

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

Financial Report as at December 31, 2025  
and 2024 and for the years then ended.

(With the Independent Auditor's Report Thereon)

# SIERRA GORDA S.C.M.

## CONTENTS

Independent Auditor's Report  
Statements of Financial Position  
Statements of Profit or Loss and Other Comprehensive Income  
Statements of Cash Flows  
Statements of Changes in Shareholders' Equity  
Notes to Financial Statements

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





## Independent Auditors' Report

To the Owners Council of  
Sierra Gorda S.C.M.:

### **Opinion**

We have audited the financial statements of Sierra Gorda S.C.M., which comprise the statements of financial position as at December 31, 2025, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sierra Gorda SCM as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

### **Basis for the opinion**

We conducted our audit in accordance with Auditing Standards Generally Accepted in Chile. Our responsibilities under those standards are further described in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report. We are independent of Sierra Gorda S.C.M. in accordance with the requirements of the Code of Ethics issued by the Colegio de Contadores de Chile A.G., and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and those Charged with Governance for the financial statements**

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

In preparing the financial statements, management is responsible for assessing Sierra Gorda S.C.M.'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 Sierra Gorda S.C.M. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Sierra Gorda S.C.M.'s financial reporting process.



### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Auditing Standards Generally Accepted in Chile 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sierra Gorda S.C.M.'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 Sierra Gorda S.C.M.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause Sierra Gorda S.C.M. to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.



***Other matters***

Colegio de Contadores de Chile A.G. approved Auditing Standards Generally Accepted in Chile to fully and unreservedly adopt the International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB) for audits of financial statements prepared for the year beginning on or after January 1, 2025.

The audit of the financial statements of Sierra Gorda S.C.M. as of December 31, 2024 was performed in accordance with Auditing Standards Generally Accepted in Chile effective at such date on which we issued an unmodified opinion on February 10, 2025.

KPMG Ltda.



## CONTENTS

<b>STATEMENT OF FINANCIAL POSITION</b> .....	6
<b>STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b> .....	7
<b>STATEMENT OF CASH FLOWS (INDIRECT METHOD)</b> .....	8
<b>STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY</b> .....	9
<b>NOTES TO FINANCIAL STATEMENTS</b> .....	10
<b>1 NATURE OF OPERATIONS</b> .....	10
<b>2 BASIS OF PRESENTATION</b> .....	10
<b>3 MATERIAL ACCOUNTING POLICIES</b> .....	11
<b>4 FORMATION OF SIERRA GORDA JOINT VENTURE</b> .....	26
<b>5 CASH AND CASH EQUIVALENTS</b> .....	27
<b>6 INVENTORY</b> .....	27
<b>7 CURRENT TAX</b> .....	28
<b>8 TRADE RECEIVABLES</b> .....	28
<b>9 MINERAL PROPERTY, PLANT AND EQUIPMENT</b> .....	29
<b>10 TRADE AND OTHER PAYABLES</b> .....	32
<b>11 ACCRUED LIABILITIES</b> .....	32
<b>12 LOANS</b> .....	35
<b>13 LEASE LIABILITIES</b> .....	39
<b>14 SHARE CAPITAL</b> .....	40
<b>15 INCOME AND MINING TAX</b> .....	41
<b>16 RELATED PARTY TRANSACTIONS AND BALANCES</b> .....	42
<b>17 OTHER LIABILITIES</b> .....	43
<b>18 REVENUE</b> .....	44
<b>19 EXPENSES BY NATURE</b> .....	45
<b>20 OTHER INCOME</b> .....	46
<b>21 OTHER EXPENSES</b> .....	46
<b>22 FINANCE INCOME</b> .....	46
<b>23 FINANCE EXPENSES</b> .....	46
<b>24 REVERSAL OF IMPAIRMENT LOSS</b> .....	47
<b>25 COMMITMENTS</b> .....	49
<b>26 MANAGEMENT OF CAPITAL RISK</b> .....	50
<b>27 FINANCIAL INSTRUMENTS AND RISK</b> .....	50
<b>28 SUBSEQUENT EVENTS</b> .....	56



## STATEMENT OF FINANCIAL POSITION

As of December 31, 2025 and 2024

(U.S. dollars in millions)

	Note	2025	2024
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	5	101.3	116.2
Trade receivables	8	300.3	149.6
Other receivables		41.6	53.8
Due from related parties	16	10.7	1.8
Inventory	6	213.5	213.2
Current tax asset	7	24.3	12.7
<b>Total current assets</b>		<b>691.7</b>	<b>547.3</b>
<b>Non-current</b>			
Mineral property, plant & equipment	9	5,004.3	4,609.1
Intangible assets		84.7	82.6
Inventory	6	160.3	142.6
Deferred income tax assets	15	600.8	933.8
<b>Total non-current assets</b>		<b>5,850.1</b>	<b>5,768.1</b>
<b>Total assets</b>		<b>6,541.8</b>	<b>6,315.4</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Trade and other payables	10	195.5	224.7
Accrued liabilities	11	116.2	137.7
Credit facility	12	0.5	0.5
Lease liabilities	13	26.9	25.2
Due to related parties	16	3.8	5.1
Mining tax liability	7	46.9	23.8
<b>Total current liabilities</b>		<b>389.8</b>	<b>417.0</b>
<b>Non-current</b>			
Subordinated sponsors' loans	12	4,672.0	5,021.7
Credit facility	12	395.4	393.0
Lease liabilities	13	110.9	116.8
Accrued liabilities	11	45.6	37.7
Other liabilities	17	107.8	106.1
<b>Total non-current liabilities</b>		<b>5,331.7</b>	<b>5,675.3</b>
<b>Total liabilities</b>		<b>5,721.5</b>	<b>6,092.3</b>
<b>Shareholders' equity</b>			
Share capital	14	2,838.1	2,838.1
Reserve		(22.8)	(21.4)
Retained earnings		(1,995.0)	(2,593.6)
<b>Total shareholders' equity</b>		<b>820.3</b>	<b>223.1</b>
<b>Total liabilities and shareholders' equity</b>		<b>6,541.8</b>	<b>6,315.4</b>

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



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the years ended December 31, 2025 and 2024

(U.S. dollars in millions)

	Note	2025	2024
Revenue	18	2,234.5	1,622.5
Cost of sales	19	(1,020.6)	(1,015.5)
Reversal of impairment loss	9/19/24	222.5	-
<b>Gross profit</b>		<b>1,436.4</b>	<b>607.0</b>
Selling costs	19	(81.0)	(77.2)
General and administrative expenses	19	(62.1)	(61.3)
Other income	20	8.9	20.0
Other expenses	21	(19.2)	(12.1)
<b>Operating profit</b>		<b>1,283.0</b>	<b>476.4</b>
Finance income	22	6.0	5.1
Finance expenses	23	(310.2)	(349.6)
<b>Profit before income tax</b>		<b>978.8</b>	<b>131.9</b>
Income tax benefit / (expenses)	15	(333.7)	0.7
Mining and other tax expenses	15	(46.5)	(33.2)
<b>Income for the period</b>		<b>598.6</b>	<b>99.4</b>
<b>Other comprehensive income/(loss)</b>			
Actuarial losses	11	(2.0)	(2.1)
Related tax		0.6	0.8
<b>Items that will not be subsequently reclassified to profit or loss</b>		<b>(1.4)</b>	<b>(1.3)</b>
<b>Other comprehensive loss</b>		<b>(1.4)</b>	<b>(1.3)</b>
<b>Total comprehensive income</b>		<b>597.2</b>	<b>98.1</b>

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



## STATEMENT OF CASH FLOWS (INDIRECT METHOD)

for the years ended December 31, 2025 and 2024

(U.S. dollars in millions)

	Note	2025	2024
<b>OPERATING ACTIVITIES</b>			
Result for the period		598.6	99.4
<b>Total adjustment to result for the period:</b>		<b>586.7</b>	<b>664.8</b>
Depreciation and amortization	19	436.2	387.8
Non-cash capitalized to deferred stripping asset	19	(44.0)	(39.4)
Foreign exchange gains	20	9.8	(10.5)
Inventory write down		(4.7)	(1.8)
Change in accruals		(13.7)	7.3
Change in related parties' transactions		(10.3)	7.2
Change in interest payables		279.1	304.6
Reversal of impairment loss	9/19/24	(222.5)	-
Other adjustments		(1.2)	(1.6)
<b>Changes in working capital:</b>		<b>(186.5)</b>	<b>(9.6)</b>
<i>Inventories</i>		(13.4)	26.4
<i>Trade and other receivables</i>		(135.7)	(78.3)
<i>Trade and other payables</i>		(37.4)	42.3
Income tax (benefit) / expenses		333.0	(1.5)
Mining and other tax expenses		11.5	22.3
<b>Cash provided from operating activities</b>		<b>1,185.3</b>	<b>764.2</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of mineral properties, plant and equipment		(212.8)	(237.4)
Cash cost capitalized to deferred stripping asset	19	(321.3)	(274.8)
<b>Cash used in investing activities</b>		<b>(534.1)</b>	<b>(512.2)</b>
<b>FINANCING ACTIVITIES</b>			
Drawdown on revolving credit facility syndicated loan	12	-	400.0
Payments associated with syndicated loan		(3.6)	(7.2)
Payments of syndicated loan <sup>1</sup> interest		(25.7)	(6.9)
Payments associated with BGK loan		-	(11.1)
Payments of BGK loan principal amount	12	-	(400.0)
Payments of credit BGK loan interest		-	(22.4)
Payments under other leases		(25.9)	(20.3)
Payments under leases principal		(9.4)	(9.9)
Payments under leases interest		(2.0)	(2.6)
Payments of subordinated debt capital		(391.7)	(155.9)
Payments of subordinated debt interest		(208.3)	(54.1)
<b>Cash provided from financing activities</b>		<b>(666.6)</b>	<b>(290.4)</b>
<b>Effect of foreign exchange rate changes on cash and cash equivalents held</b>		<b>0.5</b>	<b>(0.1)</b>
<b>Net (decrease) increase in cash and cash equivalents during the period</b>		<b>(14.9)</b>	<b>(38.5)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>116.2</b>	<b>154.7</b>
<b>Cash and cash equivalents, end of period</b>		<b>101.3</b>	<b>116.2</b>
<b>Cash and cash equivalents comprised of:</b>			
<b>Cash and term deposits</b>		<b>101.3</b>	<b>116.2</b>

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



## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the years ended December 31, 2025 and 2024

(U.S. dollars in millions)

	Note	Share capital	Reserve	Retained earnings	Total
<b>Balance, January 1, 2025</b>	<i>14</i>	2,838.1	(21.4)	(2,593.6)	223.1
Profit for the period		-	-	598.6	598.6
Other comprehensive income		-	(1.4)	-	(1.4)
<b>Total comprehensive income/(loss)</b>		-	(1.4)	598.6	597.2
<b>Balance, December 31, 2025</b>		2,838.1	(22.8)	(1,995.0)	820.3

		Share capital	Reserve	Retained earnings	Total
<b>Balance, January 1, 2024</b>	<i>14</i>	2,838.1	(20.1)	(2,693.0)	125.0
Profit for the period		-	-	99.4	99.4
Other comprehensive income		-	(1.3)	-	(1.3)
<b>Total comprehensive income/(loss)</b>		-	(1.3)	(99.4)	98.1
<b>Balance, December 31, 2024</b>		2,838.1	(21.4)	(2,593.6)	223.1

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



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 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. The Sierra Gorda mining project is an open pit copper and molybdenum mine, with some by-products of gold and silver. The Company’s head office is located at Roger de Flor 2775, 13th 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 audited financial statements have been prepared as at December 31, 2025 and 2024, in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These audited 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. Please refer also to Note 27(c) Liquidity Risk. The Company maintains its official accounting records in United States dollars, which is the Company’s functional currency. All financial information in these financial statements is presented in United States dollars rounded to the nearest million, except where indicated otherwise.

These financial statements have been approved for issuance on February 25, 2026 by the Finance Committee of the Owners’ Council.

#### b) Use of estimates and judgments

The preparation of 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 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.

Significant areas requiring the use of estimates relate to the determination of mineral reserves, recoverable value of non-current assets, deferred tax assets recoverability and the determination of site closure and reclamation provisions. Key estimates and judgements made by management with respect to these areas have been disclosed in the notes to these financial statements as appropriate.

Site Closure and reclamation: Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for the future site closure and reclamation costs is subject to change based on when amendments to laws and regulations concerning the Company’s closure and reclamation obligations become available.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 2 BASIS OF PRESENTATION, CONTINUED

#### b) Use of estimates and judgments, continued

Revenue is recorded provisionally at the time of sale based on settled assays and forward prices for the expected date of the final settlement. Subsequent variations in price and volumes are recognised as revenue adjustments as they occur until the price is finalized. At each reporting date, for the unsettled invoices, a mark to market revaluation is performed.

Reserve estimates: The determination of mineral reserves requires the use of estimates, and these reserve estimates are used in calculating depreciation, assessing impairment of assets and forecasting timing of payments of mine closure and reclamation costs. The estimate of these reserves requires forecasts of commodity prices, exchange rates, production costs and recovery rates, and these forecasts may change significantly when new information becomes available.

Recoverable value of non-current assets: The determination of the recoverable value, less cost of disposal of non-current assets requires the use of long-term assumptions as copper and molybdenum prices, discount rate, future capital expenditures, operating costs and ore reserves. These assumptions may change significantly when new information becomes available.

Deferred tax assets: The determination of the recoverable value of deferred tax assets requires the use of assumptions regarding the Company's ability to generate future taxable income.

### 3 MATERIAL ACCOUNTING POLICIES

#### a) Mineral property, plant and equipment

Mineral property, plant and equipment are tangible items that:

- are held by the entity for use in production and the supply of goods and services;
- are expected to be used for more than one year;
- are expected to generate future economic benefits that will flow to the entity; and
- have value that can be measured reliably.

Mineral property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment loss.

#### *Recognition and measurement*

Mineral property acquisition and development costs, including exploration and evaluation assets transferred, mine construction costs, and overburden and waste removal costs are capitalized until commercial production is achieved, or the property is sold, abandoned or impaired. Development costs are net of proceeds from the sale of metal extracted during the development and pre-commission phase prior to the date mining assets are operating in the way intended by management.

Mineral property, plant and equipment costs include the fair value of the consideration given to acquire assets at the time of acquisition or construction and include expenditures that are directly attributable to bringing the asset to the location and condition necessary for its intended use. In addition, these costs include an initial estimate of the costs of dismantling and removing the assets and restoring the site on which they are located, and for qualifying assets, its borrowing costs.

When parts of an item of mineral property, plant and equipment have different useful lives, they are accounted for separately as major components.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### a) Mineral property, plant and equipment, continued

Mineral property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognised in profit and loss.

Major spare parts and stand-by equipment with a significant initial cost, whose anticipated useful life is longer than one year, are recognised as an item of property, plant and equipment.

#### *Deferred Stripping*

The cost of removing overburden to access ore is capitalized during the development phase. During the production phase of a mine (or pit), stripping costs are capitalized to the related component to the extent they give rise to a future benefit. Where a mine operates several open pits, the mine plan will determine if the pit is regarded as separate component or if a pit will have several separate components. Stripping costs are accounted for separately by reference to ore from each component.

The component's strip ratio represents the ratio of the estimated total volume of waste of the component, to the estimated total quantity of economically recoverable ore of the component, over the life of the component. Stripping costs are deferred when the actual stripping ratios are higher than the average life of component strip ratios or when that the material mined is primarily waste. The costs charged to the income statements are based on application of the component's strip ratio to the quantity of ore mined in the period. When the ore is expected to be evenly distributed or future strip ratios for the component are expected to be lower, waste removal is expensed as incurred.

Deferred stripping costs which have been capitalized, are depreciated using the metal contained unit of production method and are classified as a tangible asset under mineral property.

#### *Subsequent costs*

The cost of replacing part of an item of mineral property, plant and equipment is recorded in the carrying amount of the item provided that there are future economic benefits, and the costs can be measured. The carrying amount of the part being replaced is then derecognised. The costs of the day-to-day servicing of mineral property, plant and equipment are recognised in profit and loss (upon commencement of production).

During the production phase, exploration and evaluation costs are capitalized provided that there is an expectation that the costs will be recoverable on exploitation or sale.

#### *Depreciation*

Depreciation of mineral property, plant and equipment (excluding land) is performed by the Company depending on the manner in which the economic benefits of a given item of mineral property, plant and equipment are consumed:

- using the straight-line method, for those assets used in production on a systematic basis throughout their entire useful life, and
- using the natural depreciation method (units of production method), for those assets in respect of which the consumption of economic benefits is directly related to the amount of mineral extracted from the deposit and this extraction or processing is not the same throughout their entire useful life. In particular this refers to mining facilities, as well as some mining machinery and equipment.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### a) Mineral property, plant and equipment, continued

##### *Depreciation, continued*

Mineral property and equipment depreciated on a straight-line basis over their estimated useful lives are as follows:

- building and civil engineering objects: 20 years; technical equipment and machines: 4 - 15 years; mobile equipment: 6 - 10 years; other property, plant and equipment, including tools and instruments: 5 – 10 years.

Mineral property and equipment amortized on units of production method are as follows:

- mine development.
- site closure and reclamation asset.

The Company's management assesses the estimated residual values, useful lives, and depreciation methods used for mineral property acquisition and development costs, and mineral property, plant and equipment. Any material changes in estimates are applied prospectively.

#### b) Borrowing costs

Borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying asset, affect its initial value as an element of its cost. Such costs are capitalized when the costs can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs consist of interest and other borrowing-related costs incurred (and accrued), and included:

- interest costs calculated using the effective interest rate method in accordance with IFRS 9;
- financial charges due to financial leasing contracts recognised in accordance with IAS 17;
- exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest expense.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalization of the borrowing costs starts upon the joint fulfilment of the following conditions:

- the expenditures are made for the qualifying asset,
- the borrowing costs are incurred, and
- the actions necessary to prepare the asset to the intended use or sale are in progress.

The capitalization of borrowing costs ceases when essentially all actions necessary to prepare the qualifying assets for the intended use or sale, have been completed. From July 1, 2015, the capitalization of borrowing costs ceased.

The capitalization of the borrowing costs is suspended during the period of longer break in the active performance of investment activity in relation to the qualifying assets, unless such break is the normal element for the given type of the investment. The borrowing costs incurred during the time of the break not constituting the normal element for the given investment, affect the costs of the period.

Exchange differences on borrowings drawn in a foreign currency (both specific and general) affect the initial value of the qualifying asset to the extent in which it represents an adjustment of interest expense. In the calculation of the borrowing costs eligible, for capitalization solely negative exchange differences are taken into account (except as stipulated below).



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### b) Borrowing costs, continued

The amount of the exchange differences adjusting the interest cost is the difference between the cost of interest on similar financing which a Company would have drawn in its functional currency and the financing cost incurred in the foreign currency. The borrowing costs eligible for capitalization are settled in the annual reporting period.

If the capitalized borrowing costs increases value of the qualifying asset and it exceeds its recoverable value, then the Company recognizes any potential loss.

#### c) Intangible assets

Intangible assets include:

- acquired mineral property rights (concessions, licenses, patents, exploration rights – mining usufruct right);
- water rights; and software.

Intangible assets are recorded at cost less accumulated amortization and accumulated impairment loss.

#### *Recognition and measurement*

The cost is increased by the borrowing costs necessary to finance the purchase or construction of the item of the qualifying assets.

If the payment for an intangible asset is deferred for a period which is longer than standard for ordinary buyer's credit (in practice a period of over 1 year was assumed), its purchase price should reflect the amount, which would be paid in cash.

The difference between this amount and the total payment is recognised in the profit or loss as interest costs (an unwinding of the discount) in the period of repayment (settlement) of the liability.

The exchange differences, which arise from liabilities in foreign currency (other than loans, leasing), which are related to the acquisition or construction of an item of intangible assets are recognised in the profit or loss in the period, in which they were incurred.

The intangible assets are measured at the end of the reporting period at cost less accumulated amortization charges and accumulated impairment loss.

#### *Amortization*

Amortization of intangible assets (excluding water right) is performed by the Company depending on the manner in which the economic benefits of a given item of intangible assets are consumed:

- using the straight-line method, for those assets used in production on a systematic basis throughout their entire useful life, and
- using the units of production method, for those assets in respect of which the consumption of economic benefits is directly related to the amount of mineral extracted from the deposit and this extraction or processing is not the same throughout their entire useful life.

Intangibles assets amortized on a straight-line basis over their estimated useful lives are as follows:

- software: 2 years.
- licenses for computer programs: 2 - 5 years.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### c) Intangible assets, continued

##### *Exploration and evaluation expenditure*

Intangible assets and mineral property, plant and equipment used in the exploration for, and evaluation of mineral resources are recognised as exploration and evaluation assets, but they do not include expenditures on development work related to mineral resources or expenditures incurred:

- prior to the commencement of exploration for and evaluation of mineral resources, i.e. expenditures incurred prior to the obtaining of legal right to carry out exploratory activities within a specified area, and
- after the technical feasibility and commercial viability of extracting, a mineral resource is demonstrable.

##### *Recognition and measurement*

If the exploration right cannot be exercised without acquisition of the right to land, on which the mineral resources are located, then the rights to the land including appropriate concessions are recognised as intangible assets at the stage of exploration and evaluation of mineral resources.

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as mineral property. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value.

Exploration costs that do not relate to any specific property are expensed as incurred.

#### d) Impairment of non-current assets

At the end of each reporting period the Company assesses if impairment indicators exist. The recoverable value of non-current assets is measured at the end of each annual reporting period. The Company assesses the recoverable value of non-current assets and compares it to the carrying value of non-current assets, which consist primarily of mineral property, plant and equipment, and intangible assets.

The recoverable value of an asset or cash-generating unit is the greater of its value in use and its fair value, less costs to sell. Fair value, less cost to disposal is the amount obtainable from the sale of the asset or cash generating unit in an arm's length transaction between knowledgeable and willing parties less the cost of disposal. Value in use is the estimated future cash flow expected to be received through use and subsequent disposal of the asset discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in profit and loss based on the amount by which the carrying amount of the asset exceeds the recoverable amount.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### e) Recoverable value of non-current assets

Recoverable value and estimated future cash flows are based on estimates of:

Estimates/assumptions	Basis
Future production	Proven and probable reserves
Commodity price	Forecast based on market analysis
Exchange rates	Forecast based on market analysis
Discount rate	Weighted average cost of capital (“WACC”) rate

The Company maintains only one Cash Generating Unit (“CGU”).

IAS 36 set out the specific requirements for reversing an impairment loss recognised in prior periods for an asset or a cash-generating unit. It also specifies when an entity should reverse an impairment loss. Accordingly, the Company assesses at the end of each annual reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Company will estimate the recoverable amount of that asset. When assessing whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased, the Company considers external and internal sources of information.

If the recoverable amount of non-current assets is higher than carrying value of non-current assets, impairment loss recognised in prior periods for an asset other than goodwill will be reversed to its recoverable amount. That increase is a reversal of an impairment loss. The reversal of the impairment loss is allocated to the components of assets of cash generating unit (CGUs), on the pro rata basis to the share of carrying amount of each of the asset in the amount of the given cash generating unit (CGUs). Impairment reversal cannot exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset or cash generating units (CGUs).

#### e) Trade receivables (subject to provisional pricing)

Trade receivables (subject to provisional pricing) include provisional invoices issued for mineral sales. These invoices are based on the Company’s determined weights, which are subject to review and final agreements by the customers. Under the terms of sales agreements, the final price to be received will also depend on the prices fixed for copper and molybdenum by independent metal exchanges during future quotation periods applicable to each shipment, accordingly the price adjustment feature is considered to be an embedded derivative where the nonfinancial contract for the sale of the concentrate, at a future date would be treated as the host contract. Sales under provisional invoice agreements have been valued based on forward prices at the end of the reporting period. Under IFRS 9, embedded derivatives are not separated from financial assets, i.e., from the receivable.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### f) Revenue recognition

##### Concentrate sales

For concentrate sales, the enforceable contract is represented by each sale/shipment, which is an individual, present and short-term contract. For concentrate sales, the performance obligation is the delivery of the concentrate. The Company's sales of metal in concentrate allow for price adjustments based on the market price at the end of the relevant Quotational Period ("QP") stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP for sales of copper concentrate and molybdenum, final pricing is generally determinate three or four months after the date of sale. Revenue is recorded provisionally at the time of sale based on settled assays and forward prices for the expected date of the final settlement. Subsequent variations in price and volumes are recognised as revenue adjustments as they occur until the price is finalized. At each reporting date, for the unsettled invoices, a mark to market revaluation is performed. Revenue is recognised when control passes to the customer, which occurs at a point in time when the metal in concentrate is physically transferred onto a vessel, train, conveyor or other delivery mechanism. The revenue is measured at the amount to which the Company expects to be entitled, being the estimate of the price expected to be received at the end of the QP, i.e., the forward price, and the corresponding trade receivable is recognised.

For these provisional pricing arrangements, any future changes that occur over the QP are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. Given the exposure to the commodity price, this provisionally priced trade receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss up from initial recognition and until the date of settlement. These subsequent changes in fair value are recognised in the statement of profit or loss and other comprehensive income each period and disclosed in the relating notes separately from revenue from contracts with customers. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices. As noted above, as the enforceable contract for the arrangements is the individual sale agreement, the transaction price is determined at the date of each sale (i.e., for each separate contract) and, therefore, there is no future variability within scope of IFRS 15 and no further remaining performance obligations under those contracts.

The Company presents the impacts of provisional pricing as part of revenue in the face of the statement of profit or loss and other comprehensive income and disclose the impacts of provisional pricing and other items described as revenue that are not in the scope of IFRS 15 separately in the notes to the financial statements.

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised. The Company does not have any contract assets.

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). The Company does not have any contract liability.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### g) Inventories

Inventories are comprised of final concentrate products, ore stockpiles and supplies. All inventories are carried at the lower of cost and net realizable value. The cost of concentrate products and ore inventory includes all direct costs incurred in production including mining, processing, mine site administration, freight, overburden and waste removal costs and depreciation charges relating to the production of inventory. Net realizable value is the estimated selling price for inventories, less costs of completion and estimated distribution and other selling costs. The cost of inventories is determined using the average cost method. Write-downs of inventory to net realizable value are recorded as a cost of sales. If there is a subsequent increase in the value of inventories, the previous write-downs to net realizable value may be reversed to the extent that the related inventory has not been sold.

#### h) Financial Instruments

##### Financial assets

##### *Initial recognition and measurement*

Financial assets are recognised initially at fair value and subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient for contracts that have maturity of one year or less, are measured at the transaction price determined under IFRS 15. Refer to the revenue recognition accounting policy.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

##### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified as:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### h) Financial Instruments, continued

##### Financial assets, continued

##### *Financial assets at amortised cost (debt instruments)*

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective 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.

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include other receivables and due from related parties (not subject to provisional pricing), other than provisionally priced trade receivables, the Company only has relatively simple financial instruments.

##### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flow that would otherwise be required or a reclassification of a financial asset out of fair value through profit or loss category.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### h) Financial Instruments, continued

##### Financial assets, continued

##### *Initial recognition and measurement, continued*

##### Financial assets at fair value through profit or loss, continued

As IFRS 9 now has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives are no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the Company's trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant QP stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognised in Mark to Market gains/(losses) on provisionally priced trade receivables in the statement of profit or loss and other comprehensive income. The Company has elected to present the impacts of provisional pricing as part of revenue on the face of the statement of profit or loss and other comprehensive income and discloses the impact on the revenue from contract with customers' notes.

##### Financial assets at fair value through OCI

The Company does not have any financial assets at fair value through OCI (debt instruments), or any financial assets designated at fair value through OCI (equity instruments).

##### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### h) Financial Instruments, continued

##### Financial assets, continued

###### *Impairment of financial assets*

The Company applied the Expected Credit Loss (ECL) model. ECL are a probability-weighted estimate of credit losses measured at either 12-month expected credit losses or lifetime expected credit losses of the financial instruments. Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due and represent the present value of the difference between, the contractual cash flows that are due to an entity under the contract, and the cash flows that the entity expects to receive. The Company has applied a simplified approach to trade receivables, under which the ECL is measured at the value of credit losses expected to be incurred over the entire life of the receivable (which is lower than 12-month). According to abovementioned, an assumption has been made that the risk of receivables is characterised by the number of Days Past Due (DPD) and this parameter will determine the expected Probability of Default (PD) value. According to our analysis, trade receivables are considered low risk of default financial instruments since the clients has strong capacity to meet its contractual cash flow obligations as demonstrated in the client payment behavior analysis and the characteristics of the transaction where the clients pay in advance up to 90% of the shipment.

##### Financial liabilities

###### *Initial recognition and measurement*

Financial liabilities are recognised initially at fair value and, in the case of loans, borrowings, and payables, net of directly attributable transaction costs, and subsequently measured at fair value through profit or loss, loans and borrowings or payables. The Company does not apply hedging accounting.

The Company's financial liabilities include trade and other payables, interest bearing liabilities, finance lease, and due to related parties.

###### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

###### *Financial liabilities at fair value through profit or loss*

The Company does not have financial liabilities at fair value through profit or loss.

###### *Loans, borrowings, trade, and other payables*

After initial recognition, trade and other payables, interest-bearing liabilities, finance lease, and due to related parties are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### h) Financial Instruments, continued

##### Financial liabilities, continued

###### *Derecognition*

A financial liability is derecognised when the associated obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

###### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### i) Income tax

Current tax is the expected tax payable or receivable that reflects uncertainty related to income taxes, if any on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date that reflects uncertainty related to income taxes, if any. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Specific tax on the mining activity is treated as taxation arrangements when they have the characteristics of a tax. This is considered to be the case when they are imposed under government authority, and the amount payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for items comprising temporary differences. For Chile specific tax on the mining activity, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from the specific tax on mining activities arrangements that do not satisfy these criteria are recognised as current provisions and included in expenses. Mining taxes are determined according to the current tax law and our invariability contract.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### i) Income tax, continued

The accounting policy applied by the Company to evaluate uncertain tax treatments is consistent with the requirements of IFRIC 23. The Company evaluates permanently the criteria and tax treatments applied for both deferred income taxes and current income taxes in order to conclude that there is no uncertain tax position that could be accounted for or disclosed in its financial statements.

#### j) Provision

When the Company has a present legal or constructive obligation as a result of a past event, a provision is recognised only when the obligation can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

#### *Site closure and reclamation provision*

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral property, plant and equipment. Provisions for site closure and reclamation are recognised in the period in which the obligation is incurred or acquired and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognised, the corresponding cost is capitalized to the carrying amount of the related asset in mineral property, plant and equipment. The obligation is increased for the unwinding of the discount, and the corresponding amount is recognised as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognised in profit and loss. Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available. The Company will have material obligations for site closure and reclamation as significant disturbances to the project site will occur when operations are completed. The increase in the obligation due to the passage of time is recognised as finance expense.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### k) Lease

The Company recognised the leasing according to IFRS 16, which sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The standard includes two recognition exemptions for lessees: leases of “low value” assets defined by the Company as lower than US\$10,000 (e.g., personal computers); and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, the Company recognises a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The Company separately recognises the interest expense on the lease liability and the amortization expense on the right-of-use asset.

The Company remeasures the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments).

The lessee generally recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

#### l) Severance indemnity provision

The Company records a severance indemnity provision based on the projected unit credit method to determine the present value of its defined future obligations and the related current service cost. The projected unit credit method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Accordingly, calculated as the present value of the actuarial future cost taken into account by each employee one month per year of service and subject to a maximum limit for years of service.

Actuarial gains and losses are recognised directly in other comprehensive incomes and classified according to the nature of the transaction.

#### m) Foreign currency translation

Transactions denominated in currencies other than the United States dollars are translated using the exchange rate in effect on the transaction date. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statements of financial position dates. Non-monetary items are translated at historical rate. Exchange gains and losses are included in profit or loss for the period. The exchange rate to the US dollar as at the closing date of these financial statements was 907.13 Chilean peso (CLP) (996.46 Chilean peso for 2024),

#### n) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and high liquid investments, which are readily convertible without significant risk into cash with maturity of three months or less from the date of purchase.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### o) Share capital

The Company records proceed from share issuances net of issue costs and any tax effects in shareholders' equity. Share capital is denominated at nominal value. The reclassification from Share capital to reserve reflects the effect of foreign-exchange translation and Consumer Price Index revaluation performed under Chilean GAAP used by the Company before introducing IFRS in Chile in 2011.

#### p) Employee benefits

Employee benefits include base salary, social security, health and disability benefits and annual bonuses.. All employee benefits are recognised as the related services are provided.

#### q) Finance income and expenses

The Company's finance income and finance expenses include:

- interest income;
- interest expense; and
- the net gain or loss on financial instruments measured at fair value through profit and loss.

Interest income or expense is recognised using the effective interest method.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 3 MATERIAL ACCOUNTING POLICIES, CONTINUED

#### r) New standards and interpretations

There are no significant changes arising from new standards, amendments to standards and interpretations applicable to the Company, which require mandatory adoption from period beginning at January 1, 2025.

Amendments to IFRS accounting standards	Mandatory application date
Lack of Convertibility (Amendment to IAS 21).	Annual periods begin on or after January 1, 2025. Early adoption is permitted.
Disclosures about uncertainties in the financial statements (Amendments to illustrative examples of IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37)	No effective date or transition requirements are provided because illustrative examples are not part of IFRS Accounting Standards; they provide additional guidance on existing disclosure requirements.

The following new standards, amendments and interpretations have been issued, but their application date is not yet effective, and the Company does not plan to early adopt these standards.

Amendments to IFRS accounting standards	Mandatory application date
Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7 – PIR)	Annual periods beginning on or after January 1, 2026 (early adoption permitted)
Annual Improvements to IFRS Accounting Standards – Cycle 11	Annual periods beginning on or after January 1, 2026 (early adoption permitted)
Nature-dependent Electricity Contracts (Amendments to IFRS 9 and IFRS 7)	Annual periods beginning on or after January 1, 2026 (early adoption permitted)
Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosure Requirements	Annual periods beginning on or after January 1, 2027 (early adoption permitted)
Conversion to a hyperinflationary presentation currency (Amendments to IAS 21)	Annual periods beginning on or after January 1, 2027 (early adoption permitted)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely (early adoption permitted)
New IFRS Accounting Standards	Mandatory application date
IFRS 18 Presentation and Disclosure in Financial Statements.	Annual periods beginning on or after January 1, 2027. Early adoption is permitted.
IFRS 19 Subsidiaries without Public Accountability: Disclosure Requirements.	Annual periods beginning on or after January 1, 2027. Early adoption is permitted.

These accounting pronouncements issued but not yet effective are not expected to have a significant impact on the financial statements.

### 4 FORMATION OF SIERRA GORDA JOINT VENTURE

On September 14, 2011, Quadra FNX Mining Ltd. (afterwards renamed to KGHM International Ltd.) and Sumitomo formed a joint venture through the Company to develop the Sierra Gorda copper-molybdenum project in Chile. The joint venture operates through a jointly controlled entity owned 55% by KGHM S.A. through KGHMI and 45% by Sumitomo.

On February 22, 2022, Sumitomo Metal Mining and Sumitomo Corporation, both Sumitomo, transferred their 45% stake in Sierra Gorda S.C.M. to South32.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 5 CASH AND CASH EQUIVALENTS

	<b>2025</b>	<b>2024</b>
<b>Current</b>		
Short-term deposits	100.5	87.8
Cash at bank	0.8	28.4
<b>Total cash and cash equivalents</b>	<b>101.3</b>	<b>116.2</b>

Cash and cash equivalents of US\$101.3 million as at December 31, 2025, and US\$116.2 million as at December 31, 2024, 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 on the use of any cash and cash equivalents presented on this note.

### 6 INVENTORY

	<b>2025</b>	<b>2024</b>
<b>Current</b>		
Supplies	190.5	169.1
Work in progress	18.4	29.9
Copper concentrate	2.4	10.4
Molybdenum concentrate	2.2	3.8
<b>Total current</b>	<b>213.5</b>	<b>213.2</b>
<b>Non-current</b>		
Ore stockpile	160.3	142.6
<b>Total non-current</b>	<b>160.3</b>	<b>142.6</b>
<b>Total net carrying amount of inventory</b>	<b>373.8</b>	<b>355.8</b>

Mineral inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price for inventories, less costs of completion and estimated distribution and other selling costs. None net realizable value adjustment has been recorded by the Company during the period ended December 31, 2025 (December 31, 2024 - US\$0 million).

As at December 31, 2025, a negative impact of US\$3.4 million (December 31, 2024 – negative impact of US\$26.3 million) were recognized as a change in inventory and included in cost of sales. As at December 31, 2025, US\$0.8 million (December 31, 2024 – US\$2.4 million) were recognized as technical obsolescence write-off and included in cost of sales. Refer to Note 19.

As at December 31, 2025, the obsolescence provision amounted to US\$1.2 million (December 31, 2024 - US\$5.9 million).



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 7 CURRENT TAX

As at December 31, 2025 and 2024, the Company determined, pursuant to the tax laws currently in effect, the mining tax on mining activities to which the monthly provisional payments were credited, detailed as follows:

	2025	2024
Provisional specific mining tax payments	24.0	12.3
Other credit	0.3	0.4
<b>Total current tax asset</b>	<b>24.3</b>	<b>12.7</b>

	2025	2024
Mining tax	46.9	23.8
<b>Total mining tax liability</b>	<b>46.9</b>	<b>23.8</b>

### 8 TRADE RECEIVABLES

<b>Current</b>	2025	2024
<b>Trade receivables</b> (subject to provisional pricing)		
Trade receivables	221.0	149.6
Mark-to-Market (“MTM”)	79.3	-
<b>Total trade receivables</b>	<b>300.3</b>	<b>149.6</b>

As at December 31, 2025 due to the changes in the mineral price, a positive Mark-to-market copper adjustment was recorded by the Company and classified as trade receivable for \$79.3 million (December 31, 2024 - a negative Mark-to-market adjustment was recorded by the Company and classified as trade and other payables for \$19.3 million) which refers to 170.7 million unsettled copper concentrate pounds, and 5.4 million unsettled molybdenum pounds (December 31, 2024 - 160.3 million of unsettled copper concentrate pounds and 3.9 million unsettled molybdenum pounds).

The net carrying amount of trade receivables approximates to fair value and reflects the Company's maximum credit risk associated with each classification of trade receivables. These receivables are neither collateralized nor secured. A financial asset is past due when a counterparty has failed to make a payment when that payment was contractually due.

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

	2025	2024
Less than 1 month	188.7	124.8
1 to 3 months	31.2	22.9
Greater than 3 months	1.1	1.9
<b>Total trade receivables less MtM</b>	<b>221.0</b>	<b>149.6</b>



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 9 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, 2025</b>									
Cost	11.9	6,705.1	198.2	15.3	2,514.2	466.3	83.4	83.7	10,078.1
Accumulated depreciation	-	(2,916.0)	(94.8)	(12.4)	(1,345.8)	-	(70.4)	-	(4,439.4)
Impairment	(6.6)	(3,220.8)	(161.5)	-	(345.4)	-	-	-	(3,734.3)
Impairment reversal	-	1,544.7	54.0	-	-	-	-	-	1,598.7
Impairment accumulated amortization	-	1,023.2	82.8	-	-	-	-	-	1,106.0
<b>Net book value</b>	<b>5.3</b>	<b>3,136.2</b>	<b>78.7</b>	<b>2.9</b>	<b>823.0</b>	<b>466.3</b>	<b>13.0</b>	<b>83.7</b>	<b>4,609.1</b>
<b>Change in cost</b>									
Additions	-	-	-	3.6	365.3	219.9	22.3	-	611.1
Disposals	-	(17.4)	-	-	-	-	-	-	(17.4)
Transfers	-	266.2	-	-	-	(266.7)	-	0.5	-
<b>Sub total</b>	<b>-</b>	<b>248.8</b>	<b>-</b>	<b>3.6</b>	<b>365.3</b>	<b>(46.8)</b>	<b>22.3</b>	<b>0.5</b>	<b>593.7</b>
<b>Change in depreciation</b>									
Additions	-	(301.6)	(13.5)	(0.2)	(147.4)	-	(11.1)	-	(473.8)
Disposals	-	17.2	-	-	-	-	-	-	17.2
<b>Sub total</b>	<b>-</b>	<b>(284.4)</b>	<b>(13.5)</b>	<b>(0.2)</b>	<b>(147.4)</b>	<b>-</b>	<b>(11.1)</b>	<b>-</b>	<b>(456.6)</b>
<b>Change in impairment cost</b>									
Disposals	-	1.5	-	-	-	-	-	-	1.5
Impairment reversal	-	208.7	6.2	-	-	-	-	-	214.9
<b>Sub total</b>	<b>-</b>	<b>210.2</b>	<b>6.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216.4</b>
<b>Change in impairment amortization</b>									
Additions	-	41.2	2.0	-	-	-	-	-	43.2
Disposals	-	(1.5)	-	-	-	-	-	-	(1.5)
<b>Sub total</b>	<b>-</b>	<b>39.7</b>	<b>2.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41.7</b>
<b>December 31, 2025</b>									
<b>Cost</b>	<b>11.9</b>	<b>6,953.9</b>	<b>198.2</b>	<b>18.9</b>	<b>2,879.5</b>	<b>419.5</b>	<b>105.7</b>	<b>84.2</b>	<b>10,671.8</b>
Accumulated depreciation	-	(3,200.4)	(108.3)	(12.6)	(1,493.2)	-	(81.5)	-	(4,896.0)
Impairment	(6.6)	(3,220.8)	(161.5)	-	(345.4)	-	-	-	(3,734.3)
Impairment reversal	-	1,754.9	60.2	-	-	-	-	-	1,815.1
Impairment accumulated amortization	-	1,062.9	84.8	-	-	-	-	-	1,147.7
<b>Net book value</b>	<b>5.3</b>	<b>3,350.5</b>	<b>73.4</b>	<b>6.3</b>	<b>1,040.9</b>	<b>419.5</b>	<b>24.2</b>	<b>84.2</b>	<b>5,004.3</b>



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

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

	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, 2024</b>									
Cost	11.9	6,419.9	206.9	17.5	2,200.0	466.9	71.5	82.8	9,477.4
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
<b>Net book value</b>	<b>5.3</b>	<b>3,098.1</b>	<b>92.2</b>	<b>5.3</b>	<b>624.2</b>	<b>466.9</b>	<b>12.3</b>	<b>82.8</b>	<b>4,387.1</b>
<b>Change in cost</b>									
Additions	-	-	-	(2.2)	314.2	281.2	11.9	-	605.1
Disposals	-	(3.9)	(0.1)	-	-	-	-	-	(4.0)
Transfers (*)	-	289.1	(8.6)	-	-	(281.8)	-	0.9	(0.4)
<b>Sub total</b>	<b>-</b>	<b>285.2</b>	<b>(8.7)</b>	<b>(2.2)</b>	<b>314.2</b>	<b>(0.6)</b>	<b>11.9</b>	<b>0.9</b>	<b>600.7</b>
<b>Change in depreciation</b>									
Additions	-	(287.2)	(13.9)	(0.2)	(115.4)	-	(11.2)	-	(427.9)
Disposals	-	3.5	0.1	-	-	-	-	-	3.6
Transfers	-	(7.0)	7.0	-	-	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>(290.7)</b>	<b>(6.8)</b>	<b>(0.2)</b>	<b>(115.4)</b>	<b>-</b>	<b>(11.2)</b>	<b>-</b>	<b>(424.3)</b>
<b>Change in impairment cost</b>									
Disposals	-	1.2	-	-	-	-	-	-	1.2
<b>Sub total</b>	<b>-</b>	<b>1.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.2</b>
<b>Change in impairment amortization</b>									
Additions	-	43.5	2.0	-	-	-	-	-	45.5
Disposals	-	(1.0)	(0.1)	-	-	-	-	-	(1.1)
<b>Sub total</b>	<b>-</b>	<b>42.5</b>	<b>1.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44.4</b>
<b>December 31, 2024</b>									
<b>Cost</b>	<b>11.9</b>	<b>6,705.1</b>	<b>198.2</b>	<b>15.3</b>	<b>2,514.2</b>	<b>466.3</b>	<b>83.4</b>	<b>83.7</b>	<b>10,078.1</b>
Accumulated depreciation	-	(2,916.0)	(94.8)	(12.4)	(1,345.8)	-	(70.4)	-	(4,439.4)
Impairment	(6.6)	(3,220.8)	(161.5)	-	(345.4)	-	-	-	(3,734.3)
Impairment reversal	-	1,544.7	54.0	-	-	-	-	-	1,598.7
Impairment accumulated amortization	-	1,023.2	82.8	-	-	-	-	-	1,106.0
<b>Net book value</b>	<b>5.3</b>	<b>3,136.2</b>	<b>78.7</b>	<b>2.9</b>	<b>823.0</b>	<b>466.3</b>	<b>13.0</b>	<b>83.7</b>	<b>4,609.1</b>

(\*) US\$0.4 million transferred from AUC to Intangible.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

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

- (a) Comprise land acquired for Sierra Gorda project.
- (b) Plant, buildings and equipment include 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 six 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 11 (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 19 for the capitalized amount for the period.
- (f) Assets under construction mainly include 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 December 31, 2025, the Company has contractual commitments related to capital expenditure of US\$87.9 million for 2025.

As at December 31, 2025, the Company carried out an impairment test concluding that the recoverable value of non-current assets is higher than its carrying value by US\$222.5 million. Accordingly, the Company partially reversed the impairment loss recognised in previous year by US\$214.9 million for Property, plant and equipment, and US\$7.6 million for Intangible. For more details, see Note 19 and 24.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 10 TRADE AND OTHER PAYABLES

	<b>2025</b>	<b>2024</b>
Liabilities from deliveries and services	170.9	191.5
Other accounts payable (*)	17.4	26.4
Liabilities from employee tax and social security	7.2	5.9
Liabilities for wages	-	0.9
<b>Total</b>	<b>195.5</b>	<b>224.7</b>

(\*) As at December 31, 2025 due to the changes in the mineral price, a negative Mark-to-market molybdenum adjustment was recorded by the Company and classified as other accounts payable for \$3.3 million (December 31, 2024 - a negative Mark-to-market adjustment was recorded by the Company and classified as other accounts payable for \$19.3 million) which refers to 5.4 million unsettled molybdenum pounds (December 31, 2024 – 160.3 million of unsettled copper concentrate pounds and 3.9 million unsettled molybdenum pounds).

### 11 ACCRUED LIABILITIES

<b>Current</b>	<b>2025</b>	<b>2024</b>
Accrued expenses	81.3	94.3
Payroll and benefits	26.8	24.3
Others	8.1	19.1
<b>Total accrued liabilities current</b>	<b>116.2</b>	<b>137.7</b>
<b>Non-current</b>	<b>2025</b>	<b>2024</b>
Site closure and reclamation provision (a)	29.1	24.9
Severance indemnity provision (b)	16.5	12.8
<b>Total accrued liabilities non-current</b>	<b>45.6</b>	<b>37.7</b>

(a) Site closure and reclamation provision

<b>Balance at January 1, 2025</b>	<b>24.9</b>
Increase in obligation due to change in foreign exchange	3.4
Increase in provision due to change in discount rate	0.2
Unwinding of discount	0.6
<b>Balance at December 31, 2025</b>	<b>29.1</b>
<b>Balance at January 1, 2024</b>	<b>26.5</b>
Decrease in obligation due to change in foreign exchange	(2.1)
Decrease in provision due to change in discount rate	(0.1)
Unwinding of discount	0.6
<b>Balance at December 31, 2024</b>	<b>24.9</b>



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 11 ACCRUED LIABILITIES, CONTINUED

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

Discount rate: 2.31% (December 31, 2024 – 2.34%).

In accordance with Law 20.551, which regulates the closure of mine site or facilities in Chile, the Company is obligated to submit a commitment (in the form of financial instruments that can be used as guarantees) to the regulating authority that supports the Company’s compliance with its closure and rehabilitation obligations in a future period. The Company closure obligations are based on the closure plan approved by the regulator.

On March 14, 2025, the Company signed with AVLA (insurance company) a guaranteed insurance policy for the closure cost of the mining site by 613,786.00 U.F. (US\$25.0 million), effective from March 14, 2025 to March 14, 2026.

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.

(b) Severance indemnity provision

<b>Balance at January 1, 2025</b>	<b>12.8</b>
Service cost	4.6
Effect of foreign currency translation differences	1.3
Effect of discount rate	0.8
Other comprehensive income (actuarial losses)	2.0
Benefit paid in the period	(5.0)
<b>Balance at December 31, 2025</b>	<b>16.5</b>
<hr/>	
<b>Balance at January 1, 2024</b>	<b>10.0</b>
Service cost	3.9
Effect of foreign currency translation differences	(1.0)
Effect of discount rate	0.5
Other comprehensive income (actuarial losses)	2.1
Benefit paid in the period	(2.7)
<b>Balance at December 31, 2024</b>	<b>12.8</b>



**NOTES TO FINANCIAL STATEMENTS**

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

**11 ACCRUED LIABILITIES, CONTINUED**

The main actuarial assumptions are detailed as follows:

	<b>2025</b>	<b>2024</b>
Mortality table	RV-2020	RV-2020
Actual annual interest rate	2.32%	2.32%
Resignation turnover	8.2%	8.2%
Dismissal turnover	3.0%	3.0%
Retirement age for women	60 years	60 years
Retirement age for men	65 years	65 years

Reasonably possible changes in relevant actuarial assumptions at the reporting date, to the extent that the other assumptions remain constant, would have affected the severance indemnity provision by the amounts included in the table below.

<b>Effect in US\$ million</b>	<b>2025</b>		<b>2024</b>	
	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Discount rate (change 1%)	(1.6)	1.9	(1.2)	1.5



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 12 LOANS

#### a) Subordinated sponsors' loan

<b>Non-current</b>	<b>2025</b>	<b>2024</b>
Principal		
Quadra FNX FFI Ltd.	1,145.7	1,361.1
South32 Finance 1 B.V.	656.1	779.5
South32 Finance 2 B.V.	281.2	334.1
<b>Non-current principal</b>	<b>2,083.0</b>	<b>2,474.7</b>
<b>Accrued interest</b>		
Quadra FNX FFI Ltd.	1,424.0	1,400.9
South32 Finance 1 B.V.	815.5	802.3
South32 Finance 2 B.V.	349.5	343.8
<b>Non-current accrued interest</b>	<b>2,589.0</b>	<b>2,547.0</b>
<b>Total</b>	<b>4,672.0</b>	<b>5,021.7</b>

During the year ended December 31, 2025, the Company has not received any drawdown (in the year 2024 - US\$0) from the Subordinated Sponsors Loans. The subordinated loans are stated in USD with an annual nominal fixed interest rate of 8%. Interest and principal are payable under the terms and conditions of the Subordination Agreement.

On November 18, 2024, the owners signed an agreement to extend the subordinated debt. The loan was extended from December 15, 2024, to December 31, 2032.

During the twelve-month period ended December 31, 2025, the Company paid on Sponsors' request a principal and an interest by US\$600.0 million, US\$391.7 million of the principal and US\$208.3 million of the interest (in 2024 - US\$210.0 million, US\$155.9 million of the principal and US\$54.1 million of the interest).



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 12 LOANS, CONTINUED

#### b) Credit facility

<b>Current</b>	<b>2025</b>	<b>2024</b>
Syndicated loan	0.5	0.5
<b>Total credit facility current</b>	<b>0.5</b>	<b>0.5</b>
<b>Non-current</b>	<b>2025</b>	<b>2024</b>
Syndicated loan	400.0	400.0
Transaction costs	(7.2)	(7.2)
Amortization of transaction costs	2.6	0.2
<b>Total credit facility non-current</b>	<b>395.4</b>	<b>393.0</b>

On September 16, 2024, the Company entered into a credit agreement up to US\$500.0 million with a syndication of banks, with Scotiabank Chile as the administrative agent. The loan bears interest at 3-month Term SOFR + 2.1% and is payable in full on September 24, 2027.

On September 24, 2024, US\$400.0 million was drawn down and used to pay out the BGK loan.

As at December 31, 2025, the Company has a non-executed amount up to US\$100.0 million that the Company can draw down upon financial requirements with the ability to be structured in long term.

As at December 31, 2025, the syndicated loan is supported by a guarantee issued by Sponsors.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 12 LOANS, CONTINUED

#### c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Current Liabilities		Non-Current Liabilities			Shareholders' Equity			Total
	Working capital facility	Finance Lease Liabilities	Subordinated sponsors' loans	Working capital facility	Finance Lease Liabilities	Share capital	Reserves	Retained earnings	
<b>Balance at January 1, 2025</b>	<b>0.5</b>	<b>25.2</b>	<b>5,021.7</b>	<b>393.0</b>	<b>116.8</b>	<b>2,838.1</b>	<b>(21.4)</b>	<b>(2,593.6)</b>	<b>5,780.3</b>
Payments	-	(37.3)	(600.0)	(29.3)	-	-	-	-	(666.6)
<b>Total changes from financing cash flows</b>	<b>-</b>	<b>(37.3)</b>	<b>(600.0)</b>	<b>(29.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(666.6)</b>
<b>Other changes</b>									
Right of use liabilities	-	2.6	-	-	8.7	-	-	-	11.3
Accrued during the year	-	27.9	250.3	31.7	-	-	-	-	309.9
Other changes	-	8.5	-	-	(14.6)	-	-	-	(6.1)
<b>Total Liability-related other changes</b>	<b>-</b>	<b>39.0</b>	<b>250.3</b>	<b>31.7</b>	<b>(5.9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>315.1</b>
<b>Total equity related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.4)</b>	<b>598.6</b>	<b>597.2</b>
<b>Balance at December 31, 2025</b>	<b>0.5</b>	<b>26.9</b>	<b>4,672.0</b>	<b>395.4</b>	<b>110.9</b>	<b>2,838.1</b>	<b>(22.8)</b>	<b>(1,995.0)</b>	<b>6,026.0</b>



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 12 LOANS, CONTINUED

#### c) Reconciliation of movements of liabilities to cash flows arising from financing activities, continued

	Current Liabilities			Non-Current Liabilities			Shareholders' Equity			Total
	Subordinated sponsors' loans	Working capital facility	Finance lease liabilities	Subordinated sponsors' loans	Working capital facility	Finance lease liabilities	Share capital	Reserves	Retained earnings	
<b>Balance at January 1, 2024</b>	4,955.3	400.2	23.4	-	-	133.5	2,838.1	(20.1)	(2,693.0)	5,637.4
Drawdown on working capital facility	-	-	-	-	400.0	-	-	-	-	400.0
Payments	(210.0)	(440.4)	(32.8)	-	(7.2)	-	-	-	-	(690.4)
<b>Total changes from financing cash flows</b>	<b>(210.0)</b>	<b>(440.4)</b>	<b>(32.8)</b>	<b>-</b>	<b>392.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(290.4)</b>
<b>Other changes</b>										
Reclassifications current to non-current	(5,021.7)	-	-	5,021.7	-	-	-	-	-	-
Right of use liabilities	-	-	0.2	-	-	0.5	-	-	-	0.7
Accrued during the year	276.4	40.7	22.9	-	-	-	-	-	-	340.0
Other changes	-	-	11.5	-	0.2	(17.2)	-	-	-	(5.5)
<b>Total Liability-related other changes</b>	<b>(4,745.3)</b>	<b>40.7</b>	<b>34.6</b>	<b>5,021.7</b>	<b>0.2</b>	<b>(16.7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>335.2</b>
<b>Total equity related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.3)</b>	<b>99.4</b>	<b>98.1</b>
<b>Balance at December 31, 2024</b>	<b>-</b>	<b>0.5</b>	<b>25.2</b>	<b>5,021.7</b>	<b>393.0</b>	<b>116.8</b>	<b>2,838.1</b>	<b>(21.4)</b>	<b>(2,593.6)</b>	<b>5,780.3</b>



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 13 LEASE LIABILITIES

2025				
	Direct	Embedded	Right of use Liabilities	Total
No later than one year	11.1	14.0	11.5	36.6
Later than one year and no later than five years	16.9	56.1	14.7	87.7
Later than five years	-	58.1	-	58.1
<b>Minimum lease payments</b>	<b>28.0</b>	<b>128.2</b>	<b>26.2</b>	<b>182.4</b>
Less future lease charges	(2.0)	(41.0)	(1.5)	(44.6)
Total lease liabilities	25.9	87.2	24.7	137.8
Less current portion lease liabilities	(9.7)	(6.6)	(10.6)	(26.9)
<b>Non-current lease liabilities</b>	<b>16.2</b>	<b>80.6</b>	<b>14.1</b>	<b>110.9</b>

  

2024				
	Direct	Embedded	Right of use Liabilities	Total
No later than one year	13.1	14.0	8.4	35.5
Later than one year and no later than five years	26.2	56.1	5.9	88.2
Later than five years	-	72.2	-	72.2
<b>Minimum lease payments</b>	<b>39.3</b>	<b>142.3</b>	<b>14.3</b>	<b>195.9</b>
Less future lease charges	(4.0)	(49.0)	(0.9)	(53.9)
Total lease liabilities	35.3	93.3	13.4	142.0
Less current portion lease liabilities	(11.2)	(6.1)	(7.9)	(25.2)
<b>Non-current lease liabilities</b>	<b>24.1</b>	<b>87.2</b>	<b>5.5</b>	<b>116.8</b>

The Company has recognised an embedded lease of US\$80.0 million within Atlantica (previously Abengoa) transmission lines construction contracts. During the third quarter ended September 30, 2015, the Company recognised an additional embedded lease of US\$17.0 million within these transmission lines construction contracts. They have been accounted for as lease based on a term of 252 months.

During 2020, the company entered into leases agreements (with purchase option) for an amount of US\$11.0 million with Komatsu Finance Chile S.A. The Company has accounted for this transaction as lease based on a term of 84 months with a fixed rate margin plus quarterly LIBOR, the agreement was updated and the variable component is now referenced to SOFR.

During 2023, the company entered into leases agreements (with purchase option) for an amount of US\$39.5 million with Banco Estado. The Company has accounted for this transaction as lease based on a term of 60 months with a fixed interest rate of 6.67%.

No leasing contract has variable instalments. Options for extension or termination are the common industry standard.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 14 SHARE CAPITAL

	December 31, 2025	December 31, 2024
	Ownership	Ownership
	%	%
KGHM S.A.	55	55
South32 Limited	45	45
<b>Total</b>	<b>100</b>	<b>100</b>

For the period ended December 31, 2025, the Company has not received any capital contribution.

	Number of Shares	Amount
Balance at January 1, 2025	5,748,000	2,838.1
Contribution by KGHM S.A.	-	-
Contribution by South32	-	-
Balance at December 31, 2025	5,748,000	2,838.1
Balance at January 1, 2024	5,748,000	2,838.1
Contribution by KGHM S.A.	-	-
Contribution by South32	-	-
Balance at December 31, 2024	5,748,000	2,838.1



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 15 INCOME AND MINING TAX

	2025	2024
<b>Deferred tax assets</b>		
Tax losses	655.9	897.0
Foreign intercompany liabilities	720.1	655.8
Lease liabilities	37.2	38.4
Reclamation liability	7.9	6.7
<b>Deferred tax liabilities</b>		
Mineral property, plant and equipment	(516.0)	(462.3)
Provisions	(10.5)	15.5
Start-up costs	(185.7)	(192.7)
Reclamation asset	(1.7)	(0.8)
Others	(2.2)	(2.8)
<b>Subtotal deferred tax asset, net</b>	<b>705.0</b>	<b>954.8</b>
Recognised deferred mining tax assets, net	(104.2)	(21.0)
<b>Recognised deferred tax assets, net</b>	<b>600.8</b>	<b>933.8</b>

Deferred tax balances are based on the enacted tax rates for when the assets are expected to be realized or the liabilities are settled.

As at December 31, 2025, the Company has recognised a corporate deferred tax asset of US\$600.8 million (December 31, 2024 US\$933.8 million) where the most significant deductible temporary difference is the accumulated tax losses of US\$2,429.4 million (December 31, 2024 US\$3,322.1 million). The accumulated tax losses contributed US\$655.9 million (December 31, 2024, US\$897.0 million) over the total deferred tax asset recognized.

#### Effective tax rate reconciliation

	2025	2024
<b>Profit before income tax</b>	978.8	131.9
Current corporate tax rate	27.0%	27.0%
Tax expenses using corporate rate	(264.3)	(35.6)
Current mining tax effect	(46.5)	(23.8)
Thin Cap tax effect	-	(9.4)
Deferred mining tax effect	(83.0)	29.7
Deferred tax assets not recognized	13.6	6.6
<b>Total adjustments to the benefit for taxes using corporate rate</b>	<b>(115.9)</b>	<b>3.1</b>
Tax (expenses) / benefit using effective rate	(380.2)	(32.5)
Effective tax rate	38.8%	24.6%

	2025	2024
Deductible of temporary differences	(250.7)	(29.0)
Deferred mining tax	(83.0)	29.7
Mining tax expenses	(46.5)	(23.8)
Other tax expenses	-	(9.4)
<b>Total income tax expenses</b>	<b>(380.2)</b>	<b>(32.5)</b>



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include relationships involving direct or indirect control, including common control; it also includes joint control and significant influence. These relationships are not restricted to entities but also include individuals and key management personnel. All related party transactions are reflected in the financial statements.

#### Due from related parties

	2025	2024
<b>Current Asset</b>		
South32 Chile Copper Holding Pty Ltd	10.7	1.8
<b>Total Current Asset</b>	<b>10.7</b>	<b>1.8</b>

#### Due to related parties

	2025	2024
<b>Current Liabilities</b>		
DMC Mining Services Chile SPA	1.7	2.1
KGHM Chile SpA (former MEK)	1.4	0.8
KGHM Polska Miedz S.A. (KGHM S.A.)	0.4	1.2
South32 Limited	0.3	1.0
<b>Total Current Liabilities</b>	<b>3.8</b>	<b>5.1</b>

At December 31, 2025 and 2024, the main transactions with related parties are detailed as follows:

Company	Relationship	Transaction description	Amount	2025		2024	
				Effect on profit or loss (debit)/credit	Amount	Effect on profit or loss (debit)/credit	Amount
Quadra FNX FFI Ltd.	JV Partner	Interest Subordinated Loans	137.7	(137.7)	152.0	(152.0)	
		Payments of Sub loan	330.0	-	115.5	-	
South32 Finance 1 B.V.	JV Partner	Interest Subordinated Loans	78.8	(78.8)	87.1	(87.1)	
		Payments of Sub loan	189.0	-	66.2	-	
South32 Finance 2 B.V.	JV Partner	Interest Subordinated Loans	33.8	(33.8)	37.3	(37.3)	
		Payments of Sub loan	81.0	-	28.3	-	
South32 Limited	JV Partner	Interest Guarantee	0.6	(0.6)	3.9	(3.9)	
		Payment Interest Guarantee	1.3	-	-	-	
KGHM Polska Miedz S.A.	JV Partner	Interest Guarantee	0.7	(0.7)	4.8	(4.8)	
		Payment Interest Guarantee	1.6	-	-	-	
KGHM Chile SpA (former MEK)	JV Partner	Service Fee	4.7	(4.7)	3.9	(3.9)	
DMC Mining Services Chile SPA	JV Partner	Deep Drilling services	21.4	-	23.5	-	
Bank Gospodarstwa Krajowego	Poland Entity related to KGHM Polska Miedz SA	Interest Credit Facility and others	-	-	27.5	(27.5)	
		Payments of Interest Credit Facility	-	-	22.4	-	
		Payments of Credit Facility	-	-	400.0	-	



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 16 RELATED PARTY TRANSACTIONS AND BALANCES, CONTINUED

#### *Senior Management remuneration.*

Key management personnel are the Company's Owners Council and Senior Management. The Company's Owners Council consists of six shareholders' representatives (six alternate representatives). Members of the Owners' Council of the Company do not receive any compensation.

Senior management remuneration includes base salary, health and disability benefits, and annual bonus for each member of Senior Management. Annual bonuses are paid based on participation in the Company's Short-Term Incentive Plan ("STIP"), which provides the opportunity for executives to earn a cash incentive on the achievement of specific key performance indicators established during the annual Performance, Planning and Review Process.

Related party short-term senior management benefits for the periods were:

	<b>2025</b>	<b>2024</b>
Senior Management	9.4	8.8

No post-employment benefits, other long-term benefits, termination benefits or share-based payments were provided to Senior Management.

#### *Key management personnel transactions and balances*

The Company is not aware of any key management personnel transactions during the period that were indebted to the Company or whose indebtedness to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement.

### 17 OTHER LIABILITIES

#### **Current Liabilities**

#### **Non-Current Liabilities**

Withholding taxes (*)	107.8	106.1
<b>Total</b>	<b>107.8</b>	<b>106.1</b>

(\*) The Company recognizes the withholding tax related to interest on Subordinated Sponsor Loans, the average withholding tax rate was 4% (December 31, 2024 - 4%).



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 18 REVENUES

	2025	2024
Third parties		
Copper	1,683.4	1,393.4
By product Gold	208.3	152.3
Molybdenum	191.5	137.6
By product Silver	62.5	40.7
<b>Total Third parties</b>	<b>2,145.7</b>	<b>1,724.0</b>
Mark-to-Market	95.2	(37.4)
Treatment Charges	(6.4)	(64.1)
<b>Total</b>	<b>2,234.5</b>	<b>1,622.5</b>

The total revenue at the date of this report by geographical location is as follows:

	2025	2024
Asia	1,827.1	1,280.4
Chile	350.2	299.0
Europe	33.8	33.2
Other	23.4	8.1
North America	-	1.8
<b>Total Revenue</b>	<b>2,234.5</b>	<b>1,622.5</b>

The concentration of customers based on total revenue (Cu and Mo) at the date of this report is as follows:

	2025		2024	
	%	US\$ m	%	US\$ m
Client A	11%	245.9	15%	237.8
Client B	10%	215.2	4%	66.2
Client C	8%	176.5	9%	140.6
Other clients	71%	1,596.9	72%	1,177.9

Based on the ranking from highest to lowest revenue, customers A, B, C classification corresponds to the three main customers.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 19 EXPENSES BY NATURE

As at December 31, 2025 and 2024, the costs and expenses by nature are detailed as follows:

	2025	2024
Cost of sales	1,020.6	1,015.5
Selling costs	81.0	77.2
General and administrative expenses	62.1	61.3
Reversal of impairment loss	(222.5)	-
<b>Total</b>	<b>941.2</b>	<b>1,154.0</b>

The breakdown of the costs and expenses as at December 31, 2025 and 2024 are detailed as follows:

	2025	2024
Depreciation and amortisation	436.2	387.8
External services	326.1	290.9
Energy	195.1	204.8
Employee benefits expenses	129.6	117.0
Materials	99.9	110.7
Fuel and lubricant	92.4	96.6
Replacements Parts	88.5	84.6
Ocean and inland freight	81.0	77.2
Other costs	36.4	37.8
Personnel services	20.7	15.4
Conversion costs	11.6	10.2
Service fees	4.7	3.9
Water	2.6	2.6
Obsolete cost	0.8	2.4
Change in inventories of finished goods and work in progress	3.4	26.3
Expenses capitalized to deferred stripping asset (*)	(365.3)	(314.2)
Reversal of impairment loss (**)	(222.5)	-
<b>Total</b>	<b>941.2</b>	<b>1,154.0</b>

(\*) Cash cost of US\$321.3 for period ended December 31, 2025 (US\$274.8 for 2024) and non-cash cost of US\$44.0 for 12 months period ended December 31, 2025 (US\$39.4 for 2024). Refer to Note 9.

(\*\*) Refer to Note 24.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 20 OTHER INCOME

	2025	2024
Foreign exchange gain	-	10.5
Other income	8.9	9.5
<b>Total</b>	<b>8.9</b>	<b>20.0</b>

### 21 OTHER EXPENSES

	2025	2024
Foreign exchange loss	9.8	-
Other expenses	8.7	10.1
Severance	0.4	1.7
PP&E write-off	0.2	0.3
Material write-down	0.1	-
<b>Total</b>	<b>19.2</b>	<b>12.1</b>

### 22 FINANCE INCOME

	2025	2024
Interest income	6.0	5.1
<b>Total</b>	<b>6.0</b>	<b>5.1</b>

### 23 FINANCE EXPENSES

	2025	2024
Subordinated debt interest	250.3	276.4
Syndicated loan interest	29.9	7.4
Subordinated debt related WHT	16.9	15.6
Lease interest	9.9	11.1
Guarantee fees	1.3	8.7
Other finance cost	1.9	2.9
Revolving Credit Facility – BGK	-	27.5
<b>Total</b>	<b>310.2</b>	<b>349.6</b>



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 24 REVERSAL OF IMPAIRMENT LOSS

As at December 31, 2025 the Company assessed whether there was any indication that the impairment loss recognized in prior periods may no longer exist or may have decreased considering external and internal sources. Accordingly, the Company estimated the recoverable amount of the asset, using the methodology described in Note 3d). The recoverable amount was determined based on the fair value, less cost of disposal (FVLCD) approach using discounted cash flows, because management considers that a market participant would apply such approach, including future capital expenditures, which are required for the continuous improvement of the Company's performance.

For assessing impairment, assets are grouped at the lowest level at which they generate cash inflows that are largely independent of those from other assets (Cash Generating Unit or CGU). Because cash inflows generated by the asset cannot be separated, the Company has grouped all non-current assets as one CGU.

FVLCD considers future cash flows discounted using a discount rate of 8.1%. This discount rate reflects the country, business and other risks related to the Company's operations.

FVLCD were determinate by estimating cash flows until the end of the current estimation of the life of mine based on the long-term mine and production plans.

The key assumptions to which the impairment test of the Sierra Gorda mine was most sensitive to are:

- Copper price,
- Molybdenum price,
- Discount rate,
- Crude oil price,
- Future capital expenditure,
- Reserves, production and volume to be sold,
- Foreign exchange rates, especially between the Chilean peso and U.S. dollar, and
- Other operating costs.

These assumptions were made based on the best estimation of management and market participants' expectations at the time of the impairment test. The fair value measurement is categorised as Level 3 in the fair value hierarchy.

The estimations related to economically recoverable reserves were based on reserve and resource data, exploration and evaluation work performed by qualified and experienced personnel, based on the latest and most updated information available as at the date the test was performed.

Short and mid-term copper and molybdenum prices are consistent with observable market prices and estimates which are then transitioned to a long-term price forecast. Operating cost estimations are based on management's best estimate considering future expected costs for specific cost generating activities. Furthermore, capital expenditures are based on best estimation considering future exploration and evaluation activities.

As at December 31, 2025, the recoverable amount of the CGU amounted to US\$5,142.2 million (represented by US\$5,247.1 million of Enterprise value less US\$104.9 million as Disposal cost) whereas the carrying value of the non-current assets amounted to US\$4,919.7 million. Accordingly, the Company recorded a reversal of impairment loss by US\$222.5 million. This reversal was recorded in the profit and loss account for the year 2025, and was proportionally applied to non-current assets, in particular plant and equipment, and intangible assets.



**NOTES TO FINANCIAL STATEMENTS**

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

**24 REVERSAL OF IMPAIRMENT LOSS, CONTINUED**

The following tables show the sensitivity analysis of the impairment model to changes in the main assumptions, indicating the recoverable amount when compared to the carrying value, while keeping all other variables constant.

	<b>2025</b>	<b>2024</b>
2% increase of copper price	461.2	-
2% decrease of copper price	(16.7)	-

	<b>2025</b>	<b>2024</b>
2% increase of molybdenum price	245.0	-
2% decrease of molybdenum price	200.0	-

	<b>2025</b>	<b>2024</b>
0.5% decrease in discount rate	416.0	-
0.5% increase in discount rate	41.1	-



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 25 COMMITMENTS

Key contractual commitments are as follows:

#### a) Construction of Transmission Line – 110kW

On June 29, 2012, the Company signed a contract for the construction, operation and maintenance of the power transmission line with an annual payment for capital and operating costs of approximately US\$4.4 million subject to certain escalations for a period of 21 years.

The supplier delivers the purchase option right on the transmission line and system, including, among others, all the assets required and advisable for the right to running and operation of the transmission line and system. The Company could exercise this right during the life of the contract. The Company should give notice at least 6 months in advance of the effective date of contract termination. The price of the option would correspond to the sum of: i) the remaining balance of payment of principal owed pending until completion of the 252 months, discounted at an annual rate of 8%; ii) the equivalent to fixed charge for the year in which the purchase option is exercised; and iii) 10% of the amount resulting from i) and ii).

#### b) Construction of Transmission Line – 220kW

On June 6, 2012, the Company signed a contract for the construction, operation and maintenance of the power transmission line with an annual payment for capital and operating costs of approximately US\$4.8 million subject to certain escalations for a period of 21 years.

#### c) Port Services

On April 27, 2012, the Company signed a contract for port services on an uninterrupted basis with an annual payment of approximately US\$7 million in capital expenses and operating costs subject to certain escalations for a period of 19 years effective from January 2015. The Company can terminate the contract at any time with one-year notice with the cancellation fee of US\$40.0 million.

#### d) Supply of Electricity

On June 29, 2012, the Company entered into an agreement for the supply of electrical power to the Sierra Gorda project (the Cochrane agreement) for the period from July 13, 2013 to December 31, 2034.

As part of the original agreement, the Sponsors agreed to provide guarantees up to US\$250.0 million until the project achieves certain agreed upon production and financial criteria. Effective on March 4, 2021, the “Empresa Eléctrica Cochrane SPA” signed off the termination of the guaranteed agreement with the sponsors.

On November 3, 2020, the Company modified the priorities of the energy supply in the Cochrane agreement and entered into an agreement for the supply of Renewable Energy with AES Gener, which superseded the coal-generated energy with an annual take or pay average payment of approximately US\$93.2 million. Duration of the contract is until 2036 with the possibility to be extended to 2039.

#### e) Rail Services

On May 16, 2012, the Company signed a contract on a take or pay basis for the provision of concentrate transportation services with an annual payment of approximately US\$10.0 million subject to certain escalations for a period of 20 years effective from January 2015. The contract can be terminated with one-year notice with an early termination penalty of US\$40.0 million.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 26 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 to pursue the operation and development of mineral property at low risk, and to maintain a flexible capital structure that minimizes 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.

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, and are selected with consideration of the expected timing of expenditures from the business and to meet the stable production process.

### 27 FINANCIAL INSTRUMENTS AND RISK

The Company's activities expose it to a variety of financial risks: market risk (currency, interest rate and commodity price risk), credit risk and liquidity risk. These risks are assessed regularly and, when appropriate, the Company takes steps to mitigate these risks.

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 FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 27 FINANCIAL INSTRUMENTS AND RISKS, CONTINUED

#### (a) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and commodity prices - will affect the Company's income or the value of its holdings of financial instruments.

#### *Currency risk*

The Company prepares its financial statements in its functional currency, the United States dollar (U.S. dollar). The construction and operation budget are primarily made up of U.S. dollars and Chilean Pesos. The cost of the project is subject to foreign currency exchange risk due to exchange rate movements affecting transaction costs and the translation of underlying net assets. The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities are as follows (denominated in U.S. dollars in million):

	2025	2024
Financial asset	46.9	38.0
Financial liabilities	152.7	179.0

The following table shows the effect of financial instruments considered sensitive to foreign exchange rates where they are not in U.S. dollars. Since the Company has a net financial liability position in foreign currency, an appreciation in Chilean peso regarding U.S dollar would generate an increase in loss before tax.

	2025	2024
<b>Loss (before tax)</b>		
10% appreciation in Chilean peso	(10.6)	(14.1)
<b>Total</b>	<b>(10.6)</b>	<b>(14.1)</b>

#### *Interest rate risk*

The Company does not have significant exposure to interest rate risk since most of its financial liabilities are issued at fixed interest rates.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 27 FINANCIAL INSTRUMENTS AND RISKS, CONTINUED

#### (a) Market risk, continued

##### *Commodity price risk*

The Company has not entered derivative commodity contracts. Unsettled provisionally priced sales are carried at fair value through profit or loss as part of trade receivables or trade payables at each reporting date.

The Company's exposure at December 31, 2025 and December 31, 2024 to the impact of movements in commodity prices upon unsettled provisionally priced sales is detailed in the following table:

<b>Commodity</b>	<b>Net exposure - Mlbs</b>	<b>2025 (*) Impact on equity and profit of 10% movement in market price (before tax) - USD M</b>	<b>Net exposure - Mlbs</b>	<b>2024 Impact on equity and profit of 10% movement in market price (before tax) - USD M</b>
Copper	170.7	91.7	160.3	64.3
Moly	5.4	12.0	3.9	8.3
<b>Total</b>	<b>176.1</b>	<b>103.7</b>	<b>164.2</b>	<b>72.6</b>

(\*) It is expected that most of the final price of these sales will be determined during the first half of 2026.

#### (b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial asset fails to meet its contractual obligations. The Company's significant counterparty exposures are related to cash and cash equivalents and trade receivables, the carrying amount of financial assets represents the maximum credit exposure. The counterparties consist of customers, banks and government (tax recoverable). Investments are made in accordance with the investment policy approved by the owners. In monitoring customer credit risk, due diligence is carried out on the prospective counterparties prior to entering a contract. The Company monitors the compliance with payment terms and takes corrective action where there is non-compliance.

The Company's investment policy has pre-defined expenditure and requires monitoring of the concentration of exposure and where possible, takes steps to limit exposures to anyone counterparty to reduce the risk of concentration. The Company does not believe there are any material credit risks at the issuing date of these financial statements.

At December 31, 2025 and December 31, 2024, the provisional priced trade receivables were as follows:

	<b>2025</b>	<b>2024</b>
Less than 1 month	188.7	124.8
1 to 3 months	31.2	22.9
Greater than 3 months	1.1	1.9
<b>Total Trade Receivables less MTM</b>	<b>221.0</b>	<b>149.6</b>

The abovementioned amounts do not include the MTM effect on the provisional priced trade receivables.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 27 FINANCIAL INSTRUMENTS AND RISKS, CONTINUED

#### (b) Credit risk, continued

At December 31, 2025 and December 31, 2024, the trade receivables by geographic area was as follows:

	2025	2024
Asia	217.4	120.7
Chile	1.9	21.1
Other	1.1	-
Europe	0.6	7.8
<b>Total Trade Receivables less MTM</b>	<b>221.0</b>	<b>149.6</b>

#### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will always have satisfactory financial resources to meet its liabilities when due.

The Company uses monthly cash flow forecasts to monitor available cash based on expected cash inflows and outflows. The Company ensures it has sufficient available cash to meet expected operational expenses and capital expenditure, including the servicing of financial obligations.

During the year ended December 31, 2025, the Company incurred a total comprehensive income of US\$597.2 million (US\$98.1 million at December 31, 2024) and a net equity of US\$820.3 million (US\$223.1 million as at December 31, 2024). The Company was in a net current asset position of US\$301.9 million as at December 31, 2025 (net current asset position of US\$130.3 million as at December 31, 2024).

The Company's operational strategy is to continue with the improvement of production with special focus on plant reliability, asset efficiency, and Cu recovery, increasing the throughput with the implementation of several projects, which has allowed an average of 130,917 tons of throughput per day during 2025. The above-mentioned represent an increase of 19%, from the original designed capacity of 110,000 tons of throughput per day. Drilling Program has achieved additional mineral resources compared to previous year with no significant impact on the extraction model and pit design. The 2025 Drilling Program continues drillings and improving estimation of the Company's reserves and resources, incorporating a Deep drilling program.

The Operational Cash-neutral strategy continues to focus on cost reduction through the renegotiation of service and purchase contracts, contract's scope rationalization, internalization of several categories of activities, reducing discretionary spending, and internal and contractor headcount excellence. This strategy is supported by the Value Creation Program (VCP) sponsored by the Owner's Council, which is focused on activities on revenue acceleration and cost reduction.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 27 FINANCIAL INSTRUMENTS AND RISKS, CONTINUED

#### (c) Liquidity risk, continued

Since the year 2020, the Company has not received capital contributions from the Owners. Since 2021, the Company has been gradually repaying its liabilities to the Owners under the Subordinated Debt agreement, accordingly, the Company has made payments by US\$1,790.0 million. As at December 31, 2025, the cash balance amounted to US\$101.3 million, and trade receivables from clients amounted to US\$300.3 million. The above-mentioned represents a total of US\$401.6 million of highly liquid assets.

The following are the remaining contractual maturities of liabilities at the reporting date:

<b>December 31, 2025</b>	<b>Bank loans and other loans</b>	<b>Due to related parties</b>	<b>Lease liabilities</b>	<b>Other liabilities</b>	<b>Total</b>
Maturity date					
Less than 1 year	0.5	3.8	26.9	358.6	389.8
Between 1 and 3 years	395.4	-	45.0	-	440.4
Between 3 and 5 years	-	-	18.1	-	18.1
More than 5 years	4,672.0	-	47.8	153.4	4,873.2
<b>Balance as at December 31, 2025</b>	<b>5,067.9</b>	<b>3.8</b>	<b>137.8</b>	<b>512.0</b>	<b>5,721.5</b>

<b>December 31, 2024</b>	<b>Bank loans and other loans</b>	<b>Due to related parties</b>	<b>Lease liabilities</b>	<b>Other liabilities</b>	<b>Total</b>
Maturity date					
Less than 1 year	0.5	5.1	25.2	386.2	417.0
Between 1 and 3 years	393.0	-	36.9	-	429.9
Between 3 and 5 years	-	-	22.8	-	22.8
More than 5 years	5,021.7	-	57.1	143.8	5,222.6
<b>Balance as at December 31, 2024</b>	<b>5,415.2</b>	<b>5.1</b>	<b>142.0</b>	<b>530.0</b>	<b>6,092.3</b>

The outflows disclosed in the above table represent the contractual discounted cash flows relating to liabilities. It is not expected that the cash flows included in the maturity analysis will occur significantly earlier, or significantly later than the settlement date.

The Company continues the cash preservation strategy focusing on improving operational efficiency, costs optimization and a variety of measures assuring the Company's liquidity.



## NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### 27 FINANCIAL INSTRUMENTS AND RISKS, CONTINUED

#### (d) 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 instruments 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 their fair value.

December 31, 2025	Note	Amortized cost	Fair Value through profit or loss	Total
<b>Financial assets</b>				
Cash and cash equivalents	5	101.3	-	101.3
Trade receivables	8	-	300.3	300.3
Other receivables		41.6	-	41.6
Due from related parties	16	10.7	-	10.7
Current tax asset	7	24.3	-	24.3
<b>Total financial assets</b>		<b>177.9</b>	<b>300.3</b>	<b>478.2</b>
<b>Non-financial assets</b>				<b>6,063.6</b>
<b>Total assets</b>				<b>6,541.8</b>
<b>Financial liabilities</b>				
Trade and other payables	10	192.2	3.3	195.5
Mining tax liability	7	46.9	-	46.9
Loans and credit facility	12	5,067.9	-	5,067.9
Lease liabilities	13	137.8	-	137.8
Due to related parties	16	3.8	-	3.8
<b>Total financial liabilities</b>		<b>5,448.6</b>	<b>3.3</b>	<b>5,451.9</b>
<b>Non-financial liabilities</b>				<b>269.6</b>
<b>Total liabilities</b>				<b>5,721.5</b>

December 31, 2024	Note	Amortized cost	Fair Value through profit or loss	Total
<b>Financial assets</b>				
Cash and cash equivalents	5	116.2	-	116.2
Trade receivables	8	-	149.6	149.6
Other receivables		53.8	-	53.8
Due from related parties	16	1.8	-	1.8
Current tax asset	7	12.7	-	12.7
<b>Total financial assets</b>		<b>184.5</b>	<b>149.6</b>	<b>334.1</b>
<b>Non-financial assets</b>				<b>5,981.3</b>
<b>Total assets</b>				<b>6,315.4</b>
<b>Financial liabilities</b>				
Trade and other payables	10	205.4	19.3	224.7
Mining tax liability	7	23.8	-	23.8
Loan and credit facilities	12	5,415.2	-	5,415.2
Lease liabilities	13	142.0	-	142.0
Due to related parties	16	5.1	-	5.1
<b>Total financial liabilities</b>		<b>5,791.5</b>	<b>19.3</b>	<b>5,810.8</b>
<b>Non-financial liabilities</b>				<b>281.5</b>
<b>Total liabilities</b>				<b>6,092.3</b>



## **NOTES TO FINANCIAL STATEMENTS**

(U.S. dollars in millions)

For the years ended December 31, 2025 and 2024

### **27 FINANCIAL INSTRUMENTS AND RISKS, CONTINUED**

#### **(d) Classification of financial instruments, continued**

The Company held financial instruments with low credit risk, then the Company assume at the reporting date that no significant increases in credit risk have occurred.

### **28 SUBSEQUENT EVENTS**

No significant events have occurred subsequent to December 31, 2025, which might affect the amounts and/or disclosures included in these financial statements.



**Firma Documento Electrónico**

**Identificador Único:** 16394CA6-8307-4B7E-8CB7-DF419D14DD69

**Páginas:** 57

**Tipo de Documento:** EF - ESTADOS FINANCIEROS



*Para verificar la validez dirigirse a [https://produccion.hqb.cl/HQBDOC\\_KPMG/DocumentoElectronico.aspx](https://produccion.hqb.cl/HQBDOC_KPMG/DocumentoElectronico.aspx)*