



For more information:
Investor_Relations@penoles.com.mx
Luis Carlos Navarro: (52) 55 52 79 32 19
Celia Ortega: (52) 55 52 79 32 94

INDUSTRIAS PEÑOLES, S.A.B. DE C.V. EARNINGS REPORT FOR THE SECOND QUARTER 2023.

Mexico City, August 1, 2023 - Industrias Peñoles, S.A.B. de C.V. ("Peñoles" or the "Company") (BMV: PE&OLES), a mining group with integrated operations for the smelting and refining of non-ferrous metals and the production of chemicals, reports its consolidated results for the second quarter of 2023 (2Q23) and the main changes compared to the same period of 2022 (2Q22).

EXECUTIVE OVERVIEW

In the second quarter of 2023, average metal prices recorded mixed movements compared to the same period in 2022. Gold and silver rose 3.9% and 7.1% respectively, with gold hitting an intraday record high in May on uncertainty surrounding the U.S. debt ceiling negotiation and dollar weakness. After an agreement was reached in Congress, precious metals took a downward trajectory. The price of zinc fell sharply by 36.5%, while lead and copper fell by 5.3% and 11.0%, affected by fears of an economic recession due to weak data on manufacturing production in China and the construction industry in Europe, together with reports of stable inventories and prospects of an increase in world inventories.

As reported by Fresnillo plc, the Fresnillo iron ore flotation plant (Pyrites II) was connected to the national power grid, thus initiating its start-up. This plant complements the Pyrites I plant at Saucito, to process old tailings from the Fresnillo mine and new tailings from both mining units and recover economic values of gold and silver. In addition, the Juanicipio silver-gold mining unit, whose beneficiation plant started operations the previous quarter, continued to ramp up production on track to reach nameplate capacity in the third quarter of 2023.

At the mining operations, the total volume of ore deposited decreased 15.8%, mainly at Noche Buena - as this unit nears the end of its useful life - and that of ore milled decreased 6.0%, mainly at Capela, due to intermittency in the operation to lack of water and a blockade stoppage, which was mitigated by the higher volumes milled at Juanicipio and Saucito. The lower volume processed by Noche Buena affected gold production, which had a 4.3% decrease, mitigating the higher volume produced by Juanicipio and Saucito. Silver production, on the other hand, increased 8.6% thanks to the increase in ore processing at Juanicipio and the startup of the flotation plant at Fresnillo, in addition to the higher ore grades obtained by Sabinas and Tizapa, which offset the lower production at San Julián (DOB), Fresnillo and Saucito due to lower ore grades, and at Capela, due to lower volume of ore milled. Lead production was similar (+1.0%) due to the contribution of Juanicipio and higher grades at Sabinas and Tizapa, which offset lower grades at Saucito and Velardeña. Zinc decreased 6.3%, mainly due to the lower volume of ore processed with lower grades at Velardeña and Capela, as well as lower ore grades at Saucito and San Julian (DOB), mitigated by higher production at Juanicipio. As for copper in concentrates, production volume decreased 21.9%, mainly due to lower ore processing at Capela, together with lower grade and metallurgical recovery, in addition to the lower grade at Sabinas. In contrast, copper cathode production increased 494.7%, as a result of the restart of operations at Milpillás.

In the metallurgical operations, refined gold production decreased 3.2%, mainly due to lower production at the Noche Buena mine. Silver and lead production increased 2.4% and 3.9%, respectively, due to the higher volume of concentrates treated at the Smelter, as in the same quarter of the previous year failures in the sintering process limited the treatment of concentrates and repairs were carried out due to breakage of the sinter ponds in the smelter-refinery circuit. The production of refined zinc increased 33.6% due to the higher volume of concentrates treated at the Zinc Plant, because in the comparison quarter the annual maintenance shutdown was carried out and there were several shutdowns in roasters due to failures in the power backup system and in the pickling machines, while the 2023 annual shutdown was deferred to the end of July. Quarterly production was also favored by the processing of zinc acquired from third parties, while the replacement program of cathodes and anodes in poor condition at the three electrolysis modules continues and will be completed in the third quarter of the year.

The chemical business recorded a lower production of sodium sulfate (-7.3%) due to the anticipated annual maintenance shutdown scheduled for November of this year and various power outages, in addition to lower consumption caused by logistical problems of some customers. Magnesium oxide production decreased (-48.2%) due to lower demand because of the economic slowdown. Magnesium sulfate, on the other hand, had a favorable variation (+3.9%) due to continued strong demand and stable operations. The by-product ammonium sulfate increased 3.9% due to the higher availability of sulfuric acid from the Smelter.

In the financial results, quarterly sales revenue exceeded that recorded in 2Q22. This was due to higher precious metal prices and higher volumes sold, mainly of concentrates, copper, zinc and lead, which were partially offset by the negative effect of lower base metal prices. In addition, a variation in the results of metal hedging contributed favorably. However, this benefit was affected by an increase in cost of sales due to the strong appreciation of the peso against the U.S. dollar (11.6% on average), which adversely impacts production costs incurred in pesos (approximately 50% of such costs are originated in pesos). This, together with the added costs of the start-up of the Juanicipio beneficiation plant, the Milpillas operation, the ore stripping ratio for Herradura -which resulted in a higher volume of waste material moved as part of the production cost, while in 2Q22 a higher volume was capitalized-, and inflation in the basket of inputs for our operations. Similarly, the cost of metal was higher in the quarterly comparison, due to the higher average price of metal inventories charged to cost. There was also a higher inventory consumption charge for the Juanicipio stockpile and the Noche Buena leaching pads. Additionally, operating expenses increased, also affected by the strength of the peso and inflation.

On the other hand, the financial and exchange result did not have a significant variation, while other expenses increased, mainly due to an inventory write-off in the Soledad-Dipolos unit of our subsidiary Fresnillo plc, loss on claims and in the sale of other products and services (which in 2Q22 reported income), mitigating the income from the sale of concentrates (which in 2Q22 reported a loss). Likewise, the provision for income taxes was favorable, as a result of lower income for the period and the adjustment in deferred taxes due to the effect of the revaluation of the peso against the US dollar and inflation in Mexico, which originated a benefit of certain assets for tax purposes.

Due to the factors described above, Peñoles' financial results for 2Q23 and their variation with respect to 2Q22 were as follows (in millions): Net Sales US\$1,536.9 (+4.6%), Gross Profit US\$224.7 (-25.4%), EBITDA US\$193.2 (-35.2%), Operating Income US\$30.6 (-

77.0%) and Net Income from Controlling Interest US\$22.3, 70.2% below US\$74.8 recorded in 2Q22.

I. FINANCIAL RESULTS

The consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The analysis of the consolidated financial statements is presented in millions of U.S. dollars (US\$), which is Peñoles' functional currency, and 2Q23 figures are compared to 2Q22 figures, except where otherwise indicated.

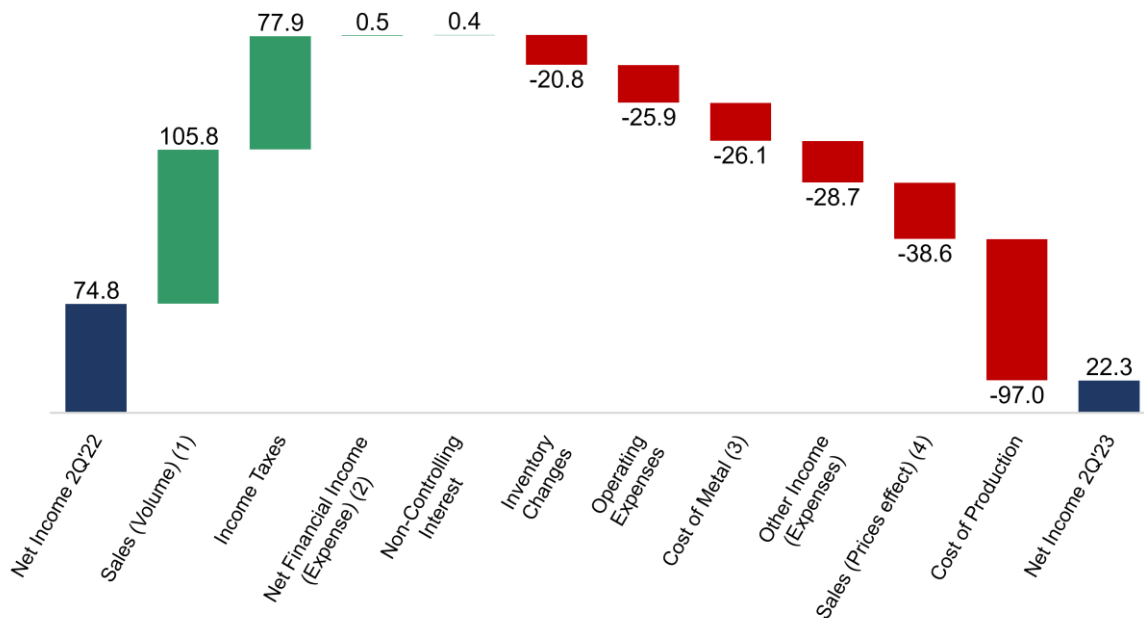
FINANCIAL HIGHLIGHTS:

(Million dollars)	2Q23	2Q22	% Chg	YTD 2023	YTD 2022	% Chg
Sales Invoiced	1,535.8	1,475.3	4.1	2,948.8	2,889.4	2.1
Net sales (1)	1,536.9	1,469.7	4.6	2,950.0	2,876.2	2.6
Gross Profit	224.7	301.3	-25.4	477.3	685.0	-30.3
% of sales	14.6%	20.5%		16.2%	23.8%	
EBITDA (2)(3)	193.2	298.2	-35.2	444.6	700.8	-36.6
% of sales	12.6%	20.3%		15.1%	24.4%	
Operating income (3)	30.6	133.2	-77.0	112.8	372.9	-69.8
% of sales	2.0%	9.1%		3.8%	13.0%	
Other (Expenses) Income (4)	-33.4	-4.7	-617.2	-34.3	-6.9	-397.6
Financial Income (Expense), Net	-44.2	-44.7	1.2	-89.6	-85.8	-4.3
Net Income (Loss) of Controlling Interest	22.3	74.8	-70.2	25.7	145.5	-82.3
% of sales	1.4%	5.1%		0.9%	5.1%	

- (1) Include results from metal hedges.
- (2) Income before financial expenses, taxes, depreciation and amortization.
- (3) Does not include Other Income (Expenses).
- (4) Include impairment of fixed assets.

INCOME STATEMENT:

The following chart shows the variation of each income statement line item and its influence on the change in net income in 2Q23 compared to 2Q22:



(1) Includes variation for other products and services.

(2) Financial result includes financial expenses and foreign exchange result

(3) Metal cost is presented net of treatment fee, profit on inventories and other items.

(4) Includes variation in hedging results.

The variations are explained below:

Net Sales for 2Q23 totaled US\$1,536.9, a growth of US\$67.3 (+4.6%), derived from higher volumes sold of concentrates, copper, zinc, lead and sodium sulfate (+US\$96.4) and higher revenues from the sale of other products and services (+US\$9.5), which offset the unfavorable effect of lower zinc and copper prices mitigated by higher gold and silver prices, among others (-US\$45.3). The above accompanied by a favorable variation in the result of sales hedges of +US\$6.7.

Cost of Sales of US\$1,312.3 was 12.3% higher than that recorded during 2Q22. The increase of +US\$143.9 was due to the following:

- Higher **Production Cost** by +US\$97.0, derived from i) the substantial appreciation of the peso against the dollar; ii) the start-up of the Juanicipio beneficiation plan and the restart of operations at Milpilllas, iii) the inflation of our critical inputs that has been reflected in higher energy costs, operating materials, maintenance and repairs; and iv) higher cost of waste material from the Herradura mine.

The variations by cost item are detailed below:

- Labor (+US\$29.6, 32.8%) about 50% of this increase is attributable to the exchange rate effect, and the rest corresponds to the increase in salaries and adjustment of employee benefits.
 - Maintenance and repairs (+US\$22.7, 21.8%) mainly for major and mechanical repairs, material and labor at Fresnillo plc, Velardeña and Met-Mex operations.
 - Energy (+US\$19.9, 17.9%) derived from higher electricity consumption, mainly at the Zinc Plant due to a higher volume of concentrates treated, as well as the operation of the Juanicipio plant and the restart of operations at Milpillas, in addition to the higher cost, due to the fact that, as previously explained, in October 2022 the supply contract of coke at fixed price that Termoeléctrica Peñoles had since its inception ended, so the cost of this fuel rose significantly. This was followed by a higher cost of diesel and lubricants, offsetting the lower cost of natural gas.
 - Contractors (+US\$17.6, 14.9%) mainly in the Juanicipio, Milpillas, Fresnillo and Ciénega mining units due to mine development and support works, as well as the lower exchange rate of the peso against the dollar.
 - Low value leases (+US\$8.6, 68.1%), for rental of machinery and equipment in the mining units, which in the same quarter of the previous year was capitalized.
 - Operating materials (+US\$1.6, 1.4%), in items such as lead for alloys, explosives and detonators, mill balls and bars, and various reagents.
 - Other items (-US\$3.0, -1.6%), mainly in raw materials (-US\$8.3) due to lower cost of ammonia (-US\$8.3), as well as lower depreciation and amortization (-US\$1.5), offsetting higher by-product carryforward charges (+US\$5.5), among others.
- Higher **Cost of Metal Sold** (+US\$26.1), due to higher consumption and average price of inventories charged to cost; mitigated by higher treatment revenue (credited to cost).
 - In 2Q23 there was a charge to cost of sales for **Inventory Movement** +US\$10.8; in contrast to the -US\$10.0 credit recorded during the same period of the previous year, mainly because of the consumption of inventories from the Juanicipio stockpile and the consumption of gold from the leaching pads at Noche Buena mine as its useful life is coming to an end.

Therefore, the **Gross Profit** of US\$224.7 was -US\$76.6 (-25.4%) lower than the US\$301.3 profit recorded during 2Q22.

Operating Expenses (General Expenses) totaled US\$194.0, an increase of +US\$25.9 (+15.4%) from the following items:

- Higher **Exploration and Geological Expenses** (+US\$ 12.0, +21.0%) due to the intensification of field activities, especially in Fresnillo plc's projects and mining units, as well as higher assay costs and mining concession rights.
- Higher **Administrative and General Expenses** (+US\$7.3, +9.7%) due to the peso appreciation, especially in the Human Capital item and higher fees paid, mitigated by lower communication and information technology expense.
- Higher **Selling Expenses** (+US\$6.6, +18.5%) mainly due to higher inland freight and handling costs because of the peso appreciation and inflation, extraordinary mining rights and other expenses, partially offset by lower royalties on sales.

Quarterly **EBITDA** was US\$193.2, lower by -US\$105.0 (-35.2%) compared to US\$298.2 in 2Q22. Likewise, **Operating Income** of US\$30.6 was unfavorable in -US\$102.6 (-77.0%), compared to that obtained in the same quarter of the previous year.

Other expenses (income), net incurred during 2Q23 amounted to US\$33.4, higher in comparison to other expenses of US\$4.7 recorded during 2Q22 (+US\$28.7), which are explained as follows:

- Other income of US\$4.7, lower (-US\$1.4) than US\$6.1, mainly due to negative variations in income from the sale of fixed assets -US\$1.4 and other products and services -US\$4.2, offset by higher income from the sale of concentrates +US\$4.1.
- Other expenses of US\$38.1 up US\$10.7 (+US\$27.3), mainly due to the write-off of gold inventories at the Soledad-Dipolos leaching pads, +US\$21.9 derived from the illegal extraction of gold contents as reported by Fresnillo plc, higher cost of claims +US\$2.9 and loss on sale of other products and services +US\$3.1 largely attributable to Fuentes de Energía Peñoles, partially offsetting a variation of -US\$1.6 for loss on sale of concentrates in 2Q22, which contrasts with the income received during 2Q23.

The **Financial and Exchange Result, net** had a marginal variation (-US\$0.5), as the expense for the period of US\$44.2 was lower than the US\$44.7 expense on the same quarter the previous year, as a result of:

- **Financial income** of US\$23.8, up US\$7.0 from the previous year (+US\$16.8) mainly due to higher interest earned on investments (+US\$14.4) and gains on changes in the fair value of derivative financial instruments (+US\$3.1), offsetting lower financial income on tax refunds (-US\$0.8).
- **Financial expenses** of US\$69.3 vs US\$47.3 (+US\$22.0), mainly due to higher interest accrued on short-term financial debt (+US\$10.2), discount of provisions (+US\$4.5), bank commissions and other financial expenses (+US\$6.4).
- **Exchange rate fluctuation.** In terms of translation, the result was favorable in +US\$5.8, since in 2Q23 there was an exchange gain of +US\$1.3 compared to a loss of -US\$4.4 in 2Q22. This item comes from the translation at the balance sheet date exchange rate of monetary assets and liabilities in currencies other than the U.S. dollar, including the Mexican peso.

The **Provision for Income Taxes** was lower by -US\$77.9. In 2Q23, the provision of -US\$100.9 is comprised by current taxes of US\$16.6 and deferred taxes of -US\$117.5, while in 2Q22 it is composed of US\$41.9 current taxes and -US\$65.0 deferred taxes. Current taxes were lower due to the lower quarterly results, while in the case of deferred taxes, the main reason for the adjustment came from the favorable effect of the appreciation of the peso against the US dollar and inflation in Mexico, which increases the US dollar value of the Company's assets for tax purposes.

Non-controlling interest in the quarterly results was a profit of US\$33.0, +US\$1.6 versus the profit of US\$31.4, due to the better results of Fresnillo plc. On the other hand, the **Equity interest in the results of associates** and joint ventures had a variation of +US\$2.0.

Due to the aforementioned factors, in 2Q23 the **Net Income of the Controlling Interest** of US\$22.3 decreased by -US\$52.5 versus the US\$74.8 obtained during 2Q22.

CASH FLOW:

At the end of 2Q23, the Company had **Cash and cash equivalents** of US\$1,407.5, a decrease of -US\$51.4 with respect to the balance of US\$1,458.9 at the end of 1Q23 (net of exchange rate fluctuation and translation effect of +US\$1.8).

The most relevant concepts are discussed below:

- 1) **Net cash flows from operating activities** of +US\$172.5. This line item consists of items directly related to operating activities without considering those that do not have an impact on cash (such as depreciation) and includes working capital, as well as income taxes, employee profit sharing and equity in the results of associates and joint ventures.
- 2) **Net cash flows from investing activities** of -US\$119.4, comprising:
 - a) Investments in property, plant and equipment for -US\$140.4, highlighting the development of depreciable mining works, the construction and strengthening of tailings deposits, the stripping and leaching pad at Herradura, as well as the purchase of equipment for the Juanicipio mine and other operating units.
 - b) Interest collected +US\$16.5.
 - c) Other items +US\$4.5 which include income from the sale of fixed assets and collection of loans from third parties.
- 3) **Net cash flows from financing activities** of -US\$106.4, derived from:
 - a) Obtaining and repaying short-term loans used to finance working capital needs and amortization of the current portion of long-term loans -US\$45.4.
 - b) Dividend payments to non-controlling interests -\$39.2.
 - c) Interest paid on financial debt -US\$22.2.
 - d) Payment of lease liabilities -US\$5.1.
 - e) Other items +US\$5.5.

II. ECONOMIC ENVIRONMENT AND METAL PRICES

The main economic variables that had a significant impact on the Company's results include the following.

	2Q'23	2Q'22	% Chg	YTD 2023	YTD 2022	% Chg
Inflation for the period (%) *	-0.14	1.57		1.37	4.04	
Exchange rate (peso-dollar):						
Close	17.0720	19.9847	-14.6			
Average	17.7225	20.0414	-11.6	18.2123	20.2822	-10.2

Period	Gold (US\$/Oz)	Silver (US\$/Oz)	Lead (UScts/lb)	Zinc (UScts/lb)	Copper (UScts/lb)
1Q'22	1,877.16	24.13	105.92	170.27	453.46
2Q'22	1,870.58	22.62	99.74	177.56	431.49
Average YTD 2022	1,873.95	23.37	102.91	173.83	442.74
1Q'23	1,889.92	22.51	97.09	141.71	404.92
2Q'23	1,943.54	24.24	94.47	112.70	383.92
Average YTD 2023	1,916.08	23.37	95.81	127.55	394.76
%Var Q2'23 vs. Q2'22	3.9	7.1	-5.3	-36.5	-11.0
%Var Q2'23 vs Q1'23	2.8	7.7	-2.7	-20.5	-5.2
%Var 2023 vs 2022	2.2	0.0	-6.9	-26.6	-10.8

*Corresponds to Mexican inflation (National Consumer Price Index)

After reaching an all-time intraday high of US\$2,085 per ounce on May 4, the price of gold trended downwards, due to the agreement in Congress on the US debt ceiling eliminating the risk of default and as concerns about a possible banking crisis subsided. Some U.S. economic data showed solid labor market conditions and inflation still above target, despite the tightening of monetary policy and the reduction of fiscal stimulus, which continued to affect prices due to the expectation of further interest rate hikes. In the case of silver, after a period of strength, long positions of investors in backed funds decreased significantly, affecting the price of the metal in the short term, which, together with rising production data, weakened the price. However, silver continued to find support in industrial demand.

Volatility prevailed for base metals during the second quarter, in a context of growing uncertainty for both supply and demand. Zinc and copper were most affected by weak manufacturing production data, particularly in China, as well as fragile demand for construction in Europe. Although vehicle production and sales improved substantially, this was attributed to the low base of comparison in 2022, when supply chain disruptions from the Covid-19 pandemic were still present. Reports indicated that total zinc inventories have remained stable, while in the case of copper, a surplus of inventories is expected due to the increase in mining production and weak demand.

III. OPERATING RESULTS

The following is a discussion of the main aspects that affected the variations in operating results in 2Q23 compared to 2Q22.

MINING OPERATIONS:

Production	2Q'23	2Q'22	% Chg	YTD 2023	YTD 2022	% Chg
Ore Processed (Mton)	10,636	11,984	-11.3	23,204	21,875	6.1
Gold (oz)	169,469	177,068	-4.3	356,561	342,758	4.0
Silver (koz)	19,228	17,710	8.6	35,303	34,415	2.6
Lead (ton)	21,033	20,821	1.0	40,074	39,337	1.9
Zinc (ton)	65,435	69,808	-6.3	130,711	137,020	-4.6
Copper (ton)	2,275	2,914	-21.9	4,636	5,344	-13.3
Cathodic Copper (ton)	3,115	524	494.7	6,013	1,199	401.4

*Includes 100% of payable production of Fresnillo plc and Juanicipio.

Mton: thousand tons; oz: troy ounces; koz: thousand troy ounces; ton: metric tons.

Gold (-4.3%): The lower gold production was mainly due to the lower volume mined with lower grade at Noche Buena partially offsetting a higher recovery rate. The closure process of this mining unit started in May. This deficit was partially mitigated by higher production at Juanicipio and Saucito, both due to higher volume of ore processed.

Silver (+8.6%): The higher silver production is attributed to the ramp-up at Juanicipio, which significantly increased ore processing after its beneficiation plant started operations in 2023 and obtained a better metallurgical recovery. Also contributing to this growth, to a lesser extent, were the start-up of operations of the Fresnillo tailings flotation plant (Pyrites II), whose tie-in to the power grid took place in May, as well as better ore grades at Sabinas and Tizapa. All of them compensated for the lower production at San Julián (DOB) due to lower grade and processed volume, at Fresnillo due to lower grade and metallurgical recovery, at Capela and Ciénega due to lower volume of ore processed, and at Saucito and Velardeña due to lower ore grades.

Lead (+1.0%): Lead produced in concentrates increased slightly, due to higher ore processing at Juanicipio, with better grades and metallurgical recovery, and to better grades obtained at Sabinas and Tizapa, which offset the lower ore grades at Saucito, Fresnillo and Velardeña, as well as the lower volume, grade and recovery at San Julián (DOB).

Zinc (-6.3%): The decrease in zinc production was mainly due to lower volumes of ore processed with lower ore grades at Velardeña and Capela, and lower grades at Saucito and San Julián (DOB), partially mitigating these effects the Juanicipio ramp-up with higher ore processing, better grade and recovery.

Copper (-21.9%): The unfavorable variation of copper in concentrates was caused mainly by the impact on Capela's operational continuity, which resulted in a lower volume of ore processed with lower grade and recovery; in addition to the lower ore grade at Sabinas. These shortfalls were partially mitigated by better grade at Velardeña.

Cathodic copper (+494.7%): The growth in copper cathodes output reflects the restart of activities at the Milpillas mining unit in June 2022, with an increase in ore volume deposited for leaching and copper recovery not seen in the previous year.

METALLURGICAL OPERATIONS:

Production	2Q'23	2Q'22	% Chg	YTD 2023	YTD 2022	% Chg
Gold (oz)	249,965	258,169	-3.2	512,263	513,279	-0.2
Silver (koz)	19,574	19,114	2.4	36,751	36,910	-0.4
Lead (ton)	30,366	29,224	3.9	55,033	55,596	-1.0
Zinc (ton)	67,959	50,852	33.6	132,417	112,083	18.1

In the lead-silver circuit, there was lower gold production mainly due to the lower production at Noche Buena described above. Silver and lead increased production due to a higher volume of concentrates treated compared to 2Q22, since in that period there were shutdowns due to failures in the sintering process at the Smelter and repairs were carried out on the silver Refinery's ponds due to breakage during the first quarter of that year.

Production of refined zinc, on the other hand, increased thanks to higher volume of concentrates treated at the Zinc Plant, because in the comparison quarter the annual maintenance shutdown was carried out and there were several shutdowns in roasters due to failures in the power backup system and in the pickling machines, while the 2023 annual shutdown was postponed to the end of July. Production was also helped by zinc processing purchased from third parties. The replacement program for cathodes and anodes in poor condition at the three electrolysis modules continues and will be completed in the third quarter of the year.

CHEMICAL OPERATIONS:

Production	2Q'23	2Q'22	% Chg	YTD 2023	YTD 2022	% Chg
Sodium sulfate (ton)	173,400	186,959	-7.3	367,254	380,336	-3.4
Magnesium oxide (ton)	11,515	22,234	-48.2	28,364	45,026	-37.0
Ammonium sulfate (ton)* (ton)*	41,842	41,406	1.1	77,502	89,187	-13.1
Magnesium sulfate (ton)	18,228	17,540	3.9	34,252	32,142	6.6

***It does not include maquila.**

Quarterly sodium sulfate production was lower due to several factors, the main ones being the decrease in consumption due to logistical problems of some customers, the advancement of the annual maintenance shutdown scheduled for November to May to take advantage of the general electricity shutdown, as well as unscheduled power outages. Magnesium oxide volumes were lower due to weakening demand from fears of economic recession in the United States. Magnesium sulfate, conversely, increased output due to strong market demand and stable operations. Likewise, the ammonium sulfate by-product recorded a similar volume due to the availability of sulfuric acid from the Smelter.

IV. PROJECTS

During the quarter, exploration with drilling was conducted in 3 projects: it continued in a Chile project, and began in two projects in Mexico, with a total of 10,247 meters drilled to date. In addition, studies and field work and research were carried out on 15 of our own prospects and 7 prospects for subsequent evaluation with direct exploration. The main results are as follows:

Flobar (Sonora).

Project with copper and polymetallic mineralized zones near La Caridad mine. As environmental permits were obtained, test drilling commenced on the first target. Progress on two drill holes completed to date intercepted several sections with disseminated copper and molybdenum mineralization, with assays pending. Geology and geophysics work continues in the southern sector to define new targets.

Reina del Cobre (Durango).

Copper-zinc project located 20 km east of the Velardeña Unit. Inferred resources of 19 million tons have been defined with drilling. To increase its confidence, additional drill holes were programmed from inside the mine, and mining work will be developed for drilling stations. Permitting procedures and preparation of facilities continue to develop the mining work, which is expected to start in the third quarter of 2023.

International Projects.

At the **Racaycocha** Project, Pucajirca sector, geological and geochemical work is progressing to evaluate copper and molybdenum rich breccia zones. In the main sector of the project, the good relationship with the community continues in the process of acquiring the land required for developing the project.

In Chile, the second stage of parametric drilling continues at the **Yastai** project with an advance of 9,177 meters. Preliminary results are positive and show the possibility of growth of the ore body. Geological work is in progress in surrounding areas.

Mining Units.

At **Tizapa** mine we started drilling in the northwest extension of the deep polymetallic mantles. This drilling program will support the growth of the mine's resources. With 226 meters drilled, the first drill-hole will continue until the favorable horizon is cut. Detailed geological and geophysical mapping is being carried out on other potential drill targets.

Fresnillo plc

Fresnillo plc, a subsidiary listed independently on the London Stock Exchange and the Mexican Stock Exchange, in which Peñoles holds a 74.99% interest, continued to advance in its exploration activities and the development of precious metals projects.

The tie-in of the new Pyrites Plant to the national power grid was completed in the second quarter of 2023 and commissioning began immediately, with production ramp-up planned for the second half of the year.

For more information about the development of Fresnillo plc's projects, please visit www.fresnilloplc.com.

ABOUT INDUSTRIAS PEÑOLES, S.A.B. DE C.V.

Peñoles, founded in 1887, is a mining group with integrated operations for the smelting and refining of non-ferrous metals and the production of chemical products. It is currently the world's largest producer of refined silver; Latin America's leading producer of refined gold and lead; and it is among the world's leading producers of refined zinc and sodium sulfate.

Peñoles shares have been listed on the Mexican Stock Exchange since 1968 under the ticker symbol PE&OLES and are part of the Mexican Stock Market Index.

Analyst

Peñoles has analysis coverage from Morgan Stanley and Scotiabank.

