Quarterly Financial Information

[105000] Management commentary

Management commentary [text block]

Mexico City, May 3, 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 chemical products, reports its consolidated results for the first quarter of 2023 (1Q23) and the main changes compared to the same period of 2022 (1Q22).

EXECUTIVE SUMMARY

In the first quarter of 2023, average metal prices were lower than those recorded during the same period of the previous year, except for gold, which maintained its value. Even though in the first months of the year metals prices were favored compared to the close of 2022 due to the industrial reactivation in China, the weakness of the dollar and lower inflation data in the United States, this was not enough to recover the levels recorded in 1Q22, a period in which the uncertainty generated by the geopolitical conflict in Ukraine boosted prices of precious metals as a refuge, and of base metals due to the sanctions against Russia and the stoppage of European smelters due to the high cost of energy. Thus, 1Q23 price variations compared to 1Q22 were gold (+0.7%), silver (-6.7%), lead (-8.3%), copper (-10.7%) and zinc (-16.8%).

As reported by Fresnillo plc, the start-up of the Juanicipio silver-gold mining unit was completed on schedule during 1Q23, and is in the ramp-up phase, which is expected to reach nameplate capacity in the third quarter of this year. Ore may be further processed at the nearby Saucito and Fresnillo plants as required.

Gold production increased (+14.1%) compared to 1Q22, driven by a higher volume of ore processed with better grades at Herradura. Silver production registered a decrease (-3.8%), due to lower grades and volumes of ore processed at San Julián (DOB) and Ciénega, lower grades at Juanicipio and lower grades and recoveries at Capela, as well as lower volumes of ore processed at Tizapa. Lead content increased 2.8%, resulting from higher ore milling with better grades at Fresnillo and Sabinas, higher volume processed by Juanicipio and better grade at San Julián. In contrast, zinc production decreased (-2.9%), which was because of lower ore grades at Velardeña, Capela, San Julián and Saucito. Copper volume had a contraction (-2.9%) attributable to the lower grade and recovery at Sabinas; mineral processing at Tizapa, in addition to the decrease in ore processed, grade and recovery at Velardeña. At the Milpillas unit, copper cathode production increased 329.1%, thanks to the restart of operations in June 2022.

In the metallurgical operations, refined gold production increased (+2.8%) due to higher production at the Herradura mine. At the Lead Smelter, the volume of concentrates treated decreased due to an imbalance in the contents of copper, lead and iron in the formation of mixtures, as well as lower silver inputs in concentrates, which negatively affected silver (-3.5%) and lead (-6.5%) production. In the zinc circuit, on the other hand, the volume of treated concentrates was lower due to failures in the roasters that caused corrective shutdowns; nevertheless, the production of refined zinc increased (+5.3%) because production has been complemented with material acquired from third parties and reprocessed in the plant, while the replacement of anodes and cathodes in the Electrolysis area continues, which is expected to be completed in July of this year.

The chemical business recorded a similar production of sodium sulfate (+0.2%), while magnesium oxide production decreased (-26.1%) due to lower demand as a result of the economic slowdown. Magnesium sulfate, on the other hand, had a favorable variation (+9.7%) due to strong demand and stable operations. The by-product ammonium sulfate decreased (-25.4%) due to lower availability of sulfuric acid from the Smelter.

In financial results, 1Q23 sales revenues were similar to those recorded during 1Q22, as the negative effect of lower prices was offset by higher volumes sold - mainly of concentrates, copper, gold and silver - as well as a favorable variation in the results of metal hedging. The strong appreciation of the peso against the US dollar (8.9% on average) had a negative impact on production costs incurred in that currency (approximately 50% of such costs are originated in pesos), together with the costs added by the start-up of Juanicipio, the Milpillas operation that was not present in 1Q22, the increase in the volume of ore processed by the mines, -especially in Herradura, whose stripping ratio caused a higher volume of material moved to be recorded as production cost, while in 1Q22 a higher volume was capitalized-, and the 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 metals in inventories charged to cost and lower treatment revenues. Additionally, operating expenses were higher mainly due to the appreciation of the peso and inflation.

On the other hand, there was a lower financial expense and a higher foreign exchange loss, while the provision for income taxes decreased. The latter resulted from lower taxable income in the period and a favorable adjustment in deferred taxes, mainly due to the effect of inflation in Mexico, which resulted in a benefit of certain assets for tax purposes.

Due to the factors described above, Peñoles' financial results for 1Q23 and their variation with respect to 1Q22 were as follows (in millions): Net Sales US$1,413.0 (+0.5%), Gross Profit US$252.6 (-34.2%), EBITDA US$251.3 (-37.6%), Operating Income US$82.1
(-65.7%) and Net Income of the Controlling Interest US$3.4, unfavorable compared to the US$70.7 recorded in 1Q22.

ANNOUNCEMENTS

On April 27, 2023, the Company held its Annual Ordinary Shareholders' Meeting, the Notice of which was published on April 4, 2023. The documents related to the Meeting and the resolutions derived from it are available at our webpage www.penoles.com.mx.

Disclosure of nature of business [text block]

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 largest global producer of refined silver; it is 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 Exchange Index.

Disclosure of management's objectives and its strategies for meeting those objectives [text block]

Peñoles Exploration

During the quarter, field work concentrated on drilling one project in Chile, with a total 2,816 meters (m) drilled. Additionally, three other projects were prepared to start drilling in the second quarter and research and preparation work was carried out on 19 of our own prospects and 11 prospects for subsequent evaluation and direct exploration. The main results are as follows:

Flobar (Sonora).

Project with copper and polymetallic mineralized zones near La Caridad mine. The good relationship with the community has allowed to carry out the work and it is estimated to start drilling in the second half of the year to test three copper-zinc anomalous zones.

Reina del Cobre (Durango).

Copper-zinc project located 20 km east of the Velardeña Unit. Inferred resources of 19 million ore tons have been detected through drilling. To increase the confidence level, it is necessary to apply a systematic underground drilling, for which a series of mining developments have been planned to locate drilling stations. During the quarter, preparatory work continued for the start of the work, which is expected to begin in the third quarter of 2023.

International Projects.

At the **Racaycocha** Project, in the Pucajirca sector, new economic copper-gold mineralization has been detected, which will need to be tested with drilling at a more detailed stage. Additionally, the good relationship with the surrounding communities will facilitate the continuity of the land acquisition process for the project.

In Chile, the second stage of parametric drilling began with 2,800 m at the **Yastai** project, the preliminary results are positive and show the possibility for growth of the ore body.

Mining Units.

At the **Tizapa** Unit, work is being carried out prior to the drilling stage to refine drill targets that will support the growth of the mine's resources. We estimated to start a drilling campaign the beginning of the second quarter to test the main anomalous zones.

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 commissioning of Juanicipio was completed as planned during 1Q23, thus initiating the ramp-up phase, with full nameplate capacity expected to be reached in 3Q23. As previously reported, ore will continue to be processed at the nearby Saucito and Fresnillo plants as required.

Likewise, efforts continue to focus on meeting the requirements of the state power company and the energy regulator to complete the connection of the Fresnillo tailings flotation plant (Pyrites II) to the national power grid, with commissioning and start-up of operations expected in 2Q23.

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

Disclosure of entity's most significant resources, risks and relationships [text block]

ECONOMIC ENVIRONTMENT AND METAL PRICES.

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

	1Q23	1Q22	% Var
inflation for the period* (%):	1.51	2.43	
Exchange rate (peso-dollar):			
Close	18.1052	19.9942	*-9.4*
Average	18.7020	20.5229	*-8.9*

***National Consumer Price Index (Índice Nacional de Precios al Consumidor)**

Period	Gold (US$/Oz)	Silver (US$/Oz)	Lead (UScts/lb)	Zinc (UScts/lb)	Copper (UScts/lb)
1Q22	1,877.16	24.13	105.92	170.27	453.46
4Q22	1,725.85	21.25	95.17	136.11	362.91
1Q23	1,889.92	22.51	97.09	141.71	404.92
%Var 1Q23 vs 1Q22	*0.7*	*-6.7*	*-8.3*	*-16.8*	*-10.7*
%Var 1Q23 vs. 4Q22	*9.5*	*5.9*	*2.0*	*4.1*	*11.6*

During the first quarter of the year good U.S. employment data, inflation concerns, and the Federal Reserve's tightening of monetary policy weighed on gold and silver prices, which abruptly reversed direction after the failure of three U.S. regional banks and UBS's acquisition of Credit Suisse triggered fears of systemic risk, pushing precious metals prices to highs not seen since the start of Russia's invasion of Ukraine. The metals duo was also boosted as inflation data for February and March came in lower than expected declining the likelihood of rate hikes by the U.S. monetary authority.

As at the beginning of each year, the end of the winter season means a better performance of the industrial sector in China, which was exacerbated in 2023 by the anti-covid reopening measures and the boost to the real estate sector in the Asian giant; however, this optimism was overshadowed by concerns about the relentless inflationary burden on raw materials globally and its repercussions on economic performance.
However, when compared to the same quarter of the previous year, the average prices of both silver and base metals -particularly lead, zinc and copper- registered contractions, since in the first months of 2022 prices rose, favored, in the case of precious metals, by great uncertainty generated by the conflict between Ukraine and Russia, and in the case of base metals, by interruptions in the operation of European refineries due to high energy costs.

Disclosure of results of operations and prospects [text block]

OPERATING RESULTS

The main aspects that affected the variations in operating results in 1Q23 compared to 1Q22 are discussed below.

MINING OPERATIONS:

Production*	1Q23	1Q22	% Var
Ore Processed (Mton)	12,568	9,890	*27.1*
Gold (oz)	187,091	163,915	*14.1*
Silver (koz)	16,075	16,705	*-3.8*
Lead (ton)	19,041	18,516	*2.8*
Zinc (ton)	65,275	67,212	*-2.9*
Copper (ton)	2,361	2,431	*-2.9*
Cathodic Copper (ton)	2,898	675	*329.1*

***Includes 100% of payable production of Fresnillo plc, Juanicipio and Peñoles.**
Mton: thousand tons; oz: troy ounces; koz: thousand troy ounces; ton: metric tons.

Gold (+14.1%): Quarterly gold production increased thanks to higher ore processing with better ore grade at Herradura, as a result of positive variations in the geological model, as well as a higher grade at Saucito. This mitigated the expected decline in deposited volume, ore grade and recovery at Noche Buena, a unit nearing the end of its useful life.

Silver (-3.8%): The decrease in silver production was the result of lower ore volume and grade at Ciénega, San Julián (DOB) and Velardeña, lower grades at Juanicipio and Capela and lower recovery at the latter, as well as lower volumes of ore processed at Tizapa. This was mitigated by Fresnillo due to a higher volume of ore processed with better grade and Sabinas, with a higher volume, as well as by better grade at San Julian (Veins).

Lead (+2.8%): Lead content in concentrates increased at Fresnillo, Sabinas and Juanicipio thanks to higher volume processing, together with better grades and recoveries at the first two units. Additionally, San Julián (DOB) and Saucito contributed with better grades; compensating for the lower grade at Velardeña -due to lower ore mined at La Industria and Antares Sur-, a reduction in ore milled at Tizapa, as well as lower grade and recovery at Capela.

Zinc (-2.9%): The decrease in zinc production was due to lower ore grades at Velardeña, Capela, San Julian (DOB), Saucito and Juanicipio; together with lower processed volumes at Tizapa, Velardeña, Saucito and Ciénega; and to a lesser extent lower recoveries at Saucito and San Julián (DOB). Such reductions were partially offset by Fresnillo's production with higher ore volume, better grade and recovery, along with Tizapa's better grade and higher ore processed and recovery at Sabinas.

Copper (-2.9%): The unfavorable variation in copper production was caused mainly by the lower grade and recovery at Sabinas; lower beneficiated volume at Tizapa, in addition to the contraction in ore processed, grade and recovery at Velardeña. These factors were mitigated by higher milling at Sabinas, as well as better grade and recovery at Capela.

Cathodic copper (+329.1%): The growth reflects the restart of mining and crushing activities of the ore reserves at Milpillas in June 2022.

METALLURGICAL OPERATIONS:

Production	1Q23	1Q22	% Var
Gold (oz)	262,298	255,111	*2.8*
Silver (koz)	17,177	17,796	*-3.5*
Lead (ton)	24,667	26,372	*-6.5*
Zinc (ton)	64,458	61,231	*5.3*

In the lead-silver circuit, there was a lower volume of concentrates treated in the Smelter, due to unscheduled shutdowns and low melting speed in furnaces caused by an imbalance in the copper, lead and iron contents in the formation of mixtures that entered the production process. This resulted in lower bullion production and treatment at the lead-silver refinery, affecting quarterly silver and lead production compared to the same period of the previous year.

Gold production grew because of the increased receipt and processing of dorés from Herradura.

In the zinc circuit, the replacement program of anodes and cathodes in the Electrolysis area continues, which will increase the efficiency of electrical power and the production of refined zinc and is expected to be completed in July 2023. The volume of concentrates treated, and the production of refined zinc were lower during the quarter due to several shutdowns at the three roasters caused by operational and equipment failures. However, zinc production increased due to the treatment of reprocessed zinc purchased from third parties.

CHEMICAL OPERATIONS:

Production	1Q23	1Q22	% Var
Sodium sulfate (ton)	193,854	193,377	*0.2*
Magnesium oxide (ton)	16,849	22,793	*-26.1*
Ammonium sulfate (ton)* (ton)*)	35,659	47,781	*-25.4*
Magnesium sulfate (ton)	16,025	14,602	*9.7*

***Does not include maquila.**

Quarterly production of sodium sulfate remained stable with respect to the previous year. The growth in magnesium sulfate volume is attributable to higher production via dams due to better brine concentration, as well as solid market demand. Magnesium oxide production decreased due to lower demand because of the risk of an economic recession in the United States. Likewise, the ammonium sulfate by-product declined due to lower availability of sulfuric acid from the Lead Smelter, as well as adjustment for lower demand in the domestic market.

Financial position, liquidity and capital resources [text block]

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 1Q23 figures are compared to 1Q22 figures, except where otherwise indicated.

FINANCIAL HIGHLIGHTS:

(Millions of dollars)	1Q23	1Q22	% Var
Sales Invoiced	1,413.1	1,414.1	*-0.1*
Net Sales (1)	1,413.0	1,406.5	*0.5*
Gross Profit	252.6	383.7	*-34.2*
% of sales	*17.9%*	*27.3%*	
EBITDA (2)(3)	251.3	402.5	*-37.6*
% of sales	*17.8%*	*28.6%*	
Operating income (3)	82.1	239.8	*-65.7*
% of sales	*5.8%*	*17.0%*	
Other (Expenses) Income (4)	-0.9	-2.2	*59.1*
Financial Income (Expense), Net	-45.4	-41.1	*-10.4*
Net Income (Loss) of Controlling Interest	3.4	70.7	*-95.2*
% of sales	*0.2%*	*5.0%*	

(1) Include results for metal hedges.

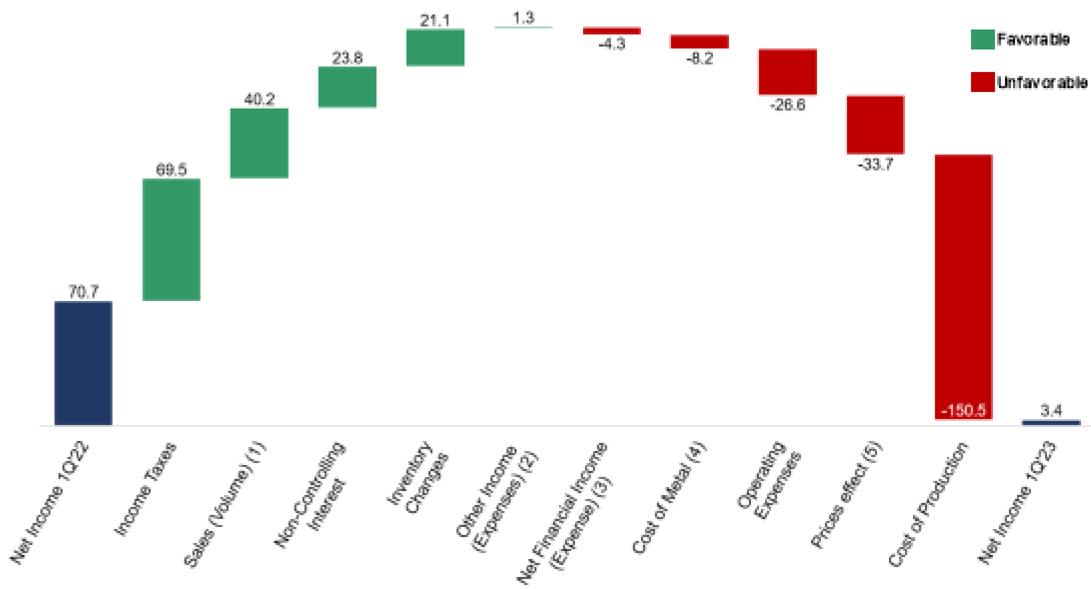
(2) Income before financial expenses, taxes, depreciation and amortization.

(3) Does not include Other Income (Expenses).

(4) Include impairment of fixed assets.

INCOME STATEMENT:

The following rainbow chart summarizes the influence of each item in the financial results on the change in net income from 1Q23



compared to 1Q22 (in million US$):

(1) Includes variation for other (services).

(2) Includes impairment of long-lived assets.

(3) Financial result includes financial expenses and foreign exchange result.

(4) Cost of Metal is presented net of treatment charges, profit on inventories and other items.

(5) Includes variation in hedging results.

The variations are explained below:

Net Sales for 1Q23 totaled US$1,413.0, a growth of US$6.5 (+0.5%), derived from higher volumes sold of concentrates, copper, gold and silver, which offset lower volumes of zinc, lead, copper matte and chemical products (+US$43.5); as well as a favorable variation from opportunity cost in sales hedges of +US$7.6. Together, the above factors mitigated the unfavorable effect of lower metal prices (-US$41.2) and lower revenues derived from the sale of other products and services (-US$3.3).

Cost of Sales of US$1,160.4 was 13.4% up than that recorded during 1Q22. The increase of +US$137.6 was due to the following:

- Higher **Production Cost** by +US$150.5, derived from: i) the lower average exchange rate of the peso against the dollar; ii) the start-up of Juanicipio and the restart of operations at Milpillas, iii) the inflation of our critical inputs, which has been reflected in higher energy costs, operating materials, maintenance and repairs, and iv) the increase in the labor force.

  The variations by cost item are shown below:

  - Energy (+US$30.9, 30.5%) derived from higher diesel cost and consumption in open pit operations, mainly due to the higher volume of material moved within the cost instead of being capitalized, due to the updating of the stripping ratio. Higher consumption and increase in the cost of electricity, due to the termination in October 2022 of the fixed-price coke supply contract that Termoeléctrica Peñoles had since its inception, so that the cost of this fuel increased.

- Maintenance and repairs (+US$29.1, 31.7%) mainly mechanical in mining units such as Herradura and Saucito.

- Human Capital (+US$25.7, 31.7%) in salaries and benefits, mainly in the mining operations due to an increase in the labor force and the effect of the lower exchange rate.

- Operating materials (+US$15.6, 14.9%), especially reagents, explosives and detonators, as well as steel and drill bits, due to higher costs and consumption.

- Contractors (+US$19.6, 18.4%) mainly in the Milpillas, Ciénega, Tizapa and Capela mining units due to increased development and support works, as well as the lower exchange rate.

- Low value leases (+$12.3, 136.7%), for rental of machinery and equipment in the mining units, which in the same quarter of the previous year had been capitalized.

- Other items (+US$17.4, +9.4%) due to higher depreciation and amortization, transportation of personnel and rental of machinery and equipment.

- Higher **Cost of Metal** Sold (+US$8.2), derived from lower treatment revenues (which are credited to cost) as a consequence of lower tonnage treated at the Smelter, as well as higher cost of consumed inventories, mainly gold and zinc.

- Higher credit to cost of sales for **Inventory Movement** by -US$21.1, derived from the lower charge from the open pit mines.

Therefore, the **Gross Profit** of US$252.6, was down by -US$131.1 (34.2%) compared to US$383.7 recorded in 1Q22.

Operating Expenses (General Expenses) totaled US$170.5, an increase of +US$26.6 (+18.5%) from the following items:

- Higher **Administrative and General Expenses** (+US$17.0, +26.7%) due to the appreciation of the peso against the dollar, higher Human Capital expenses resulting from an administrative restructuring, higher travel expenses and communication and information technology expenses.

- Higher **Selling Expenses** (+US$5.4, +16.1%) due to higher inland and ocean freight and customs expenses.

- Higher **Exploration and Geological Expenses** (+US$ 4.2, +8.9%) due to the higher pace of field activities, increased drilling work in projects and mining units, as well as payment for assays.

EBITDA for the quarter was US$251.3, -US$151.2 (-37.6%) below US$402.5 reported in 1Q22. Likewise, **Operating Income** of US$82.1 was unfavorable in -US$157.6 (-65.7%), compared to the same quarter of the previous year.

Other expenses (income), net incurred during 1Q23 were US$0.9, lower compared to the other expenses of US$2.2 recorded in 1Q22 (-US$1.3), which are explained as follows:

- Other income of US$12.6, higher (+US$9.7) than US$2.8, mainly due to the sale of other products and services, largely attributable to Fuentes de Energía Peñoles, offsetting the lack of income from the sale of fixed assets, which in the previous quarter registered +US$2.0.

- Other expenses of US$13.5 up US$5.1 (+US$8.4), due to higher remediation expenses in the closed mining units +US$2.9, loss on sale of materials in inventories +US$2.7 and fixed assets +US$0.5 and lease expenses +US$1.1, mainly.

The **Financial and Exchange Result** was slightly unfavorable (-US$4.3), as the expense for the period of US$45.5 was higher than the US$41.1 expense of the same quarter of the previous year, derived from:

- **Financial income** of US$25.0, up US$6.3 from the previous year, mainly due to higher interest earned on investments (+US$15.9) and gain on changes in fair value of derivative financial instruments +US$4.3.

- **Financial expenses** of US$55.7 vs US$46.8 (+US$9.7), mainly due to higher interest accrued on short-term financial debt (+US$5.2), higher discount of provisions (+US$2.9) and other financial expenses for leases and interest on defined benefit employee benefits (+US$2.1).

- **Exchange rate fluctuation**. In terms of translation, the result was unfavorable in -US$14.0, since in 1Q23 there was an exchange loss of -US$14.7 compared to -US$0.7 in 1Q22. . This item arises 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** recorded US$16.1, a variation of -US$69.5 compared to the provision of US$85.6 in 1Q22. In the period, it is composed of current taxes of US$79.9 and deferred taxes of -US$63.8, while in 1Q22 it is composed of US$91.5 of current taxes and -US$5.9 of deferred taxes. Current taxes decreased due to the lower results of the quarter, while the main reason for the adjustment of deferred taxes came from the favorable effect of inflation in Mexico, which increases the value of the Company's assets for tax purposes.

Non-controlling interest in the quarterly results was a profit of US$15.6, -US$24.0 versus the profit of US$39.6, due to the better results of the subsidiaries with minority interest Fresnillo plc and Tizapa. On the other hand, the **Interest in Associates and Joint Ventures** had a variation of +US$0.2.

Due to the aforementioned factors, in 1Q23 the **Net Income of the Controlling Interest** of US$3.4 had a decrease of -US$67.3 compared to the income of US$70.7 obtained during 1Q22.

CASH FLOW:

At the close of 1Q23, the Company had **Cash and cash equivalents** for US$1,458.9, a decrease of -US$10.0 compared to the balance of US$1,468.9 at the end of 2022 (net of exchange rate fluctuation and translation effect of +US$6.4).

The most relevant concepts are discussed below:

1) **Net cash flows from operating activities** of -US$42.8. 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$98.5, comprising:

   a) Investments in property, plant and equipment for -US$112.2, highlighting the development of depreciable mining works, the construction and strengthening of tailings deposits and leaching yard 14 at Herradura, as well as the purchase of equipment for the Juanicipio mine and other operating units.

   b) Interest collected +US$20.0.

   c) Other items -US$6. 3 which include income from the sale of fixed assets, collection of loans to third parties and purchase of intangibles.

3) **Net cash flows from financing activities** of +US$124.9, derived from:

a) Obtaining and repayment of short-term loans to finance working capital needs and amortization of the current portion of long-term debt +US$169.1.

b) Interest paid on financial debt -US$68.3.

c) Payment of lease liabilities -US$3.9.

d) Capital contributions and other items +US$28.0.

Internal control [text block]

Industrias Peñoles, S.A.B. de CV, maintains an Internal Control System whose objective is to reasonably guarantee to shareholders, the financial community and other interest groups that accounting transactions and disclosures are in accordance with the applicable regulation (internal and external), that internal controls are made up of procedures that promote the reliability and transparency of financial and operational records and reports, the protection of assets and the adequate management of existing critical risks as well as those emerging. In accordance with article 28, section III of the Securities Market Law (LMV), the General Director is responsible for maintaining the Internal Control System. This task is carried out with the support of the entities that make up the three lines of defense: On the one hand, those responsible for the processes, the different committees and governing bodies that include the operational and administrative divisions (each in the scope of their responsibilities), and as a third line of defense is Internal Audit, which performs an independent function by reporting directly to the Audit and Corporate Governance Committee of Industrias Peñoles and its objective is to evaluate the effectiveness of the Internal Control System and the degree of regulatory compliance based on the main risks. Additionally, there is the independent validation of the external auditor.

The effectiveness of the Internal Control System resides in an organizational structure with a clear segregation of responsibilities through the different business processes, in its business ethics that is reflected in the code of conduct and the institutional values of Confidence, Responsibility and Respect, Integrity. and Loyalty (CRIL) and in the establishment of policies and procedures that are aligned with the 6 organizational strategies of Peñoles. In compliance with the provisions of the LMV, Industrias Peñoles, S.A.B. de C.V., has an Audit and Corporate Governance Committee, which meets quarterly and renders an annual report to the Board of Directors on the status of the Internal Control System, in addition to monitoring the reports of the internal and external auditor; and other government entities such as the Compliance Department and the Finance Department. The report of the Committee for fiscal year 2022 was submitted for approval by the Annual Ordinary Shareholders' Meeting. To strengthen its ethical culture in all its interactions with its stakeholders, Peñoles offers an institutional reporting mechanism called "Línea Correcta" to employees and third parties for reporting unethical conduct that goes against the provisions of the Code of conduct. This line is available continuously and is managed by an independent third party to ensure confidentiality and anonymity; Each report is treated in accordance with the internal procedures defined by the Corporate Values and Ethics Committee.

Disclosure of critical performance measures and indicators that management uses to evaluate entity's performance against stated objectives [text block]

The Company determines performance indicators on sales as indicated in the Financial position, liquidity and capital resources section described above. Internally, the Balance Score Card is used to measure compliance with the established objectives.

[110000] General information about financial statements

Ticker:	PE&OLES
Period covered by financial statements:	2023-01-01 al 2023-03-31
Date of end of reporting period:	2023-03-31
Name of reporting entity or other means of identification:	PE&OLES
Description of presentation currency:	USD
Level of rounding used in financial statements:	THOUSANDS OF AMERICAN DOLLARS
Consolidated:	Yes
Number of quarter:	1
Type of issuer:	ICS
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period:	
Description of nature of financial statements:	

Disclosure of general information about financial statements [text block]

Follow-up of analysis [text block]

Peñoles has analysis coverage from Morgan Stanley and Scotiabank

[210000] Statement of financial position, current/non-current

Concept	Close Current Quarter 2023-03-31	Close Previous Exercise 2022-12-31
Statement of financial position [abstract]		
Assets [abstract]		
Current assets [abstract]		
Cash and cash equivalents	1,458,908,000	1,468,918,000
Trade and other current receivables	609,573,000	598,735,000
Current tax assets, current	92,370,000	75,812,000
Other current financial assets	291,792,000	46,059,000
Current inventories	1,909,095,000	1,880,641,000
Current biological assets	0	0
Other current non-financial assets	58,740,000	52,221,000
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners	4,420,478,000	4,122,386,000
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	21,362,000	21,362,000
Total current assets	4,441,840,000	4,143,748,000
Non-current assets [abstract]		
Trade and other non-current receivables	47,703,000	44,933,000
Current tax assets, non-current	0	0
Non-current inventories	91,620,000	91,620,000
Non-current biological assets	0	0
Other non-current financial assets	142,646,000	167,123,000
Investments accounted for using equity method	0	0
Investments in subsidiaries, joint ventures and associates	73,641,000	72,181,000
Property, plant and equipment	4,661,269,000	4,710,657,000
Investment property	0	0
Right-of-use assets that do not meet definition of investment property	97,413,000	98,422,000
Goodwill	0	0
Intangible assets other than goodwill	9,437,000	10,905,000
Deferred tax assets	735,738,000	702,938,000
Other non-current non-financial assets	0	0
Total non-current assets	5,859,467,000	5,898,779,000
Total assets	10,301,307,000	10,042,527,000
Equity and liabilities [abstract]		
Liabilities [abstract]		
Current liabilities [abstract]		
Trade and other current payables	398,774,000	488,284,000
Current tax liabilities, current	132,096,000	209,089,000
Other current financial liabilities	1,077,751,000	646,612,000
Current lease liabilities	14,636,000	13,793,000
Other current non-financial liabilities	0	0
Current provisions [abstract]		
Current provisions for employee benefits	29,917,000	22,981,000
Other current provisions	0	0
Total current provisions	29,917,000	22,981,000
Total current liabilities other than liabilities included in disposal groups classified as held for sale	1,653,174,000	1,380,759,000
Liabilities included in disposal groups classified as held for sale	36,442,000	35,609,000
Total current liabilities	1,689,616,000	1,416,368,000
Non-current liabilities [abstract]		
Trade and other non-current payables	0	0
Current tax liabilities, non-current	0	0

Concept	Close Current Quarter 2023-03-31	Close Previous Exercise 2022-12-31
Other non-current financial liabilities	2,647,062,000	2,628,805,000
Non-current lease liabilities	95,122,000	94,215,000
Other non-current non-financial liabilities	0	0
Non-current provisions [abstract]		
Non-current provisions for employee benefits	38,931,000	49,747,000
Other non-current provisions	439,906,000	432,417,000
Total non-current provisions	478,837,000	482,164,000
Deferred tax liabilities	94,398,000	132,699,000
Total non-current liabilities	3,315,419,000	3,337,883,000
Total liabilities	5,005,035,000	4,754,251,000
Equity [abstract]		
Issued capital	401,399,000	401,399,000
Share premium	0	0
Treasury shares	0	0
Retained earnings	3,691,101,000	3,687,681,000
Other reserves	(22,585,000)	(14,781,000)
Total equity attributable to owners of parent	4,069,915,000	4,074,299,000
Non-controlling interests	1,226,357,000	1,213,977,000
Total equity	5,296,272,000	5,288,276,000
Total equity and liabilities	10,301,307,000	10,042,527,000

[310000] Statement of comprehensive income, profit or loss, by function of expense

Concept	Accumulated Current Year 2023-01-01 - 2023-03-31	Accumulated Previous Year 2022-01-01 - 2022-03-31
Profit or loss [abstract]		
Profit (loss) [abstract]		
Revenue	1,413,032,000	1,406,520,000
Cost of sales	1,160,412,000	1,022,849,000
Gross profit	252,620,000	383,671,000
Distribution costs	38,707,000	33,336,000
Administrative expenses	131,776,000	110,563,000
Other income	12,552,000	2,852,000
Other expense	13,468,000	5,092,000
Profit (loss) from operating activities	81,221,000	237,532,000
Finance income	24,969,000	6,291,000
Finance costs	70,371,000	47,427,000
Share of profit (loss) of associates and joint ventures accounted for using equity method	(699,000)	(472,000)
Profit (loss) before tax	35,120,000	195,924,000
Tax income (expense)	16,102,000	85,591,000
Profit (loss) from continuing operations	19,018,000	110,333,000
Profit (loss) from discontinued operations	0	0
Profit (loss)	19,018,000	110,333,000
Profit (loss), attributable to [abstract]		
Profit (loss), attributable to owners of parent	3,420,000	70,719,000
Profit (loss), attributable to non-controlling interests	15,598,000	39,614,000
Earnings per share [text block]		
Earnings per share [abstract]		
Earnings per share [line items]		
Basic earnings per share [abstract]		
Basic earnings (loss) per share from continuing operations	0.01	0.18
Basic earnings (loss) per share from discontinued operations	0	0
Total basic earnings (loss) per share	0.01	0.18
Diluted earnings per share [abstract]		
Diluted earnings (loss) per share from continuing operations	0.01	0.18
Diluted earnings (loss) per share from discontinued operations	0	0
Total diluted earnings (loss) per share	0.01	0.18

[410000] Statement of comprehensive income, OCI components presented net of tax

Concept	Accumulated Current Year 2023-01-01 - 2023-03-31	Accumulated Previous Year 2022-01-01 - 2022-03-31
Statement of comprehensive income [abstract]		
Profit (loss)	19,018,000	110,333,000
Other comprehensive income [abstract]		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax [abstract]		
Other comprehensive income, net of tax, gains (losses) from investments in equity instruments	(18,753,000)	4,314,000
Other comprehensive income, net of tax, gains (losses) on revaluation	0	0
Other comprehensive income, net of tax, gains (losses) on remeasurements of defined benefit plans	0	0
Other comprehensive income, net of tax, change in fair value of financial liability attributable to change in credit risk of liability	0	0
Other comprehensive income, net of tax, gains (losses) on hedging instruments that hedge investments in equity instruments	0	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss, net of tax	0	0
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	(18,753,000)	4,314,000
Components of other comprehensive income that will be reclassified to profit or loss, net of tax [abstract]		
Exchange differences on translation [abstract]		
Gains (losses) on exchange differences on translation, net of tax	10,279,000	4,713,000
Reclassification adjustments on exchange differences on translation, net of tax	0	0
Other comprehensive income, net of tax, exchange differences on translation	10,279,000	4,713,000
Available-for-sale financial assets [abstract]		
Gains (losses) on remeasuring available-for-sale financial assets, net of tax	0	0
Reclassification adjustments on available-for-sale financial assets, net of tax	0	0
Other comprehensive income, net of tax, available-for-sale financial assets	0	0
Cash flow hedges [abstract]		
Gains (losses) on cash flow hedges, net of tax	(7,016,000)	(43,659,000)
Reclassification adjustments on cash flow hedges, net of tax	0	0
Amounts removed from equity and included in carrying amount of non-financial asset (liability) whose acquisition or incurrence was hedged highly probable forecast transaction, net of tax	0	0
Other comprehensive income, net of tax, cash flow hedges	(7,016,000)	(43,659,000)
Hedges of net investment in foreign operations [abstract]		
Gains (losses) on hedges of net investments in foreign operations, net of tax	0	0
Reclassification adjustments on hedges of net investments in foreign operations, net of tax	0	0
Other comprehensive income, net of tax, hedges of net investments in foreign operations	0	0
Change in value of time value of options [abstract]		
Gains (losses) on change in value of time value of options, net of tax	0	0
Reclassification adjustments on change in value of time value of options, net of tax	0	0
Other comprehensive income, net of tax, change in value of time value of options	0	0
Change in value of forward elements of forward contracts [abstract]		
Gains (losses) on change in value of forward elements of forward contracts, net of tax	0	0
Reclassification adjustments on change in value of forward elements of forward contracts, net of tax	0	0
Other comprehensive income, net of tax, change in value of forward elements of forward contracts	0	0
Change in value of foreign currency basis spreads [abstract]		
Gains (losses) on change in value of foreign currency basis spreads, net of tax	0	0
Reclassification adjustments on change in value of foreign currency basis spreads, net of tax	0	0
Other comprehensive income, net of tax, change in value of foreign currency basis spreads	0	0
Financial assets measured at fair value through other comprehensive income [abstract]		
Gains (losses) on financial assets measured at fair value through other comprehensive income, net of tax	0	0
Reclassification adjustments on financial assets measured at fair value through other comprehensive income, net of tax	0	0
Amounts removed from equity and adjusted against fair value of financial assets on reclassification out of fair value through other comprehensive income measurement category, net of tax	0	0

Concept	Accumulated Current Year 2023-01-01 - 2023-03-31	Accumulated Previous Year 2022-01-01 - 2022-03-31
Other comprehensive income, net of tax, financial assets measured at fair value through other comprehensive income	0	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss, net of tax	2,159,000	(241,000)
Total other comprehensive income that will be reclassified to profit or loss, net of tax	5,422,000	(39,187,000)
Total other comprehensive income	(13,331,000)	(34,873,000)
Total comprehensive income	5,687,000	75,460,000
Comprehensive income attributable to [abstract]		
Comprehensive income, attributable to owners of parent	(4,384,000)	29,725,000
Comprehensive income, attributable to non-controlling interests	10,071,000	45,735,000

[520000] Statement of cash flows, indirect method

Concept	Accumulated Current Year 2023-01-01 - 2023-03-31	Accumulated Previous Year 2022-01-01 - 2022-03-31
Statement of cash flows [abstract]		
Cash flows from (used in) operating activities [abstract]		
Profit (loss)	19,018,000	110,333,000
Adjustments to reconcile profit (loss) [abstract]		
+ Discontinued operations	0	0
+ Adjustments for income tax expense	16,102,000	85,591,000
+ (-) Adjustments for finance costs	27,680,000	59,687,000
+ Adjustments for depreciation and amortisation expense	169,187,000	162,768,000
+ Adjustments for impairment loss (reversal of impairment loss) recognised in profit or loss	0	0
+ Adjustments for provisions	10,787,000	10,624,000
+ (-) Adjustments for unrealised foreign exchange losses (gains)	18,053,000	9,609,000
+ Adjustments for share-based payments	0	0
+ (-) Adjustments for fair value losses (gains)	0	0
- Adjustments for undistributed profits of associates	0	0
+ (-) Adjustments for losses (gains) on disposal of non-current assets	1,343,000	(2,009,000)
	699,000	472,000
+ (-) Adjustments for decrease (increase) in inventories	(29,138,000)	(130,694,000)
+ (-) Adjustments for decrease (increase) in trade accounts receivable	2,504,000	(11,794,000)
+ (-) Adjustments for decrease (increase) in other operating receivables	(279,650,000)	(146,442,000)
+ (-) Adjustments for increase (decrease) in trade accounts payable	37,595,000	70,146,000
+ (-) Adjustments for increase (decrease) in other operating payables	136,758,000	(17,506,000)
+ Other adjustments for non-cash items	6,163,000	3,986,000
+ Other adjustments for which cash effects are investing or financing cash flow	0	0
+ Straight-line rent adjustment	0	0
+ Amortization of lease fees	0	0
+ Setting property values	0	0
+ (-) Other adjustments to reconcile profit (loss)	0	0
+ (-) Total adjustments to reconcile profit (loss)	118,083,000	94,438,000
Net cash flows from (used in) operations	137,101,000	204,771,000
- Dividends paid	0	0
	0	0
- Interest paid	0	0
+ Interest received	0	0
+ (-) Income taxes refund (paid)	179,932,000	157,427,000
+ (-) Other inflows (outflows) of cash	0	0
Net cash flows from (used in) operating activities	(42,831,000)	47,344,000
Cash flows from (used in) investing activities [abstract]		
+ Cash flows from losing control of subsidiaries or other businesses	0	0
- Cash flows used in obtaining control of subsidiaries or other businesses	0	0
+ Other cash receipts from sales of equity or debt instruments of other entities	0	0
- Other cash payments to acquire equity or debt instruments of other entities	0	0
+ Other cash receipts from sales of interests in joint ventures	0	0
- Other cash payments to acquire interests in joint ventures	2,313,000	0
+ Proceeds from sales of property, plant and equipment	1,047,000	2,659,000
- Purchase of property, plant and equipment	112,246,000	151,031,000
+ Proceeds from sales of intangible assets	0	0
- Purchase of intangible assets	3,873,000	4,607,000
+ Proceeds from sales of other long-term assets	0	0
- Purchase of other long-term assets	0	0

Concept	Accumulated Current Year 2023-01-01 - 2023-03-31	Accumulated Previous Year 2022-01-01 - 2022-03-31
+ Proceeds from government grants	0	0
- Cash advances and loans made to other parties	87,000	35,000
+ Cash receipts from repayment of advances and loans made to other parties	1,274,000	1,559,000
- Cash payments for futures contracts, forward contracts, option contracts and swap contracts	0	0
+ Cash receipts from futures contracts, forward contracts, option contracts and swap contracts	0	0
+ Dividends received	0	0
- Interest paid	0	0
+ Interest received	19,979,000	4,948,000
	0	0
+ (-) Other inflows (outflows) of cash	(2,247,000)	(12,024,000)
Net cash flows from (used in) investing activities	(98,466,000)	(158,531,000)
Cash flows from (used in) financing activities [abstract]		
+ Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control	0	0
- Payments from changes in ownership interests in subsidiaries that do not result in loss of control	0	0
+ Proceeds from issuing shares	0	0
+ Proceeds from issuing other equity instruments	0	0
- Payments to acquire or redeem entity's shares	0	0
- Payments of other equity instruments	(2,309,000)	0
+ Proceeds from borrowings	575,340,000	509,974,000
- Repayments of borrowings	406,237,000	358,430,000
- Payments of finance lease liabilities	0	0
- Payments of lease liabilities	3,888,000	6,741,000
+ Proceeds from government grants	0	0
- Dividends paid	0	0
- Interest paid	68,331,000	43,944,000
+ (-) Income taxes refund (paid)	0	0
+ (-) Other inflows (outflows) of cash	25,713,000	(1,217,000)
Net cash flows from (used in) financing activities	124,906,000	99,642,000
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	(16,391,000)	(11,545,000)
Effect of exchange rate changes on cash and cash equivalents [abstract]		
Effect of exchange rate changes on cash and cash equivalents	6,381,000	3,068,000
Net increase (decrease) in cash and cash equivalents	(10,010,000)	(8,477,000)
Cash and cash equivalents at beginning of period	1,468,918,000	1,817,094,000
Cash and cash equivalents at end of period	1,458,908,000	1,808,617,000

[610000] Statement of changes in equity - Accumulated Current

	Components of equity [axis]								
Sheet 1 of 3	Issued capital [member]	Share premium [member]	Treasury shares [member]	Retained earnings [member]	Revaluation surplus [member]	Reserve of exchange differences on translation [member]	Reserve of cash flow hedges [member]	Reserve of gains and losses on hedging instruments that hedge investments in equity instruments [member]	Reserve of change in value of time value of options [member]
Statement of changes in equity [line items]									
Equity at beginning of period	401,399,000	0	0	3,687,681,000	0	(69,657,000)	5,310,000	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	3,420,000	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	13,483,000	(7,016,000)	0	0
Total comprehensive income	0	0	0	3,420,000	0	13,483,000	(7,016,000)	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	3,420,000	0	13,483,000	(7,016,000)	0	0
Equity at end of period	401,399,000	0	0	3,691,101,000	0	(56,174,000)	(1,706,000)	0	0

Sheet 2 of 3	Components of equity [axis]								
	Reserve of change in value of forward elements of forward contracts [member]	Reserve of change in value of foreign currency basis spreads [member]	Reserve of gains and losses on financial assets measured at fair value through other comprehensive income [member]	Reserve of gains and losses on remeasuring available-for-sale financial assets [member]	Reserve of share-based payments [member]	Reserve of remeasurements of defined benefit plans [member]	Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale [member]	Reserve of gains and losses from investments in equity instruments [member]	Reserve of change in fair value of financial liability attributable to change in credit risk of liability [member]
Statement of changes in equity [line items]									
Equity at beginning of period	0	0	63,131,000	0	0	(13,565,000)	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	(14,271,000)	0	0	0	0	0	0
Total comprehensive income	0	0	(14,271,000)	0	0	0	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	(14,271,000)	0	0	0	0	0	0
Equity at end of period	0	0	48,860,000	0	0	(13,565,000)	0	0	0

Sheet 3 of 3	Components of equity [axis]							
	Reserve for catastrophe [member]	Reserve for equalisation [member]	Reserve of discretionary participation features [member]	Other comprehensive income [member]	Other reserves [member]	Equity attributable to owners of parent [member]	Non-controlling interests [member]	Equity [member]
Statement of changes in equity [line items]								
Equity at beginning of period	0	0	0	0	(14,781,000)	4,074,299,000	1,213,977,000	5,288,276,000
Changes in equity [abstract]								
Comprehensive income [abstract]								
Profit (loss)	0	0	0	0	0	3,420,000	15,598,000	19,018,000
Other comprehensive income	0	0	0	0	(7,804,000)	(7,804,000)	(5,527,000)	(13,331,000)
Total comprehensive income	0	0	0	0	(7,804,000)	(4,384,000)	10,071,000	5,687,000
Issue of equity	0	0	0	0	0	0	2,309,000	2,309,000
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	0	(7,804,000)	(4,384,000)	12,380,000	7,996,000
Equity at end of period	0	0	0	0	(22,585,000)	4,069,915,000	1,226,357,000	5,296,272,000

[610000] Statement of changes in equity - Accumulated Previous

	Components of equity [axis]								
Sheet 1 of 3	Issued capital [member]	Share premium [member]	Treasury shares [member]	Retained earnings [member]	Revaluation surplus [member]	Reserve of exchange differences on translation [member]	Reserve of cash flow hedges [member]	Reserve of gains and losses on hedging instruments that hedge investments in equity instruments [member]	Reserve of change in value of time value of options [member]
Statement of changes in equity [line items]									
Equity at beginning of period	401,399,000	0	0	3,507,824,000	0	(81,429,000)	(7,495,000)	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	70,719,000	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	(547,000)	(43,660,000)	0	0
Total comprehensive income	0	0	0	70,719,000	0	(547,000)	(43,660,000)	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	70,719,000	0	(547,000)	(43,660,000)	0	0
Equity at end of period	401,399,000	0	0	3,578,543,000	0	(81,976,000)	(51,155,000)	0	0

Sheet 2 of 3	Components of equity [axis]								
	Reserve of change in value of forward elements of forward contracts [member]	Reserve of change in value of foreign currency basis spreads [member]	Reserve of gains and losses on financial assets measured at fair value through other comprehensive income [member]	Reserve of gains and losses on remeasuring available-for-sale financial assets [member]	Reserve of share-based payments [member]	Reserve of remeasurements of defined benefit plans [member]	Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale [member]	Reserve of gains and losses from investments in equity instruments [member]	Reserve of change in fair value of financial liability attributable to change in credit risk of liability [member]
Statement of changes in equity [line items]									
Equity at beginning of period	0	0	68,737,000	0	0	(21,732,000)	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	3,213,000	0	0	0	0	0	0
Total comprehensive income	0	0	3,213,000	0	0	0	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	3,213,000	0	0	0	0	0	0
Equity at end of period	0	0	71,950,000	0	0	(21,732,000)	0	0	0

	Components of equity [axis]							
Sheet 3 of 3	Reserve for catastrophe [member]	Reserve for equalisation [member]	Reserve of discretionary participation features [member]	Other comprehensive income [member]	Other reserves [member]	Equity attributable to owners of parent [member]	Non-controlling interests [member]	Equity [member]
Statement of changes in equity [line items]								
Equity at beginning of period	0	0	0	0	(41,919,000)	3,867,304,000	1,156,576,000	5,023,880,000
Changes in equity [abstract]								
Comprehensive income [abstract]								
Profit (loss)	0	0	0	0	0	70,719,000	39,614,000	110,333,000
Other comprehensive income	0	0	0	0	(40,994,000)	(40,994,000)	6,121,000	(34,873,000)
Total comprehensive income	0	0	0	0	(40,994,000)	29,725,000	45,735,000	75,460,000
Issue of equity	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	0	(40,994,000)	29,725,000	45,735,000	75,460,000
Equity at end of period	0	0	0	0	(82,913,000)	3,897,029,000	1,202,311,000	5,099,340,000

[700000] Informative data about the Statement of financial position

Concept	Close Current Quarter 2023-03-31	Close Previous Exercise 2022-12-31
Informative data of the Statement of Financial Position [abstract]		
Capital stock (nominal)	401,399,000	401,399,000
Restatement of capital stock	0	0
Plan assets for pensions and seniority premiums	133,078,000	106,877,000
Number of executives	63	67
Number of employees	4,935	5,346
Number of workers	11,449	11,438
Outstanding shares	397,475,747	397,475,747
Repurchased shares	15,789,000	15,789,000
Restricted cash	0	0
Guaranteed debt of associated companies	0	0

[700002] Informative data about the Income statement

Concept	Accumulated Current Year 2023-01-01 - 2023-03-31	Accumulated Previous Year 2022-01-01 - 2022-03-31
Informative data of the Income Statement [abstract]		
Operating depreciation and amortization	169,187,000	162,768,000

[700003] Informative data - Income statement for 12 months

Concept	Current Year 2022-04-01 - 2023-03-31	Previous Year 2021-04-01 - 2022-03-31
Informative data - Income Statement for 12 months [abstract]		
Revenue	5,529,870,000	5,830,213,000
Profit (loss) from operating activities	223,177,000	928,493,000
Profit (loss)	234,259,000	487,066,000
Profit (loss), attributable to owners of parent	116,064,000	315,371,000
Operating depreciation and amortization	696,999,000	703,440,000

[800001] Breakdown of credits

Institution [axis]	Foreign institution (yes/no)	Contract signing date	Expiration date	Interest rate	Denomination [axis]											
					Domestic currency [member]						Foreign currency [member]					
					Time interval [axis]						Time interval [axis]					
					Current year [member]	Until 1 year [member]	Until 2 years [member]	Until 3 years [member]	Until 4 years [member]	Until 5 years or more [member]	Current year [member]	Until 1 year [member]	Until 2 years [member]	Until 3 years [member]	Until 4 years [member]	Until 5 years or more [member]
Banks [abstract]																
Foreign trade																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Banks - secured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Commercial banks																
Scotiabank Inverlat	NO	2023-03-10	2023-04-28	12.01%	99,695,000							0				
BBVA Bancomer	NO	2023-03-31	2023-04-28	12.23%	74,941,000											
BBVA Bancomer.	NO	2023-03-10	2023-04-28	11.99%	54,741,000											
TOTAL					229,377,000	0	0	0	0	0	0	0	0	0	0	0
Other banks																
Crédit Agricole Corporate and Investment Bank (scheme ECA)	SI	2017-06-22	2026-09-30	Libor 6 months + 0.94%							9,330,000	0	9,549,000	9,606,000	4,834,000	0
TOTAL					0	0	0	0	0	0	9,330,000	0	9,549,000	9,606,000	4,834,000	0
Total banks																
TOTAL					229,377,000	0	0	0	0	0	9,330,000	0	9,549,000	9,606,000	4,834,000	0
Stock market [abstract]																
Listed on stock exchange - unsecured																
Unsecured bonds issued by Fresnillo plc	SI	2013-11-13	2023-11-13	5.78%							317,626,000	0	0	0	0	0
Unsecured bonds issued by Fresnillo plc.	SI	2020-10-02	2050-10-02	4.47%								0	0	0	0	829,217,000
Unsecured bonds issued by IPSAB	SI	2019-09-12	2049-09-12	5.94%								0	0	0	0	536,142,000
Unsecured bonds issued by IPSAB.	SI	2019-09-12	2029-09-12	4.36%								0	0	0	0	536,141,000
Unsecured bonds issued by IPSAB .	SI	2020-08-06	2050-08-06	4.99%								0	0	0	0	500,984,000
Unsecured bonds issued by IPSAB .	SI	2020-08-06	2029-09-12	4.36%								0	0	0	0	100,197,000
TOTAL					0	0	0	0	0	0	317,626,000	0	0	0	0	2,502,681,000
Listed on stock exchange - secured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Private placements - unsecured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Private placements - secured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Total listed on stock exchanges and private placements																
TOTAL					0	0	0	0	0	0	317,626,000	0	0	0	0	2,502,681,000
Other current and non-current liabilities with cost [abstract]																
Other current and non-current liabilities with cost																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Total other current and non-current liabilities with cost																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Suppliers [abstract]																
Suppliers																
Metals and Maquilas to Pay	NO	2023-03-31	2023-05-31								6,895,000	0	0	0	0	0

Institution [axis]	Foreign institution (yes/no)	Contract signing date	Expiration date	Interest rate	Denomination [axis]											
					Domestic currency [member]						Foreign currency [member]					
					Time interval [axis]						Time interval [axis]					
					Current year [member]	Until 1 year [member]	Until 2 years [member]	Until 3 years [member]	Until 4 years [member]	Until 5 years or more [member]	Current year [member]	Until 1 year [member]	Until 2 years [member]	Until 3 years [member]	Until 4 years [member]	Until 5 years or more [member]
Mineral Senders	NO	2023-03-31	2023-05-31								80,882,000	0	0	0	0	0
Foreing Mineral Senders	SI	2023-03-31	2023-05-31								2,517,000	0	0	0	0	0
National Metals Division	NO	2023-03-16	2023-04-06								17,941,000	0	0	0	0	0
Foreing Metals Division	SI	2023-03-21	2023-05-26								49,861,000	0	0	0	0	0
National Mine Division	NO	2023-03-30	2023-04-04								68,565,000	0	0	0	0	0
Foreing Mine Division	SI	2023-02-07	2023-04-06								2,054,000	0	0	0	0	0
National Chemical Division	NO	2023-03-17	2023-04-13								2,428,000	0	0	0	0	0
Foreing Chemical Division	SI	2023-03-22	2023-04-21								2,909,000	0	0	0	0	0
National Corporate Division	NO	2022-03-25	2022-04-21								167,000	0	0	0	0	0
Foreing Corporate Division	SI	2023-03-01	2023-04-13								171,000	0	0	0	0	0
Metals Division	NO	2023-03-22	2023-04-03		6,538,000	0					0	0	0	0	0	0
Mine Division	NO	2023-02-23	2023-04-06		70,976,000	0					0	0	0	0	0	0
Chemical Division	NO	2023-03-03	2023-04-20		2,371,000	0					0	0	0	0	0	0
Corporate Division	NO	2023-03-30	2023-04-06		655,000	0					0	0	0	0	0	0
TOTAL					80,540,000	0	0	0	0	0	234,390,000	0	0	0	0	0
Total suppliers																
TOTAL					80,540,000	0	0	0	0	0	234,390,000	0	0	0	0	0
Other current and non-current liabilities [abstract]																
Other current and non-current liabilities																
Other liabilities	NO				458,546,000	0	0				62,872,000	0	120,392,000			
TOTAL					458,546,000	0	0	0	0	0	62,872,000	0	120,392,000	0	0	0
Total other current and non-current liabilities																
TOTAL					458,546,000	0	0	0	0	0	62,872,000	0	120,392,000	0	0	0
Total credits																
TOTAL					768,463,000	0	0	0	0	0	624,218,000	0	129,941,000	9,606,000	4,834,000	2,502,681,000

[800003] Annex - Monetary foreign currency position

Disclosure of monetary foreign currency position [text block]

Exchange rates March 2023 for conversions of the following currencies to national currency:

- Dollar USD	18.1052
- British Pounds	22.3527
- Swedish Krona	1.7383
- Euros	19.6586
- Canadian Dollar	13.4048

	Currencies [axis]				
	Dollars [member]	Dollar equivalent in pesos [member]	Other currencies equivalent in dollars [member]	Other currencies equivalent in pesos [member]	Total pesos [member]
Foreign currency position [abstract]					
Monetary assets [abstract]					
Current monetary assets	1,733,846,000	31,391,628,000	9,991,000	180,894,000	31,572,522,000
Non-current monetary assets	27,317,000	494,583,000	0	0	494,583,000
Total monetary assets	1,761,163,000	31,886,211,000	9,991,000	180,894,000	32,067,105,000
Liabilities position [abstract]					
Current liabilities	852,378,000	15,432,474,000	19,514,000	353,302,000	15,785,776,000
Non-current liabilities	2,574,291,000	46,608,057,000	0	0	46,608,057,000
Total liabilities	3,426,669,000	62,040,531,000	19,514,000	353,302,000	62,393,833,000
Net monetary assets (liabilities)	(1,665,506,000)	(30,154,320,000)	(9,523,000)	(172,408,000)	(30,326,728,000)

[800005] Annex - Distribution of income by product

	Income type [axis]			
	National income [member]	Export income [member]	Income of subsidiaries abroad [member]	Total income [member]
PEÑOLES				
Gold	43,195,000	374,684,000	51,562,000	469,441,000
Silver	21,852,000	14,228,000	353,711,000	389,791,000
Zinc	88,974,000	40,901,000	92,082,000	221,957,000
Concentrates	0	113,173,000	0	113,173,000
Lead	51,278,000	21,426,000	2,999,000	75,703,000
Sodium Sulfate	41,587,000	162,000	677,000	42,426,000
Copper	17,598,000	11,861,000	6,831,000	36,290,000
Copper matte	1,974,000	10,672,000	0	12,646,000
Magnesium Oxide	2,512,000	5,715,000	2,175,000	10,402,000
Ammonium Sulfate	10,287,000	0	0	10,287,000
Sulfuric Acid	6,113,000	948,000	0	7,061,000
Magnesium Hydroxide	1,300,000	3,999,000	1,340,000	6,639,000
Magnesium Sulfate	4,184,000	0	353,000	4,537,000
Copper Sulfate	3,087,000	0	68,000	3,155,000
Zinc Sulfate	2,299,000	0	0	2,299,000
Antimony Trioxide	967,000	0	0	967,000
Other Products	5,849,000	545,000	(115,000)	6,279,000
Hedges	(43,000)	22,000	0	(21,000)
TOTAL	303,013,000	598,336,000	511,683,000	1,413,032,000

[800007] Annex - Financial derivate instruments

Management discussion about the policy uses of financial derivate instruments, explaining if these policies are allowed just for coverage or for other uses like trading [text block]

DERIVATIVES FINANCIAL INSTRUMENTS SUMMARY
AS OF 2023 FIRST QUARTER
(FIGURES IN THOUSANDS OF AMERICAN DOLLARS, SWEDISH KRONOR, EUROS AND STERLING POUNDS)

Due to the nature of its business and exposures, Grupo Peñoles uses Financial Derivatives Instruments (FDI) for hedging purposes to reduce the variability of its cash flows and operational margins due to various factors, such as:

I. Price Fluctuations of:

Metals it produces (silver, gold, zinc, lead, and copper)

Inputs and row material that it consumes and/or refines (mineral concentrates, natural gas, etc.)

II. Financial variables of:

Interest rate and currency different than the functional of its liabilities.

Foreign Exchange in commercial and financial transactions.

By using FDI, Grupo Peñoles transfers the market risk of the foregoing variables to its financial counterparties. To mitigate its counterparty credit risk, Grupo Peñoles has entered into agreements only with well-known and financially strong financial institutions and assesses periodically their credit profile. That said, Grupo Peñoles currently does not foresee any of its counterparties to default on their obligations and thus does not consider it necessary to create any reserves for counterparty risk.

Derivative trades made by Grupo Peñoles are classified as “Over the Counter” (OTC). To trade FDI, the Company has credit lines with approximately 30 financial counterparties’, of which, a quarter of them are margin call free. It is important to mention, that Grupo Peñoles decisions on hedging allocations are based on diversification among all of its counterparties with the intention of making an efficient use of the existing credit lines, minimizing potential margin calls and reducing the credit/liquidity risk due to high volatility scenarios.

Compliance of the hedging process and policies is verified through internal and external auditing; for the moment, the review of procedures by an independent third party has not been considered necessary.

Grupo Peñoles Senior Management has an active participation in the analysis, authorization and monitoring of the different FDI strategies, therefore, the company’s Board of Directors has appointed a Hedging Committee that gathers once every two months, according to a proposed calendar at the beginning of each year, but also as frequent as the Finance Department summons it. In every session, a memorandum containing all the agreements reached is prepared.

The Hedging Committee has the following responsibilities:

I. Analyze and approve hedging strategies for the different assets and liabilities according to the desired budget and risk profiles.

II. Analyze the behavior of the different financial markets in wich Grupo Peñoles participates or that could affect company’s FDI hedging portfolio performance.

III. Analyze the outstanding positions of our hedged underlying’s (hedged percentage, tenor, valuation, etc.)

IV. Analyze and authorize counterparty risk with whom we can trade FDI.

Grupo Peñoles Senior Management maintains a conservative position authorizing mainly “Plain Vanilla” hedging strategies, encouraging risk management through constant effectiveness valuations and the permanent review of the hedged underlying asset vs the derivative, verifying that no significant deviations are taking place.

As part of the internal control, policies and procedures for the use of FDI have been established and are periodically reviewed for their corresponding update.

There are strict control and monitoring through a daily report of the authorized, executed, current and pending FDI positions issued by the Treasury and Financing Department, supported by the approval of the Senior Management.

General description about valuation techniques, standing out the instruments valuated at cost or fair value, just like methods and valuation techniques [text block]

Grupo Peñoles has the necessary infrastructure to value all of its FDI through a treasury software made and customized in house, called Sistema Integral de Finanzas (SIF), also internal valuation models. It is worth mentioning that the Treasury and Financing Department is responsible for the valuation of the FDI and the results are used for hedge accounting purposes. The valuation technique is based on Black and Scholes model for options and present value for forwards and swaps. Grupo Peñoles has a strict discipline of valuating on a daily basis its FDI portfolio and the results are shared with the Senior Management with the same frequency. Market inputs of all underlying's used to valuate, are updated daily through Bloomberg and Reuters as a source of information. In other matters, Grupo Peñoles periodically validates and compares the outstanding position through electronic means with all its financial counterparties whom these positions are held. The Company also performs periodic mark to market sensibility analysis by underlying and financial counterparty with the intention of diversifying the counterparty risk and minimizing potential margin calls.

The company continuously prepares hedge accounting information based on IFRS 9.

Management discussion about intern and extern sources of liquidity that could be used for attending requirements related to financial derivate instruments [text block]

As of March 31, 2023, Grupo Peñoles did not have any margin calls related with FDI so no collateral, pledge or financial instruments were given as a guarantee of the derivatives positions. It is important to mention that if needed, Grupo Peñoles has internal liquidity resources available and credit lines with different financial counterparties to face potential margin calls. The settlements and new FDI traded during this period are consistent in the notional and economic relevance of the ones previously informed.

Since January 2011, Grupo Peñoles Senior Management decided to adopt the International Financial Reporting Standard´s (IFRS). For this reason, files that classify the different financial instruments traded are being prepared, updated and constantly monitored to identify possible deviations or changes in the commodities and comply with the applicable regulations.

The underlying assets characteristics are the same as of those derivatives traded, therefore no ineffectiveness is expected. Grupo Peñoles maintains strict control, management, and monitoring of the portion hedged according to the commodity in order to avoid ineffectiveness under this concept.

Changes and management explanation in principal risk exposures identified, as contingencies and events known by the administration that could affect future reports [text block]

Grupo Peñoles acknowledges its FDI as financial assets and/or liabilities and are valued at fair value. The results of hedging strategies that qualify as cash flow hedges are recognized as comprehensive income and affect the income statement until the underlying settlement day, as part of sales, cost of sales or the comprehensive financing accordingly. It is worth mentioning that the characteristics of Grupo Peñoles FDIs are equal to the primary underlying asset position, therefore the changes in the fair value or the cash flows attributable to the risk being hedged will be fully compensated at the beginning, during and until the expiration of the hedge. If there is any ineffective portion in the fair value fluctuations of cash flow hedges, this will be recognized in the results of the period.

Since 2018, with IFRS 9 (International Financial Reporting Standard) adoption, the time value component of options and forward points have been considered as hedging cost and reported as other comprehensive income.

Quantitative information for disclosure [text block]

Below the list of active financial counterparties with whom Grupo Peñoles has an outstanding FDI position as of March 31, 2023:

Banco Santander (México), S.A. Institución de Banca Múltiple Grupo Financiero Santander.
Bank of America Merrill Lynch
Bank of America Mexico S.A. Institución de Banca Múltiple
Barclays Bank PLC
BBVA Bancomer, S.A., Institución de Banca Multiple, Grupo Financiero BBVA Bancomer
BMO Financial Group
BNP Paribas
Canadian Imperial Bank of Commerce
Citibank N.A. New York
Credit Agricole Corporate and Investment Bank
Goldman Sachs (J. Aron & Company LLC)
HSBC Bank USA, National Association
ING Capital Markets LLC
Koch Metals Trading Limited
Macquarie Bank Limited
Mitsui Bussan Commodities LTD
Morgan Stanley Capital Group Inc.
Natixis
Scotiabank Inverlat, S.A. Institución de Banca Múltiple
The Bank of Nova Scotia

The J.P. Morgan Chase. Bank
The Toronto-Dominion Bank
UBS Investment Bank

The fair value of the cash flow hedging derivatives as of March 31, 2023, is $-2,437 ($-1,706 net of deferred income tax), registered as stockholders' equity as part of other comprehensive loss; from this amount, Grupo Peñoles estimates to reclassify in the twelve following months $11,725 ($8,207 net of deferred income tax) of FDI profits to income statement. The aforementioned income statement represents the accrual fair value change of cash flow hedging financial instruments and it will be dependent on the underlying prices at settlement.
In the first quarter of 2023 and 2022, IFD’s cash flow hedging operations together generated a net income loss of $32,317 and ($19,416) respectively.

The following table shows the volume that has expired during 2023 first quarter.

Overdue Hedged Volume					
Commodity	**January**	**February**	**March**	**Total**	**Unit**
Gold	221.30	199.84	207.21	628.35	Oz (Thousands)
Silver	4,553.61	5,270.30	6,113.53	15,937.44	Oz (Thousands)
Zinc	66.88	68.36	64.25	199.48	Ton (Thousands)
Lead	9.56	9.23	11.86	30.65	Ton (Thousands)
Copper	3.90	3.12	2.83	9.84	Ton (Thousands)
Natural Gas	320.00	320.00	320.00	960.00	MMbtu (Thousands)
Euros	1,380.29	5,734.63	7,320.84	14,435.76	Eur (Thousands)

Notes: The table does not include Interest Rate Swaps coupon settlements neither Cross Currency Swaps. The maturity periodicity is mentioned in the summary of derivatives.

As of March 31, 2023, the following 36 months outstanding hedging position is:

Commodity	**Maximum Hedging Percentage (%)**	
	2023	**2024**
Silver**	18.12	--
Gold**	12.85	--
Zinc**	11.06	--
Natural Gas	51.41	--
Euros*	73.09	60.91

* Percentage calculated based on the currency hedging needs of the Supply Department of the company which are above to the equivalent of USD 500 thousand and the zinc leaching expansion project.

** Percentage calculated based on the annual budgeted mining production of metallic contents of Grupo Peñoles.

Under IFRS regulation, the FDI that compensates hedging cash flow should be registered as hedge accounting and, its effect under income statement should be recognized until the underlying that originated these hedges shows its effects in the income statement. Intrinsic and the time value of Options should be identified and registered as hedging costs on other comprehensive income. As of March 31, 2023, the time value of outstanding options is $-31 thousand dollars and, the credit in the income statement under the last three months represents a credit to results of $1,336 thousand dollars.

As of March 31, 2023, the Company had the following cash flow hedging strategy summary:

a) Metal price hedging program (Strategic and Refinery)

Objective: Grupo Peñoles enters into hedging transactions to offset the US dollar income associated with unfavorable market prices of the metals it extracts and to protect the profit margin of the refinery and mines. With this, Peñoles intends to assure the continuity of its operation.

Underlying: all metal content in concentrates, dores and precipitates that it produces (Silver, Gold, Zinc, Lead, and Copper).

Strategy: Hedge up to 100% of the annual estimated production of refined metal. The most frequent FDI traded are: forwards and options (purchase of put option financed with the sale of a call option).

As of March 31, 2023, the Company established the following FDI that hedges 2023 expected production:

Instrument	Silver		Gold		Zinc	
	Price (US$/Oz)	Volume (thousands of ounces)	Price (US$/Oz)	Volume (thousands of ounces)	Price (US$/Ton)	Volume (tons)
Forward Purchase	23.50	94.13	1,974.97	175.54	3,135.13	78,393.00
Forward Sale	23.30	4,596.32	1,974.00	5.48	3,125.30	78,919.00
Put Purchase	21.80	9,487.80	1,650.00	66.15	2,645.00	23,571.00
Call Sale	31.98	9,487.80	2,098.42	66.15	3,272.70	23,571.00

Instrument	Lead		Copper	
	Price (US$/Ton)	Volume (toneladas)	Price (US$/Ton)	Volume (toneladas)
Forward Purchase	2,147.20	9,715.00	8,996.26	3,155.00
Forward Sale	2,144.43	9,715.00	9,000.39	3,155.00
Put Purchase	-	-	--	--
Call Sale	-	-	--	--

Note: The prices shown at the above table reflect the weighted average sale or purchase price of forwards and for options the weighted average strike price.

b) Natural Gas hedging program.

Objective: Grupo Peñoles uses hedging instruments to stabilize expenditures in dollars associated with the movement in the price of natural gas it consumes. With this, it seeks to guarantee the continuity of its operation.

Underlying: Natural Gas.

Strategy: Hedge up the annual natural gas estimated consumption. The FDI traded are: buy of forwards.

As of March 31, 2023, the Company established the following FDI that hedges part of future purchases:

Instrument	Price (USD/MMbtu)	Thousands of MMbtu
Forward Purchase	4.25	2,880.00

c) Foreign Exchange hedging program.

USD/EUR:

Objective: Grupo Peñoles uses hedging instruments to mitigate the exchange effect in the acquisition of assets in Euros.

Underlying: Euros.

Strategy: To hedge up to the 100% of the assets amount with future delivery under a currency different to the US Dollar. The most frequent FDI traded is: sell and buy of forwards.

As of March 31, 2023, the Company established the following FDI that hedges part of future assets payments under Euro:

Instrument	Exchange rate (USD/EUR)	Amount (Thousands EUR)
Forward Purchase	1.0790	17,075.23
Forward Sale	1.1123	2,102.65

Note: The prices shown in the table correspond to the weighted average purchase prices as well as the weighted average sales prices in the case of forward instruments.

SEK/USD:

Objective: Grupo Peñoles uses hedging instruments to mitigate the exchange effect in Swedish Krona assets purchases.

Underlying: Swedish Krona.

Strategy: To hedge up to the 100% of the assets amount with future delivery under a currency different to the US Dollar. The most frequent FDI traded is: sell and buy of forwards.

As of March 31, 2023, there were no established operations to hedge part of future assets payments denominated in Swedish Krona

GBP/USD:

Objective: Grupo Peñoles uses hedging instruments to mitigate the exchange effect in Sterling Pounds assets purchases.

Underlying: Sterling Pounds.

Strategy: To hedge up to the 100% of the assets amount with future delivery under a currency different to the US Dollar. The most frequent FDI traded is: sell and buy of forwards.

As of March 31, 2023, there were no established operations to hedge part of future assets payments denominated in Sterling Pounds.

d) Metal Price Hedge Program

Objective: Grupo Peñoles uses hedging instruments to minimize the difference between sale and buy prices on the commercialization of refined metal.

Underlying: Silver, Gold, Zinc, Lead, and Copper.

Strategy: To hedge up to the 100% of the refined metal that is commercialized. The most frequent FDI traded are: forwards.

As of March 31, 2023, the Company established the following FDI that hedges its commercial operations of 2023.

Instrument	Silver		Gold		Zinc	
	Price (US$/Oz)	Volume (thousands of ounces)	Price (US$/Oz)	Volume (thousands of ounces)	Price (US$/Ton)	Volume (tons)
Forward Sale	22.02	600.00	1,934.94	11.00	3,173.82	39,208.00
Forward Purchase	--	--	--	--	2,997.48	18,501.00

Instrument	Lead		Copper	
	Price (US$/Ton)	Volume (tons)	Price (US$/Ton)	Volume (tons)
Forward Sale	2,141.20	4,468.00	7,302.34	424.12
Forward Purchase	2,121.90	3,704.00	--	--

Note: The prices shown in the above table represent the weighted average prices for the sale or purchase of forward instruments.

e) Interest rate hedging program.

Objective: Grupo Peñoles uses hedging instruments to stabilize the borrowing costs of debt and potential financing needs when the corresponding interest rate has a floating component.

Underlying: Floating debt component.

Strategy: Hedge 100% of the floating interest rate component of the outstanding debt using an Export Credit Agency (ECA) mechanism. Its main characteristics are described on its respective note.

Instrument: Interest rate swap where the Company pays fixed and receives floating of the underlying, applied to outstanding notional.

As of March 31, 2023, the Company established the following FDI that hedges the outstanding notional, which amortizes until September 2026.

Instrument	Rate (weighted)	Amount hedged in thousands (*)	Tenor	Interest payment	Amortization	Credit
Fixed rate swap	2.035% (Peñoles pays)	US$34,007.65	3.50 years	Biannual	17 bi-annuals on September 2018	ECA

f) Simultaneous interest rate and foreign exchange hedging program (Cross Currency Swap).

Objective: The company contracts hedging instruments to set the cost of its loans and keep them in its functional currency.

Underlying: Credit contracted in a different currency and applicable rate than the functional one.

Strategy: Hedge 100% of the unsecured short-term loan in pesos appreciation risk, as well as the credit and functional currency applicable rate differential.

Instrument: As of March 31, 2023, the Company has Cross Currency Swaps position as follows:

Instrument	Hedge amount and exchange rate	Currency swap amount in thousands (*)	Tenor	Swap rate	Amortization
Rate and currency swap	MXN $991,100 18.0200 mxn/usd	Commencement: We receive US$55,000 We pay MXN $991,100 Expiration: We pay US$55,000 We receive MXN $991,100	0.14 years	Monthly we pay 5.52% over USD $55,000 and receive 11.99% over MXN $991,100	Bullet (One expiration on April 2023)

Instrument	Hedge amount and exchange rate	Currency swap amount in thousands (*)	Tenor	Swap rate	Amortization
Rate and currency swap	MXN $1,805,000 18.0500 mxn/usd	Commencement: We receive US$100,000 We pay MXN $1,805,000 Expiration: We pay US$100,000 We receive MXN $1,805,000	0.14 years	Monthly we pay 5.51% over USD $100,000 and receive two coupons TIIE +58 bp, the first one 11.8880% and the second one 12.074% over MXN $1,805,000	Bullet (One expiration on April 2023)

Instrument	Hedge amount and exchange rate	Currency swap amount in thousands (*)	Tenor	Swap rate	Amortization
Rate and currency swap	MXN $1,356,825 18.0910 mxn/usd	Commencement: We receive US$75,000 We pay MXN $1,356,825 Expiration: We pay US$75,000	0.08 years	Monthly we pay 4.94% over USD $75,000 and receive 12.23% over MXN $1,356,825	Bullet (One expiration on April 2023)

		We receive MXN $1,356,825			

[800100] Notes - Subclassifications of assets, liabilities and equities

Concept	Close Current Quarter 2023-03-31	Close Previous Exercise 2022-12-31
Subclassifications of assets, liabilities and equities [abstract]		
Cash and cash equivalents [abstract]		
Cash [abstract]		
Cash on hand	45,000	42,000
Balances with banks	77,743,000	72,172,000
Total cash	77,788,000	72,214,000
Cash equivalents [abstract]		
Short-term deposits, classified as cash equivalents	0	0
Short-term investments, classified as cash equivalents	1,381,120,000	1,396,704,000
Other banking arrangements, classified as cash equivalents	0	0
Total cash equivalents	1,381,120,000	1,396,704,000
Other cash and cash equivalents	0	0
Total cash and cash equivalents	1,458,908,000	1,468,918,000
Trade and other current receivables [abstract]		
Current trade receivables	246,498,000	264,287,000
Current receivables due from related parties	32,663,000	14,939,000
Current prepayments [abstract]		
Current advances to suppliers	26,871,000	20,140,000
Current prepaid expenses	0	0
Total current prepayments	26,871,000	20,140,000
Current receivables from taxes other than income tax	0	0
Current value added tax receivables	0	0
Current receivables from sale of properties	0	0
Current receivables from rental of properties	0	0
Other current receivables	303,541,000	299,369,000
Total trade and other current receivables	609,573,000	598,735,000
Classes of current inventories [abstract]		
Current raw materials and current production supplies [abstract]		
Current raw materials	0	0
Current production supplies	255,946,000	252,406,000
Total current raw materials and current production supplies	255,946,000	252,406,000
Current merchandise	0	0
Current work in progress	0	0
Current finished goods	0	0
Current spare parts	0	0
Property intended for sale in ordinary course of business	1,617,706,000	1,599,839,000
Other current inventories	35,443,000	28,396,000
Total current inventories	1,909,095,000	1,880,641,000
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners [abstract]		
Non-current assets or disposal groups classified as held for sale	21,362,000	21,362,000
Non-current assets or disposal groups classified as held for distribution to owners	0	0
Total non-current assets or disposal groups classified as held for sale or as held for distribution to owners	21,362,000	21,362,000
Trade and other non-current receivables [abstract]		
Non-current trade receivables	0	0
Non-current receivables due from related parties	0	0
Non-current prepayments	0	0
Non-current lease prepayments	0	0
Non-current receivables from taxes other than income tax	0	0
Non-current value added tax receivables	0	0

Concept	Close Current Quarter 2023-03-31	Close Previous Exercise 2022-12-31
Non-current receivables from sale of properties	0	0
Non-current receivables from rental of properties	0	0
Revenue for billing	0	0
Other non-current receivables	47,703,000	44,933,000
Total trade and other non-current receivables	47,703,000	44,933,000
Investments in subsidiaries, joint ventures and associates [abstract]		
Investments in subsidiaries	0	0
Investments in joint ventures	0	0
Investments in associates	73,641,000	72,181,000
Total investments in subsidiaries, joint ventures and associates	73,641,000	72,181,000
Property, plant and equipment [abstract]		
Land and buildings [abstract]		
Land	131,387,000	134,048,000
Buildings	695,593,000	701,482,000
Total land and buildings	826,980,000	835,530,000
Machinery	474,205,000	484,073,000
Vehicles [abstract]		
Ships	0	0
Aircraft	0	0
Motor vehicles	23,811,000	21,720,000
Total vehicles	23,811,000	21,720,000
Fixtures and fittings	20,906,000	21,488,000
Office equipment	51,025,000	47,448,000
Tangible exploration and evaluation assets	77,327,000	78,238,000
Mining assets	1,071,947,000	1,064,045,000
Oil and gas assets	0	0
Construction in progress	501,701,000	525,546,000
Construction prepayments	0	0
Other property, plant and equipment	1,613,367,000	1,632,569,000
Total property, plant and equipment	4,661,269,000	4,710,657,000
Investment property [abstract]		
Investment property completed	0	0
Investment property under construction or development	0	0
Investment property prepayments	0	0
Total investment property	0	0
Intangible assets and goodwill [abstract]		
Intangible assets other than goodwill [abstract]		
Brand names	0	0
Intangible exploration and evaluation assets	0	0
Mastheads and publishing titles	0	0
Computer software	0	0
Licences and franchises	0	0
Copyrights, patents and other industrial property rights, service and operating rights	0	0
Recipes, formulae, models, designs and prototypes	0	0
Intangible assets under development	0	0
Other intangible assets	9,437,000	10,905,000
Total intangible assets other than goodwill	9,437,000	10,905,000
Goodwill	0	0
Total intangible assets and goodwill	9,437,000	10,905,000
Trade and other current payables [abstract]		
Current trade payables	314,930,000	394,898,000
Current payables to related parties	19,517,000	29,827,000
Accruals and deferred income classified as current [abstract]		

Concept	Close Current Quarter 2023-03-31	Close Previous Exercise 2022-12-31
Deferred income classified as current	0	0
Rent deferred income classified as current	0	0
Accruals classified as current	48,738,000	40,489,000
Short-term employee benefits accruals	39,911,000	31,663,000
Total accruals and deferred income classified as current	48,738,000	40,489,000
Current payables on social security and taxes other than income tax	0	0
Current value added tax payables	24,063,000	30,875,000
Current retention payables	9,082,000	10,148,000
Other current payables	6,507,000	12,922,000
Total trade and other current payables	398,774,000	488,284,000
Other current financial liabilities [abstract]		
Bank loans current	238,707,000	59,354,000
Stock market loans current	317,626,000	317,486,000
Other current iabilities at cost	0	0
Other current liabilities no cost	521,418,000	269,772,000
Other current financial liabilities	0	0
Total Other current financial liabilities	1,077,751,000	646,612,000
Trade and other non-current payables [abstract]		
Non-current trade payables	0	0
Non-current payables to related parties	0	0
Accruals and deferred income classified as non-current [abstract]		
Deferred income classified as non-current	0	0
Rent deferred income classified as non-current	0	0
Accruals classified as non-current	0	0
Total accruals and deferred income classified as non-current	0	0
Non-current payables on social security and taxes other than income tax	0	0
Non-current value added tax payables	0	0
Non-current retention payables	0	0
Other non-current payables	0	0
Total trade and other non-current payables	0	0
Other non-current financial liabilities [abstract]		
Bank loans non-current	23,989,000	28,756,000
Stock market loans non-current	2,502,681,000	2,502,422,000
Other non-current liabilities at cost	0	0
Other non-current liabilities no cost	120,392,000	97,627,000
Other non-current financial liabilities	0	0
Total Other non-current financial liabilities	2,647,062,000	2,628,805,000
Other provisions [abstract]		
Other non-current provisions	439,906,000	432,417,000
Other current provisions	0	0
Total other provisions	439,906,000	432,417,000
Other reserves [abstract]		
Revaluation surplus	0	0
Reserve of exchange differences on translation	(56,174,000)	(69,657,000)
Reserve of cash flow hedges	(1,706,000)	5,310,000
Reserve of gains and losses on hedging instruments that hedge investments in equity instruments	0	0
Reserve of change in value of time value of options	0	0
Reserve of change in value of forward elements of forward contracts	0	0
Reserve of change in value of foreign currency basis spreads	0	0
Reserve of gains and losses on financial assets measured at fair value through other comprehensive income	48,860,000	63,131,000
Reserve of gains and losses on remeasuring available-for-sale financial assets	0	0
Reserve of share-based payments	0	0
Reserve of remeasurements of defined benefit plans	(13,565,000)	(13,565,000)

Concept	Close Current Quarter 2023-03-31	Close Previous Exercise 2022-12-31
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale	0	0
Reserve of gains and losses from investments in equity instruments	0	0
Reserve of change in fair value of financial liability attributable to change in credit risk of liability	0	0
Reserve for catastrophe	0	0
Reserve for equalisation	0	0
Reserve of discretionary participation features	0	0
Reserve of equity component of convertible instruments	0	0
Capital redemption reserve	0	0
Merger reserve	0	0
Statutory reserve	0	0
Other comprehensive income	0	0
Total other reserves	(22,585,000)	(14,781,000)
Net assets (liabilities) [abstract]		
Assets	10,301,307,000	10,042,527,000
Liabilities	5,005,035,000	4,754,251,000
Net assets (liabilities)	5,296,272,000	5,288,276,000
Net current assets (liabilities) [abstract]		
Current assets	4,441,840,000	4,143,748,000
Current liabilities	1,689,616,000	1,416,368,000
Net current assets (liabilities)	2,752,224,000	2,727,380,000

[800200] Notes - Analysis of income and expense

Concept	Accumulated Current Year 2023-01-01 - 2023-03-31	Accumulated Previous Year 2022-01-01 - 2022-03-31
Analysis of income and expense [abstract]		
Revenue [abstract]		
Revenue from rendering of services	0	0
Revenue from sale of goods	1,413,032,000	1,406,520,000
Interest income	0	0
Royalty income	0	0
Dividend income	0	0
Rental income	0	0
Revenue from construction contracts	0	0
Other revenue	0	0
Total revenue	1,413,032,000	1,406,520,000
Finance income [abstract]		
Interest income	17,710,000	1,856,000
Net gain on foreign exchange	0	0
Gains on change in fair value of derivatives	0	0
Gain on change in fair value of financial instruments	4,326,000	1,072,000
Other finance income	2,933,000	3,363,000
Total finance income	24,969,000	6,291,000
Finance costs [abstract]		
Interest expense	40,571,000	35,358,000
Net loss on foreign exchange	14,631,000	654,000
Losses on change in fair value of derivatives	0	0
Loss on change in fair value of financial instruments	0	0
Other finance cost	15,169,000	11,415,000
Total finance costs	70,371,000	47,427,000
Tax income (expense)		
Current tax	79,897,000	91,464,000
Deferred tax	(63,795,000)	(5,873,000)
Total tax income (expense)	16,102,000	85,591,000

[800500] Notes - List of notes

Disclosure of notes and other explanatory information [text block]

Industrias Peñoles, S.A.B. de C.V. is a company incorporated under the Mexican Corporations Act and the Mexican Securities Trading Act as a publicly traded variable capital corporation listed in Bolsa Mexicana de Valores, S.A.B. de C.V. (the Mexican Stock Exchange). Grupo Peñoles is the ultimate holding company. Its corporate offices are located in Mexico City at Calzada Legaria No. 549, Colonia 10 de Abril.

Industrias Peñoles, S.A.B. de C.V. and its subsidiaries (collectively, “Grupo Peñoles” or “the Company”) are principally engaged in the exploration, extraction and sale of mineral concentrates and ore, as well as in the production and sale of nonferrous metals.

Grupo Peñoles is required to obtain government concessions for the exploration and exploitation of mineral deposits. Under the current legal and regulatory regime in Mexico, concessions for mining operations, development projects and exploration prospects may be cancelled by the Mexican government under certain circumstances, including where minimum expenditure levels are not achieved by Grupo Peñoles, if fees related to exploitation activities are not paid to the Mexican government or if environmental, health and safety standards are not observed.

Mining concessions grant rights upon all the minerals and substances, but do not grant rights upon the surface where the mines are located. Mining concessions in Mexico are for a term of 50 years commencing on the date on which the concession is registered with the Public Registry of Mining and Mining Rights and may be renewed for additional 50-year terms.

During the last years, the COVID-19 outbreak rapidly spread causing a significant number of infections all over the world. In 2022, the COVID-19 pandemic is still a concern. The development and fluidity of the situation precludes any prediction as to the ultimate impact of COVID-19; however, Grupo Peñoles is seeking to obtain the best possible information to enable the assessment of the risks involved and implement appropriate measures to respond.

During 2022 and 2021, Grupo Peñoles has taken a number of measures to safeguard the health of its employees and their local communities, while continuing to operate safely and responsibly. The costs incurred by Grupo Peñoles in implementing COVID-19 safety measures totaled $6,380 and $9,640, respectively, and were recognized as expenses for the years ended December 31, 2022, and 2021. To face and mitigate the effects of the COVID-19 outbreak, from March 30 to May 31, 2020, the Mexican government established quarantine requirements and restrictions on certain economic activities that were considered non-essential. However, as of June 2020, mining activities were declared essential activities; accordingly, all mines are currently operating at its normal production capacity. In the current environment, assumptions about future commodity prices, exchange rates and interest rates are subject to greater variability than normal, which could in the future affect the value of Grupo Peñoles financial and non-financial assets and liabilities. As of March 31, 2023, and 2021, there were no material changes in the value of Grupo Peñoles assets and liabilities due to COVID-19.

The consolidated financial statements of Grupo Peñoles and all its subsidiaries were prepared in accordance with the International Financial Reporting Standards (hereinafter “IFRS”) issued by the International Accounting Standards Board (hereinafter “IASB” in English).

Disclosure of accounting judgements and estimates [text block]

The preparation of Grupo Peñoles consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accordingly, actual results could differ from these estimates.

Recognition and classification of assets at Soledad and Dipolos mine

In 2009, five members of the El Bajio agrarian community in the state of Sonora, who claimed rights over certain surface land in the proximity of the operations of Minera Penmont S. de R.L. de C.V. ('Penmont'), subsidiary of Fresnillo Plc submitted a legal claim before the Unitarian Agrarian Court (Tribunal Unitario Agrario) of Hermosillo, Sonora, to have Penmont vacate an area of this surface land. The land in dispute encompassed a portion of surface area where part of the operations of the Soledad & Dipolos mine are located. The litigation resulted in a definitive court order, with which Penmont complied by vacating 1,824 hectares of land, resulting in the suspension of operations at Soledad & Dipolos. Whilst the claim and the definitive court order did not affect the Group's legal title over the mining concession or the ore currently held in leaching pads near the mine site, land access at the mine site is required to further exploit the concession at Soledad & Dipolos.

In addition to, but separate from, the lands mentioned above, Penmont is the legal and registered owner of the land where the Soledad & Dipolos leaching pads are located but has not yet been able to gain physical access to these pads due to opposition by certain local individuals. This land was purchased by Penmont from the Federal Government of Mexico in accordance with due legal process. Penmont has a reasonable expectation that it will eventually regain access to the Soledad & Dipolos assets and process the ore content in the Soledad & Dipolos leaching pads. This expectation considers different scenarios, including but not limited to potential negotiation scenarios and the different legal proceedings that Penmont has presented in order to regain access to the lands, as well as other ongoing proceedings including claims by members of the agrarian community requesting the cancellation of Penmont's property deed over this area, which claims Penmont believes are without merit. All such proceedings are pending final resolution. Therefore, Penmont continues to recognize property, plant and equipment and inventory related to Soledad & Dipolos at $35,600 and $91,620, respectively. Due to the fact that it is not yet certain when access may be granted so that the inventory can be processed, this inventory is classified as a non-current asset.

Furthermore, claimants from the El Bajío community also presented claims against occupation agreements they entered into with Penmont, covering land parcels other than the surface land where Soledad & Dipolos is located. Penmont has had no significant mining operations or specific geological interest in the affected parcels and these lands are therefore not considered strategic for Penmont. The Agrarian Court has issued rulings declaring such occupation agreements over those land parcels to be null and void and that Penmont must remediate such lands to the state that they were in before Penmont's occupation as well as returning any minerals extracted from this area. The case relating to the claims over these land parcels remains subject to final conclusion. However, given that Penmont has not conducted significant mining operations or had specific geological interest in these land parcels, any contingencies relating to such land parcels are not considered material by the Group. There are no material assets recognized in respect of these land parcels at December 31, 2022 or December 31, 2021.

Layback agreement

In December 2020, Grupo Peñoles, through its subsidiary Fresnillo, plc, entered into multiple contracts with Orla Mining Ltd. and its Mexican subsidiary, Minera Camino Rojo, S.A. de C.V. (together herein referred to as "Orla"), granting Orla the right to expand the Camino Rojo oxide pit onto Fresnillo's "Guachichil D1" mineral concession. Based on the terms of the contracts, Grupo Peñoles will transfer the legal rights to access and mine the mineral concession to Orla.

Due to the fact that the contracts were negotiated together, Grupo Peñoles has considered the layback contracts as a single agreement (Layback Agreement). Grupo Peñoles determined that this transaction should be accounted for as the sale of a single intangible asset and in accordance with IFRS 15 – Revenue from Contracts with Costumers is recognizing as such, at a point in time in which control transfers and it is when the performance obligation is satisfied.

The effectiveness of this agreement was subject to the approval of the Mexican Federal Competition Commission (COFECE), which was granted in February 2021.

The consideration under this agreement includes three partial payments: $25,000 in February 2021, $15,000 in November 2022 and $22,800 in 2023. The future amounts bear interest at an annual rate of 5%. Grupo Peñoles recognized the contractual consideration ($67,182 dollars) at fair value, discounted at a risk-free rate.

On December 31, 2022, Grupo Peñoles concluded the process of providing support to Orla in respect of other negotiations relevant to the acquisition of the rights to access from the communal land. Therefore, Grupo Peñoles considers all the performance obligations established in the Layback Agreement fulfilled and recognizes the total value of the agreement on results within the item of other income. As of December 31, 2022 Grupo Peñoles based on the expected time of complete the transfer of control of the asset, recognized the total value of the agreement as deferred income and classified it as a current liability. The amount receivable as of March 31, 2023 amounts to $23,546, which are current.

Climate Change

Grupo Peñoles set out its assessment of climate risks and opportunities. Grupo Peñoles recognizes that there may be potential financial statement implications in the future in respect of the mitigation and adaptation measures to the physical and transition risks. The potential effect of climate change would be in respect of assets and liabilities that are measured based on an estimate of future cash flows. Grupo Peñoles specifically considers the effect of climate change on the valuation of property, plant and equipment, deferred tax assets, and the provision for mine closure cost. Grupo Peñoles does not have assets or liabilities for which measurement is directly linked to climate change performance (for example: Sustainability-linked Bonds).

The main ways in which climate has affected the preparation of financial statements are:

- Grupo Peñoles has already made certain climate-related strategic decisions, such as to focus on decarbonization and to increase wind energy. Where decisions have been approved by the Board of Directors, the effects were considered in the preparation of these financial statements by way of inclusion in future cash flow projections underpinning the estimation of the recoverable amount of property, plant and equipment and deferred tax assets, as relevant.

Grupo Peñoles' strategy consists of mitigation and adaptation measures. To mitigate the impacts by and on climate change, Grupo Peñoles relies on renewable electricity, fuel replacement, and efficiency opportunities to reduce its carbon footprint. The approach to adaptation measures is based on climate models to produce actionable information for the design, construction, operation and closure of its mining assets, considering climate change. Future changes in Grupo Peñoles' climate change strategy or signs of global decarbonization signposts may impact significant judgments and key estimates of Grupo Peñoles and result in material changes to financial results and the carrying values of certain assets and liabilities in future reporting periods. However, as of the balance sheet date, Grupo Peñoles believes that there is no material impact on the values of assets and liabilities shown in the financial statements. Although this is an estimate, it is not considered a critical estimate.

A summary of the principal judgments and estimates used is shown below:

a) Mineral reserves and resources

Grupo Peñoles applies judgments and makes estimates to calculate its mineral reserves and resources. These judgments and estimates are formulated using recognized mining industry methodologies and standards and the respective calculations are performed by qualified internal personnel and take into account Grupo Peñoles past experience in similar matters. The reports supporting these estimates are prepared periodically. Grupo Peñoles reviews these estimates periodically with the support of recognized independent experts to obtain certification of its mineral reserves.

There are a number of uncertainties inherent to estimating mineral reserves. Assumptions considered valid at the time the estimate is made may change significantly when new information becomes available. Changes in metal prices, exchange rates, production costs, metallurgical recovery provisions and discount rates could alter the value of a given mineral reserve and result in the need to restate such value.

Mineral reserves are used to determine production units for purposes of calculating the depreciation of certain mining properties, as well as to calculate the decommissioning provision and to analyze the impairment of mining units.

b) Impairment

The carrying value of non-financial long-lived assets are tested for impairment when there are situations or changes in circumstances that indicate that the carrying value of a given asset is not recoverable. Whenever there are indicators of impairment, the carrying value of the asset is assessed to determine if it exceeds the recoverable amount, which is the higher of the cash generating unit's fair value less costs of disposal and the value in use of the asset, and if the asset is therefore impaired. For this impairment evaluation, assets are grouped into CGU and their recoverable amount is calculated as the present value of the future cash flows expected to be produced by the assets. When the recoverable amount of an asset or the cash generating unit to which it belongs is less than its net carrying amount, the difference is recognized as an impairment loss.

Grupo Peñoles allocates its mining units and metallurgical plants to CGU comprised of the different mining units and estimates the projection periods for the cash flows. Subsequent changes in CGU allocations or changes in the assumptions used to estimate cash flows or the discount rate could affect the recoverable amounts and therefore the reported carrying amounts of the respective assets.

c) Property, plant, and equipment

Depreciation of property, plant, and equipment, except for certain mining properties, is determined based on the useful lives of the assets. Useful lives are determined based on technical studies performed by specialized internal personnel with the assistance of independent specialists. Grupo Peñoles useful lives are reviewed at least annually and such analyses consider the current condition of the assets and the estimate of the period during which they will generate economic benefits for Grupo Peñoles. Changes in these estimated useful lives could prospectively alter depreciation amounts and the carrying amounts of property, plant, and equipment.

d) Provision for asset decommissioning and rehabilitation

Grupo Peñoles records the present value of estimated costs of legal and constructive obligations required to rehabilitate operating locations in the period in which the obligation is incurred. Estimated rehabilitation costs include the costs of decommissioning and removing structures, rehabilitating mines and tailings dams and decommissioning the processing plant and operating facilities, as well as the costs incurred for rehabilitation, reclamation, and re-vegetation of affected areas. Provisions for asset decommissioning and rehabilitation are recognized at present value at the time the obligation becomes known and provision amounts are calculated based on management's understanding of the related legal requirements and Grupo Peñoles corporate social responsibility policies.

Environmental costs are also estimated by Grupo Peñoles own internal specialists with the support of studies performed by independent experts. Generally speaking, management applies its judgment and experience to estimate decommissioning and rehabilitation costs over the life of each mine.

The costs incurred in future periods may be different from the amounts provided for. Also, the book value of the provision could eventually be affected by future changes in the applicable legislation and regulatory requirements, as well as changes to the estimated useful lives of Grupo Peñoles mines or the discount rates.

The assumptions used in calculating the provisions for the mining unit decommissioning and rehabilitation costs are regularly reviewed based on internationally recognized standards, which require mine closure processes to be carried out. The discount rate is also adjusted to reflect the obligations for ecological restoration at their present value, based on current market interest rates.

e) Retirement benefits

Assumptions are used to calculate Grupo Peñoles employee long term retirement benefits. Assumptions, as well as the estimates they give rise to, are determined together with independent actuaries. The assumptions cover demographical hypothesis, discount rates, expected salary increases, estimated working lives, and expected inflation rate, among other areas. Future changes to the assumptions could affect the measurement of the liabilities for personnel benefits and the operating results of the period in which such changes occur.

f) Mining project development

Grupo Peñoles evaluates the status of its various mine development projects, which covers exploration to locate new mineral deposits, and the development and construction of new mining units through the startup of commercial exploitation of the mines. Grupo Peñoles makes judgments and prepares estimates to determine when a project has completed the mineral exploration phase and entered the development phase, and when it has finally reached the production and exploitation phase.

The criteria and estimates used in this evaluation include the determination of a large enough mineral reserve to support the financial viability of a mining project, which represents the completion of the exploration phase and the beginning of the development stage, as well as the level of additional capital investment needed for the project, the amount of the investment already made in the project and the completion of the mine and processing plant testing periods, among other areas. Determining the completion of the different phases of a project has a significant impact on how development costs are accounted for, since during the exploration phase, these costs and expenses are recognized directly in the consolidated statement of profit or loss, during the development stage they are capitalized, and once the production phase is authorized, development costs and expenses are no longer capitalized.

g) Contingencies

Given their nature, contingencies are only resolved when one or more future events or uncertain facts not entirely under Grupo Peñoles' control either occur or do not occur. The evaluation of the existence of contingencies requires significant judgment and the use of estimates regarding the outcome of future events. Grupo Peñoles evaluates the probability of losing its on-going litigations based on the estimates of its legal advisors and these evaluations are reassessed periodically.

h) Leases

Grupo Peñoles as lessee, determines the term as the non-cancellable term of the lease, together with any period covered by an option to extend it if it is reasonably certain that it will be exercised, or any period covered by an option to terminate the lease, if reasonably certain that will not be exercised.

Grupo Peñoles has some lease contracts, which include the option to extend them for additional terms. Grupo Peñoles applies judgment when evaluating whether or not it is reasonably safe to exercise the option to renew, for which it considers all the relevant factors that create an economic incentive to exercise the renewal. After the commencement date, the lease term is reassessed if there is a significant event or change in circumstances within your control that affects your ability to exercise (or not exercise) the option to renew or terminate. The renewal period was included as part of the lease term for certain property and machinery contracts, mainly.

When Grupo Peñoles cannot easily determine the interest rate implicit in the leases, it uses the incremental financing rate to value the lease liabilities. The incremental financing rate is the interest rate that Grupo Peñoles would have to pay to obtain, with a similar term and guarantees, the funds necessary to purchase an asset of similar value to the right-of-use asset in a similar economic environment on the date from the start of the lease. Therefore, the incremental financing rate reflects what Peñoles "would have to pay", which requires estimation when observable rates are not available (such as for subsidiaries that do not enter into financing transactions) or when rates must be adjusted to reflect changes. terms and conditions of the lease (for example, when the leases are not denominated in the functional currency of a subsidiary). Grupo Peñoles estimates the incremental financing rate using observable variables (such as market interest rates) when available, and must make certain entity-specific estimates (such as the independent credit rating of a subsidiary).

The lease liability is measured at the present value of the outstanding lease payments. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Subsequently, the liability is measured using the effective interest rate method, increased to reflect the interest on the lease liability, and discounted with the payments incurred. Like the right-of-use asset, the liability is remeasured when there are lease modifications or reassessments. As of March 31, 2023 and December 31, 2022, the weighted average of the incremental borrowing interest rate applied to lease liabilities was 5.80% and 5.64%, respectively.

Disclosure of associates [text block]

Equity Investments in Associates

				Total Amount	
Company Name	**Main activity**	**Share No.**	**% of ownership**	**Acquisition cost**	**Current value**
Aerovics, S.A. de C.V.	Air taxi	26,983,329,966	63.36	-	71,641
Línea Coahuila-Durango, S.A. de C.V.	Rail line operator	27,281,040	50.00	-	1,346
Administración de Riesgos Bal, S.A. de C.V.	Risk manager	36,000	35.00	-	654
Total Investments in Associates					73,641

Disclosure of authorisation of financial statements [text block]

The financial statements and the notes to the financial statements were authorized by the Chief Executive Officer, Director of Finance, Director of Administrative Services and the Legal Director on April 26, 2023, in accordance with their respective functions for their issuance and subsequent approval by the Board of Directors. administration. The shareholders of Grupo Peñoles have the authority to approve or modify the consolidated financial statements.

Disclosure of basis of consolidation [text block]

The consolidated financial statements include the financial statements of Industrias Peñoles, S.A.B. de C.V. and those of its subsidiaries, which are prepared for the same reporting period and following the same accounting policies as those of the parent Company.

The consolidated financial statements include all of the entities' assets, liabilities, revenue, expenses, and cash flows after eliminating intercompany balances and transactions. When the Company holds equity interest of less than 100% and, therefore, there are non-controlling interests in the net assets of the consolidated subsidiary, a separate noncontrolling interests caption is included in the consolidated statement of financial position.

All intercompany balances and transactions, intra-group unrealized gains and losses, and dividends have been eliminated on consolidation.

Gains and losses on transactions with associates are eliminated in the consolidated financial statements based on the equity interest held in each investee.

Disclosure of basis of preparation of financial statements [text block]

The condensed consolidated financial statements are presented and classified in accordance with the formats required for this purpose by the Mexican Stock Exchange in its electronic system for sending and disseminating information where Grupo Peñoles reports its quarterly financial information, shown in US dollars as the functional currency and all values ??have been rounded to thousands, except where otherwise noted.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No. 34 "Intermediate Financial Information" (hereinafter the specific standards are referred to as "IAS" or "IFRS" for its acronym in English). The condensed consolidated financial statements do not include all the information required for a complete set of annual consolidated financial statements and for their proper reading and interpretation, they must be made together with the annual consolidated financial statements as of December 31, 2022 and for the year ended on this date that were published on March 7, 2023 in the quarterly report as of December 31, 2022.

It is estimated that there is no significant impact on the interim financial statements presented, due to seasonality of the operations carried out by Grupo Peñoles.

The consolidated financial statements are presented in US dollars and values ??have been rounded to the nearest thousand dollars, except where otherwise indicated.

The accompanying consolidated financial statements cover the following periods:

- Statements of financial position as of March 31, 2023 and December 31, 2022.

- Income statements for the three-month periods ended March 31, 2023 and March 31, 2022.

- Statements of comprehensive income for the three-month periods ended March 31, 2023 and March 31, 2022.

- Statements of changes in stockholders' equity for the three-month periods ended March 31, 2023 and March 31, 2022.

- Cash flow statements for the three-month periods ended March 31, 2023 and March 31, 2022.

The consolidated financial statements were prepared on the basis of historical cost, except for the following items that are valued at their fair value at the reporting date of the consolidated statement of financial position:

- Derivative financial instruments.

- Financial assets in capital instruments.

- Certain inventories which are valued at fair value.

Disclosure of borrowings [text block]

Financial Debt

An analysis of Grupo Peñoles' short-term debt denominated in U.S. dollars as at March 31, 2023 and 2021 is as follows:

		March 2023		December 2022
Unsecured bonds issued by Frensillo plc (1)	**$**	**317,626**	$	317,486
Bank loan (2)		**229,377**		50,000
Short-term maturities of long-term liabilities		**9,330**		9,354
Total current debt denominated in U.S. dollars	**$**	**556,333**	$	376,840

(1) Unsecured Debt Bonds issued by Fresnillo plc; Debt placed in the international market under format 144A/Reg S on November 7, 2013, with a 10 year term, payment of principal at maturity date, semi-annual interest at a fixed rate of 5.50% plus withholding tax and without guarantees. The destination of the funds included investment and development plans, future growth opportunities and corporate purposes in general. Standard Poor's and Moody's Investors Service have assigned the notes BBB and Baa2 ratings, respectively.

Movements carried out within the third quarter of 2020 effective in October.

From the 22 to 29 of September, 2020, with settlement on October 2, Fresnillo plc made an offer to repurchase this issue with a result of 60% of the current nominal value.

(2) As of March 31, 2023, direct loans maturing on April 28, 2023 for $229,377 (equivalent to Ps. 4,152,925), accruing interest at an average rate of 12.08%. The loans correspond to a provision of uncommitted credit lines that are held as of March 31, 2023, likewise, there are amounts available in the short term for Industrias Peñoles, S.A.B. de C.V. with

Mexican and foreign banks for $554,500.

As of March 31, 2023 and December 31, 2022, the connection of interest payable on short and long-term debt is shown below:

	March 2023	December 2022
Beginning balance as at January 1	$ **41,371**	$ 39,295
Interest accrued in the year	**38,892**	145,877
Capitalized interest in property, plant and equipment	**2,247**	11,299
Short and long-term interest payment	**(68,182)**	(155,100)
Ending balance	$ **14,328**	$ 41,371

As of the same dates, long-term debt included the following loans payable in dollars:

	March 2023	December 2022
Unsecured bonds issued by IPSAB (1)	$ **1,172,479**	$ 1,172,193
Unsecured bonds issued by IPSAB (2)	**500,984**	501,105
Unsecured bonds issued by Fresnillo plc (3)	**829,217**	829,124
Bilateral export credit agency guarantee (4)	**33,320**	38,110
Total	**2,536,000**	2,540,532
Less:		
Current portion due	**9,330**	9,354
Total non-current debt	$ **2,526,670**	$ 2,531,178

As of March 31, 2023 and December 31, 2022, the short and long-term debt connection is shown below:

	March 2023	December 2022
Beginning balance as at 1 January	$ **2,908,018**	$ 2,936,822
Debt acquired	**575,340**	1,529,655
Debt paid	**(406,237)**	(1,576,939)
Transaction costs paid	**24**	(24)
Amortization of transaction costs	**443**	2,688
Foreign exchange gain	**5,415**	15,816
Ending balance	$ **3,083,003**	$ 2,908,018

The long-term debt maturities, as of April 2024, are as follows:

		Amount
2024	$	9,548
2025		9,606
2026		4,834
2027-2050		2,502,681
	$	2,526,670

GRADES:

(1) Unsecured debt bonds issued by Industrias Peñoles S.A.B. de C.V. for a total of $1,100,000 placed in the international market under format 144A/Reg. S on September 5, 2019. The issuance was made in two equal parts for $550,000 each for terms of 10 and 30 years, with principal payment at maturity and interest payable semi-annually at a fixed rate of 4.15% and 5.65%. respectively plus taxes. With the resources obtained from this transaction, the issuances of Stock Certificates for a total of $600,000 maturing in 2020 ($400,000) and 2022 ($200,000) were settled in advance and the rest for corporate purposes. Standard & Poor's Global Ratings (S&P) and Fitch Ratings, Inc., have assigned the notes "BBB" ratings. Additionally, on July 30, 2020, the re-opening of the original issuance maturing in 2029 was carried out, to which $100,000 was added with the same fixed rate of 4.15% and a yield to maturity of placement of 3.375%. The destination of the funds included the pre-payment of the syndicated loan with Bank of America, N.A. (Administrative Agent) and Scotiabank Inverlat S.A., payment of short-term debt and for corporate purposes in general.

(2) Unsecured debt bonds issued by Industrias Peñoles S.A.B. de C.V., for an amount of $500,000, debt placed in the international market under format 144A/Reg. S on July 30, 2020, for a term of 30 years, payment of principal at maturity, semi-annual interest at a fixed rate of 4.75% plus taxes and without guarantees. The destination of the funds included the pre-payment of the syndicated loan with Bank of America, N.A. (Administrative Agent) and Scotiabank Inverlat S.A., payment of short-term debt and for corporate purposes in general. Transaction costs amounted to $3,627.

(3) On September 29, 2020, with settlement on October 2, Fresnillo plc issued Unsecured Debt Bonds for $850,000; Debt placed in the international market under the 144A/Reg S format, with a term of 30 years, payment of principal at maturity, semi-annual interest at a fixed rate of 4.25% plus taxes and without guarantees. The destination of the funds includes the payment of the partial repurchase of the current debt mentioned in point (4) and for corporate purposes in general. Standard Poor's and Moody's Investors Service assigned the notes BBB and Baa2 ratings, respectively. Transaction costs amounted to $3,844.

(4) On June 22, 2017, Industrias Peñoles S.A.B. de C.V. signed a credit agreement with Crédit Agricole Corporate and Investment Bank based on the purchase of equipment that its subsidiary Metalúrgica Met-Mex Peñoles S.A. de C.V. has made the supplier Outotec Oy (Finland) for the Expansion projects of its zinc plant and Silver Recovery II. The debt is 95% guaranteed by Finnvera as the Export Credit Agency (ECA) of the supplier's home country under eligible goods and services under the agreement, as well as local costs. The amount would be up to $94,520 and includes $90,130 corresponding to eligible goods and services (85%) and directly related local costs (100%), plus a $4,400 premium to Finnvera for its guarantee.

The disposition period of the resources ended in November 2018 and amounted to a notional amount of $82,590. Settlement is made through 17 semi-annual amortizations from September 28, 2018 to September 30, 2026. Applicable rate of 6-month LIBOR plus 0.94% on unpaid balances (without considering the commission to ECA for its guarantee). The floating component of the interest rate has been fixed through the interest rate swap.

Regarding the reference rate of this credit, on October 23, 2020, the International Swaps and Derivatives Association (ISDA) published in its 2006 ISDA definitions, the revised definition of LIBOR, as well as a modification to the definition of the other IBOR rates, and a new Protocol was issued. During the year 2022, Grupo Peñoles adhered to the ISDA IBOR “Fallback” protocol.

- Others: Credit actions by Rating Agencies.

At the end of March 2023, the rating of IPSAB's senior unsecured notes by S&P is "BBB" with a stable outlook on a Global scale and "BBB" with a stable outlook on a Global scale by Fitch Ratings.

For its part, the rating of Fresnillo plc's senior unsecured notes by S&P is "BBB" with a stable outlook on a global scale and "Baa2" with a stable outlook on a global scale by Moody's Investors Services.

At the end of March 2022, the rating of the senior unsecured notes of IPSAB de CV by S&P is "BBB" with a stable outlook on a Global scale and "BBB" with a stable outlook on a Global scale by Fitch Ratings.

For its part, the rating of Fresnillo plc's senior unsecured notes by S&P is "BBB" with a stable outlook on a global scale and "Baa2" with a stable outlook on a global scale by Moody's Investors Services.

Disclosure of cash and cash equivalents [text block]

Cash and Cash Equivalents

An analysis of cash and cash equivalents is as follows:

		March 2023		December 2022
Cash in hand and in banks	**$**	**77,788**	$	72,214
Liquid investments (1)		**1,381,120**		1,396,704
	$	**1,458,908**	$	1,468,918

(1) Liquid investments bear interest at market rates and have maturities of less than 30 days.

Disclosure of commitments [text block]

Energy supply

As part of its strategy to ensure the supply of electrical energy for its operations at competitive costs, Grupo Peñoles has the following energy purchase commitments.

a) Termoeléctrica Peñoles

Contract signed to acquire, through its subsidiaries, the production of electrical energy from a plant with a production capacity of 230 mega-watts of power.

In addition to the supply contract, an agreement was signed to create a trust for business activities for the operation and maintenance of an electric power generation plant under the self-supply permit granted to Termoeléctrica Peñoles, S. de R. L. de C.V. (TEP). This Trust will be terminated early in 2023 and its rights and obligations will be housed directly in the TEP company. The term of the agreement is valid until 2027. To guarantee the commitments to purchase electricity, the owners/operators of the project were granted a put option so that, in the event of default by their subsidiaries, they may require Grupo Peñoles to purchase the shares that make up TEP's capital stock at a price equivalent to the present value of the remaining scheduled payments that its subsidiaries are required to pay under the contract. The estimated cost for electric power consumption for the year 2023 for the 2,014.8 million kWh is $161,759 dollars.

b) Eólica de Coahuila

Electricity supply contract entered into on April 25, 2014, under a self-supply regime with Eólica de Coahuila, S. de R.L. de C.V., (EDC) for a term of 25 years, for which the subsidiaries of Peñoles adhering to this contract will acquire all of the net energy production that EDC generates in the contracted term, in an estimated average of 700 million kWh per year, payable monthly at a determinable fixed price for each kWh delivered by EDC to the Federal Electricity Commission at the interconnection point stipulated in the contract. The commercial operation began in April 2017; Simultaneously to this contract, a purchase and sale option agreement (“Put option”) was entered into for the assignment of the shares of EDC in certain circumstances of default. The approximate cost of electricity consumption for the year 2023, estimated at 751.3 million kWh, is $68,150 dollars.

c) Eólica Mesa La Paz

On January 25, 2018, Grupo Peñoles entered into an electricity coverage contract under the Electricity Industry Law with Eólica Mesa La Paz, S. de R.L. de C.V., (MLP) for a term of 25 years, for which the subsidiaries of Peñoles through Qualified Services Provider, will acquire during the first 7 years 67.8% of MLP's net energy production, which is estimated at an average of 782.3 million kWh per year, from year 8 until the end of the contract, they will acquire 100% of MLP's net energy production, which is estimated to average 1,170.0 million kWh per year, payable monthly at a determinable fixed price for each kWh that MLP delivers to the National Electric System at the interconnection point established in the contract. The commercial operation began on April 1, 2020, as part of the contract an agreement of purchase and sale options (“Put option”) was stipulated for the assignment of the social interests of MLP in certain circumstances of default. The approximate cost of electricity consumption for the year 2023, estimated at 832.3 million kWh, is $36,905 dollars.

Disclosure of contingent liabilities [text block]

Contingencies

As of March 31, 2023 and December 31, 2022, there are the following contingent liabilities:

a) Grupo Peñoles is subject to various laws and regulations that, if not complied with, could give rise to sanctions. The tax periods remain open to review by the Mexican tax authorities for the five years following the date of filing of the returns by the Group companies, during which time the authorities have review powers to determine additional taxes. including fines and surcharges. In certain circumstances, such powers may be extended for longer periods of time. As such, there is a risk that transactions, and in particular transactions with related parties, that have not been challenged in the past by the authorities, may be challenged by them in the future.

Grupo Peñoles has initiated various audits related to compliance with its tax obligations in terms of income tax, special law on mining and worker participation in profits by the Tax Administration Service (SAT) and the information has been presented and documentation that has been required.

- Metalúrgica Met Mex Peñoles (subsidiary of Grupo Peñoles) is undergoing a tax audit process for the years 2014 and 2015 related to compliance with its tax obligations in terms of income tax, by the Tax Administration Service (SAT) which has issued various observations related to the tax treatment of the right to use the brand and the payment of energy, purchase of raw materials and maquila, the company is currently presenting information and documentation that has been required by the SAT and is in a conclusive agreement process before PRODECON. To date, and based on arguments that support the treatment that was implemented in said fiscal years, it is estimated that it is probable that the review will conclude without the determination of any economic contingency.

Disclosure of cost of sales [text block]

Cost of Sales

The cost of sale is integrated as shown below:

		March 2023		March 2022
Personnel expenses	**$**	**107,016**	$	81,280
Energy		**132,000**		101,147
Operating materials		**120,348**		104,760
Maintenance and repairs		**120,930**		91,844
Depreciation and amortization		**164,967**		158,490
Amortization of right-of-use assets		**1,257**		1,064
Tansfer of by products		**(34,233)**		(37,991)
Contractors		**125,707**		106,144
Leases of low-value assets		**21,328**		9,010
Other		**69,244**		62,316
Inventory adjustments		**(41,972)**		(20,861)
Cost of sale of extraction and treatment		**786,592**		657,203
Cost of metals sold		**373,820**		365,646
	$	**1,160,412**	$	1,022,849

Disclosure of deferred taxes [text block]

Income taxes charged in the income statement for the three-month periods ended March 31, 2023 and 2022, are made up as follows:

	March 2023	March 2022
Current income tax	$ 68,571	$ 66,780
Deferred income tax	(63,795)	(5,873)
Special tax for mining companies	11,326	24,685
Income taxes recognized in the consolidated statement of profit or loss	$ 16,102	$ 85,591

Disclosure of deposits from banks [text block]

The disclosure of this note is mentioned in the note information to be disclosed about cash and cash equivalents.

Disclosure of deposits from customers [text block]

The disclosure of this note is mentioned in the note information to be disclosed about customers and other accounts receivable.

Disclosure of earnings per share [text block]

Earnings per Share

The earnings per share is calculated by dividing the consolidated net profit (loss) of the period attributable to ordinary shareholders of Grupo Peñoles, by the weighted average number of ordinary shares outstanding during the period.

Basic and diluted earnings per share are the same as there are no instruments that have a dilutive effect on earnings.

For the three-month periods ended March 31, 2023 and 2023, the earnings per share were calculated as follows:

	March 2023	March 2022
Net profit (in thousands of U.S. dollars):		
Attributable to the shareholders of Grupo Peñoles	**$ 3,420**	$ 70,719
Shares (number of shares in thousands):	**397,476**	397,476
Weighted average number of ordinary outstanding shares		
	$ 0.01	$ 0.18
Earnings per share:		
Basic and diluted earnings per share (in U.S. dollars)		

Disclosure of employee benefits [text block]

Employee Benefits

Employee benefits

An analysis of current employee benefit obligations is as follows:

	March 2023	December 2022
Salaries and other employee benefits payable	**$ 5,453**	$ 2,455
Paid annual leave and vacation premium payable	**14,947**	13,838
Social security dues and other provisions	**19,511**	15,370
	$ 39,911	$ 31,663

Employee retirement benefit plans

Grupo Peñoles has a defined pension plan for its non-unionized personnel that includes a benefit component earned from its employees, based on services rendered up to June 30, 2007, and a defined contribution component as of this date, based on regular contributions from both Grupo Peñoles and its employees.

The administration of the Plan is exclusively in charge of a Technical Committee, made up of a minimum of three people, appointed by Grupo Peñoles.

Defined benefit component

The defined benefit component of Grupo Peñoles was contracted until June 30, 2007, according to the benefits generated up to that date with respect to the pensions granted, this defined retirement benefit plan was only for non-unionized workers that included plans based on the income and years of service of each worker, seniority premiums for voluntary separation and payments for death or disability. The benefits accrued up to that date are updated using factors derived from the National Consumer Price Index until the retirement date.

Defined contribution component

Comprised of periodic contributions made for its employees and equal contributions by Grupo Peñoles as of July 1, 2007, without being able to exceed 8% of annual salary.

Additionally, there is a seniority bonus plan for voluntary retirement for unionized personnel.

Death and disability benefits are covered by taking out insurance policies.

Recognition of benefits to staff

The actuarial value of employee retirement benefits recognized in the consolidated statement of financial position is shown below:

	March 2023	December 2022
Defined benefit obligation of active workers	**$ 58,979**	$ 53,503
Defined benefit obligation of retired workers (1)	**76,157**	69,271
Defined benefit obligation	**135,136**	122,774
Unfunded defined benefit obligation (2)	**36,873**	33,850
	172,009	156,624
Fair value of plan assets	**(133,078)**	(106,877)
Employee benefits	**$ 38,931**	$ 49,747

(1) This obligation is currently fully funded.

(2) Corresponds primarily to seniority premiums for unionized personnel.

The charge of pension and seniority premium results for the periods ended March 31, 2023 and 2022, is analyzed:

	March 2023	March 2022
Current-year service cost	**$ 1,038**	$ 928
Net interest	**1,128**	1,022
Total	**$ 2,166**	$ 1,950

Disclosure of entity's operating segments [text block]

Segment Information

An analysis of segment information as at and for the year ended 31 March 2023 is as follows:

	Precious metal mines	Base metal mines	Metallurgical	Other	Eliminations and Reclassifications	Total
Third-party sales	$ -	$ 136,630	$ 1,211,071	$ 65,352	$ (21)	$ 1,413,032
Intra-group sales	648,443	161,765	8,618	72,464	(891,290)	0
Total sales	648,443	298,395	1,219,689	137,816	(891,311)	1,413,032
Cost of sales	521,329	234,865	1,196,384	44,593	(836,759)	1,160,412
Gross profit	127,114	63,530	23,305	93,223	(54,552)	252,620
Administrative expenses	20,925	27,103	24,370	55,038	(46,440)	80,996
Exploration expenses	38,794	12,830	3	468	(1,315)	50,780
Selling expenses	6,585	15,384	7,944	9,045	(251)	38,707
Other expenses/(income), net	5,145	3,361	3,483	(14,589)	3,516	916
	71,449	58,678	35,800	49,962	(44,490)	171,399
Operating profit/(loss)	$ 55,665	$ 4,852	$ (12,495)	$ 43,261	$ (10,062)	81,221
Finance income	-	-	-	-	-	(24,969)
Finance costs	-	-	-	-	-	55,740
Share of profit of associates	-	-	-	-	-	699
Foreign exchange gain, net	-	-	-	-	-	14,631
Profit before income tax	-	-	-	-	-	35,120
Income tax	-	-	-	-	-	16,102
Consolidated net profit	-	-	-	-	-	$ 19,018

An analysis of segment information as at and for the year ended 31 March 2022 is as follows:

	Precious metal mines	Base metal mines	Metallurgical	Other	Eliminations and Reclassifications	Total
Third-party sales	$ -	$ 99,405	$ 1,258,831	$ 55,871	$ (7,587)	$ 1,406,520
Intra-group sales	648,496	219,631	19,395	66,278	(953,800)	-
Total sales	648,496	319,036	1,278,226	122,149	(961,387)	1,406,520
Cost of sales	437,779	183,985	1,217,830	49,298	(866,043)	1,022,849
Gross profit	210,717	135,051	60,396	72,851	(95,344)	383,671
Administrative expenses	22,620	17,316	28,651	41,025	(45,659)	63,953
Exploration expenses	35,017	11,688	-	443	(538)	46,610
Selling expenses	6,223	11,662	6,995	8,612	(156)	33,336
Other expenses/(income), net	4,279	(2,161)	1,012	(3,030)	2,140	2,240
	68,139	38,505	36,658	47,050	(44,213)	146,139
Operating profit/(loss)	$ 142,578	$ 96,546	$ 23,738	$ 25,801	$ (51,131)	237,532
Finance income	-	-	-	-	-	(6,291)
Finance costs	-	-	-	-	-	46,773
Share of profit of associates	-	-	-	-	-	472
Foreign exchange gain, net	-	-	-	-	-	654
Profit before income tax	-	-	-	-	-	195,924
Income tax	-	-	-	-	-	85,591
Consolidated net profit	-	-	-	-	-	$ 110,333

Disclosure of fair value of financial instruments [text block]

Hedging derivative financial instruments

Grupo Peñoles contracts derivative financial instruments with various institutions to reduce its level of exposure to the risk of adverse movements in the prices of the variables to which it is exposed. This risk consists of fluctuations in the prices of metals that are produced or processed, energy that is consumed and exchange rates that are agreed upon in its financial and commercial transactions.

To minimize counterparty risk, contracts are entered into only with intermediaries of recognized reputation and financial capacity, so it is not expected that any of the counterparties will default on their obligations and therefore Grupo Peñoles must create reserves associated with this risk.

The fair value of cash flow hedge financial instruments, net of deferred income tax recognized in stockholders' equity, is as follows:

	March 2023	December 2022
Fair value of financial instruments	$ (2,408)	$ 6,264
Hedges balance due to early closing of positions Ineffectiveness and effect of time value of options excluded from hedges	(31)	1,303
Deferred income tax	732	(2,270)
Net fair value of deferred income tax recognized directly in Equity	$ (1,707)	$ 5,297

The movement of profits (losses) from the valuation of hedges for the years ended March 31, 2023 and December 31, 2022 is shown below:

	March 2023	December 2022
Beginning balance as at 1 January	$ 5,297	$ (8,014)
Gain/loss reclassified to earnings	32,317	4,844
Deferred income tax	(9,695)	(1,453)
Changes in the fair value of hedges	(42,323)	14,171
Deferred income tax	12,697	(4,251)
Unrealized (loss) profit net of deferred income tax	$ (1,707)	$ 5,297

Disclosure of fee and commission income (expense) [text block]

The disclosure of this note is mentioned in the information note to be disclosed about the fair value of financial instruments.

Disclosure of finance income (cost) [text block]

Ingresos financieros

An analysis of finance income is as follows:

		March 2023		March 2022
Interest income on cash equivalents and other investments	**$**	**17,710**	$	1,856
Interest income from trade receivables		**1,183**		795
Finance income on tax refund		**1,750**		2,568
Other		**4,326**		1,072
	$	**24,969**	$	6,291

Finance costs

An analysis of finance costs is as follows:

		March 2023		March 2022
Interest arising on financial debt	**$**	**40,571**	$	35,358
Discount of liability provisions		**9,661**		6,759
Net interest on defined benefit obligation		**1,128**		1,029
Finance cost on lease liabilities		**1,982**		2,429
Other		**2,398**		1,198
	$	**55,740**	$	46,773

Disclosure of financial instruments [text block]

The disclosure of this note is mentioned in the information note to be disclosed about the fair value of financial instruments.

Disclosure of financial instruments at fair value through profit or loss [text block]

The disclosure of this note is mentioned in the information note to be disclosed on the fair value of financial instruments.

Disclosure of financial instruments held for trading [text block]

The disclosure of this note is mentioned in the information note to be disclosed about the fair value of financial instruments.

Disclosure of financial liabilities held for trading [text block]

The disclosure of this note is mentioned in the information note to be disclosed about the fair value of financial instruments.

Disclosure of general and administrative expense [text block]

Administrative Expenses

An analysis of administrative expenses is as follows:

	March 2023		March 2022	
Personnel expenses	**$**	**36,192**	$	27,262
Fees		**20,748**		19,528
Travel expenses		**3,201**		1,186
Information technology expenses		**5,860**		3,265
Amortization of right-of-use assets		**2,460**		2,488
Leases of low-value assets		**3,928**		3,789
Fees, associations and other		**8,607**		6,435
Total administrative expenses	**$**	**80,996**	$	63,953

Exploration Expenses

An analysis of exploration expenses is as follows:

	March 2023	March 2022
Personnel expenses	$ 5,950	$ 4,724
Contractors	28,639	25,798
Taxes and duties	9,655	10,517
Operating materials	313	287
Amortization of right-of-use assets	219	240
Leases of low-value assets	1,131	874
Fees, assays and other	4,873	4,170
Total exploration expenses	$ 50,780	$ 46,610

Selling Expenses

An analysis of selling expenses is as follows:

	March 2023	March 2022
Freight and transfers	$ 23,941	$ 20,267
Royalties	3,609	2,874
Handling	797	497
Extraordinary mining tax	3,018	3,235
Amortization of right-of-use assets	284	485
Other expenses	7,058	5,978
Total selling expenses	$ 38,707	$ 33,336

Personnel Expenses

An analysis of personnel expenses is as follows:

	March 2023	March 2022
Salaries and other employee benefits	$ 87,117	$ 69,971
Employee benefits at retirement	9,071	2,312
Social security dues	25,755	20,053
Social welfare and other benefits	27,215	20,930
Total personnel expenses	$ 149,158	$ 113,266

Disclosure of income tax [text block]

Income Tax (ISR) and Special Mining Law (DEM)

Income Tax in Mexico (ISR)

The Income Tax Law (LISR) establishes a corporate rate of 30%.

Fiscal consolidation

Penoles Industries, S.A.B. de C.V. (IPSAB) and its subsidiaries determined until 2013 the ISR on a consolidated basis under the terms of the tax legislation in force for this year. As of January 1, 2014 with the Tax Reform, both IPSAB and its controlled subsidiaries pay the ISR on an individual basis.

In accordance with the provisions of the new LISR in force as of 2014, the groups that were fiscally consolidated as of December 31, 2013, must deconsolidate and pay the ISR and/or Asset Tax (IA) that, if applicable, would have been deferred and that is pending payment by each entity on an individual basis. Therefore, IPSAB, as the parent company, pays the full ISR that was deferred due to tax consolidation, similar to the full ISR deferred for tax consolidation in accordance with the changes introduced to the 2010 tax consolidation regime.

The 2014 Tax Reform establishes two deadlines for the payment of taxes previously deferred from the effects of deconsolidation; the first is for five years, in such a way that 25% must be paid no later than May 31, 2014 while the remaining 75% will be divided into four parts (25%, 20%, 15% and 15%), to be covered, after updating in the following four years; and the second is up to ten years applying the provisions in force until 2013.

Special Law on Mining

The Special Mining Law (DEM) is considered as a tax on profits in charge of the holders of mining concessions and allotments, consisting of the application of the rate of 7.5% to the positive difference that results from decreasing their cumulative income deductions established in the LISR, excluding deductions for investments, interest and annual adjustment for inflation. This DEM can be accredited against the ISR of the same fiscal year and must be informed no later than within the first three months following the corresponding fiscal year.

Disclosure of interest expense [text block]

The disclosure of this note is mentioned in the note information to be disclosed about financial income (expenses).

Disclosure of interest income [text block]

The disclosure of this note is mentioned in the note information to be disclosed about financial income (expenses).

Disclosure of inventories [text block]

Inventories

They are analyzed as follows:

		March 2023		December 2022
Inventories stated at cost:				
Refined metals and ore concentrates (1)	**$**	**1,584,750**	$	1,620,760
Raw materials and chemical products in process		**35,390**		27,677
Operating materials (1)		**255,947**		252,406
		1,876,087		1,900,843
Inventories measured at fair value:				
Refined metals		**124,628**		71,418
Inventories,		**2,000,715**		1,972,261
Less: Non-current portion		**91,620**		91,620
Inventories, current potion	**$**	**1,909,095**	$	1,880,641

Disclosure of investments accounted for using equity method [text block]

Equity Investments in Associates

The movement in investments for the periods ended March 31, 2023 and December 31, 2022 is analyzed as follows:

		March 2023		December 2022
Beginning balance in associates	**$**	**72,181**	$	55,120
Share of loss of associates		**(699)**		1,418
Changes in equity interest in associate		**-**		(859)
Investment return		**-**		(8)
Share capital increase		**-**		12,024
Translation adjustment		**2,159**		4,486
Ending balance in associates	**$**	**73,641**	$	72,181

Disclosure of issued capital [text block]

Equity and Components of Other Comprehensive Income

Share capital

The capital stock as of March 31, 2023 and December 31, 2022 is represented by common, registered shares without par value expression and made up of class one shares, representative of the minimum fixed capital and class two shares, representative of the variable part of the capital stock, as follows:

	Actions		Amount			
	2023	2022		**2023**		2022
Share capital authorized and subscribed	**413,264,747**	413,264,747	**$**	**403,736**	$	403,736
Share buybacks	**15,789,000**	15,789,000		**2,337**		2,337
Outstanding nominal share capital	**397,475,747**	397,475,747	**$**	**401,399**	$	401,399

As of March 31, 2023, the nominal capital stock is made up of a minimum fixed capital without the right to withdraw of $401,399 (equivalent to Ps.2,191,210) and a variable capital that may not exceed ten times the amount of the fixed capital.

Disclosure of joint ventures [text block]

The disclosure of this note is mentioned in the information to be disclosed about business combinations note.

Disclosure of leases [text block]

Leases

The movement in right-of-use assets as of March 31, 2023 is as follows:

	Buildings	Machinery and equipment	Computer equipment and other assets	Total Cost
Investment:				
Beginning balance as at January 1, 2023	$ 26,254	$ 78,606	$ 38,319	$ 143,179
Additions	1,590	-	1,824	3,414
Lease modification	290	-	(19)	271
Retirements	(657)	-	(2,735)	(3,392)
Foreign exchange gain	(444)	(50)	21	(473)
Ending balance as at March 31, 2023	$ 27,033	$ 78,556	$ 37,410	$ 142,999
Amortization:				
Beginning balance as at January 1, 2023	(10,394)	(12,924)	(21,439)	(44,757)
amortization of the period	(747)	(1,001)	(2,473)	(4,221)
Retirements	657	-	2,735	3,392
Ending balance as at March 31, 2023	(10,484)	(13,925)	(21,177)	(45,586)
Net investment	$ 16,549	$ 64,631	$ 16,233	$ 97,413

The lease liability as of March 31, 2023 and December 31, 2023 is $109,758 and $108,008. Interest expenses corresponding to March 31, 2023 and 2022 amounted to $1,982 and $2,429. The portion of the lease payments recognized as a reduction in lease liabilities and as cash outflows from financing activities for the three months ended March 31, 2023 and 2022 amounted to $3,888 and $6,741, respectively.

The maturity analysis of the lease liability as of April 1, 2023 is as follows:

	Total
2023	$ 14,636
2024	11,211
2025	8,610
2026	7,106
2027 and thereafter	68,195
	109,758
Current portion due	14,636
Non-current maturity	$ 95,122

Amortization for the right-of-use asset for the three-month period ended March 31, 2023 and 2022 amounted to $4,221 and $4,277, respectively.

Disclosure of non-current assets or disposal groups classified as held for sale [text block]

Assets Held for Sale

In December 2022, Grupo Peñoles received a binding offer for the sale of property, plant and equipment related to the Madero unit. In February 24, 2023 the master contract for assets was signed for an amount of $47,000 subject to certain conditions; the related assets and liabilities are recognized separately as part of the assets and liabilities held for sale caption. The carrying amount of these assets and liabilities add up to $21,362 and $35,609..

As at December 31, 2022, the Madero unit assets were classified as a disposal group held for sale within the base metal mines segment and represented 1.05% of the total assets recognized in the segment and 0.01% of the total revenue recognized in the segment. The revenue and expense of this unit is $710 and $6,790 respectively, due to the non-significant amount such items are not presented separately in the statement of comprehensive income.

An analysis of the principal class of assets and liabilities of the Madero unit classified as held for sale as at March 31, 2023 and Decemeber 31, 2022, is as follows:

	2023	2022
ASSETS		
Property, plant, and equipment	**$ 21,362**	$ 21,362
LIABILITIES		
Provisions	**$ 36,442**	$ 35,609

Disclosure of other current assets [text block]

Other financial assets

It is analyzed as follows:

	March 2023	December 2022
Short-term hedging derivative financial instruments	**$ 293,258**	$ 47,344
Less: Non-current maturity	**(1,466)**	(1,285)

Total other financial assets	**$ 291,792**	$ 46,059

Disclosure of other non-current assets [text block]

Other non-current financial assets

It integrates as follows:

	March 2023	December 2022
Investments in shares listed on the Canadian stock exchange:		
Cost (1)	**$ 65,045**	$ 62,732
Increases in fair value	**76,604**	103,243
Subtotal	**141,649**	165,975
Investments in shares listed on the American stock market:		
Cost	**180**	180
Increases in fair value	**817**	968
Subtotal	**997**	1,148
Total	**$ 142,646**	$ 167,123

(1) Purchase of share units of Osisko Mining Inc by Fresnillo PLC for $2,313.

Disclosure of other operating income (expense) [text block]

Other (Income)/Expenses

An analysis of other income is as follows:

	March 2023	March 2022
Rental income	**$ -**	$ (579)
Income from royalties	**(35)**	(54)
Insurance claims	**-**	(210)
Gain on sale of other goods and services	**(12,517)**	-
Gain on sale of property, plant and equipment	**-**	(2,009)

Other income	**$ (12,552)**	$ (2,852)

An analysis of other expenses is as follows:

	March 2023	March 2022
Leasing expenses	**$ 1,120**	-
Donations	**544**	$ 916
Rehabilitation expenses for closed mining units	**4,399**	1,515
Loss due to accidents	**488**	-
Loss on sale of fixed assets	**519**	-
Loss on sale of materials and scrap	**224**	769
Loss on sale of concentrates	**4,076**	1,412
Loss on sale of other products and services	**-**	204
Bajas de activo fijo	**667**	-
Other	**1,431**	276
Other expenses	**$ 13,468**	$ 5,092

Disclosure of property, plant and equipment [text block]

During the three-month periods ended March 31, 2023 and 2022, Grupo Peñoles made investments in its property, plant and equipment for $114,493 and $151,031, respectively.

In December 2022, Grupo Peñoles received a binding offer for the sale of real and personal property of the Madero unit with a third party, due to the above, the assets of this unit that were totally impaired part of their impairment was reversed in a amount of $21,362, such value represents the lesser of the book value or its fair value. This amount is shown as an asset held for sale.

The main investments made during the three months ended March 31, 2023 were allocated to mining projects under development for $15,374, expansions and replacement of fixed assets in mining units for $89,401, and acquisitions to replace assets at the Met Mex metallurgical plant. for $6,122.

Grupo Peñoles evaluated certain external indicators, mainly the movement in metal prices, as well as internal indicators that included the review of mineral reserves and economically recoverable resources, in order to determine if its property, plant and equipment could be impaired. . The recoverable amount was based on the continuing use value of the cash-generating units by discounting future cash flows to present value based on budgets, forecasts and expectations approved by Management.

Depreciation as of March 31, 2023 and 2022 amounted to $164,966 and $158,490, respectively.

commitments

As of March 31, 2023 and December 31, 2022, various agreements have been entered into with contractors for the purchase of machinery and equipment, as well as for the completion of the construction of mining and metallurgical projects. The amount of the commitments at each of said dates is $191,491 and $218,519, respectively.

Disclosure of related party [text block]

Related Parties

An analysis of balances due from and to unconsolidated related parties is as follows:

	March 2023	December 2022
Receivables:		
Sales:		
Dowa Mining Co. Ltd. (3)	**$ 3,906**	$ 2,674
Sumitomo Corporation (3)	**14,207**	-
Grupo Palacio de Hierro, S.A.B. de C.V. (1)	**1,024**	987
Eólica de Coahuila S. de R.L. de C.V. (4)	**1,216**	243
Other	**115**	96
	20,468	4,000
Short-term loans:		
Inmobiliaria Industrial La Barra, S.A. (4)	**12,195**	10,939
Total	**$ 32,663**	$ 14,939
Payables:		
Short-term accounts payable:		
Termoeléctrica Peñoles, S. de R.L. de C.V. (4)	**$ 16,798**	$ 18,790
Línea Coahuila-Durango, S.A.B. de C.V. (2)	**2,704**	1,138
Other	**15**	789
	19,517	20,717
Loans:		
Minera los Lagartos, S.A. de C.V. (3)	**8,827**	9,110
Total	**$ 28,344**	$ 29,827
Long-term loans:		
Minera los Lagartos, S.A. de C.V. (3)	**$ 120,391**	$ 95,853

As of March 31, 2023 and December 31, 2022, the connection of the loans and interest with Minera Los Lagartos, S.A. de C.V. shown below:

	2023	2022
Beginning balance as at January 1	**$ 104,962**	$ 107,918
Loans	**22,726**	8,626
Amortization loan	**-**	(10,008)

Accrued interest	**1,679**	1,058
Capitalized interest in property, plant and equipment	**-**	1,531
Interest payment	**(149)**	(4,162)
Ending balance	**$ 129,218**	$ 104,962

In the periods ended March 31, 2023 and 2022, various business transactions were entered into with unconsolidated related entities, as indicated below:

(a) Grupo Peñoles, through its subsidiary Minera Tizapa, sold lead, zinc, gravimetric and copper concentrates. The selling price of these concentrates was determined by reference to the international markets and based on the metal content payable.

(b) Grupo Peñoles, through a subsidiary, has entered into several power supply agreements with its related parties under a self-supply scheme. For further information.

(c) Grupo Peñoles has entered into several power supply agreements with its related parties under a self-supply scheme and wholesale electricity market. For further information.

(d) Transaction corresponding to insurance paid to Grupo Nacional Provincial, S.A.B. de C.V.

(e) Business consulting and corporate management services.

	March 2023	March 2022
Revenue (a):		
Sales of concentrates and refined metal:		
Dowa Mining Co. Ltd. (3)	**$ 18,152**	$ 26,320
Sumitomo Corporation (3)	**14,207**	75,726
	32,359	102,046
Interest:		
Inmobiliaria Industrial La Barra, S.A. (4)	**397**	278
Electricity (b):		
Grupo Palacio de Hierro, S.A.B. de C.V. (1)	**1,892**	1,614
Grupo Nacional Provincial, S.A.B. de C.V. (1)	**73**	103
Instituto Tecnológico Autónomo de México (1)	**28**	34
	1,993	1,751
Other:		
Línea Coahuila Durango, S.A de C.V. (2)	**32**	65
Petrobal, S.A.P.I. de C.V. (1)	**122**	107
Petrobal Upstream Delta 1, S.A. de C.V. (1)	**118**	100
	272	272
	$ 35,021	$ 104,347
Expenses:		
Electricity (c):		
Termoeléctrica Peñoles, S. de R.L. de C.V. (4)	**$ 49,468**	$ 31,127
Eólica de Coahuila S. de R.L. de C.V. (4)	**16,027**	14,282
Eólica Mesa la Paz S. de R.L. de C.V. (4)	**11,686**	9,205
	77,181	54,614

Administrative fees:(e):		
Servicios Corporativos Bal, S.A. de C.V. (1)	**11,479**	10,006
Insurance and bonds (d):		
Grupo Nacional Provincial, S.A.B. de C.V. (1)	**949**	3,840
Other	**39**	26
	988	3,866
Air transportation:		
Aerovics, S.A. de C.V. (2)	**2,079**	12,594
Royalties:		
Dowa Holdings Co. Ltd (3)	**428**	-
Sumitomo Corporation (3)	**110**	-
	538	-
Rent:		
MGI Fusión, S.A. de C.V. (2)	**1,007**	940
Other	**1,541**	2,123
	$ 94,813	$ 84,143

(1) Affiliates under the common control of Grupo Bal and composed of independent Mexican companies, including Grupo Palacio de Hierro, S.A.B. de C.V.; Grupo Nacional Provincial, S.A.B. de C.V.; Valores Mexicanos Casa de Bolsa, S.A. de C.V.; and Petrobal, S.A.P.I. de C.V.

(2) Associates

(3) Non-controlling interest holders

(4) Other related parties

Disclosure of reserves within equity [text block]

Equity and Components of Other Comprehensive Income

Legal reserve

Grupo Peñoles is required to appropriate at least 5% of the net profit of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of Grupo Peñoles' share capital. At date, Grupo Peñoles has fully covered this percentage. This reserve may not be distributed, except in the form of share dividends.

Components of other comprehensive loss

Effect of unrealized gain or loss on valuation of hedges

This includes the effective portion of the gain or loss on valuation of financial instruments classified as cash flow hedges, net of deferred income tax. The unrealized gain or loss is recycled to profit or loss at the time the hedged transaction occurs.

Effect of unrealized gain or loss on valuation of financial assets in equity instruments

This corresponds to the fair value changes in financial assets in equity instruments, net of deferred income tax. Gains and losses arising from these financial assets will never be reclassified to profit or loss. Dividends are recognized as Other income in the consolidated statement of profit or loss when the right of payment has been established, except when Grupo Peñoles benefits from such proceeds as a recovery of part of the cost of the financial asset. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Cumulative translation adjustment

This item represents the effects of translation to the presentation currency (U.S. dollar) of certain subsidiaries and associates, whose functional currency is the Mexican peso.

Effect of unrealized gain or loss on revaluation of labor obligations

This item represents the actuarial gain or loss arising on changes in liabilities for retirement benefits due to changes made to the actuarial assumptions used to calculate the liability.

Disclosure of revenue [text block]

Sales

An analysis of sales by geographical area is as follows:

	March 2023	March 2022
Domestic sales	**$ 303,013**	$ 267,033
United States of America	**604,703**	552,655
Europe	**221,376**	165,433
Asia	**112,659**	172,464
Canada	**166,965**	225,662
South America	**3,220**	16,154
Other	**1,096**	7,119
	$ 1,413,032	$ 1,406,520

Sales by products are shown in the annex [800005]

Disclosure of subsidiaries [text block]

Consolidation

Significant subsidiaries

The significant subsidiaries are as follows:

100%-owned subsidiaries of the Company:

Subsidiary	Country	Functional Currency (1)	% equity interest March 2023	December 2022
Minas Peñoles, S.A. de C.V.	Mexico	USD	**100**	100
Química Magna, S.A. de C.V.	Mexico	USD	**100**	100
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	Mexico	USD	**100**	100
Química del Rey, S.A. de C.V.	Mexico	USD	**100**	100
Minera Ciprés, S.A. de C.V.	Mexico	USD	**100**	100
Compañía Minera Sabinas, S.A. de C.V.	Mexico	USD	**100**	100
Compañía Capela, S.A. de C.V.	Mexico	USD	**100**	100
Arrendadora Mapimí, S.A. de C.V.	Mexico	USD	**100**	100
Servicios Administrativos Peñoles, S.A. de C.V.	Mexico	Peso	**100**	100
Servicios Especializados Peñoles, S.A. de C.V.	Mexico	Peso	**100**	100
Bal Holdings, Inc.	USA (2)	USD	**100**	100
Fuerza Eólica del Istmo, S.A. de C.V.	Mexico	USD	**100**	100

(1) “USD” refers to the U.S. dollar; “Peso” refers to the Mexican peso..

(2) United States of America.

Subsidiaries with other non-controlling interests

Subsidiary	Country	Primary Activity
Fresnillo plc	England	Holding company whose subsidiaries are primarily engaged in the extraction and processing of mineral concentrates containing mostly silver and gold in Mexico. The subsidiary was incorporated under the laws of the United Kingdom and is publicly traded on the London Stock Exchange. This company is a 75%-owned subsidiary of Grupo Peñoles, with the remaining 25% non-controlling interest publicly traded.
Minera Tizapa, S.A. de C.V.	Mexico	Primarily engaged in the extraction and processing of mineral concentrates and zinc and silver. This company is a 51%-owned subsidiary of Grupo Peñoles, with noncontrolling interests held by Dowa Mining and Sumitomo Corporation.

The accounting policies used in the preparation of the financial statements that are summarized below, have been consistently applied in all the periods presented.

Disclosure of trade and other receivables [text block]

Trade and Other Accounts Receivable

An analysis of this caption is as follows:

		March 2023		December 2022
Trade receivables(1)	**$**	**246,857**	$	266,844
Other accounts receivable		**33,590**		17,578
Less:				
Expected credit losses for trade receivables		**(1,963)**		(1,880)
Expected credit losses for other accounts receivable		**(1,080)**		(1,053)
Total trade and other accounts receivable		**277,404**		281,489
Related parties		**32,663**		14,939
Recoverable value added tax		**288,463**		295,168
Advances to suppliers		**26,871**		20,140
Account receivable related to layback agreement		**23,546**		23,819
Other accounts receivable to contractors		**2,279**		2,595
		651,226		638,150
Less: Non-current maturity				
Other accounts receivable to contractors		**2,279**		2,595
Recoverable Value Added Tax		**39,374**		36,820
Long-term accounts receivable and other receivables		**41,653**		39,415
Total trade and other current accounts receivable, net	**$**	**609,573**	$	598,735

[800600] Notes - List of accounting policies

Disclosure of significant accounting policies [text block]

The accounting policies used in the preparation of the financial statements that are summarized below, have been consistently applied in all the periods presented.

Description of accounting policy for borrowing costs [text block]

Borrowing costs directly related to the acquisition, construction, or production of qualifying assets, which are assets requiring a substantial period, usually twelve months or more, to get them ready for use, are added to the cost of the assets throughout their construction phase and until such time as operation and/or exploitation of the asset begins. The interest obtained on temporary investments of borrowed funds that have yet to be used for the construction of the corresponding qualifying assets are deducted from the costs of capitalized loans.

Description of accounting policy for borrowings [text block]

Financial liabilities at amortized cost are measured using the effective interest rate method (EIR) by taking into consideration any transaction costs and recognizing the interest expense on the basis of the effective interest rate. Non-interest-bearing trade and other short-term payables are stated at nominal value since this value does not significantly differ from their fair value.

Description of accounting policy for business combinations and goodwill [text block]

Business combinations are accounted for using the acquisition method. Under this method, the assets acquired, and liabilities assumed are recognized at fair value at the date of acquisition. The operating results of acquired businesses are recognized in the consolidated financial statements as of the effective acquisition date. The operating results of businesses sold during the year are included in the consolidated financial statements through the effective date the business was sold. The gain or loss on the sale of an acquired business, which is the difference between the income received from the sale, net of the related expenses, and the net assets attributable to the equity interest in the business at the date of sale, is recognized in the consolidated statement of profit or loss.

Description of accounting policy for cash flows [text block]

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position include cash in hand, cash in banks and highly liquid investments with maturities of less than three months, which are easily convertible into cash, have a low exposure to risk of changes in their value and the cash amount to be received can be reliably known. Short-term deposits bear interest at market rates.

For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of the cash and cash equivalents defined above, net of bank overdrafts pending collection.

Description of accounting policy for decommissioning, restoration and rehabilitation provisions [text block]

Provision for decommissioning and rehabilitation

Grupo Peñoles records the present value of estimated costs of legal and constructive obligations required to rehabilitate mining units in the period in which the obligation is incurred. Estimated rehabilitation costs include the costs of decommissioning and removing structures, rehabilitating mines and tailings dams and decommissioning the processing plant and operating facilities, as well as the cost incurred for rehabilitation, reclamation, and re-vegetation of affected areas.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets, provided they give rise to a future economic benefit. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect the time value of money and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of profit or loss as a finance cost.

Changes to estimated future costs are recognized in the consolidated statement of financial position by either increasing or decreasing the decommissioning liability and asset to which it relates. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of profit or loss.

Decommissioning and rehabilitation assets are depreciated over the estimated production period of the mining unit where they are located. Depreciation is recognized in the consolidated statement of profit or loss as part of the Cost of sales caption.

Description of accounting policy for deferred acquisition costs arising from insurance contracts [text block]

Prepaid expenses

Prepaid expenses are recognized at the time the expense is paid and based on the actually paid amount. Prepaid expenses are either capitalized or recognized in profit or loss as an expense, depending on whether there is certainty that the acquired goods or services will generate future economic benefits.

Description of accounting policy for deferred income tax [text block]

Deferred income tax is computed using the balance method, based on temporary differences between carrying amounts for financial reporting and tax basis values of assets and liabilities at the reporting date.

The tax rates and tax laws used to calculate deferred income tax are those that are enacted or substantively enacted at the reporting date.

Description of accounting policy for depreciation expense [text block]

Property, plant and equipment

Depreciation and depletion are calculated on the asset's acquisition cost, less the residual value of the property, plant and equipment throughout their useful lives or the waiting period in which the benefits of their use will be received.

Description of accounting policy for derecognition of financial instruments [text block]

If the hedging instrument matures or is sold, terminated or exercised without being replaced or if its designation as a hedge is revoked, the cumulative gain or loss recognized directly in equity as of the effective date of the hedge remains in equity and is recognized when the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss recognized in equity is immediately carried to profit or loss.

Description of accounting policy for derivative financial instruments [text block]

Derivative financial instruments

Hedging derivatives

Grupo Peñoles uses hedging derivatives to reduce certain market risks related to changes in metal prices, energy costs, exchange rates, interest rates, and the value of its financial assets and liabilities.

Grupo Peñoles' transactions with derivatives are limited in volume and confined to risk management activities. Grupo Peñoles senior management takes an active part in the analysis and monitoring of the design, performance and impact of Grupo Peñoles hedging strategies and transactions with derivatives. Hedges are also designed to protect the value of expected mining-metallurgical-chemical production against the dynamic market conditions.

All derivative financial instruments are recognized as financial assets and liabilities and stated at fair value.

Description of accounting policy for derivative financial instruments and hedging [text block]

Derivative financial instruments

Cash flow hedges

For derivatives that are designated and qualify as cash flow hedges (forwards and swaps), the gain or loss from the effective portion of changes in fair value is recorded as a separate component in equity and is carried to the consolidated statement of profit or loss at the settlement date, as part of either the sales, cost of sales or finance income and cost caption. The ineffective portion of changes in the fair value of cash flow hedges is recognized in the consolidated statement of profit or loss as part of finance costs.

Description of accounting policy for dividends [text block]

Dividends payable to the shareholders of Grupo Peñoles are recognized as a liability at the time they are declared and authorized, or when the shareholders delegate the authorization of the amount of a dividend to another body. Dividends payable to the holders of non-controlling interests are recognized as a liability when they are declared by the shareholders or partners of the subsidiaries with shareholders or partners with non-controlling interests.

Description of accounting policy for earnings per share [text block]

Earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders of Grupo Peñoles by the weighted average number of ordinary shares outstanding during the year.

Description of accounting policy for employee benefits [text block]

Employee benefits

Short-term employee benefits

Liabilities for employee benefits are recognized in the consolidated statement of profit or loss on an accrual basis considering the wages and salaries that Grupo Peñoles expects to pay at the date of the consolidated statement of financial position, including the related taxes that will be payable by Grupo Peñoles. Paid absences and vacation premiums are expensed as the benefits accrue.

Defined benefit plan

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method based on the earnings of employees and their years of service. The actuarial valuation is prepared by an independent actuarial firm at each year end. The liability is recognized at present value using a discount rate that represents the yield at the reporting date on credit-rated bonds that have maturity dates approximating the terms of Grupo Peñoles obligations and that are denominated in the same currency in which the benefits are expected to be paid.

Description of accounting policy for environment related expense [text block]

Provision for asset decommissioning and rehabilitation

Grupo Peñoles records the present value of estimated costs of legal and constructive obligations required to rehabilitate operating locations in the period in which the obligation is incurred. Estimated rehabilitation costs include the costs of decommissioning and removing structures, rehabilitating mines and tailings dams and decommissioning the processing plant and operating facilities, as well as the costs incurred for rehabilitation, reclamation, and re-vegetation of affected areas. Provisions for asset decommissioning and rehabilitation are recognized at present value at the time the obligation becomes known and provision amounts are calculated based on management’s understanding of the related legal requirements and Grupo Peñoles corporate social responsibility policies.

Environmental costs are also estimated by Grupo Peñoles own internal specialists with the support of studies performed by independent experts. Generally speaking, management applies its judgment and experience to estimate decommissioning and rehabilitation costs over the life of each mine.

The costs incurred in future periods may be different from the amounts provided for. Also, the book value of the provision could eventually be affected by future changes in the applicable legislation and regulatory requirements, as well as changes to the estimated useful lives of Grupo Peñoles mines or the discount rates.

The assumptions used in calculating the provisions for the mining unit decommissioning and rehabilitation costs are regularly reviewed based on internationally recognized standards, which require mine closure processes to be carried out. The discount rate is also adjusted to reflect the obligations for ecological restoration at their present value, based on current market interest rates.

Description of accounting policy for exploration and evaluation expenditures [text block]

Mine exploration and development costs and expenses

Exploration includes the search for mineral resources, the determination of the mine’s technical feasibility, and the assessment of the commercial viability of identified resources.

Description of accounting policy for fair value measurement [text block]

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The principal or the most advantageous market must be accessible by Grupo Peñoles.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Description of accounting policy for financial assets [text block]

Grupo Peñoles classifies its financial assets into the following categories:

- Financial assets at amortized cost.
- Financial assets at fair value through other comprehensive income OCI, and
- Financial assets at fair value through profit or loss.

The classification is based on two criteria: Grupo Peñoles´s business model for managing the assets and the contractual cash flows of the assets.

Description of accounting policy for financial liabilities [text block]

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value, and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial liabilities include accounts payable to suppliers and other accounts payable, financial debt and loans and derivative financial instruments.

Description of accounting policy for foreign currency translation [text block]

Transactions undertaken in currencies other than the entity's functional currency are translated using the exchange rate at the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated using the exchange rate at the reporting date. These translation adjustments are carried directly in the consolidated statement of profit or loss.

Description of accounting policy for functional currency [text block]

Foreign currency translation

Functional currency

The functional currency of each consolidated entity is determined based on the currency of the primary economic environment in which each entity operates. Except for certain subsidiaries that are currently not operating or are service providers, the functional currency of all of the entities of Grupo Peñoles is the U.S. dollar.

Description of accounting policy for hedging [text block]

The disclosure of this note is mentioned in the accounting policy note for derivative financial instruments and hedges.

Description of accounting policy for impairment of assets [text block]

Impairment

The carrying amount of non-financial long-lived assets is tested for impairment when there are situations or changes in circumstances that indicate that the asset's carrying amount is not recoverable. At each reporting date, non-financial long-lived assets are tested to determine whether there are indicators of impairment.

If there are indicators of impairment, a review is conducted to determine whether the carrying amount exceeds the recoverable amount of the asset and it is impaired. Such review is undertaken on an asset-by-asset basis, except where such assets do not generate cash flows independent of other assets, and then the review is undertaken at the cash generating unit level.

If the carrying amount of an asset or its cash generating unit exceeds the recoverable amount, an impairment loss is recognized by reducing the carrying amount of the asset in the consolidated statement of financial position to the asset's recoverable amount. Impairment losses are recognized in profit or loss.

Description of accounting policy for impairment of financial assets [text block]

Impairment of financial instruments

Grupo Peñoles recognizes an allowance for expected credit losses (ECLs) for all of its debt instruments measured at amortized cost and at fair value through OCI, except for the equity instruments irrevocably classified as equity instruments at fair value through OCI.

Lifetime ECLs are recognized according to the simplified approach permitted under IFRS 9 *Financial Instruments*. ECLs of an asset are recognized before the instrument is in default. In order to determine the credit risk, Grupo Peñoles uses the historical default rates over the expected life of its trade receivables, which are then adjusted based on forward-looking estimates taking into consideration the most relevant macroeconomic factors affecting their collectability.

For financial assets carried at amortized cost, the amount of the ECL is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Description of accounting policy for income tax [text block]

Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax

Deferred income tax is computed using the balance method, based on temporary differences between carrying amounts for financial reporting and tax basis values of assets and liabilities at the reporting date.

Description of accounting policy for intangible assets other than goodwill [text block]

Intangible assets

Intangible assets are recognized if, and only if, it is probable that the future economic benefits associated with the intangible asset will flow to Grupo Peñoles and the cost of the asset can be reliably measured.

Intangible assets with finite useful lives are valued at cost less accumulated amortization and impairment losses. Amortization is recognized based on the estimated useful life of the intangible, on a straight-line basis.

Intangible assets with finite useful lives consist of software licenses. Grupo Peñoles has no intangible assets with indefinite useful lives.

Description of accounting policy for interest income and expense [text block]

Interest income is recognized as it accrues using the effective interest rate method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Description of accounting policy for investment in associates [text block]

The disclosure of this note is mentioned in the accounting policy note for investments in associates and joint ventures.

Description of accounting policy for investment in associates and joint ventures [text block]

Associates

Investments in associates are those in which Grupo Peñoles holds more than 20% of the issuer's voting shares, or over which it exercises significant influence but does not have control over the investee. Investments in associates are initially recognized at cost and later accounted for using the equity method, which consists of recognizing Grupo Peñoles' share in the changes in the issuer's equity from net profit or loss and components of other comprehensive income generated after the acquisition date. Dividends received from the associated company are subtracted from the value of the investment. The consolidated statement of profit or loss reflects Grupo Peñoles' share of the associate's net profit or loss. In addition Grupo Peñoles recognizes its share in the associate's components of other comprehensive income directly in equity under the caption corresponding to the type of other comprehensive income being recognized.
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Description of accounting policy for investments in joint ventures [text block]

The disclosure of this note is mentioned in the accounting policy note for investments in associates and joint Ventures.

Description of accounting policy for leases [text block]

Leases

Group Peñoles (as lessee) determines the term as the non-cancellable term of the lease, together with any periods covered by an option to extend if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Group Peñoles has several lease contracts that include extension options. Grupo Peñoles applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew and to this end, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, Grupo Peñoles reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. Grupo Peñoles included the renewal period as part of the lease term for certain plant and machinery.

Description of accounting policy for measuring inventories [text block]

Inventories

Inventories are valued at the lower of cost or net realizable value, as follows:

Inventories of minerals concentrates and doré are recognized at production cost, which includes direct costs and an appropriate portion of the fixed and variable general expenses (based on normal operating capacity), including depreciation and amortization incurred for the mineral extraction and concentration of the metals contained in such. Mineral concentrate and doré purchases are recognized at cost, plus direct purchasing expenses.

Inventories of refined metals and production in process include the mine production costs and/or mineral and concentrate acquisition costs, plus the treating and refining costs, which are recognized in proportion to the percentage of completion of their transformation to refined metal. Inventories of metal byproducts and free metals obtained from the treatment and refining process are recognized at their estimated realizable value.

Description of accounting policy for mining assets [text block]

Property, Plant and Equipment

Mine properties, mine development and stripping costs

Mine properties and mine development and stripping costs are recognized at cost less accumulated depletion and, when applicable, impairment losses.

Description of accounting policy for mining rights [text block]

Income tax

Special tax for mining companies

Grupo Peñoles recognized deferred assets resulting from the temporary differences between the carrying amount and tax basis of its assets and liabilities related to the calculation of the special tax for mining companies, since this special tax is calculated on the basis of Grupo Peñoles earnings, in accordance with applicable tax laws.

Description of accounting policy for property, plant and equipment [text block]

Property, plant and equipment

Property, plant, and equipment is initially measured at cost. The cost includes the purchase price and any other costs directly attributable to refurbishing and getting the asset ready for use, including provisions for decommissioning or retirement, as well as interest costs.

Description of accounting policy for provisions [text block]

Provisions are recognized when Grupo Peñoles has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Description of accounting policy for recognition of revenue [text block]

Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which Grupo Peñoles expects to be entitled in exchange for transferring goods to a customer and once Grupo Peñoles has satisfied the performance obligations of its sales agreements.

Revenue from the sale of goods is recognized when the control of the related goods has been physically transferred to the buyer, which generally occurs at the time ownership of the product is physically transferred to the customer and collection of the related accounts receivable is reasonably assured. The performance obligations of Grupo Peñoles consist in the sale of products and the rendering of freight services, both are considered a single performance obligation within the context of the contract. Revenue is recognized as the performance obligation is satisfied.

The prices of refined metals are essentially determined by international prices, to which a premium is added, depending on the region where the products are sold, as well as the specific market conditions of the region in question.

Description of accounting policy for segment reporting [text block]

Segment Information

Grupo Peñoles operations in the mining-metallurgical industry consist of the extraction and processing of minerals, and the smelting and refining of non-ferrous metals. The extraction and processing of minerals primarily produces lead, zinc and doré concentrates, which are treated and refined in a metallurgical complex to obtain refined metals. Grupo Peñoles metallurgical business is conducted through its subsidiary Metalúrgica Met-Mex Peñoles (Met-Mex). The metallurgical complex, known as “Met-Mex”, receives mineral concentrates and doré from related and independent mining companies to treat, process, and refine them to obtain finished products, primarily silver, gold, zinc, and lead, for their subsequent sale. Based on the business activities described above, Grupo Peñoles has divided its operations into the following operating segments:

Precious metal mines

This segment includes the mining units where silver and gold minerals are extracted and processed. Other activities related to this segment include prospecting and exploring new deposits and developing mining units for future mining operations. The equity interest in the business units of this segment is held by the subsidiary Fresnillo plc, which is a company located in the United Kingdom whose shares are traded on the London Stock Exchange in England. Practically all of the concentrates and doré produced by this segment are sent to Met-Mex metallurgical complex.

Base metal mines

This segment groups mineral exploration, extraction, and processing to obtain concentrates of zinc, lead, and copper. Zinc and lead concentrates are sent to Met-Mex for treatment and refining primarily to obtain refined zinc and lead. The copper concentrates are sold to metallurgical companies abroad that are not related parties.

Metallurgical
The metallurgical segment involves treating and refining the concentrates and dorés received from the precious metals and base metals business. The activities of this segment are performed in two main metallurgical plants: a) an electrode plant that produces zinc cathode; and b) the smelting-refining plant that primarily produces refined silver and gold (mostly presented in bars), as well as molded lead. The plants also process precious metals and base metals from non-related parties and this segment represents approximately 40% of production. The refined metals, which are mostly silver, gold, lead, and zinc, are sold in Mexico and abroad, primarily in the United States through the subsidiary Bal Holdings, as well as in Europe and South America.

Other

This segment consists primarily of the following operations: a) the production and sale of chemical products, primarily sodium sulfate, and b) entities that provide administrative and operating support activities. These operations do not meet the criterion for segment reporting under IFRS 8 *Operating*

Segments.

The accounting policies used by Grupo Peñoles in reporting segments internally are the same as those contained in the notes to the consolidated financial statements.

The financial performance of the different segments is measured by the CODM using a net profit/loss approach.

Description of accounting policy for stripping costs [text block]

Property, Plant and Equipment

Decommissioning and rehabilitation

The present value of the initial estimate of the obligation to decommission and rehabilitate mining sites is included in the cost of the mining properties and any adjustments to such obligation resulting from changes in the estimated cash flows needed to cover the obligation at the end of the useful life of the mining unit are accounted for as additions to or reductions from investments in mining units in the property, plant, and equipment caption

Description of accounting policy for subsidiaries [text block]

Consolidation

Subsidiaries

Subsidiaries are understood to be those entities over which Grupo Peñoles has the power to govern the investee's operating and financial policies and obtain benefits from its activities, as of the date control is obtained and through the date control is lost. Control over investees classified as subsidiaries is analyzed based on Grupo Peñoles power over the investee, its voting rights, its exposure, or rights, to variable returns from its involvement with the investee, and its ability to affect the amount of such returns through its power over the investee.

Description of accounting policy for transactions with non-controlling interests [text block]

The consolidated financial statements include all of the entities' assets, liabilities, revenue, expenses, and cash flows after eliminating intercompany balances and transactions. When Grupo Peñoles holds equity interest of less than 100% and, therefore, there are non-controlling interests in the net assets of the consolidated subsidiary, a separate non-controlling interests caption is included in the consolidated statement of financial position.

Description of accounting policy for transactions with related parties [text block]

All intercompany balances and transactions, intra-group unrealized gains and losses, and dividends have been eliminated on consolidation.

[813000] Notes - Interim financial reporting

Disclosure of interim financial reporting [text block]

The financial reporting notes for 1Q2023 are contained in reports [800500] and [800600].

Description of significant events and transactions

N/A

Dividends paid, ordinary shares:	0
Dividends paid, other shares:	0
Dividends paid, ordinary shares per share:	0
Dividends paid, other shares per share:	0