago. The Company is a joint venture owned 55% indirectly by KGHM Polska Miedz S.A. (“KGHM S.A.”) through its subsidiary Quadra FNX Holdings Chile Ltda., and 45% indirectly by South32 Limited through its subsidiary South32 Sierra Gorda SpA.

### 2 BASIS OF PRESENTATION

#### a) Statement of presentation and measurement

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as issued by the International Accounting Standards Board (“IASB”). The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2022, which have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the IASB. These condensed interim financial statements do not include all the information required for full annual financial statements prepared in accordance with IFRS.

These unaudited condensed interim financial statements have been prepared on the historical cost basis, except for financial assets and liabilities measured at fair value through profit or loss, using going concern assumption. The Company maintains its official accounting records in United States dollars, which is the Company’s functional currency. All financial information in these condensed interim financial statements is presented in United States dollars rounded to the nearest million, except where indicated otherwise.

#### b) Use of estimates and judgments

The preparation of condensed interim financial statements in conformity with IFRS requires management to make estimates, assumptions, and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim financial statements, along with reported amounts of revenues and expenses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected. In preparing these condensed interim financial statements, significant judgments made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those applied to the annual financial statements as at and for the year ended December 31, 2022.

Critical accounting estimates and judgments areas that have the most significant effect on the amounts recognized in the condensed interim financial statements are disclosed in Note 2(b) of the Company’s audited annual financial statements as at and for the year ended December 31, 2022.



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Nine months ended September 30, 2023 and 2022

(Unaudited)

### 3 SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared using the same accounting policies as those disclosed in Note 3 to the audited annual financial statements as at and for the year ended December 31, 2022.

New or amended accounting pronouncements (standards and interpretations) applicable for annual periods beginning on January 01, 2023 did not have a significant impact on the Company's condensed interim financial statements.

A number of other accounting pronouncements have been issued, and will be applicable in future periods. These are subject to assessment and have not been applied in the preparation of these condensed interim financial statements.

### 4 CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022
<b>Current</b>		
Cash at bank	16.2	85.6
Short-term deposits	151.0	-
<b>Total Cash and Cash Equivalents</b>	<b>167.2</b>	<b>85.6</b>

Cash and cash equivalents of \$167.2 million as at September 30, 2023 and \$85.6 million as at December 31, 2022, consist of cash at bank and short-term deposits. For the purpose of the statement of cash flows, the Company considers all highly liquid fixed income instruments with original maturities of three months or less to be cash equivalents. There are no restrictions of use of any cash and cash equivalents presented on this note.

### 5 INVENTORY

	September 30, 2023	December 31, 2022
<b>Current</b>		
Copper concentrate	26.2	24.5
Molybdenum concentrate	-	4.1
Work in progress	55.2	44.5
Supplies	169.1	128.4
<b>Total Current</b>	<b>250.5</b>	<b>201.5</b>
<b>Non-current</b>		
Ore stockpile	139.7	131.5
<b>Total Non-current</b>	<b>139.7</b>	<b>131.5</b>
<b>Total net carrying amount of Inventory</b>	<b>390.2</b>	<b>333.0</b>



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Nine months ended September 30, 2023 and 2022

(Unaudited)

### 6 TRADE AND OTHER RECEIVABLES

Current	September 30, 2023	December 31, 2022
<b>Trade receivables</b> (subject to provisional pricing)		
Trade receivables	103.9	199.9
Mark-to-Market ("MtM")	-	43.4
<b>Total Trade receivables</b>	<b>103.9</b>	<b>243.3</b>
<b>Other receivables</b> (not subject to provisional pricing)		
Advances to employees	20.5	13.2
Value added tax ("VAT") receivable	11.1	13.8
Prepaid expenses	6.4	6.1
Other	1.1	2.3
Guarantees	0.1	0.1
<b>Total Other receivables</b>	<b>39.2</b>	<b>35.5</b>

The net carrying amount of trade and other receivables approximates to fair value and reflects the Company's maximum credit risk associated with each classification of trade and other receivables. These receivables are neither collateralized nor secured. No trade receivables are past due at September 30, 2023, a financial asset is past due when a counterparty has failed to make a payment when that payment was contractually due.

As at September 30, 2023 due to the changes in the mineral price, a negative Mark-to-market adjustment was recorded by the Company and classified as other payables for \$11.3 million (\$43.4 million positive effect recognized on the receivables as at December 31, 2022) which refers to 181.7 million unsettled copper concentrate pounds and 2.4 million unsettled molybdenum pounds (December 31, 2022 –187.4 million of unsettled copper concentrate pounds and 2.5 million of unsettled molybdenum pounds).

The Company's trade receivables less MtM corresponding to the expected cash inflow from mineral sales at the reporting date was:

	September 30, 2023	December 31, 2022
Less than 1 month	83.5	135.0
1 to 3 months	17.4	61.0
Greater than 3 months	3.0	3.9
<b>Total Trade Receivables less MtM</b>	<b>103.9</b>	<b>199.9</b>



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Nine months ended September 30, 2023 and 2022

(Unaudited)

### 7 MINERAL PROPERTY, PLANT AND EQUIPMENT

	Land (a)	Plant, buildings and equipment (b)	Equipment under lease (c)	Site closure and reclamation asset (d)	Deferred stripping asset (e)	Asset under construction (f)	Right of use Asset (g)	Oxide project (h)	Total
<b>January 1, 2023</b>									
Cost	11.9	6,321.4	167.4	36.0	1,906.5	365.8	54.2	80.8	8,944.0
Accumulated depreciation	-	(2,359.6)	(76.0)	(11.4)	(1,115.4)	-	(48.6)	-	(3,611.0)
Impairment	(6.6)	(3,220.8)	(161.5)	-	(345.4)	-	-	-	(3,734.3)
Impairment reversal	-	1,105.0	40.0	-	-	-	-	-	1,145.0
Impairment accumulated amortization	-	904.7	77.6	-	-	-	-	-	982.3
<b>Net book value</b>	<b>5.3</b>	<b>2,750.7</b>	<b>47.5</b>	<b>24.6</b>	<b>445.7</b>	<b>365.8</b>	<b>5.6</b>	<b>80.8</b>	<b>3,726.0</b>
<b>Change in cost</b>									
Additions	-	-	39.5	(15.2)	227.8	134.7	16.8	-	403.6
Disposals	-	(4.6)	-	-	-	(0.8)	-	-	(5.4)
Transfers(*)	-	76.4	-	-	-	(78.3)	-	0.6	(1.3)
<b>Sub total</b>	<b>-</b>	<b>71.8</b>	<b>39.5</b>	<b>(15.2)</b>	<b>227.8</b>	<b>55.6</b>	<b>16.8</b>	<b>0.6</b>	<b>396.9</b>
<b>Change in depreciation</b>									
Additions	-	(201.6)	(8.5)	(0.7)	(89.0)	-	(7.8)	-	(307.6)
Disposals	-	4.3	-	-	-	-	-	-	4.3
<b>Sub total</b>	<b>-</b>	<b>(197.3)</b>	<b>(8.5)</b>	<b>(0.7)</b>	<b>(89.0)</b>	<b>-</b>	<b>(7.8)</b>	<b>-</b>	<b>(303.3)</b>
<b>Change in impairment</b>									
Additions	-	57.5	2.4	-	-	-	-	-	59.9
<b>Sub total</b>	<b>-</b>	<b>57.5</b>	<b>2.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59.9</b>
<b>September 30, 2023</b>									
Cost	11.9	6,393.2	206.9	20.8	2,134.3	421.4	71.0	81.4	9,340.9
Accumulated depreciation	-	(2,556.9)	(84.5)	(12.1)	(1,204.4)	-	(56.4)	-	(3,914.3)
Impairment	(6.6)	(3,220.8)	(161.5)	-	(345.4)	-	-	-	(3,734.3)
Impairment Reversal	-	1,105.0	40.0	-	-	-	-	-	1,145.0
Impairment accumulated amortization	-	962.2	80.0	-	-	-	-	-	1,042.2
<b>Net book value</b>	<b>5.3</b>	<b>2,682.7</b>	<b>80.9</b>	<b>8.7</b>	<b>584.5</b>	<b>421.4</b>	<b>14.6</b>	<b>81.4</b>	<b>3,879.5</b>

(\*) \$0.1 million transferred from AUC to Intangible.



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Nine months ended September 30, 2023 and 2022

(Unaudited)

### 7 MINERAL PROPERTY, PLANT AND EQUIPMENT, CONTINUED

- (a) Comprise land acquired for Sierra Gorda project.
- (b) Plant, buildings and equipment includes the campsite and its infrastructure, mine and plant equipment, as well as office building, warehouses and workshops in use and mine development regarding drilling activities.
- (c) Equipment under lease includes eight haul trucks, and other mobile equipment and vehicles, as well as power transmission lines embedded lease in Atlantica (previously Abengoa) transmission line construction and operation contracts, port facility embedded lease in Antofagasta Terminal International contract.
- (d) Refer to Note 9 (a) for further information regarding the site closure and reclamation asset.
- (e) Deferred stripping asset includes the capitalization of the stripping costs incurred in the mine development recognised and valued in accordance with IFRIC 20, refer to Note 15 for the capitalized amount for the period.
- (f) Asset under construction mainly includes the tailing storage facilities, new mobile equipment in the assembly process and the debottlenecking projects.
- (g) Right of use includes leasing according IFRS 16 “Leases”.
- (h) Acquisition cost and development of Oxide project.

As at September 30, 2023, the Company has contractual commitments related capital expenditure by \$26.8 million for 2023.



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### 8 TRADE AND OTHER PAYABLES

	September 30, 2023	December 31, 2022
Liabilities from deliveries and services	137.0	216.1
Other accounts payable (*)	12.2	0.9
Liabilities from employee tax and social security	7.8	5.4
<b>Total</b>	<b>157.0</b>	<b>222.4</b>

(\*) As at September 30, 2023 due to the changes in the mineral price, a negative Mark-to-market adjustment was recorded by the Company and classified as other payables for \$11.3 million which refers to 181.7 million unsettled copper concentrate pounds and 2.4 million unsettled molybdenum pounds.

### 9 ACCRUED LIABILITIES

	September 30, 2023	December 31, 2022
Accrued expenses	85.6	86.0
Payroll and benefits	30.3	21.2
Others	15.5	17.0
<b>Total Accrued Liabilities Current</b>	<b>131.4</b>	<b>124.2</b>
<b>Non Current</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Site closure and reclamation provision (a)	29.6	44.3
Severance indemnity provision (b)	8.9	8.3
<b>Total Accrued Liabilities Non Current</b>	<b>38.5</b>	<b>52.6</b>

(a) Site closure and reclamation provision

<b>Balance at January 1, 2023</b>	<b>44.3</b>
Increase in obligation due to change in foreign exchange	2.5
Unwinding of discount	0.5
Decrease in obligation (update of the mine closure plan)	(17.7)
<b>Balance at September 30, 2023</b>	<b>29.6</b>

Key assumptions used to estimate site closure and reclamation provisions are as follows:

Discount rate: 1.65% (December 31, 2022 – 1.65%); Expected closure date of mine: 2050

On March 14, 2023, the Company signed with AVLA (insurance company) a guarantee insurance policy for the closure cost of the mining site by 818,806.00 U.F. (\$36.9 million), effective from March 14, 2023 to March 14, 2024. On July 25, 2023, SENAGEOMIN authorized the update of the mine closure plan for the year 2050; the insurance policy with AVLA was updated to 492,845.00 U.F. (\$19.9 million).



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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### 9 ACCRUED LIABILITIES, CONTINUED

(b) Severance indemnity provision

<b>Balance at January 1, 2023</b>	<b>8.3</b>
Service Cost	0.6
Effect of foreign currency translation differences	(0.4)
Effect of discount rate	0.2
Other comprehensive income (actuarial losses)	(0.9)
Benefit paid in the period	1.1
<b>Balance at September 30, 2023</b>	<b>8.9</b>

### 10 LOANS

#### Subordinated sponsors' loan

	September 30, 2023	December 31, 2022
Principal		
Quadra FNX FFI Ltd.	1,446.8	1,453.3
South32 Finance 1 B.V. (former SMM Holland B.V.) (*)	828.6	832.3
South32 Finance 2 B.V. (former SC SG Finance B.V.) (*)	355.1	356.7
<b>Non-current principal</b>	<b>2,630.5</b>	<b>2,642.3</b>
<b>Accrued interest and effective interest rate adjustment</b>		
Quadra FNX FFI Ltd.	1,240.2	1,157.8
South32 Finance 1 B.V. (former SMM Holland B.V.) (*)	710.3	663.1
South32 Finance 2 B.V. (former SC SG Finance B.V.) (*)	304.4	284.1
Finance cost discount	(101.1)	(94.8)
Amortization of the discount	101.6	93.5
<b>Non-current accrued interest and effective interest rate adjustment</b>	<b>2,255.4</b>	<b>2,103.7</b>
<b>Total</b>	<b>4,885.9</b>	<b>4,746.0</b>

(\*) On February 22, 2022, Sumitomo Metal Mining and Sumitomo Corporation transferred their 45% stake in Sierra Gorda to the company South32.

The Company recognised the difference (discount) between the book value and the fair value of the loans over the term of the loans, using the effective interest method. As at September 30, 2023, the Company has cumulatively incurred \$2,254.9 million (December 31, 2022 - \$2,105.0 million) of interest on long-term debt and amortization of the discounts of \$101.6 million (December 31, 2022 - \$93.5 million).

During the nine-month period ended September 30, 2023, the Company paid on Sponsors' demand, capital and interest related to the subordinated loans of \$70.0 million (In 2022 capital and interest - \$350.0 million).



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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### 11 LEASE LIABILITIES

The Company's future minimum lease payments are as follows:

<b>September 30, 2023</b>				
	<b>Direct</b>	<b>Embedded</b>	<b>Right of use Liabilities</b>	<b>Total</b>
No later than one year	13.0	13.9	8.8	<b>35.7</b>
Later than one year and no later than five years	42.2	56.1	7.0	<b>105.3</b>
Later than five years	-	89.8	-	<b>89.8</b>
<b>Minimum lease payments</b>	<b>55.2</b>	<b>159.8</b>	<b>15.8</b>	<b>230.8</b>
Less future lease charges	(7.5)	(59.1)	(1.0)	<b>(67.6)</b>
Total lease liabilities	47.7	100.7	14.8	<b>163.2</b>
Less current portion lease liabilities	(10.1)	(5.9)	(8.2)	<b>(24.2)</b>
<b>Non-current lease liabilities</b>	<b>37.6</b>	<b>94.8</b>	<b>6.6</b>	<b>139.0</b>

<b>December 31, 2022</b>				
	<b>Direct</b>	<b>Embedded</b>	<b>Right of use Liabilities</b>	<b>Total</b>
No later than one year	3.6	13.6	4.6	<b>21.8</b>
Later than one year and no later than five years	10.2	56.1	1.3	<b>67.6</b>
Later than five years	-	100.2	-	<b>100.2</b>
<b>Minimum lease payments</b>	<b>13.8</b>	<b>169.9</b>	<b>5.9</b>	<b>189.6</b>
Less future lease charges	(1.7)	(64.2)	(0.1)	<b>(66.0)</b>
Total lease liabilities	12.1	105.7	5.8	<b>123.6</b>
Less current portion lease liabilities	(2.8)	(6.9)	(4.5)	<b>(14.2)</b>
<b>Non-current lease liabilities</b>	<b>9.3</b>	<b>98.8</b>	<b>1.3</b>	<b>109.4</b>

During 2023, the company entered into leases agreements (with purchase option) for an amount of \$39,5 million with Banco Estado. The Company has accounted this transaction as lease based on a term of 60 months with an interest rate of 6.67% (effective annual rate).

Due to the cessation of LIBOR publication by June 2023, the Company has begun to migrate to the adoption of SOFR as an alternative rate, which will materialize with the cessation of LIBOR.

During February 2023, the company changed lease agreements with Komatsu Finance Chile S.A. interest variable rate from LIBOR to SOFR (Secured Overnight Financing Rate).



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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### 12 INCOME AND MINING TAX

	September 30, 2023	December 31, 2022
<b>Deferred tax assets</b>		
Tax losses	988.7	1,105.2
Foreign intercompany liabilities	572.8	529.6
Lease liabilities	44.1	33.4
Reclamation liability	8.0	12.0
Provisions	11.9	(1.9)
<b>Deferred tax liabilities</b>		
Mineral property, plant and equipment	(335.3)	(361.8)
Start-up costs	(203.0)	(208.5)
Reclamation asset	(2.4)	(6.7)
Others	(0.3)	(0.7)
<b>Subtotal deferred tax asset, net</b>	<b>1,084.5</b>	<b>1,100.6</b>
Recognised deferred mining tax assets, net	(26.0)	(27.8)
<b>Recognised deferred tax assets, net</b>	<b>1,058.5</b>	<b>1,072.8</b>

Deferred tax balances are based on the enacted tax rates for when the assets are expected to be realized or the liabilities settled. Consequently, the Company has applied 27.0%.

As at September 30, 2023, the Company has recognised a corporate deferred tax asset of \$1,058.5 million (December 31, 2022 – \$1,072.8 million) where the most significant deductible temporary difference is the accumulated tax losses of \$3,661.8 million (December 31, 2022 – \$4,093.0 million). The accumulated tax losses contributes with \$988.7 (December 31, 2022, \$1,105.2 million) over the total deferred tax asset recognised.

#### Effective tax rate reconciliation

	September 30, 2023	September 30, 2022
Profit before income tax	58.9	92.8
Current corporate tax rate	27.0%	27.0%
Tax (expenses) / benefit using corporate rate	(15.9)	(25.1)
Current mining tax effect	(12.8)	(14.9)
Thin Cap tax effect	(9.0)	(6.2)
Non-deductible tax effect for permanent differences	-	0.1
Deferred mining tax effect	1.6	3.2
<b>Total adjustments to the benefit for taxes using corporate rate</b>	<b>(20.2)</b>	<b>(17.8)</b>
Tax (expenses) / benefit using effective rate	(36.1)	(42.9)
Effective tax rate	61.2%	46.2%
	September 30, 2023	September 30, 2022
Origination of temporary differences	(14.3)	(21.8)
Mining tax expenses	(12.8)	(14.9)
Other tax expenses	(9.0)	(6.2)
<b>Total income tax expenses</b>	<b>(36.1)</b>	<b>(42.9)</b>



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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### 13 RELATED PARTY TRANSACTIONS

At September 30, 2023 and 2022, the main transactions with related parties are detailed as follows:

Company	Relationship	Transaction description	2023		2022	
			Amount	Effect on profit or loss (debit)/credit	Amount	Effect on profit or loss (debit)/credit
Quadra FNX FFI Ltd.	JV Partner	Interest Subordinated Loans	120.2	(120.2)	123.6	(123.6)
		Payments of Sub loan	32.1	-	192.5	-
South32 Finance 1 B.V. (former SMM Holland B.V.)	JV Partner	Interest Subordinated Loans	68.8	(68.8)	69.5	(69.5)
		Payments of Sub loan	18.4	-	110.3	-
					-	-
South32 Finance 2 B.V. (former SC SG Finance B.V.)	JV Partner	Interest Subordinated Loans	29.5	(29.5)	30.5	(30.5)
		Payments of Sub loan	7.9	-	47.2	-
South32 Limited	JV Partner	Interest Guarantee	2.9	(2.9)	3.4	(3.4)
KGHM Polska Miedz S.A.	JV Partner	Interest Guarantee	3.6	(3.6)	4.8	(4.8)
KGHM Chile SpA (former MEK)	JV Partner	Service Fee	3.1	(3.1)	2.9	(2.9)
DMC Mining Services Chile SPA	JV Partner	Deep Drilling services	8.5	-	4.8	-
Sumitomo Corporation (SC) (*)	Ultimate parent	Sales Moly	-	-	2.2	2.2
		MTM	-	-	2.6	(2.6)
		Interest Guarantee	-	-	0.2	(0.2)
Sumitomo Metal Mining Co. Ltd. (*)	Ultimate parent	Sales Copper	-	-	0.6	(0.6)
		MTM	-	-	2.3	2.3
		Sales Gold	-	-	0.2	(0.2)
		Interest Guarantee	-	-	0.4	(0.4)
Bank Gospodarstwa Krajowego	Poland Entity related to KGHM Polska Miedz SA	Interest Credit Facility	23.3	(23.3)	10.6	(10.6)
		Payments of Interest Credit Facility	21.3	-	8.9	-
		Credit Facility	-	-	100.0	-

(\*) Transactions until February 22, 2022.



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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### 14 REVENUE

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Third parties		
Copper	967.1	1,054.5
Molybdenum	109.2	93.5
By product Gold	87.9	81.3
By product Silver	23.4	26.4
<b>Total Third parties</b>	<b>1,187.6</b>	<b>1,255.7</b>
Related parties		
Copper	-	(0.6)
Molybdenum	-	2.2
By product Gold	-	(0.2)
<b>Total Related parties</b>	<b>-</b>	<b>1.4</b>
Mark-to-Market	(54.8)	(40.7)
Treatment Charges	(68.0)	(57.3)
<b>Total</b>	<b>1,064.8</b>	<b>1,159.1</b>



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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### 15 EXPENSES BY NATURE

As at September 30, 2023 and 2022, the costs and expenses by nature are detailed as follows:

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cost of sales	664.2	723.2
Selling costs	54.1	67.3
General and administrative expenses	41.0	35.0
<b>Total</b>	<b>759.3</b>	<b>825.5</b>

The breakdown of the abovementioned costs and expenses as at September 30, 2023 and 2022 are detailed as follows:

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Depreciation and amortization	251.6	303.5
External services	205.4	162.0
Energy	144.2	176.9
Employee benefits expenses (*)	99.9	72.3
Materials	80.4	83.6
Fuel and lubricant	70.0	81.8
Replacements Parts	54.3	46.8
Ocean and inland freight	54.1	67.3
Other costs	18.4	16.7
Personnel services	12.1	9.3
Conversion costs	7.7	6.3
Service fees	3.1	2.9
Water	2.1	1.9
Technical obsolescence write-off	0.4	2.6
Change in inventories of finished goods and work in progress	(16.6)	(94.4)
Expenses capitalized to deferred stripping asset (**)	(227.8)	(114.0)
<b>Total</b>	<b>759.3</b>	<b>825.5</b>

(\*) Amount for 2023 includes the collective bargaining expenses by \$14.6 million.

(\*\*) Cash cost of \$202.2 for 9 months period ended September 30, 2023 (\$99.6 for 2022) and non-cash cost of \$25.6 for 9 months period ended September 30, 2023 (\$14.4 for 2022), refer to Note 7.



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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(Unaudited)

### 16 MANAGEMENT OF CAPITAL RISK

The Company's objectives when managing capital risk are to safeguard the Company's ability to continue as a going concern in order to pursue the operation and development of mineral property and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company includes the components of shareholders' equity and long-term debt in the management of capital. The capital structure is managed in conjunction with the structure of joint venture partners (KGHMI and South32). To maintain or adjust the capital structure, the Company may issue new common shares, issue new debt, repay debt, and acquire or dispose of assets or investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Owners Council approves the annual and updated budgets.

To maximize ongoing development efforts, the Company does not pay out dividends. The investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of three months or less when acquired, and are selected with consideration of the expected timing of expenditures from the business and to meet the stable production process.

### 17 FINANCIAL RISK MANAGEMENT- FAIR VALUE

Financial instruments include cash and any contracts that give rise to a financial asset to one party and a financial liability or equity instrument to another party. Financial instruments carried at fair value on the statement of financial position are classified within a hierarchy that prioritizes the inputs to fair value measurements. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3 – Inputs that are not based on observable market data.

The Company has not disclosed the fair values of financial instruments due to carrying amounts are a fair approximation to the fair value.



## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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### 17 FINANCIAL RISK MANAGEMENT- FAIR VALUE, CONTINUED

#### Classification of financial instruments

All financial assets and financial liabilities are initially recognised at the fair value of the consideration paid or received, net of transaction costs applicable and, subsequently measured at fair value through profit or loss or amortized cost, as indicated in the table below. The Company does not have financial instrument measured at a fair value through other comprehensive income.

Financial assets and financial liabilities are presented by type in the table below at their carrying amount, which, in general, approximates to their fair value.

September 30, 2023	Note	Amortized cost	Fair Value through profit or loss	Total
<b>Financial assets</b>				
Cash and cash equivalents	4	167.2	-	167.2
Trade receivables	6	-	103.9	103.9
Other receivables	6	39.2	-	39.2
Due from related parties		0.7	-	0.7
Current tax		21.2	-	21.2
<b>Total financial assets</b>		<b>228.3</b>	<b>103.9</b>	<b>332.2</b>
<b>Non-financial assets</b>				<b>5,402.8</b>
<b>Total assets</b>				<b>5,735.0</b>
<b>Financial liabilities</b>				
Trade and other payables	8	145.7	11.3	157.0
Mining tax		12.8	-	12.8
Banks Loans and working capital facility		5,286.0	-	5,286.0
Lease liabilities	11	163.2	-	163.2
Due to related parties		7.6	-	7.6
<b>Total financial liabilities</b>		<b>5,615.3</b>	<b>11.3</b>	<b>5,626.6</b>
<b>Non-financial liabilities</b>				<b>263.9</b>
<b>Total liabilities</b>				<b>5,890.5</b>

### 18 SUBSEQUENT EVENTS

No significant events have occurred subsequent to September 30, 2023, which might affect the amounts and/or disclosures included in these condensed interim financial statements.