



Santiago, 27 de junio de 2024

Señores

Comisión para el Mercado Financiero

PRESENTE


Ref: Presenta Estados Financieros al 31 de marzo de 2024

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 Comisión para el Mercado Financiero, adjunto favor encontrar los Estados Financieros de la sociedad según lo dispuesto en el N° 1 de dicha resolución, conteniendo la siguiente información:

- A. Estados Financieros al 31 de marzo de 2024.
- B. Declaración Jurada de Responsabilidad.

Sin otro particular, le saluda atentamente,

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Andrés Vásquez

Gerente de Finanzas
Sierra Gorda SCM

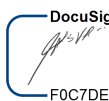


Razón Social : **Sierra Gorda SCM**

Rut : **76.081.590-K**

DECLARACIÓN JURADA DE RESPONSABILIDAD

El 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 3 meses terminado al 31 de marzo de 2024, en cumplimiento de lo dispuesto en la Resolución Exenta N° 298 del 17 de Mayo de 2010 de la Comisión para el Mercado Financiero.

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Andrés Vásquez

Gerente de Finanzas
Sierra Gorda SCM

Santiago, 27 de junio de 2024

SIERRA GORDA S.C.M.

Condensed Interim Financial Statements as at
March 31, 2024 and for three-months periods
Ended March 31, 2024 and 2023.

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	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
Current			
Cash and cash equivalents		154.6	154.7
Trade receivables		71.5	72.2
Other receivables		50.5	50.1
Due from related parties		2.1	1.5
Inventory	4	253.1	246.1
Current tax assets		26.1	22.1
Total Current Assets		557.9	546.7
Non-Current			
Mineral property, plant & equipment	5	4,465.4	4,387.1
Intangible assets		86.5	87.6
Inventory	4	128.8	134.2
Deferred income tax assets	9	937.1	932.3
Total Non-Current Assets		5,617.8	5,541.2
Total Assets		6,175.7	6,087.9
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	6	193.8	168.4
Accrued liabilities	7	130.7	131.6
Subordinated sponsors' loans	8	5,024.3	4,955.3
Credit facility		400.2	400.2
Lease liabilities		24.3	23.4
Due to related parties		5.9	6.2
Mining tax		12.7	10.9
Other Liabilities		99.7	96.9
Total Current Liabilities		5,891.6	5,792.9
Non-Current			
Lease liabilities		133.8	133.5
Accrued liabilities	7	32.9	36.5
Total Non-Current Liabilities		166.7	170.0
Total Liabilities		6,058.3	5,962.9
Shareholders' Equity			
Share capital		2,838.1	2,838.1
Reserve		(19.9)	(20.1)
Retained earnings		(2,700.8)	(2,693.0)
Total Shareholders' Equity		117.4	125.0
Total Liabilities and Shareholders' Equity		6,175.7	6,087.9

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	Three months ended March 31, 2024	Three months ended March 31, 2023
Revenue	11	309.0	388.5
Cost of sales	12	(212.2)	(210.5)
Gross profit		96.8	178.0
Selling costs	12	(15.2)	(18.3)
General and administrative expenses	12	(12.3)	(13.1)
Other income		11.9	1.7
Other expenses		(3.3)	(10.7)
Operating profit		77.9	137.6
Finance income		1.2	0.7
Finance expenses		(86.7)	(85.0)
Profit / (loss) before income tax		(7.6)	53.3
Income tax benefit / (expenses)	9	4.8	(12.4)
Mining and other tax expenses	9	(5.0)	(8.6)
Income / (loss) for the period		(7.8)	32.3
Other comprehensive income/(loss)			
Actuarial profit		0.2	-
Items that will not be subsequently reclassified to profit or loss		0.2	-
Other comprehensive income		0.2	-
Total comprehensive income/(loss)		(7.6)	32.3

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	Three months ended March 31, 2024	Three months ended March 31, 2023
OPERATING ACTIVITIES			
Income for the period		(7.8)	32.3
Total adjustment to result for the period:		164.3	153.9
Depreciation and amortization	12	81.9	82.7
Non cash capitalized to deferred stripping asset	12	(12.6)	(8.7)
Foreign exchange (gains) / losses		(10.3)	8.9
Inventory write down		(0.1)	(0.3)
Change in accruals		(4.5)	5.5
Change in related parties transactions		(1.0)	1.5
Change in interest payables		77.4	69.1
Other adjustments		0.2	6.8
Changes in working capital:		40.3	(19.7)
<i>Inventories</i>		(1.5)	(26.6)
<i>Trade and other receivables</i>		0.4	66.5
<i>Trade and other payables</i>		41.4	(59.6)
Income tax expenses / (benefit)	9	(4.8)	12.4
Mining and other tax expenses		(2.2)	(4.3)
Cash provided from operating activities		156.5	186.2
INVESTING ACTIVITIES			
Purchase of mineral properties, plant and equipment		(64.7)	(66.8)
Cash cost capitalized to deferred stripping asset	12	(80.3)	(69.6)
Cash used in investing activities		(145.0)	(136.4)
FINANCING ACTIVITIES			
Payments under leases principal		(3.2)	(0.7)
Payments under leases interest		(0.7)	(0.2)
Payments of working capital facility interest		(7.6)	(6.6)
Cash provided from financing activities		(11.5)	(7.5)
Effect of foreign exchange rate changes on cash and cash equivalents held		(0.1)	0.1
Net (decrease) increase in cash and cash equivalents during the period		(0.1)	42.4
Cash and cash equivalents, beginning of period		154.7	85.6
Cash and cash equivalents, end of period		154.6	128.0
Cash and cash equivalents comprised of:			
Cash deposits, bankers acceptances and term deposits		154.6	128.0

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
Balance, January 1, 2024	2,838.1	(20.1)	(2,693.0)	125.0
Total comprehensive income/(loss)	2,838.1	(20.1)	(2,693.0)	125.0
Loss for the period	-	-	(7.8)	(7.8)
Other comprehensive income	-	0.2	-	0.2
Total comprehensive income/(loss)	2,838.1	(19.9)	(2,700.8)	117.4
Balance, March 31, 2024	2,838.1	(19.9)	(2,700.8)	117.4

	Share capital	Reserve	Retained earnings	Total
Balance, January 1, 2023	2,838.1	(19.3)	(2,996.0)	(177.2)
Total comprehensive income/(loss)	2,838.1	(19.3)	(2,996.0)	(177.2)
Profit for the period	-	-	32.3	32.3
Total comprehensive income/(loss)	2,838.1	(19.3)	(2,963.7)	144.9
Balance, March 31, 2023	2,838.1	(19.3)	(2,963.7)	144.9

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



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Three months ended March 31, 2024 and 2023

(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, 2023, 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, 2023.

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, 202



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Three months ended March 31, 2024 and 2023

(Unaudited)

3 SIGNIFICANTS 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, 2023.

New or amended accounting pronouncements (standards and interpretations) applicable for annual periods beginning on January 01, 2024 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 INVENTORY

	March 31, 2024	December 31, 2023
Current		
Copper concentrate	24.9	14.4
Molybdenum concentrate	6.8	11.2
Work in progress	43.1	53.1
Supplies	178.3	167.4
Total Current	253.1	246.1
Non-current		
Ore stockpile	128.8	134.2
Total Non-current	128.8	134.2
Total net carrying amount of Inventory	381.9	380.3



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Three months ended March 31, 2024 and 2023

(Unaudited)

5 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
January 1, 2024									
Cost	11.9	6,419.9	206.9	17.5	2,200.0	466.9	71.5	82.8	9,477.1
Accumulated depreciation	-	(2,625.2)	(88.1)	(12.2)	(1,230.4)	-	(59.2)	-	(4,015.1)
Impairment	(6.6)	(3,220.8)	(161.5)	-	(345.4)	-	-	-	(3,734.3)
Impairment reversal	-	1,543.5	54.0	-	-	-	-	-	1,597.5
Impairment accumulated amortization	-	980.7	80.9	-	-	-	-	-	1,061.6
Net book value	5.3	3,098.1	92.2	5.3	624.2	466.9	12.3	82.8	4,387.1
Change in cost									
Additions	-	-	-	(2.6)	92.9	60.0	8.8	-	159.1
Transfers	-	31.9	-	-	-	(32.3)	-	0.4	-
Sub total	-	31.9	-	(2.6)	92.9	27.7	8.8	0.4	159.1
Change in depreciation									
Additions	-	(66.8)	(3.6)	(0.3)	(18.5)	-	(2.9)	-	(92.1)
Sub total	-	(66.8)	(3.6)	(0.3)	(18.5)	-	(2.9)	-	(92.1)
Change in impairment amortization									
Additions	-	10.8	0.5	-	-	-	-	-	11.3
Sub total	-	10.8	0.5	-	-	-	-	-	11.3
March 31, 2024									
Cost	11.9	6,451.8	206.9	14.9	2,292.9	494.6	80.3	83.2	9,636.5
Accumulated depreciation	-	(2,692.0)	(91.7)	(12.5)	(1,248.9)	-	(62.1)	-	(4,106.2)
Impairment	(6.6)	(3,220.8)	(161.5)	-	(345.4)	-	-	-	(3,734.3)
Impairment reversal	-	1,543.5	54.0	-	-	-	-	-	1,597.5
Impairment accumulated amortization	-	991.5	81.4	-	-	-	-	-	1,072.9
Net book value	5.3	3,074.0	89.1	2.4	698.6	494.6	18.2	83.2	4,465.4



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Three months ended March 31, 2024 and 2023

(Unaudited)

5 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 7 (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 12 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 March 31, 2024, the Company has contractual commitments related capital expenditure by US\$84.1 million for 2024.

6 TRADE AND OTHER PAYABLES

	March 31, 2024	December 31, 2023
Liabilities from deliveries and services	188.2	155.4
Other accounts payable	3.5	1.3
Liabilities from employee tax and social security	2.1	11.7
Total	193.8	168.4



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Three months ended March 31, 2024 and 2023

(Unaudited)

7 ACCRUED LIABILITIES

	March 31, 2024	December 31, 2023
Current		
Accrued expenses	84.0	86.9
Payroll and benefits	24.8	24.1
Others	21.9	20.6
Total Accrued Liabilities Current	130.7	131.6
Non-Current	2024	2023
Site closure and reclamation provision (a)	24.0	26.5
Severance indemnity provision (b)	8.9	10.0
Total Accrued Liabilities Non Current	32.9	36.5

(a) Site closure and reclamation provision

Balance at January 1, 2024	26.5
Decrease in obligation (update of the mine closure plan)	(2.6)
Unwinding of discount	0.1
Balance at March 31, 2024	24.0

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

Discount rate: 2.33% (December 31, 2023 – 2.33%).

On March 14, 2024, the Company signed with AVLA (insurance company) a guarantee insurance policy for the closure cost of the mining site by 552,513.00 U.F. (US\$20.9 million), effective from March 14, 2024 to March 14, 2025.

The Company is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future.



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Three months ended March 31, 2024 and 2023

(Unaudited)

7 ACCRUED LIABILITIES, CONTINUED

(b) Severance indemnity provision

Balance at January 1, 2024	10.0
Effect of foreign currency translation differences	(1.1)
Balance at March 31, 2024	8.9

8 LOANS

Subordinated sponsors' loan

	March 31, 2024	December 31, 2023
Current		
Principal		
Quadra FNX FFI Ltd.	1,446.8	1,446.8
South32 Finance 1 B.V.	828.6	828.6
South32 Finance 2 B.V.	355.1	355.2
Current principal	2,630.5	2,630.6
Accrued interest and effective interest rate adjustment		
Quadra FNX FFI Ltd.	1,316.6	1,278.6
South32 Finance 1 B.V.	754.1	732.3
South32 Finance 2 B.V.	323.1	313.8
Finance cost discount	(106.9)	(104.1)
Amortization of the discount	106.9	104.1
Current accrued interest and effective interest rate adjustment	2,393.8	2,324.7
Total	5,024.3	4,955.3

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 March 31, 2024, the Company has cumulatively incurred US\$2,393.8 million (December 31, 2023 - US\$2,324.7 million) of interest on long-term debt and amortization of the discounts of US\$106.9 million (December 31, 2023 - US\$104.1 million).



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Three months ended March 31, 2024 and 2023

(Unaudited)

9 INCOME AND MINING TAX

	March 31, 2024	December 31, 2023
Deferred tax assets		
Tax losses	1,013.2	1,029.3
Foreign intercompany liabilities	612.3	592.1
Lease liabilities	42.7	42.4
Reclamation liability	6.5	7.2
Provisions	1.2	3.5
Deferred tax liabilities		
Mineral property, plant and equipment	(486.0)	(489.4)
Start-up costs	(201.5)	(200.3)
Reclamation asset	(0.8)	(1.5)
Others	-	(0.2)
Subtotal deferred tax asset, net	987.6	983.1
Recognised deferred mining tax assets, net	(50.5)	(50.8)
Recognised deferred tax assets, net	937.1	932.3

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 March 31, 2024, the Company has recognised a corporate deferred tax asset of US\$937.1 million (December 31, 2023 – US\$932.3 million) where the most significant deductible temporary difference is the accumulated tax losses of US\$3,752.6 million (December 31, 2023 – US\$3,812.4 million). The accumulated tax losses contributes with US\$1,013.2 (December 31, 2023, US\$1,029.3 million) over the total deferred tax asset recognized.



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Three months ended March 31, 2024 and 2023

(Unaudited)

9 INCOME AND MINING TAX, CONTINUED

Effective tax rate reconciliation

	Three months ended March 31, 2024	Three months ended March 31, 2023
Profit / (loss) before income tax	(7.6)	53.3
Current corporate tax rate	27.0%	27.0%
Tax benefit / (expenses) using corporate rate	2.1	(14.4)
Current mining tax effect	(1.8)	(5.8)
Thin Cap tax effect	(3.2)	(2.8)
Deferred mining tax effect	2.7	2.0
Total adjustments to the loss for taxes using corporate rate	(2.3)	(6.6)
Tax expenses using effective rate	(0.2)	(21.0)
Effective tax rate	(3.2%)	39.4%

	March 31, 2024	March 31, 2023
Origination of temporary differences	4.8	(12.4)
Mining tax expenses	(1.8)	(5.8)
Other tax expenses	(3.2)	(2.8)
Total income tax expenses	(0.2)	(21.0)

10 RELATED PARTY TRANSACTIONS

At March 31, 2024 and 2023, the main transactions with related parties are detailed as follows:

Company	Relationship	Transaction description	2024		2023	
			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	40.1	(40.1)	39.6	(39.6)
South32 Finance 1 B.V	JV Partner	Interest Subordinated Loans	22.9	(22.9)	22.7	(22.7)
South32 Finance 2 B.V.	JV Partner	Interest Subordinated Loans	9.8	(9.8)	9.7	(9.7)
South32 Limited	JV Partner	Interest Guarantee	1.0	(1.0)	1.0	(1.0)
KGHM Polska Miedz S.A.	JV Partner	Interest Guarantee	1.2	(1.2)	1.2	(1.2)
KGHM Chile SpA	JV Partner	Service Fee	1.1	(1.1)	1.1	(1.1)
DMC Mining Services Chile SPA	JV Partner	Deep Drilling services	4.4	-	2.4	-
Bank Gospodarstwa Krajowego	Poland Entity related to KGHM Polska Miedz SA	Interest Credit Facility Payments of Int Credit Facility	8.3	(8.3)	7.3	(7.3)
			7.6	-	6.6	-



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Three months ended March 31, 2024 and 2023

(Unaudited)

11 REVENUE

	Three months ended March 31, 2024	Three months ended March 31, 2023
Third parties		
Copper	251.1	355.9
Molybdenum	36.7	45.4
By product Gold	24.4	28.3
By product Silver	7.2	7.6
Total Third parties	319.4	437.2
Mark-to-Market	5.5	(27.4)
Treatment Charges	(15.9)	(21.3)
Total	309.0	388.5

12 EXPENSES BY NATURE

As at March 31, 2024 and 2023, the costs and expenses by nature are detailed as follows:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Cost of sales	212.2	210.5
Selling costs	15.2	18.3
General and administrative expenses	12.3	13.1
Total	239.7	241.9



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Three months ended March 31, 2024 and 2023

(Unaudited)

12 EXPENSES BY NATURE, CONTINUED

The breakdown of the abovementioned costs and expenses as at March 31, 2024 and 2023 are detailed as follows:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Depreciation and amortization	81.9	82.7
External services	68.1	65.5
Energy	51.5	51.5
Materials	25.1	27.1
Employee benefits expenses	24.1	28.9
Fuel and lubricant	24.0	23.4
Replacements Parts	18.7	15.3
Ocean and inland freight	15.2	18.3
Change in inventories of finished goods and work in progress	9.4	(5.6)
Other costs	7.5	6.2
Personnel services	3.4	3.7
Conversion costs	2.1	1.8
Service fees	1.1	1.1
Water	0.6	0.7
Obsolete cost	(0.1)	(0.4)
Expenses capitalized to deferred stripping asset (*)	(92.9)	(78.3)
Total	239.7	241.9

(*) Cash cost of US\$80.3 for 3 months ended March 31, 2024 (US\$69.6 for 2023) and non-cash cost of US\$12.6 for 3 months period ended March 31, 2024 (US\$8.7 for 2023), refer to Note 5.

13 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.



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Three months ended March 31, 2024 and 2023

(Unaudited)

14 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.

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.

March 31, 2024	Note	Amortized cost	Fair Value through profit or loss	Total
Financial assets				
Cash and cash equivalents		154.6	-	154.6
Trade receivables		-	71.5	71.5
Other receivables		50.5	-	50.5
Due from related parties		2.1	-	2.1
Current tax		26.1	-	26.1
Total financial assets		233.3	71.5	304.8
Non-financial assets				
Total assets				5,870.9
Financial liabilities				
Trade and other payables	6	193.8	-	193.8
Mining tax		12.7	-	12.7
Banks Loans and working capital facility		5,424.5	-	5,424.5
Lease liabilities		158.1	-	158.1
Due to related parties		5.9	-	5.9
Total financial liabilities		5,795.0	-	5,795.0
Non-financial liabilities				
Total liabilities				263.3
				6,058.3



NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(U.S. dollars in millions)

Three months ended March 31, 2024 and 2023

(Unaudited)

15 SUBSEQUENT EVENTS

No significant events have occurred subsequent to March 31, 2024, which might affect the amounts and/or disclosures included in these financial statements.