Quarterly Financial Information

[105000] Management commentary

Management commentary [text block]

Mexico City, April 29, 2024 - 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 2024 (1Q24) and the main changes compared to the same period of 2023 (1Q23).

EXECUTIVE SUMMARY

In the first quarter of 2024, the average prices of the metals that the Company produces and sells had mixed behavior compared to those recorded in the same quarter of the previous year: being higher for gold (+9.5%) and silver (+3.7%), due to the uncertainty of geopolitical conflicts and expectations of interest rate reductions; and lower for zinc (-21.6%), copper (-5.5%) and lead (-3.0%), due to the global economic slowdown and, in the case of zinc, reports of high inventories.

In the mining division, the volume of ore processed remained relatively stable, with a minimal variation of -0.5%. This was mainly due to the increase in the volume of ore processing at the Juanicipio mine. During the first quarter of 2023, its beneficiation plant was in the process of commissioning and reached its nameplate capacity as of the third quarter same year. However, this increase was offset by a decrease in the volume processed at Capela due to a temporary suspension of the explosives permit for forty days as a result of an unfortunate fatal accident, and at Sabinas due to a twenty-three-day technical stoppage, initiated in mid-March, with the objective of modifying the mining method in the narrower veins to reduce high dilution and improve its productivity. In addition, a lower beneficiated volume was recorded at Fresnillo and San Julián (DOB) mines. The volume of ore deposited decreased 47.1%, mainly at Herradura, because heavy rains during March required additional pumping and affected the mining process, and at Noche Buena, a unit that concluded pit mining in May 2023 due to depletion of its reserves. These reductions were offset by increased ore deposits at the Milpillas copper mine.

Gold production decreased 17.3%, affected by the lower volume of ore processed by Herradura and the lower ore grade, as well as the lower production at Noche Buena, this unit will continue the extraction of gold content from ore deposited in leaching patios. These deficits were mitigated by the contribution of Juanicipio. Silver production increased 7.7% also due to the contribution of Juanicipio, in addition to the better ore grade and higher ore processing at San Julián (Veins) and Ciénega, the higher volume processed by Saucito, a unit that has improved its performance, as well as the processing of tailings at the concentrate flotation plant at Fresnillo (Pyrites II). Lead production increased 12.6%, thanks to higher ore processing with better grades and recoveries at Juanicipio, better ore grade and recovery at Saucito, higher milling at Saucito and better ore grade at Velardeña. Zinc production increased 2.6%, favored by the ramp up at Juanicipio, and the higher ore processing with better recoveries at Tizapa, Saucito and Velardeña, while copper in concentrate production decreased 4.9%, due to the technical stoppage at Sabinas and the lower ore beneficiation at Capela. Copper in cathodes produced by Milpillas, on the other hand, grew 10.2%, due to the higher volume of ore deposited in leaching patios.

In the metallurgical operations, refined gold production decreased 17.2%, mainly due to lower production at Herradura and Noche Buena. Silver and lead production increased 4.5% and 2.0%, respectively, due to the higher volume of concentrates and other materials treated in the smelter-refinery circuit. At the zinc plant, refined zinc production decreased 8.7%, since, as reported, production capacity was temporarily reduced from 350,000 to 270,000 tons per year in order to make the necessary repairs to equipment and correct design flaws in the expansion, which resulted in the suspension of electrolysis module 2.

The chemical business recorded a lower production of sodium sulfate (-7.1%) due to continued logistical problems in railroad distribution. Magnesium oxide production decreased (-13.5%) due to the slowdown in demand, while magnesium sulfate contracted (-10.0%) affected by lower demand from the domestic agricultural sector and strong competition from Chinese products. For the ammonium sulfate by-product, volume decreased (-26.6%) because the high cost of ammonia and the fall in the price of this fertilizer have affected profitability margins, so strategies have been implemented to reduce its production and the plant's capacity has been channeled to more profitable by-products.

In the financial results, 1Q24 sales revenues decreased marginally, as lower base metal prices (especially zinc) offset the benefit of higher gold and silver prices and higher volumes sold of zinc, concentrates, silver, and copper, mainly. Cost of sales increased due to higher inventory turnover charges sold in the United States by our subsidiary Bal Holdings, coupled with the unfavorable effect of the appreciation of the peso against the US dollar on costs incurred in pesos (approximately 50% of production costs) and the increase in costs related to the continued operation of the Juanicipio mine's beneficiation plant while the previous year was in start-up process. Operating and financial expenses, on the other hand, were lower than those recorded in the same quarter of the previous year, while the provision for income taxes was lower. 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, the financial results obtained by Peñoles in 1Q24 and their variation with respect to 1Q23 were as follows (figures in millions): Net Sales US$1,396.5 (-1.2%), Gross Profit US$171.1 (-32.3%), EBITDA US$196.6 (-21.8%), Operating Income US$5.9 (-92.9%) and Net Loss from Controlling Interest -US$39.0, unfavorable compared to the Net Income of US$3.4 recorded in 1Q23.

ANNOUNCEMENTS

On April 4, 2024, the Company published a relevant event to inform the investor public that in reference to the communiqué issued by the Office of the United States Trade Representative requesting the Mexican Government to review an alleged denial of workers' rights at our subsidiary Minera Tizapa, Industrias Peñoles reiterates that it has always respected and will continue to respect the freedom of union association and collective bargaining of its workers; therefore, we will actively contribute with the Mexican authorities to carry out the corresponding investigations with said work center and we fully trust in the procedures established by the USMCA to obtain a prompt solution to the case.

On April 29, 2024, the Company held its Annual Ordinary Stockholders' Meeting, the Notice of which was published on April 4. 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 world's largest 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 Market Index.

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

Exploration Highlights
Exploration in the first quarter focused on 5 priority projects, with drilling in two projects in Mexico and one in Chile, for a total of 5,540 meters. Geological studies and exploratory work were carried out on 9 of our own prospects and 6 outside prospects to generate new drill targets and/or evaluate potential and justify direct exploration or acquisition. The main results are:

Flobar (Sonora).
Early copper and polymetallic project near La Caridad mine. The 2024 exploration program contemplates following up on a 2023 target and working on 5 new priority targets defined in the last quarter of that year. In 1Q24, preparations advanced to start drilling in early May, with the objective of locating high grade copper mineralization for underground mining.

Reina del Cobre (Durango).
Copper-zinc project located 20 km east of the Velardeña mine in which inferred resources of 19 million tons of ore have been defined. Drilling is being carried out with the objective of converting the resources to indicated above the 1200 level, while the preliminary economic study is progressing. During the quarter, diamond infill drilling was carried out for 2,745 meters in 9 drill holes, 5 of them finished and 3 with good results (wider than expected and good grade).

International Projects
For the **Racaycocha** copper-molybdenum project in Peru, the Preliminary Economic Study is progressing and is expected to be completed by the end of May. Geological mapping and detailed sampling began in the NW of Racaycocha and in the adjacent Atanauca area. Geophysics will continue in targets defined by the geological studies to start drilling in September. Likewise, the logistics of contracts, permits and access for drilling of the nearby Pucapampa - Santa Rosa project are being prepared to stark work in July.

In Chile, drilling continues at the **Yastai** project, with an accumulated advance of 2,261 m, with good findings in some drill holes. In the immediate area of influence of the project, work is being carried out to define 5 new targets with attractive potential, and 3 at district level. This, to determine the best sites and prepare them to test with drilling. The collection of information continues to carry out a preliminary economic configuration test of the project.

Mining Units.
In the area of influence of the **Tizapa** mine, detailed geology and geophysics is in progress to confirm 7 new potential targets and select the 4 most immediate ones. Initial cumulative drilling development was 528 m, and drilling is expected to resume at the end of April.

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.

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

	1T24	1T23	% Chg
NCPI inflation for the period (%)*:	1.28	1.51	
Exchange rate (peso-dollar):			
Closing	16.6780	18.1052	*-7.9*
Average	16.9977	18.7020	*-9.1*

CPI: National Consumer Price Index

Period	Gold (US$/Oz)	Silver (US$/Oz)	Lead (UScts/lb)	Zinc (UScts/lb)	Copper (UScts/ lb)
1Q23	1,889.92	22.51	97.09	141.71	404.92
4T'23	1,939.69	23.23	96.31	113.31	370.07
1Q24	2,069.80	23.34	94.20	111.15	382.76
%Var Q1'24 vs. Q1'23	*9.5*	*3.7*	*-3.0*	*-21.6*	*-5.5*
%Var Q1'24 vs. Q4'23	*6.7*	*0.5*	*-2.2*	*-1.9*	*3.4*

The price of gold reached an all-time high, driven mainly by the outlook for U.S. monetary policy and central bank purchases. However, the geopolitical risk derived from the wars in Ukraine and the Middle East has also influenced its price, also benefiting silver. This uncertainty is amplified by the elections scheduled for 2024, especially those in the United States, which continue to support precious metals.

Regarding base metals, the Chinese government's stimulus measures during the first quarter of 2024, along with an improvement in manufacturing output and supply concerns, supported industrial metals, especially copper. However, slowing global growth and high interest rates continue to put pressure on prices of these metals. Zinc continues to lag early 2023 levels due to reports of high inventories, even though mine production is facing pressure in some regions of the world. On the other hand, lead has been affected by the slow start in vehicle demand during the first quarter of the year.

Disclosure of results of operations and prospects [text block]

OPERATING RESULTS

The main aspects that affected the variations in operating results in 1Q24 compared to 1Q23 are discussed below.

MINING OPERATIONS:

Production	1Q24	1Q23	% Chg
Milled Ore (Mton)	5,352	5,382	*-0.5*
Ore Deposited(*) (Mton)	3,802	7,186	*-47.1*
Ore Processed (Mton)	9,155	12,568	*-27.2*
Gold (oz)	154,817	187,091	*-17.3*
Silver (koz)	17,314	16,075	*7.7*
Lead (ton)	21,433	19,041	*12.6*
Zinc (ton)	66,981	65,275	*2.6*
Copper (ton)	2,244	2,361	*-4.9*
Cathodic Copper (ton)	3,194	2,898	*10.2*

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

Gold (-17.3%): Quarterly gold production decreased compared to 1Q23, mainly due to the lower volume of ore processing with lower ore grade at Herradura, as a result of heavy rains in March that required additional pumping and affected the mining process. Also, the decline was because Noche Buena concluded the mining of the pit and began its closure process in May 2023, so gold is currently being produced from the leach pads. These declines were mitigated by higher production at Juanicipio due to higher volume of ore processing with better grade and recovery, and to a lesser extent by higher volumes and better ore grades from Ciénega and San Julián (Veins), as well as better ore grade at Fresnillo.

Silver (+7.7%): The increase in contained silver production is attributable to higher milling with better grades and metallurgical recoveries at Juanicipio, which reached its nameplate capacity in the third quarter of 2023, while during the first quarter of that year its beneficiation plant was in the start-up process. San Julián (Veins) also contributed with higher ore grade and volume of ore processed, Saucito with higher beneficiated volume, and Ciénega with higher volume and better grade and the ore flotation plant at Fresnillo (Pyrites II). All of them compensated for the lower production due to lower beneficiated volumes, grades and recoveries at San Julián (DOB), Fresnillo, and Sabinas. At the latter, a technical stoppage was carried out in mid-March due to a change in the mining method to reduce dilution, due to the narrowing of the veins, and activities were restarted in the second week of April 2024. Additionally, at Capela there was lower contained silver production due to a lower volume of ore processed at lower ore grades.

Lead (+12.6%): Lead produced in concentrates increased due to higher ore processing with better grades and recoveries at Juanicipio; better ore grade and recovery at Fresnillo; higher milling at Saucito and better ore grade at Velardeña. These units compensated for the lower production at Sabinas, due to the technical stoppage mentioned in the previous paragraph, as well as the lower volumes processed with lower ore grades and recoveries at San Julian (DOB) and Capela..

Zinc (+2.6%): The growth in zinc production was due to higher ore milling and processing, with better ore grade and metallurgical recovery at Juanicipio; higher ore processing with better recoveries at Tizapa, Saucito and Velardeña, which offset the lower production at Capela, due to lower volume of ore processing, Sabinas, Fresnillo and San Julián (DOB), due to lower beneficiated volumes and lower recoveries, the last one also due to lower ore grade..

Copper (-4.9%): The decrease in copper in concentrates was caused mainly by the technical stoppage at Sabinas mentioned above and the lower ore beneficiation at Capela, whose deficits were offset by production at Tizapa due to higher milling, grade and recovery..

Cathode copper (+10.2%): The growth in cathode copper production is mainly due to the higher volume of ore deposited in leaching patios at Milpillas.

METALLURGICAL OPERATIONS:

Production	1Q24	1Q23	% Chg
Gold (oz)	217,284	262,298	*-17.2*
Silver (koz)	17,944	17,177	*4.5*
Lead (ton)	25,157	24,667	*2.0*
Zinc (ton)	58,877	64,458	*-8.7*

The lead-silver circuit recorded lower gold production, mainly due to lower production at Herradura and Noche Buena. On the other hand, silver and lead increased production, due to a higher volume of concentrates treated at the Smelter, since during 1Q23 there were unscheduled stoppages in the furnaces due to low melting speed caused by an imbalance in the copper, lead and iron contents in the formation of mixtures, while there was better operational continuity in 1Q24.

Production of refined zinc was lower compared to 1Q23 because, as reported, it was decided to limit capacity in the zinc circuit temporarily starting in the third quarter of 2023 and the operation of electrolysis module 2 was suspended to correct the failures in the expansion of the direct concentrate leaching plant.

CHEMICAL OPERATIONS:

Production	1Q24	1Q23	% Chg
Sodium sulfate (ton)	180,176	193,854	*-7.1*
Magnesium oxide (ton)	14,569	16,849	*-13.5*
Ammonium sulfate (ton)*	26,184	35,659	*-26.6*
Magnesium sulfate (ton)	14,419	16,025	*-10.0*

*** Does not include maquila.**

Quarterly sodium sulfate production was lower due to continued logistical problems and inconsistent availability of railroad hoppers for the distribution of this product to our customers. The slowdown in demand from the steel and cement sectors resulted in lower magnesium oxide production to adjust volumes according to market requirements. Likewise, ammonium sulfate output decreased with respect to 1Q23, because the high cost of ammonia has affected profit margins, so strategies are being implemented to reduce its production, and to channel plant capacity towards more profitable by-products in substitution. Magnesium sulfate has been affected by imports of Chinese products, which has reduced the price and demand for domestic products.

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 1Q24 figures are compared to 1Q23 figures, except where otherwise indicated.

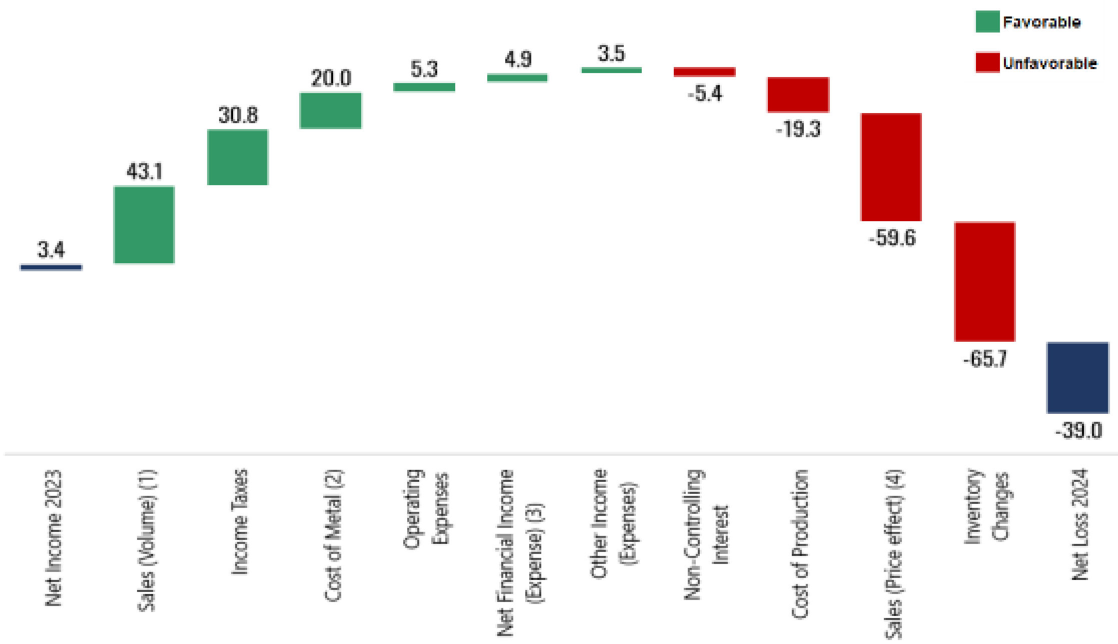
FINANCIAL HIGHLIGHTS:

(Millions of dollars)	1Q24	1Q23	% Chg
Sales Invoiced	1,396.3	1,413.1	*-1.2*
Net sales (1)	1,396.5	1,413.0	*-1.2*
Gross Profit	171.1	252.6	*-32.3*
% of sales	*12.2%*	*17.9%*	
EBITDA (2)(3)	196.6	251.3	*-21.8*
% of sales	*14.1%*	*17.8%*	
Operating income (3)	5.9	82.1	*-92.9*
% of sales	*0.4%*	*5.8%*	
Other (Expenses) Income (4)	2.6	-0.9	*n.a*
Interest Income (Expense), Net	-40.5	-45.4	*10.9*
Net (Loss) Income of Controlling Interest	-39.0	3.4	*n.a*
% of sales	*-2.8%*	*0.2%*	

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

INCOME STATEMENT:

The following chart shows the variation of each income statement line item and its influence on the change in net income in 1Q24 compared to 1Q23:



(1) Includes variation from the sale of other products and services.

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

(3) Includes financial expenses and foreign exchange result.

(4) Includes variation in hedging results.

The variations are explained below:

Net Sales for 1Q24 totaled US$1,396.5, representing a marginal contraction of 1.2% (-US$16.6), derived from:

- Lower prices of base metals (mainly zinc) and chemicals, mitigated by higher gold and silver prices (-US$ 59.8).
- Higher volumes sold of zinc, concentrates, silver, copper matte and sodium sulfate, which together offset the decrease in gold and copper volumes (+US$42.1).
- Revenues from the sale of other products and services marginally higher (+US$1.0).
- This was accompanied by a marginal variation in the result of metal hedging (+US$0.2).

Cost of Sales amounted to US$1,225.4, 5.6% higher than that recorded during 1Q23. The increase of +US$65.0 was due to the following:

- **Inventory Movement** charge of +US$23.7 which contrasts with the credit in 1Q23 of -US$42.0 (+US$65.7), mainly because in the period our subsidiary Bal Holdings sold gold, silver and zinc inventories, while in the previous year it accumulated zinc inventories to meet the needs of our customers in the United States.
- Higher **Production Cost** by +US$19.3, for the following reasons: (i) the adverse effect of the appreciation of the peso against the US dollar which makes peso-denominated costs more expensive (approximately 50% of production costs are dollar-denominated) and (ii) higher costs associated with the full quarter operation of the Juanicipio beneficiation plant

while in 1Q23 it was on the commissioning phase. The above factors offset the benefits of (i) lower electricity consumption and prices due to the temporary reduction in capacity with a module in the electrolysis area of the zinc plant turned off, as well as the migration of some operations to the Wholesale Electricity Market, which has allowed access to more competitive prices; and (ii) the termination of mining at Noche Buena, which began its closure process in the second quarter of 2023.

The variations by cost item are detailed below:

- Human Capital (+US$ 10.5, +9.8%) due to the effect of the appreciation of the peso against the dollar.

- Maintenance and Repairs (+US$8.1, +6.7%) mainly due to major repairs at the Herradura mine, which offset the reduction in maintenance costs at the zinc plant, since in 1Q23 we continued with the anode and cathode replacement program, and we also faced the shutdown of three roasters due to operational and equipment failures.

- Low value leases (+US$1.6, +7.3%) due to higher machinery and equipment leases, mainly in the mining units of Fresnillo plc.

- Contractors (+US$0.8, +0.6%), derived from the increase in the support of works within the mines (mainly Milpillas and Velardeña), which were offset by lower costs at Met-Mex for works at the zinc plant.

- Operating Materials (-US$6.6, -5.5%) due to the completion of the anode and cathode replacement program at the zinc plant.

- Energy (-US$ 11.8, -9.0%) mainly due to lower consumption and price of electricity, for the reasons mentioned above, and to a lesser extent, due to lower consumption and price of natural gas in the chemical business.

- Other items (+US$16.7, +8.3%) mainly due to higher depreciation derived from the start-up of Juanicipio at the end of 2022 and its effect on 1Q24; which was offset by lower ammonia consumption due to lower ammonium sulfate production at Fertirey.

- Lower **Cost of Metal** Sold (-US$20.0) credited to cost of sales, due to lower metallurgical production of gold and zinc, and the fall in the price of zinc. These factors offset the lower treatment revenues (credited to metal cost), due to lower treatment charges in the smelter-refinery business and the lower volume of concentrates processed in the zinc plant.

As a result, **Gross Profit** decreased 32.3%, from US$252.6 in 1Q23 to US$171.1 in 1Q24..

Operating Expenses (General Expenses) totaled US$165.2, a reduction of -US$5.3 (-3.1%) due to the following items:

- Lower **Exploration and Geological Expenses** (-US$7.6, -14.9%) due to the slower pace of exploration activities in the period.

- Lower **Administrative and General Expenses** (-US$1.9, -2.4%), in Human Capital because during 1Q23 there was an administrative restructuring that increased personnel separation expenses in that period, as well as lower communication and IT expenses, offset by higher expenses in low value leases and higher travel expenses.

- Higher **Selling Expenses (**+US$4.2, +10.9%) mainly due to higher inland freight costs.

Quarterly **EBITDA** of US$196.6 decreased (-US$54.7, -21.8%) compared to US$251.3 in 1Q23, while **Operating Income** of US$5.9 obtained in 1Q24 fell (-US$76.3, 92.9%) when compared to US$82.1 in the same quarter of the previous year.

Other income, net obtained during 1Q24 was US$2.6, favorable compared to other expenses, net of -US$0.9 in 1Q23 (+US$3.5), explained as follows:

- Other income of US$ 15.0, higher than US$ 12.6, mainly due to higher income from the sale of other products and services (+US$ 2.4).

- Other expenses of US$ 12.4, slightly lower than US$ 13.5, derived from the loss recorded in 1Q23 from the sale of concentrates -US$ 4.1, together with lower remediation expenses in closed mining units -US$ 0.9; which offset higher donations granted +US$ 1.8 and loss from insurance claims +US$ 1.0, among others.

The **Financial and Exchange Result, net** had a favorable variation (+US$4.9), as the expense for the period of US$40.5 was lower than the US$45.4 expense of the same quarter of the previous year, as a result of:

- **Financial income** of US$19.2, down from US$25.0 (-US$5.8) mainly due to the fair value of derivative financial instruments that represented an income in 1Q23 (US$ 4.3), while in 1Q24 it is an expense. In addition to lower interest earned on investments and clients (-US$3.2); which together were offset by higher financial income from tax refunds (+US$1.7).

- **Financial expenses** of US$56.3 vs US$55.7 (+US$0.6); the marginal variation comes from the decrease in interest accrued on financial debt (-US$1.8), offset by the increase in other items (+US$2.3) -including bank commissions and the fair value of derivative financial instruments–.

- **Exchange rate fluctuation.** In terms of translation, the result was favorable by +US$11.3, since in 1Q24 there was an exchange loss of -US$3.3, compared to a loss of -US$14.6 in 1Q23. This item comes from the translation at the balance sheet date exchange rate of monetary assets and liabilities in currencies other than the U.S. dollar, including the Mexican peso.

The **Provision for Income Taxes** was favorable in +US$30.8. In 1Q24 the provision of -US$14.7 is made up of current taxes of US$35.0 and deferred taxes of -US$49.7, while in 1Q23 the same concepts registered US$79.9 and -US$63.8 respectively. Current taxes were lower due to the lower quarterly results, while in the case of deferred taxes, in both periods, the main reason for the adjustment came from the favorable effect of the appreciation of the peso against the US dollar and inflation in Mexico on the Company's tax assets.

Non-controlling interest in the quarterly results was an income of US$ 21.6, +US$ 6.0 versus the income of US$ 15.6, due to the better results of the subsidiaries with minority interest, Fresnillo plc and Tizapa. On the other hand, the **Equity in the results of associates** and joint ventures had a variation of +US$ 0.6.

Due to the factors described above, in 1Q24 the **Net Loss from Controlling Interest** of -US$39.0 was unfavorable at -US$42.4 compared to the US$3.4 income obtained during 1Q233.

CASH FLOW:

At the end of 1Q24, the Company had **Cash and cash equivalents** of US$1,089.9, an increase of +US$49.7 with respect to the balance of US$1,040.2 at the end of 4Q23 (net of exchange rate fluctuation and translation effect of -US$1.7).

The most relevant concepts are discussed below:

1) **Net cash flows from operating activities** of +US$120.9 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$ 68.7, comprising:

   a) Investments in property, plant and equipment for -US$ 86.0, highlighting the development of depreciable mining works, the construction and strengthening of tailings deposits, the Herradura stripping, as well as the purchase of equipment for the operating units.

   b) Interest collected +US$15.6.

   c) Amount received from the sale of fixed assets +$0.7.

   d) Collection of loans to third parties, net +US$1.0.

3) **Net cash flows from financing activities** of -US$0.8, derived from:

   a) Short-term loans used to finance working capital needs +US$73.2.

   b) Interest paid on financial debt -US$52.7.

   c) Payment of lease liabilities -US$5.6.

   d) Other items -US$15.7.

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 lies in an organizational structure with a clear segregation of responsibilities across different business processes, in its business ethics reflected in the code of conduct and institutional values of Trust, Responsibility, and Respect, Integrity, and Loyalty (CRIL), and in the establishment of policies and procedures aligned with Peñoles' organizational strategies. In compliance with the LMV, Industrias Peñoles, S.A.B. de C.V., has an Audit and Corporate Practices Committee, which meets quarterly and submits 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 governing bodies such as the Compliance

Directorate, Legal Directorate, and Finance Directorate. The Committee's report for the 2023 fiscal year was presented for approval at the Ordinary Annual Shareholders' Meeting held on April 29, 2024. To strengthen its ethical culture in all interactions with stakeholders, Peñoles offers an institutional reporting mechanism called the "Linea Correcta" to employees and third parties for reporting unethical behavior that goes against the established Code of Conduct. This line is continuously available and administered by an independent third party to ensure confidentiality and anonymity; each report is handled in accordance with internal procedures defined by the Ethics and Corporate Values 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:	2024-01-01 to 2024-03-31
Date of end of reporting period:	2024-03-31
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 2024-03-31	Close Previous Exercise 2023-12-31
Statement of financial position [abstract]		
Assets [abstract]		
Current assets [abstract]		
Cash and cash equivalents	1,089,907,000	1,040,222,000
Trade and other current receivables	506,616,000	553,871,000
Current tax assets, current	165,119,000	141,662,000
Other current financial assets	33,557,000	31,347,000
Current inventories	1,815,903,000	1,798,453,000
Current biological assets	0	0
Other current non-financial assets	45,172,000	40,206,000
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners	3,656,274,000	3,605,761,000
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	3,677,636,000	3,627,123,000
Non-current assets [abstract]		
Trade and other non-current receivables	49,674,000	49,346,000
Current tax assets, non-current	0	0
Non-current inventories	69,760,000	69,760,000
Non-current biological assets	0	0
Other non-current financial assets	117,229,000	114,625,000
Investments accounted for using equity method	0	0
Investments in subsidiaries, joint ventures and associates	81,130,000	81,215,000
Property, plant and equipment	4,553,267,000	4,660,208,000
Investment property	0	0
Right-of-use assets that do not meet definition of investment property	91,120,000	93,595,000
Goodwill	0	0
Intangible assets other than goodwill	4,143,000	5,230,000
Deferred tax assets	1,282,893,000	1,278,154,000
Other non-current non-financial assets	0	0
Total non-current assets	6,249,216,000	6,352,133,000
Total assets	9,926,852,000	9,979,256,000
Equity and liabilities [abstract]		
Liabilities [abstract]		
Current liabilities [abstract]		
Trade and other current payables	460,938,000	472,410,000
Current tax liabilities, current	57,750,000	99,391,000
Other current financial liabilities	513,413,000	475,235,000
Current lease liabilities	18,145,000	14,882,000
Other current non-financial liabilities	0	0
Current provisions [abstract]		
Current provisions for employee benefits	20,462,000	16,001,000
Other current provisions	11,849,000	11,849,000
Total current provisions	32,311,000	27,850,000
Total current liabilities other than liabilities included in disposal groups classified as held for sale	1,082,557,000	1,089,768,000
Liabilities included in disposal groups classified as held for sale	39,360,000	39,287,000
Total current liabilities	1,121,917,000	1,129,055,000
Non-current liabilities [abstract]		
Trade and other non-current payables	0	0
Current tax liabilities, non-current	0	0

Concept	Close Current Quarter 2024-03-31	Close Previous Exercise 2023-12-31
Other non-current financial liabilities	2,541,721,000	2,545,983,000
Non-current lease liabilities	94,146,000	95,563,000
Other non-current non-financial liabilities	0	0
Non-current provisions [abstract]		
Non-current provisions for employee benefits	51,546,000	49,690,000
Other non-current provisions	489,937,000	481,298,000
Total non-current provisions	541,483,000	530,988,000
Deferred tax liabilities	129,035,000	171,879,000
Total non-current liabilities	3,306,385,000	3,344,413,000
Total liabilities	4,428,302,000	4,473,468,000
Equity [abstract]		
Issued capital	401,399,000	401,399,000
Share premium	0	0
Treasury shares	0	0
Retained earnings	3,795,761,000	3,834,771,000
Other reserves	(16,378,000)	(26,144,000)
Total equity attributable to owners of parent	4,180,782,000	4,210,026,000
Non-controlling interests	1,317,768,000	1,295,762,000
Total equity	5,498,550,000	5,505,788,000
Total equity and liabilities	9,926,852,000	9,979,256,000

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

Concept	Accumulated Current Year 2024-01-01 - 2024-03-31	Accumulated Previous Year 2023-01-01 - 2023-03-31
Profit or loss [abstract]		
Profit (loss) [abstract]		
Revenue	1,396,463,000	1,413,032,000
Cost of sales	1,225,403,000	1,160,412,000
Gross profit	171,060,000	252,620,000
Distribution costs	42,910,000	38,707,000
Administrative expenses	122,285,000	131,776,000
Other income	14,963,000	12,552,000
Other expense	12,376,000	13,468,000
Profit (loss) from operating activities	8,452,000	81,221,000
Finance income	19,152,000	24,969,000
Finance costs	59,626,000	70,371,000
Share of profit (loss) of associates and joint ventures accounted for using equity method	(88,000)	(699,000)
Profit (loss) before tax	(32,110,000)	35,120,000
Tax income (expense)	(14,709,000)	16,102,000
Profit (loss) from continuing operations	(17,401,000)	19,018,000
Profit (loss) from discontinued operations	0	0
Profit (loss)	(17,401,000)	19,018,000
Profit (loss), attributable to [abstract]		
Profit (loss), attributable to owners of parent	(39,010,000)	3,420,000
Profit (loss), attributable to non-controlling interests	21,609,000	15,598,000
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	(0.1)	0.01
Basic earnings (loss) per share from discontinued operations	0	0
Total basic earnings (loss) per share	(0.1)	0.01
Diluted earnings per share [abstract]		
Diluted earnings (loss) per share from continuing operations	(0.1)	0.01
Diluted earnings (loss) per share from discontinued operations	0	0
Total diluted earnings (loss) per share	(0.1)	0.01

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

Concept	Accumulated Current Year 2024-01-01 - 2024-03-31	Accumulated Previous Year 2023-01-01 - 2023-03-31
Statement of comprehensive income [abstract]		
Profit (loss)	(17,401,000)	19,018,000
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	1,823,000	(18,753,000)
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	1,823,000	(18,753,000)
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	332,000	10,279,000
Reclassification adjustments on exchange differences on translation, net of tax	0	0
Other comprehensive income, net of tax, exchange differences on translation	332,000	10,279,000
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	8,005,000	(7,016,000)
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	8,005,000	(7,016,000)
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 2024-01-01 - 2024-03-31	Accumulated Previous Year 2023-01-01 - 2023-03-31
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	3,000	2,159,000
Total other comprehensive income that will be reclassified to profit or loss, net of tax	8,340,000	5,422,000
Total other comprehensive income	10,163,000	(13,331,000)
Total comprehensive income	(7,238,000)	5,687,000
Comprehensive income attributable to [abstract]		
Comprehensive income, attributable to owners of parent	(29,244,000)	(4,384,000)
Comprehensive income, attributable to non-controlling interests	22,006,000	10,071,000

[520000] Statement of cash flows, indirect method

Concept	Accumulated Current Year 2024-01-01 - 2024-03-31	Accumulated Previous Year 2023-01-01 - 2023-03-31
Statement of cash flows [abstract]		
Cash flows from (used in) operating activities [abstract]		
Profit (loss)	(17,401,000)	19,018,000
Adjustments to reconcile profit (loss) [abstract]		
+ Discontinued operations	0	0
+ Adjustments for income tax expense	(14,709,000)	16,102,000
+ (-) Adjustments for finance costs	33,435,000	27,680,000
+ Adjustments for depreciation and amortisation expense	190,773,000	169,187,000
+ Adjustments for impairment loss (reversal of impairment loss) recognised in profit or loss	0	0
+ Adjustments for provisions	3,593,000	10,787,000
+ (-) Adjustments for unrealised foreign exchange losses (gains)	8,128,000	18,053,000
+ 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	296,000	1,343,000
	88,000	699,000
+ (-) Adjustments for decrease (increase) in inventories	(20,241,000)	(29,138,000)
+ (-) Adjustments for decrease (increase) in trade accounts receivable	(27,245,000)	2,504,000
+ (-) Adjustments for decrease (increase) in other operating receivables	175,291,000	(279,650,000)
+ (-) Adjustments for increase (decrease) in trade accounts payable	11,399,000	37,595,000
+ (-) Adjustments for increase (decrease) in other operating payables	(142,446,000)	136,758,000
+ Other adjustments for non-cash items	5,594,000	6,163,000
+ 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)	223,956,000	118,083,000
Net cash flows from (used in) operations	206,555,000	137,101,000
- Dividends paid	0	0
	0	0
- Interest paid	0	0
+ Interest received	0	0
+ (-) Income taxes refund (paid)	85,683,000	179,932,000
+ (-) Other inflows (outflows) of cash	0	0
Net cash flows from (used in) operating activities	120,872,000	(42,831,000)
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	0	2,313,000
+ Proceeds from sales of property, plant and equipment	686,000	1,047,000
- Purchase of property, plant and equipment	86,016,000	112,246,000
+ Proceeds from sales of intangible assets	0	0
- Purchase of intangible assets	0	3,873,000
+ Proceeds from sales of other long-term assets	0	0
- Purchase of other long-term assets	0	0

Concept	Accumulated Current Year 2024-01-01 - 2024-03-31	Accumulated Previous Year 2023-01-01 - 2023-03-31
+ Proceeds from government grants	0	0
- Cash advances and loans made to other parties	19,000	87,000
+ Cash receipts from repayment of advances and loans made to other parties	1,006,000	1,274,000
- 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	15,666,000	19,979,000
	0	0
+ (-) Other inflows (outflows) of cash	0	(2,247,000)
Net cash flows from (used in) investing activities	(68,677,000)	(98,466,000)
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	0	(2,309,000)
+ Proceeds from borrowings	887,000,000	575,340,000
- Repayments of borrowings	813,728,000	406,237,000
- Payments of finance lease liabilities	0	0
- Payments of lease liabilities	5,633,000	3,888,000
+ Proceeds from government grants	0	0
- Dividends paid	0	0
- Interest paid	52,745,000	68,331,000
+ (-) Income taxes refund (paid)	0	0
+ (-) Other inflows (outflows) of cash	(15,725,000)	25,713,000
Net cash flows from (used in) financing activities	(831,000)	124,906,000
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	51,364,000	(16,391,000)
Effect of exchange rate changes on cash and cash equivalents [abstract]		
Effect of exchange rate changes on cash and cash equivalents	(1,679,000)	6,381,000
Net increase (decrease) in cash and cash equivalents	49,685,000	(10,010,000)
Cash and cash equivalents at beginning of period	1,040,222,000	1,468,918,000
Cash and cash equivalents at end of period	1,089,907,000	1,458,908,000

[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	3,834,771,000	0	(53,574,000)	(4,061,000)	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	(39,010,000)	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	386,000	8,005,000	0	0
Total comprehensive income	0	0	0	(39,010,000)	0	386,000	8,005,000	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	(39,010,000)	0	386,000	8,005,000	0	0
Equity at end of period	401,399,000	0	0	3,795,761,000	0	(53,188,000)	3,944,000	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	34,066,000	0	0	(2,575,000)	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	1,375,000	0	0	0	0	0	0
Total comprehensive income	0	0	1,375,000	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	1,375,000	0	0	0	0	0	0
Equity at end of period	0	0	35,441,000	0	0	(2,575,000)	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	(26,144,000)	4,210,026,000	1,295,762,000	5,505,788,000
Changes in equity [abstract]								
Comprehensive income [abstract]								
Profit (loss)	0	0	0	0	0	(39,010,000)	21,609,000	(17,401,000)
Other comprehensive income	0	0	0	0	9,766,000	9,766,000	397,000	10,163,000
Total comprehensive income	0	0	0	0	9,766,000	(29,244,000)	22,006,000	(7,238,000)
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	9,766,000	(29,244,000)	22,006,000	(7,238,000)
Equity at end of period	0	0	0	0	(16,378,000)	4,180,782,000	1,317,768,000	5,498,550,000

[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	3,687,681,000	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

	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	(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

[700000] Informative data about the Statement of financial position

Concept	Close Current Quarter 2024-03-31	Close Previous Exercise 2023-12-31
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	132,687,000	122,291,000
Number of executives	67	65
Number of employees	4,781	4,842
Number of workers	10,706	10,666
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 2024-01-01 - 2024-03-31	Accumulated Previous Year 2023-01-01 - 2023-03-31
Informative data of the Income Statement [abstract]		
Operating depreciation and amortization	190,773,000	169,187,000

[700003] Informative data - Income statement for 12 months

Concept	Current Year 2023-04-01 - 2024-03-31	Previous Year 2022-04-01 - 2023-03-31
Informative data - Income Statement for 12 months [abstract]		
Revenue	5,912,396,000	5,529,870,000
Profit (loss) from operating activities	22,678,000	223,177,000
Profit (loss)	250,117,000	234,259,000
Profit (loss), attributable to owners of parent	104,660,000	116,064,000
Operating depreciation and amortization	712,164,000	696,999,000

[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	NO	2024-03-19	2024-04-30	6.06%	37,000,000	0						0				
Scotiabank.	NO	2024-03-15	2024-04-30	6.06%	80,000,000	0						0				
Scotiabank .	NO	2024-03-27	2024-04-30	6.06%	133,000,000	0						0				
BBVA Bancomer	NO	2024-03-27	2024-04-30	6.14%	52,000,000	0					0	0				
TOTAL					302,000,000	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%							0	9,558,000	9,606,000	4,837,000	0	0
TOTAL					0	0	0	0	0	0	0	9,558,000	9,606,000	4,837,000	0	0
Total banks																
TOTAL					302,000,000	0	0	0	0	0	0	9,558,000	9,606,000	4,837,000	0	0
Stock market [abstract]																
Listed on stock exchange - unsecured																
Unsecured bonds issued by Fresnillo plc	SI	2020-10-02	2050-10-02	4.47%							0	0	0	0	0	829,603,000
Unsecured bonds issued by IPSAB .	SI	2019-09-12	2049-09-12	5.94%								0	0	0	0	537,091,000
Unsecured bonds issued by IPSAB	SI	2019-09-12	2029-09-12	4.36%								0	0	0	0	537,090,000
Unsecured bonds issued by IPSAB.	SI	2020-08-06	2050-08-06	4.99%								0	0	0	0	500,627,000
Unsecured bonds issued by IPSAB .	SI	2020-08-06	2029-09-12	4.36%								0	0	0	0	100,122,000
TOTAL					0	0	0	0	0	0	0	0	0	0	0	2,504,533,000
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	0	0	0	0	0	2,504,533,000
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	2024-03-31	2024-05-31								8,186,000	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	2024-03-31	2024-05-31								115,681,000	0	0	0	0	0
Foreing Mineral Senders	SI	2024-03-31	2024-05-31								952,000	0	0	0	0	0
National Metals Division	NO	2024-03-14	2024-04-15								24,242,000	0	0	0	0	0
Foreing Metals Division	SI	2024-03-25	2024-04-04								20,800,000	0	0	0	0	0
National Mine Division	NO	2024-03-12	2024-04-11								62,323,000	0	0	0	0	0
Foreing Mine Division	SI	2024-02-20	2024-04-04								4,336,000	0	0	0	0	0
National Chemical Division	NO	2024-03-04	2024-04-04								3,033,000	0	0	0	0	0
Foreing Chemical Division	SI	2024-03-28	2024-04-27								2,204,000	0	0	0	0	0
National Corporate Division	NO	2024-03-05	2024-04-04								401,000	0	0	0	0	0
Foreing Corporate Division	SI	2024-03-22	2024-04-04								184,000	0	0	0	0	0
Metals Division	NO	2024-03-19	2024-05-02		9,085,000	0					0	0	0	0	0	0
Mine Division	NO	2024-03-25	2024-04-04		61,513,000	0					0	0	0	0	0	0
Chemical Division	NO	2024-03-11	2024-04-11		4,270,000	0					0	0	0	0	0	0
Corporate Division	NO	2024-03-25	2024-04-04		10,803,000	0					0	0	0	0	0	0
TOTAL					85,671,000	0	0	0	0	0	242,342,000	0	0	0	0	0
Total suppliers																
TOTAL					85,671,000	0	0	0	0	0	242,342,000	0	0	0	0	0
Other current and non-current liabilities [abstract]																
Other current and non-current liabilities																
Other liabilities	NO				148,761,000	0	0				53,094,000	0	22,745,000			
TOTAL					148,761,000	0	0	0	0	0	53,094,000	0	22,745,000	0	0	0
Total other current and non-current liabilities																
TOTAL					148,761,000	0	0	0	0	0	53,094,000	0	22,745,000	0	0	0
Total credits																
TOTAL					536,432,000	0	0	0	0	0	295,436,000	9,558,000	32,351,000	4,837,000	0	2,504,533,000

[800003] Annex - Monetary foreign currency position

Disclosure of monetary foreign currency position [text block]

Exchange rates March 2024 for conversions of the following currencies to national currency:

- Dollar USD	16.6780
- British Pounds	21.1035
- Swedish Krona	1.5725
- Euros	18.1081
- Canadian Dollar	12.288

	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	1,302,113,000	21,716,642,000	2,226,000	37,117,000	21,753,759,000
Non-current monetary assets	2,135,000	35,608,000	0	0	35,608,000
Total monetary assets	1,304,248,000	21,752,250,000	2,226,000	37,117,000	21,789,367,000
Liabilities position [abstract]					
Current liabilities	637,688,000	10,635,362,000	13,261,000	221,174,000	10,856,536,000
Non-current liabilities	(2,587,319,000)	(43,151,310,000)	0	0	(43,151,310,000)
Total liabilities	(1,949,631,000)	(32,515,948,000)	13,261,000	221,174,000	(32,294,774,000)
Net monetary assets (liabilities)	3,253,879,000	54,268,198,000	(11,035,000)	(184,057,000)	54,084,141,000

[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	59,027,000	339,457,000	54,156,000	452,640,000
Silver	22,545,000	87,601,000	317,598,000	427,744,000
Zinc	66,582,000	55,765,000	76,453,000	198,800,000
Concentrates	47,549,000	59,180,000	0	106,729,000
Lead	50,457,000	19,244,000	1,664,000	71,365,000
Sodium Sulfate	39,131,000	98,000	990,000	40,219,000
Copper matte	14,670,000	4,864,000	6,854,000	26,388,000
Copper	7,561,000	12,384,000	0	19,945,000
Magnesium Oxide	1,740,000	5,395,000	3,138,000	10,273,000
Ammonium Sulfate	9,483,000	0	0	9,483,000
Sulfuric Acid	6,556,000	1,631,000	0	8,187,000
Magnesium Hydroxide	1,486,000	2,600,000	1,690,000	5,776,000
Magnesium Sulfate	3,564,000	0	571,000	4,135,000
Copper Sulfate	2,937,000	0	0	2,937,000
Zinc Sulfate	2,342,000	0	57,000	2,399,000
Antimony Trioxide	990,000	0	0	990,000
Other Products	7,953,000	429,000	(101,000)	8,281,000
Hedges	172,000	0	0	172,000
TOTAL	344,745,000	588,648,000	463,070,000	1,396,463,000

[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 2024 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, 2024, 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, 2024:

BBVA México, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA México
BNP Paribas
Credit Agricole Corporate and Investment Bank
The J.P. Morgan Chase. Bank
Ing Capital Markets LLC
Goldman Sachs (J. Aron & Company LLC)
Macquarie Bank Limited
BMO Financial Group
Morgan Stanley Capital Group Inc.
Natixis
The Bank of Nova Scotia
UBS Investment Bank

The fair value of the cash flow hedging derivatives as of March 31, 2024, is $5,634 ($3,944 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 $2,581 ($1,807 net of deferred income tax) of FDI loss 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 2024 and 2023, IFD's cash flow hedging operations together generated a net profit of $16,961 and $32,317 respectively.

The following table shows the volume that has expired during 2024 first quarter.

Overdue Hedged Volume					
Commodity	**January**	**February**	**March**	**Total**	**Unit**
Gold	177.18	199.74	228.29	605.21	Oz (Thousands)
Silver	3,489.37	3,755.27	3,454.51	10,699.16	Oz (Thousands)
Zinc	56.15	30.04	38.82	125.01	Ton (Thousands)
Lead	4.54	7.35	8.76	20.66	Ton (Thousands)
Copper	0.88	0.83	1.65	3.37	Ton (Thousands)
Natural Gas	320.00	320.00	320.00	960.00	MMbtu (Thousands)
Euros	310.90	172.81	6,946.39	7,430.10	Eur (Thousands)
Dollars	3,587.87	7,392.19	-	10,980.06	Usd (Thounsands)

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, 2024, the following 36 months outstanding hedging position is:

Commodity	Maximum Hedging Percentage (%)
	2024
Silver**	2.22
Gold**	1.42
Zinc**	--
Natural Gas	54.04
Euros*	57.89

* 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, 2024, the time value of outstanding options is $8 thousand dollars and, the credit in the income statement under the last twelve months represents a credit to results of $55 thousand dollars.

As of March 31, 2024, 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, 2024, the Company established the following FDI that hedges 2024 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)
Long Purchase	24.73	467.88	2,182.62	230.78	2,415.51	46,948.00
Short Forward	24.82	2,049.84	2,182.37	0.90	2,428.59	46,823.00
Long Put	21.70	1,073.21	1,765.00	6.97	0.00	0.00
Short Call	32.23	1,073.21	2,548.00	6.97	0.00	0.00

Instrument	Lead		Copper	
	Price (US$/Ton)	Volume (tons)	Price (US$/Ton)	Volume (tons)
Long Forward	2,052.31	8,108.00	8,345.61	2,413.00
Short Forward	2,051.08	8,108.00	8,394.00	323.00
Long Put	-	-	--	--
Short Call	-	-	--	--

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, 2024, the Company established the following FDI that hedges part of future purchases:

Instrument	Price (USD/MMbtu)	Thousands of MMbtu
Long Forward	2.99	2,880.00

c) Foreign Exchange hedging program.

EUR/USD:

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, 2024, the Company established the following FDI that hedges part of future assets payments under Euro:

Instrument	Exchange rate (USD/EUR)	Amount (Thousands EUR)
Long Forward	1.0995	13,841.16

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, 2024, 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, 2024, there were no established operations to hedge part of future assets payments denominated in Sterling Pounds.

USD/MXN:

Objective: Grupo Peñoles uses hedging instruments to mitigate exchange rate fluctuations resulting from liabilities in U.S. dollars to be paid with cash flows to be received in Mexican pesos from the sale of chemical products.

Underlying: U.S. Dollar.

Strategy: To hedge future cash flows from liabilities in U.S. dollars from an accounts receivable program (Receivable Purchase Program) to be settled with the invoicing of chemical products in Mexican pesos. The IFD used are long forwards on U.S. dollar.

As of March 31, 2024, the Company has the following FDI:

Instrument	Exchange rate (MXN/USD)	Amount (Thousands USD)

Long Forward	16.7833	9,449.81

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, 2024, the Company established the following FDI that hedges its commercial operations of 2024.

Instrument	Silver		Gold		Zinc	
	Price (US$/Oz)	Volume (thousands of ounces)	Price (US$/Oz)	Volume (thousand s of ounces)	Price (US$/Ton)	Volume (tons)
Short Forward	24.63	600.00	2,158.66	6.00	2,515.66	140,406.00
Long Forward	24.46	604.00	0.69	6.00	2,482.43	116,080.00

Instrument	Lead		Copper	
	Price (US$/Ton)	Volume (tons)	Price (US$/Ton)	Volume (tons)
Short Forward	2,104.60	10,715.00	8,507.68	601.02
Long Forward	2,099.12	7,070.00	0.02	400.00

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, 2024, 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$24,291.18	2.50 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, 2024, the Company does not have open positions on Cross Currency Swaps.

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

Concept	Close Current Quarter 2024-03-31	Close Previous Exercise 2023-12-31
Subclassifications of assets, liabilities and equities [abstract]		
Cash and cash equivalents [abstract]		
Cash [abstract]		
Cash on hand	40,000	37,000
Balances with banks	96,310,000	90,210,000
Total cash	96,350,000	90,247,000
Cash equivalents [abstract]		
Short-term deposits, classified as cash equivalents	0	0
Short-term investments, classified as cash equivalents	993,557,000	949,975,000
Other banking arrangements, classified as cash equivalents	0	0
Total cash equivalents	993,557,000	949,975,000
Other cash and cash equivalents	0	0
Total cash and cash equivalents	1,089,907,000	1,040,222,000
Trade and other current receivables [abstract]		
Current trade receivables	161,069,000	144,281,000
Current receivables due from related parties	24,835,000	14,354,000
Current prepayments [abstract]		
Current advances to suppliers	14,370,000	10,976,000
Current prepaid expenses	0	0
Total current prepayments	14,370,000	10,976,000
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	306,342,000	384,260,000
Total trade and other current receivables	506,616,000	553,871,000
Classes of current inventories [abstract]		
Current raw materials and current production supplies [abstract]		
Current raw materials	0	0
Current production supplies	288,323,000	299,145,000
Total current raw materials and current production supplies	288,323,000	299,145,000
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	1,500,722,000	1,474,685,000
Other current inventories	26,858,000	24,623,000
Total current inventories	1,815,903,000	1,798,453,000
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 2024-03-31	Close Previous Exercise 2023-12-31
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	49,674,000	49,346,000
Total trade and other non-current receivables	49,674,000	49,346,000
Investments in subsidiaries, joint ventures and associates [abstract]		
Investments in subsidiaries	0	0
Investments in joint ventures	0	0
Investments in associates	81,130,000	81,215,000
Total investments in subsidiaries, joint ventures and associates	81,130,000	81,215,000
Property, plant and equipment [abstract]		
Land and buildings [abstract]		
Land	127,602,000	130,041,000
Buildings	696,220,000	705,338,000
Total land and buildings	823,822,000	835,379,000
Machinery	434,204,000	446,815,000
Vehicles [abstract]		
Ships	0	0
Aircraft	0	0
Motor vehicles	30,781,000	30,871,000
Total vehicles	30,781,000	30,871,000
Fixtures and fittings	20,235,000	20,895,000
Office equipment	49,252,000	49,338,000
Tangible exploration and evaluation assets	70,169,000	71,887,000
Mining assets	1,075,023,000	1,099,678,000
Oil and gas assets	0	0
Construction in progress	409,783,000	434,998,000
Construction prepayments	0	0
Other property, plant and equipment	1,639,998,000	1,670,347,000
Total property, plant and equipment	4,553,267,000	4,660,208,000
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	4,143,000	5,230,000
Total intangible assets other than goodwill	4,143,000	5,230,000
Goodwill	0	0
Total intangible assets and goodwill	4,143,000	5,230,000
Trade and other current payables [abstract]		
Current trade payables	328,013,000	310,672,000
Current payables to related parties	69,548,000	90,977,000
Accruals and deferred income classified as current [abstract]		

Concept	Close Current Quarter 2024-03-31	Close Previous Exercise 2023-12-31
Deferred income classified as current	0	3,819,000
Rent deferred income classified as current	0	0
Accruals classified as current	46,809,000	39,703,000
Short-term employee benefits accruals	46,809,000	39,703,000
Total accruals and deferred income classified as current	46,809,000	43,522,000
Current payables on social security and taxes other than income tax	0	0
Current value added tax payables	30,507,000	47,985,000
Current retention payables	8,672,000	12,308,000
Other current payables	7,896,000	14,931,000
Total trade and other current payables	460,938,000	472,410,000
Other current financial liabilities [abstract]		
Bank loans current	311,558,000	235,528,000
Stock market loans current	0	0
Other current iabilities at cost	0	0
Other current liabilities no cost	201,855,000	239,707,000
Other current financial liabilities	0	0
Total Other current financial liabilities	513,413,000	475,235,000
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	14,443,000	19,169,000
Stock market loans non-current	2,504,533,000	2,504,088,000
Other non-current liabilities at cost	0	0
Other non-current liabilities no cost	22,745,000	22,726,000
Other non-current financial liabilities	0	0
Total Other non-current financial liabilities	2,541,721,000	2,545,983,000
Other provisions [abstract]		
Other non-current provisions	489,937,000	481,298,000
Other current provisions	11,849,000	11,849,000
Total other provisions	501,786,000	493,147,000
Other reserves [abstract]		
Revaluation surplus	0	0
Reserve of exchange differences on translation	(53,188,000)	(53,574,000)
Reserve of cash flow hedges	3,944,000	(4,061,000)
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	35,441,000	34,066,000
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	(2,575,000)	(2,575,000)

Concept	Close Current Quarter 2024-03-31	Close Previous Exercise 2023-12-31
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	(16,378,000)	(26,144,000)
Net assets (liabilities) [abstract]		
Assets	9,926,852,000	9,979,256,000
Liabilities	4,428,302,000	4,473,468,000
Net assets (liabilities)	5,498,550,000	5,505,788,000
Net current assets (liabilities) [abstract]		
Current assets	3,677,636,000	3,627,123,000
Current liabilities	1,121,917,000	1,129,055,000
Net current assets (liabilities)	2,555,719,000	2,498,068,000

[800200] Notes - Analysis of income and expense

Concept	Accumulated Current Year 2024-01-01 - 2024-03-31	Accumulated Previous Year 2023-01-01 - 2023-03-31
Analysis of income and expense [abstract]		
Revenue [abstract]		
Revenue from rendering of services	0	0
Revenue from sale of goods	1,396,463,000	1,413,032,000
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	1,396,463,000	1,413,032,000
Finance income [abstract]		
Interest income	15,543,000	17,710,000
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	0	4,326,000
Other finance income	3,609,000	2,933,000
Total finance income	19,152,000	24,969,000
Finance costs [abstract]		
Interest expense	38,802,000	40,571,000
Net loss on foreign exchange	3,318,000	14,631,000
Losses on change in fair value of derivatives	0	0
Loss on change in fair value of financial instruments	695,000	0
Other finance cost	16,811,000	15,169,000
Total finance costs	59,626,000	70,371,000
Tax income (expense)		
Current tax	35,023,000	79,897,000
Deferred tax	(49,732,000)	(63,795,000)
Total tax income (expense)	(14,709,000)	16,102,000

[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. In accordance with the new Mining Law that came into effect on May 9, 2023, the duration of mining concessions for exploitation was reduced from 50 to 30 years and will be granted as long as certain requirements are met and can be extended for an additional 25 years. In total, new concessions granted after the implementation of the new law will be for a maximum of 55 years.

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.

Judgments

i) Rights over assets at Soledad and Dipolos mine

In 2009, five members of the El Bajío agricultural community in the state of Sonora, who claimed rights over certain land areas near the operations of Minera Penmont ("Penmont"), filed a legal lawsuit with the Agrarian Unification Court (Tribunal Unitario Agrario) of Hermosillo, Sonora, to have Penmont vacate an area of this surface land. The land in dispute covered a portion of the surface where part of the Soledad & Dipolos mine operations are located. The litigation led to a final court order, which Penmont complied with by vacating 1,824 hectares of land, resulting in the suspension of Soledad & Dipolos operations. Although the claim and final court order did not affect the Group's legal title over the mining concession or the mineral currently located in the leaching yards near the mine site, access to the land at the mine site is required for the exploitation of the concession in Soledad & Dipolos.

Penmont is the legal and registered owner of the land where the leaching yards are located but has not yet been able to physically access these yards due to opposition from certain local individuals. This land was purchased by Penmont from the Federal Government of Mexico in accordance with legal procedures. Grupo Peñoles has a reasonable expectation that Penmont will eventually regain access to the Soledad & Dipolos assets and process the mineral content in the Soledad & Dipolos leaching yards. This expectation considers different scenarios, including but not limited to the different legal processes that Minera Penmont has filed to regain access to the land, and other processes filed by members of the El Bajío agricultural community seeking cancellation of Penmont's title over this matter, whose file is pending final resolution. Therefore, Grupo Peñoles continues to recognise properties, plant and equipment, and inventories related to Soledad & Dipolos. Since it is not yet known with certainty when access can be granted for processing of the inventory, this inventory is classified as a non-current asset.

Regarding inventory, during the first half of the year, the Company identified certain suspicions of illegal extraction of gold content from its Soledad-Dipolos leaching platforms. The Company estimates a loss of approximately 20,000 ounces of gold content and therefore recognised a write-off of $21,861 regarding the gold content of Soledad-Dipolos in inventory, which has been presented as other expenses in the statement of profit or loss. The Company has taken necessary actions with the support of various authorities to stop illegal extraction. As a result of the authorities' visit to the mine site, it was confirmed that there were no personnel carrying out any mining activity in Soledad & Dipolos. Therefore, the Company currently does not expect any further loss of this inventory.

The write-off of the inventory considered both the estimated recoverable quantity of gold existing on the leaching platform and the potential volume of solution being irrigated in the area believed to have been leached to date. However, the nature of the estimate means that actual results may differ from these estimates.

Additionally, the claimants from the El Bajio community also filed claims against occupation agreements they entered into with Penmont, which covered land plots different from the surface where Soledad & Dipolos are located. Penmont has not had significant mining operations or specific geological interests on the affected plots and, therefore, these lands are not considered strategic for Penmont. The Agrarian Tribunal has issued rulings declaring these occupation agreements on these land plots null and void, and that Penmont must remediate such lands to the state in which they were before Penmont's occupation, as well as return any mineral extracted from this area. The case relating to the claims on these land plots is still subject to a final conclusion, as appeals progress as expected. However, since Penmont has not conducted significant mining operations or had specific geological interests on these land plots, Grupo Peñoles does not see any related contingencies as significant for these land plots. There are no material assets recognized in relation to these parcels of land as of December 31, 2023.

ii) 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. (collectively referred to as "Orla"), granting Orla the right to expand the Camino Rojo oxide pit at Fresnillo's "Guachichil D1" mineral concession. In accordance with the terms of the contracts, Grupo Peñoles transferred the legal rights of access and mining concession to Orla.

The effectiveness of the agreement was subject to the approval of the Federal Competition Commission of Mexico (COFECE), which was granted in February 2021. The consideration includes three payments: $25,000 which was received upon the approval of COFECE, $15,000 which was received in November 2022, and $22,800 which was received in November 2023.

Grupo Peñoles considered the assignment contracts as a single agreement (assignment agreement) since they were negotiated jointly. Based on this, Grupo Peñoles determined that the 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 recognized as such, at a point in time when control is transferred, and that is when the performance obligation is satisfied. In December 2022, Grupo Peñoles successfully completed support to Orla regarding negotiations relevant to the acquisition of access rights from the local ejido, which was a performance obligation in accordance with the assignment agreement. Hence, the Company considered at this time that all obligations set out in the assignment agreement had been fulfilled and recognized the total value of the agreement ($67,200) in profit or loss as other income.

iii) Juanicipio Project

Commercial production refers to the point at which a mining operation is ready for use and capable of operating in the way intended by management. This typically means that the operation can produce the expected outcome at steady and sustainable levels. The determination of when a mine reaches commercial production can be complex and critical. Grupo Peñoles considered a range of factors in making this judgment, including the completion of substantially all construction development activities in accordance with the design, a ramp-up period which achieved an average throughput of 70% of the nominal grinding capacity, grades in line with the mine plan, and recoveries consistent with the design.

Grupo Peñoles evaluated the mine and plant's start of production separately. Grupo Peñoles had determined that the Juanicipio mine came into operation from January 1, 2022. After connecting the plant to the national power grid, Grupo Peñoles concluded that the Juanicipio plant achieved commercial production on June 1, 2023, following a successful start-up period of the plant and facilities. Once commercial production was reached, Grupo Peñoles began to depreciate all the plant assets and recognized the corresponding charge as a production cost.

iv) Subsidiaries with non-controlling interests

For subsidiaries with non-controlling interests, Grupo Peñoles assesses different aspects of the investee to determine whether Grupo Peñoles has control over the investee and the power to direct its relevant activities, thus giving it the right to variable returns from its involvement with the investee.

v) 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 main estimates used is presented 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) Estimation of recoverable mineral in leaching platforms

In the Group's open-pit mines, certain extracted mineral is placed in leaching pads where a solution is applied to the surface of the heap to dissolve the gold and enable extraction. The determination of the quantity of recoverable gold requires an estimate, taking into account the amounts of mineral placed on the pads, the grade of the mineral (based on assay data) and the estimated recovery percentage (based on metallurgical studies and current technology).

The mineral grades placed on the pads are periodically compared with the amounts of metal recovered through the leaching process to assess the suitability of the estimated recovery (metallurgical balance). The Group monitors the results of the metallurgical balance process, and recovery estimates are adjusted based on actual results over time and when new information is available.

The Group monitors metallurgical balances to confirm the grade and recovery of the ore in inventories. Based on new technical information and reconsideration of actual recovery rates and updated leaching targets, the Group updated its estimate of the gold content in leaching platforms, increasing it by 30.7 thousand ounces of gold as of January 1, 2023.

This change in estimate was prospectively incorporated into inventory from January 1, 2023. The increase in the number of ounces reduced the weighted average cost of inventory. If the estimate had not changed, production cost during 2023 would have been $30,900 higher, with a compensatory impact on the balance of inventory as of December 31, 2023.

c) Deferred Income Tax Assets

The recognition of deferred tax assets, including those that arise from unused tax losses, requires management to assess the probability that the Group will generate taxable profits in future periods, in order to be able to utilize the recognized deferred tax assets. Estimates of future taxable income are based on the forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the Group's ability to realize the net deferred tax assets recorded at the balance sheet date could be affected.

d) 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 metallurgical plant 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.

e) 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.

f) Provision for asset decommissioning and rehabilitation

The estimated costs of closure of mining units derived from the legal and implied obligations required to restore operating locations are recognized at their present value in the period in which they are 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.

g) 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.

h) 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.

i) 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.

j) 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 it is reasonably certain that it will be exercised. 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, to do so it considers all the relevant factors that create an economic incentive for it to exercise the renewal. After the start date, the lease term is re-evaluated if there is a significant event or change in circumstances that is within your control and 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 real estate 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 beginning of the lease. Therefore, the incremental financing rate reflects what Peñoles "would have to pay," requiring an estimate when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when rates must be adjusted to reflect the terms and conditions of the lease (for example, when 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 outstanding lease payments. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be easily determined. If that rate cannot be easily determined, the lessee's incremental borrowing rate is used. The liability is then measured using the effective interest rate method, increased to reflect interest on the lease liability, and discounted with payments incurred. Like the right-of-use asset, the liability is remeasured when there are lease modifications or reassessments. As of March 31, 2024 and December 31, 2023, the weighted average incremental borrowing interest rate applied to lease liabilities was 6.08% and 6.09%, 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	-	80,487
Línea Coahuila-Durango, S.A. de C.V.	Rail line operator	27,281,040	50.00	-	(123)
Administración de Riesgos Bal, S.A. de C.V.	Risk manager	36,000	35.00	-	766
Total Investments in Associates					81,130

Disclosure of authorisation of financial statements [text block]

The consolidated financial statements and their notes were authorized by the Managing Director, Finance Director, Director of Administrative Services, and Legal Director on April 26th, 2024, in accordance with their respective roles for issuance and subsequent approval by the Board of Directors. 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 its subsidiaries, prepared for the same reporting period as that of the parent company, applying uniform accounting policies.

The consolidated financial statements include all assets, liabilities, revenues, expenses, and cash flows, after eliminating intercompany balances and transactions. When shareholding in a subsidiary is less than 100% and thus there is non-controlling interest in the net assets of the consolidated subsidiaries, it is identified in a separate line item in equity as non-controlling interest.

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, 2023 and for the year ended on this date that were published on March 5, 2024 in the quarterly report as of December 31, 2023.

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 consolidated financial statements presented cover the following periods and dates:

- Statements of financial position as of March 31, 2024 and 2023.
- Statements of profit or loss for the three-month periods ended March 31, 2024 and March 31, 2023.
- Statements of other comprehensive income for the three-month periods ended March 31, 2024 and March 31, 2023.
- Statements of changes in equity for the three-month periods ended March 31, 2024 and March 31, 2023.
- Statements of cash flows for the three-month periods ended March 31, 2024 and March 31, 2023.

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

- Derivative financial instruments.
- Financial assets in equity instruments.
- Certain inventories which are valued at their fair value.

Disclosure of borrowings [text block]

Financial Debt

As of March 31, 2024 and December 31, 2023, short-term direct loans were contracted for:

	March 2024	December 2023
Bank loans denominated in pesos (1)	**$ -**	$ 125,930
Bank loan (3)	**302,000**	100,000
Current maturity of long-term liability	**9,558**	9,598
Total current debt denominated in U.S. dollars	**$ 311,558**	$ 235,528

(1) As of March 31, 2024, direct loans maturing on April 30, 2024 at an average rate of 6.07%.

The loans correspond to a provision of uncommitted lines of credit that are available as of March 31, 2024. Likewise, there are amounts available in the short term for Industrias Peñoles, S.A.B. of C.V. with Mexican and foreign banks for $522,500.

During January 2024, the subsidiary Fresnillo Plc contracted a revolving credit line ("the Facility") with several national financial institutions with a term from January 2024 to January 2029. The maximum amount available under the Facility is $350,000. The Line of Credit is unsecured and has an interest rate on amounts withdrawn from SOFR plus an interest margin of 1.15%. The Fund considers some financial covenants related to leverage and interest coverage ratios. The Line has not yet been desposed.

As of March 31, 2024 and December 31, 2023, the connection of the interest payable on short and long-term debt is shown below:

	March 2024	December 2023
Opening balance on January 1	**$ 39,613**	$ 41,371
Interest accrued during the year	**37,038**	172,117
Interest capitalized in properties, plant and equipment	**90**	4,133
Payment of short and long-term interest	**(50,260)**	(178,008)
Ending balance	**$ 26,481**	$ 39,613

At the same dates, long-term debt consisted of the following dollar-denominated loans payable:

	March 2024	December 2023
Unsecured bonds issued by IPSAB (2)	**$ 1,174,306**	$ 1,173,846
Unsecured bonds issued by IPSAB (3)	**500,627**	500,735
Unsecured bonds issued by Fresnillo plc (4)	**829,603**	829,506
Bilateral with ECA guarantee (5)	**23,998**	28,768
Total	**2,528,534**	2,532,855
Less:		
Current maturity	**9,558**	9,598
Total non-current debt	**$ 2,518,976**	$ 2,523,257

As of March 31, 2024 and December 31, 2023, the connection of short and long-term debt excluding interest is shown below:

	March 2024	December 2023
Opening balance on January 1	**$ 2,758,785**	$ 2,908,018
Debt obtained	**887,000**	2,769,670
Debt payment	**(813,728)**	(2,943,627)
Amortization of transaction costs	**538**	2,408
Exchange rate result	**(2,061)**	22,316
Ending balance	**$ 2,830,534**	$ 2,758,785

The maturities of long-term debt, from 2025 onwards, are as follows:

		Amount
2025	$	9,606
2026		4,833
2027		-
2028		-
2029-2050		2,504,536
	$	2,518,976

(2) 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 the 144A/Reg. S format on September 5, 2019. The issuance was made in two equal parts of $550,000 each with 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. The proceeds from this transaction were used to prepay the issues of Stock Certificates for a total of $600,000 due in 2020 ($400,000) and 2022 ($200,000) and the rest for corporate purposes. Standard & Poor's Global Ratings (S&P) and Fitch Ratings, Inc. assigned the notes "BBB" ratings. Additionally, on July 30, 2020, the original issue with a maturity in 2029 was reopened to which $100,000 was added at the same fixed rate of 4.15% and a placement yield at maturity of 3.375%. The use of the funds included pre-payment of the syndicated credit with Bank of America, N.A. (Administrative Agent) and Scotiabank Inverlat S.A., payment of short-term debt and for general corporate purposes.

(3) 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 the 144A/Reg. S format on July 30, 2020, with a term of 30 years, principal payment at maturity, semiannual interest at a fixed rate of 4.75% plus taxes and no endorsements. The use of the funds included pre-payment of the syndicated credit with Bank of America, N.A. (Administrative Agent) and Scotiabank Inverlat S.A., payment of short-term debt and for general corporate purposes. Transaction costs amounted to $3,627.

(4) 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, principal payment at maturity, semi-annual interest at a fixed rate of 4.25% plus taxes and no endorsements. The use of the funds includes the payment for the partial repurchase of the current debt mentioned in point (2) and for general corporate purposes. Standard & Poor's and Moody's Investors Service assigned the notes ratings of BBB and Baa2, respectively. Transaction costs amounted to $3,844.

(5) 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 purchases of equipment that its subsidiary Metalúrgica Met-Mex Peñoles S.A. de C.V. has made to the supplier Outotec Oy (Finland) for the projects of expansion of its zinc plant and Silver Recovery II. The debt is 95% guaranteed by Finnvera as Export Credit Agency (ECA) of the country of origin of the supplier under the protection of goods and services eligible under the agreement, as well as local costs.

The drawdown amounted to a notional of $82,590 and the settlement is made through 17 semiannual repayments from September 28, 2018 to September 30, 2026. Applicable rate of 6-month LIBOR plus 0.94% on outstanding balances (without considering the ECA's commission for its guarantee). The floating component of the interest rate has been fixed through an interest rate swap.

In relation to the benchmark 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 2022, Grupo Peñoles adhered to the ISDA IBOR "Fallback" protocol.

On June 29, 2023, an amendment to the credit agreement was signed for changing the benchmark interest rate from LIBOR to compounded SOFR. The change will apply from September 29, 2023.

- Credit actions by Rating Agencies.

As of the end of March 2024 and 2023, the rating of IPSAB de CV's unsecured senior notes by S&P is "BBB" with a Negative outlook on a Global scale, and "BBB" with a Stable outlook on a Global scale by Fitch Ratings.

Similarly, as of the end of March 2024 and 2023, the rating of Fresnillo plc's unsecured senior notes by S&P is "BBB" with a Negative outlook on a Global scale, and "Baa2" with a Stable outlook on a Global scale by Moody's Investors Services.

- Obligations to do and not to do financial debt.

The Group's financial debt is subject to certain obligations to do and not to do, all of which have been fully complied with as of March 31, 2024.

Disclosure of cash and cash equivalents [text block]

Cash and Cash Equivalents

An analysis of cash and cash equivalents is as follows:

	March 2024	December 2023
Cash in hand and in banks	**$ 96,350**	$ 90,247
Liquid investments (1)	**993,557**	949,975
	$ 1,089,907	$ 1,040,222

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

Disclosure of commitments [text block]

Commitments

Electric power supply

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

a) Termoeléctrica Peñoles

A contract was signed to purchase, through its subsidiaries, the electrical energy production of a plant with a production capacity of 230 mega-watts, valid until 2027.

In addition to the supply contract, an agreement was signed to create a business activities trust for the operation and maintenance of an electricity generating plant under the self-supply permit granted to Termoeléctrica Peñoles, S. de R. L. de C.V. (TEP). This Trust was terminated early in 2023 and its rights and obligations were directly lodged in the bylaws of TEP and a shareholders agreement. To guarantee the commitments to purchase electricity, the project's owners/operators were granted a sell option (“Put option”) so that, in the event of non-compliance by its subsidiaries, they can demand that Grupo Peñoles purchase the shares that make up the share capital of TEP at a price equivalent to the present value of the remaining scheduled payments that its subsidiaries are obligated to pay according to the contract. In April 2024, the Legacy Interconnection Contract signed with the CFE ends, which will be replaced by an Open Access and Not Unduly Discriminatory Interconnection Contract, so TEP will stop operating under the rules of the Public Service Law of Electric Power and from May 2024 will start operating under the regulatory framework of the Electric Industry Law. Under this scheme, Peñoles subsidiaries through the Qualified Services Supplier will acquire the net energy production and 230 MW-year of Power. The estimated cost for electricity consumption for 2024 for the 980.6 million kWh and 230 MW-year of Power is $112,665.

b) Eólica de Coahuila

An electricity supply contract was signed on April 25, 2014, under self-supply regime with Eólica de Coahuila, S.A. de C.V. (EDC), for a term of 25 years. The subsidiaries of Peñoles adhering to this contract will acquire all the net energy production that EDC generates within the contracted term, at an estimated average of 700 million kWh per year, payable monthly at a fixed price determinable per each kWh that EDC delivers to the Federal Electricity Commission at the interconnection point stipulated in the contract. Commercial operation began in April 2017. Simultaneously with this contract, a purchase and sale option agreement (“Put option”) was signed for the transfer of EDC's social shares in certain circumstances of non-compliance. The approximate cost for electricity consumption for 2024, estimated at 793.4 million kWh, is $61,885.

c) Eólica Mesa La Paz

On January 25, 2018, Grupo Peñoles entered into an electricity hedging contract under the regime of the Electricity Industry Law with Eólica Mesa La Paz, S. de R.L. de C.V. (MLP), for a term of 25 years. Peñoles subsidiaries, through the Qualified Services Supplier, 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, estimated at an average of 1,170.0 million kWh per year, payable monthly at a fixed price per each kWh that MLP delivers to the National Electric System at the interconnection point established in the contract. Commercial operation began on April 1, 2020. As part of the contract, a purchase and sale option agreement (“Put option”) was stipulated for the transfer of MLP's social shares under certain circumstances of non-compliance. The approximate cost for electricity consumption for 2024, estimated at 835.1 million kWh, is $38,113.4.

Disclosure of contingent liabilities [text block]

Contingencies

As of March 31, 2024 and December 31, 2023 Grupo Peñoles had the following contingencies:

a) Grupo Peñoles is subject to various laws and regulations which, if not observed, could give rise to penalties. Grupo Peñoles' income tax is open to review by the tax authorities (Tax Administration Service) for a period of five years following the filing of the annual corporate income tax return, and during this period the tax authorities have the right determine additional taxes owed by Grupo Peñoles, including penalties and surcharges. Under certain circumstances, these reviews may cover longer periods. As such, there is the risk that transactions, especially those with related parties, that have not been questioned in the past by the tax authorities, could be challenged by the authorities in the future.

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

   Industrias Peñoles S.A.B de C.V., and its subsidiary Comercializadora de Metales Fresnillo, S.A. of C.V. are in the process of obtaining from the SAT a final conclusion on the review they carried out of the operation called "Silverstream" for the fiscal year 2016.

   Likewise, both companies are in a tax audit process of the same operation for the year 2017. In this regard, and in the month of April 2024, both companies filed with the Taxpayer Defense Attorney's Office (PRODECON) the request for adopt a conclusive agreement procedure with the SAT.

   In March 2024, Metalúrgica Met Mex Peñoles was notified of a letter of observations in which certain deductions applied to determine the Income Tax for the 2017 fiscal year were questioned. In April 2024, the company filed with PRODECON the request to adopt a conclusive agreement procedure with the SAT.

b) In 2011, a flood occurred at the Saucito mine, after which the Group submitted a claim to the insurance company for the damages caused (and for the interruption of the business). This claim was rejected by the insurance provider. In early 2018, after the matter was taken to mutually agreed arbitration, the insurance claim was deemed valid; however, there is disagreement over the appropriate amount to be paid. In October 2018, the Group received $13,600 in relation to the insurance claim; however, this does not constitute a final settlement and the management continues to seek a higher insurance payout. Due to the fact that negotiations are ongoing and there is uncertainty about the timing and the amount involved to reach a final settlement with the insurer, it is currently not feasible to determine the total amount expected to be recovered.

Disclosure of cost of sales [text block]

Cost of Sales

The cost of sales is composed as follows:

	March 2024	March 2023
Personnel expenses	**$ 117,539**	$ 107,016
Energy	**120,177**	132,000
Operating materials	**113,714**	120,348
Maintenance and repairs	**129,077**	120,930
Depreciation and amortization	**186,738**	164,967
Amortization of right-of-use assets	**1,334**	1,257
Transfer of by-products	**(29,480)**	(34,233)
Contractors	**126,521**	125,707
Leases of low-value assets	**22,883**	21,328

Other	**59,383**	69,244
Inventory adjustments	**23,700**	(41,972)
Cost of sale of extraction and treatment	**871,586**	786,592
Cost of metals sold	**353,817**	373,820
	$ 1,225,403	$ 1,160,412

Disclosure of deferred taxes [text block]

The income taxes charged to the income statement for the three-month periods ended March 31, 2024 and 2023, are composed as follows:

	March 2024	March 2023
Current income tax	**$ 26,415**	$ 68,571
Deferred income tax	**(49,732)**	(63,795)
Special tax for mining companies	**8,608**	11,326
Income taxes recognized in the consolidated statement of profit or loss	**$ (14,709)**	$ 16,102

Disclosure of deposits from banks [text block]

The disclosure of this note is mentioned in the disclosure note on 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 (Loss) Per Share

Earnings (loss) per share is calculated by dividing the net profit for the year attributable to the holders of the ordinary shares representing the capital of Grupo Peñoles, by the weighted average of ordinary shares in circulation for the period.

The basic and diluted earnings (loss) per share are the same since Grupo Peñoles does not have ordinary shares with potential dilutive effects.

For the three-month periods ended March 31, 2024 and 2023, the earnings (loss) per share were calculated as follows:

	March 2024	March 2023
Net (loss) profit (in thousands of U.S. dollars):		
Attributable to the shareholders of Grupo Peñoles	**$ (39,010)**	$ 3,420
Shares (in thousands of shares):		
Weighted average of ordinary shares in circulation	**397,476**	397,476
(Loss) Earnings per share:		
Basic and diluted (loss) earnings per share (Expressed in U.S. dollars)	**$ (0.10)**	$ 0.01

Disclosure of employee benefits [text block]

Employee Benefits

Employee benefits

The current obligations for employee benefits are detailed as follows:

	March 2024	December 2023
Salaries and other employment benefits payable	**$ 1,240**	$ 17,178
Paid annual leave and vacation premium payable	**16,764**	16,739
Social security dues and other provisions	**28,805**	21,787
	$ 46,809	$ 55,704

Retirement benefits

Grupo Peñoles has a defined pension and benefit contribution plan for its non-unionized workers, which includes pension plans based on each worker's earnings and years of service provided by personnel hired through 30 June 2007, and a defined contribution component as of such date, based on periodic contributions made by both Grupo Peñoles and the employees.

The plan is managed exclusively by a Technical Committee, which is comprised of three people that are appointed by Grupo Peñoles.

Defined benefit component

The defined benefit component of the plan referred to the worker salaries and the number of years of service provided through 30 June 2007, in accordance with the benefits generated through this date in respect of the pension granted. This defined retirement benefit plan was for its non-unionized employees and included pension plans based on each worker's salaries and the number of years of service, seniority premiums payable upon death and due to permanent disability or voluntary separation. Benefits accrued through this date are restated for inflation based on the National Consumer Price Index through the date of the employee's retirement.

Defined contribution component

The defined contribution component of the plan consists of periodic contributions made by employees, as well as matched contributions made by Grupo Peñoles beginning on 1 July 2007, capped at 8% of the employee's daily integrated salary.

There is also a seniority premium plan for voluntary separation for Grupo Peñoles' unionized workers.

Death and disability benefits are covered through insurance policies.

Recognition of employee benefits

An analysis of the actuarial value of these obligations recognized in the consolidated statement of financial position as of Marc31, 2024 and December 2023 is as follows:

	March 2024	December 2023
Defined benefit obligation of active workers	**$ 54,656**	$ 51,936
Defined benefit obligation of retired workers (1)	**80,905**	77,241
Defined benefit obligation	**135,561**	129,177
Unfunded defined benefit obligation (2)	**44,368**	42,804
	179,929	171,981
Fair value of plan assets	**(128,383)**	(122,291)
Employee benefits	**$ 51,546**	$ 49,690

(1) This obligation is currently fully funded.

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

An analysis of pensions, defined contribution and seniority premiums recognized in the consolidated statement of profit or loss for the terms ended March 31, 2024 and 2023 is as follows:

March 2024	March 2023

Current-year service cost	$	**1,179**	$	1,038
Interest cost		**1,196**		1,128
Total	$	**2,375**	$	2,166

Disclosure of entity's operating segments [text block]

Segmentos

The segment information for the three-month period ended March 31, 2024 is shown below:

	Precious Metal Mines	Base Metals Mines	Metallurgical	Others	Eliminations and Reclassifications	Total
Third-Party Sales	$ **426**	$ **97,418**	$ **1,237,969**	$ **60,478**	$ **172**	$ **1,396,463**
Intra-group Sales	**644,412**	**134,963**	**4,331**	**106,000**	**(889,706)**	**-**
Total Sales	**644,838**	**232,381**	**1,242,300**	**166,478**	**(889,534)**	**1,396,463**
Cost of Sales	**525,150**	**221,631**	**1,238,358**	**41,905**	**(801,641)**	**1,225,403**
Gross Profit	**119,688**	**10,750**	**3,942**	**124,573**	**(87,893)**	**171,060**
Administrative Expenses	**27,400**	**28,058**	**18,569**	**69,515**	**(64,468)**	**79,074**
Exploration Expenses	**33,929**	**10,135**	**-**	**561**	**(1,414)**	**43,211**
Selling Expenses	**8,149**	**13,106**	**12,201**	**9,755**	**(301)**	**42,910**
Other expenses/(income), net	**7,112**	**3,489**	**(3,594)**	**1,954**	**(11,548)**	**(2,587)**
	76,590	**54,788**	**27,176**	**81,785**	**(77,731)**	**162,608**
Operating profit/(loss)	$ **43,098**	$ **(44,038)**	$ **(23,234)**	$ **42,788**	$ **(10,162)**	**8,452**
Finance income	-	-	-	-	-	**(19,152)**
Finance costs	-	-	-	-	-	**56,308**
Foreign exchange gain, net	-	-	-	-	-	**3,318**
Share of profit of associates	-	-	-	-	-	**88**
Profit before income tax	-	-	-	-	-	**(32,110)**
Income tax	-	-	-	-	-	**(14,709)**
Consolidated net loss	-	-	-	-	-	$ **(17,401)**

The segment information for the three-month period ended March 31, 2023 is shown below:

	Precious Metal Mines	Base Metals Mines	Metallurgical	Others	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

Disclosure of fair value of financial instruments [text block]

Hedging financial derivatives

Grupo Peñoles contracts with various institutions financial derivative instruments 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 inputs that are consumed, and exchange rates at which its financial and commercial transactions are agreed upon.

To minimize counterparty risk, contracts are made only with intermediaries of recognized reputation and financial capacity, so it does not foresee that any of the counterparties will fail to meet their obligations and therefore Grupo Peñoles must create reserves associated with this risk.

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

	March 2024	December 2023
Fair value of financial instruments	**$ 5,632**	$ (5,825)
Ineffectiveness and effect of the time value of options excluded from hedges	**(8)**	46
Deferred Income Tax	**(1,687)**	1,734
Net fair value of deferred income tax directly recognized in equity	**$ 3,937**	$ (4,045)

The movement of hedging valuation gains (losses) for the years ending March 31, 2024 and 2023 is shown below:

	March 2024	December 2023
Opening balance as of January 1st	**$ (4,045)**	$ 5,297
Income reclassified to the period's results	**16,961**	85,483
Deferred income tax	**(5,088)**	(25,645)
Changes in fair value in hedging instruments	**(5,558)**	(98,829)
Deferred income tax	**1,667**	29,649
Unrealized gain (loss) net of deferred income tax	**$ 3,937**	$ (4,045)

Disclosure of finance income (cost) [text block]

Finance Income

An analysis of finance income is as follows:

		March 2024		March 2023
Interest income on cash equivalents and other investments	**$**	**15,543**	$	17,710
Interest income from trade receivables		**122**		1,183
Finance income on tax refund		**3,487**		1,750
Other		**-**		4,326
	$	**19,152**	$	24,969

Finance Costs

An analysis of finance costs is as follows:

		March 2024		March 2023
Interest arising on financial debt	**$**	**38,802**	$	40,571
Financial discount of liability provisions		**9,604**		9,661
Net interest on defined benefit obligation		**1,196**		1,128
Finance cost on lease liabilities		**1,960**		1,982
Other		**4,746**		2,398
	$	**56,308**	$	55,740

Disclosure of financial instruments [text block]

The disclosure of this note is mentioned in the disclosure note on 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 disclosure note 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 disclosure note on the fair value of financial instruments.

Disclosure of financial liabilities held for trading [text block]

The disclosure of this note is mentioned in the disclosure note on 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 2024		March 2023
Personnel expenses	**$**	**32,738**	$	36,192
Fees		**21,370**		20,748
Travel expenses		**4,413**		3,201
Information technology expenses		**4,241**		5,860
Amortization of right-of-use assets		**2,228**		2,460
Leases of low-value assets		**5,966**		3,928
Fees, associations and other		**8,117**		8,607
Total administrative expenses	**$**	**79,073**	$	80,996

Exploration Expenses

An analysis of exploration expenses is as follows:

		March 2024		March 2023
Personnel expenses	$	**5,175**	$	5,950
Contractors		**23,019**		28,639
Taxes and duties		**10,151**		9,655
Operating materials		**160**		313
Amortization of right-of-use assets		**193**		219
Leases of low-value assets		**483**		1,131
Fees, assays and other		**4,031**		4,873
Total exploration expenses	$	**43,212**	$	50,780

Selling Expenses

An analysis of selling expenses is as follows:

		March 2024		March 2023
Freight and transfers	$	**28,010**	$	23,941
Royalties		**2,205**		3,609
Handling		**1,076**		797
Extraordinary mining tax		**3,117**		3,018
Amortization of right-of-use assets		**282**		284
Other expenses		**8,220**		7,058
Total selling expenses	$	**42,910**	$	38,707

Personnel Expenses

An analysis of personnel expenses is as follows:

		March 2024		March 2023
Salaries and other employee benefits	$	**92,038**	$	87,117
Employee benefits at retirement		**1,179**		1,038
Social security contributions		**29,967**		25,755
Social welfare and other benefits		**32,268**		35,248
Total personnel expenses	$	**155,452**	$	149,158

Disclosure of income tax [text block]

Income Tax and Special Tax for Mining Companies

Tax environment

Income tax

he Mexican Income Tax Law (MITL) stipulates a 30% corporate income tax rate.

Fiscal consolidation

Industrias Peñoles, S.A.B. de C.V. and its subsidiaries determined the ISR on a consolidated basis until 2013 in accordance with the tax legislation in force in this year. As of January 1, 2014, with the Tax Reform, both IPSAB and its controlled subsidiaries pay the ISR on individual bases.

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 they might have deferred and that is pending payment by each entity on individual bases. Therefore, IPSAB, as the controlling company, pays the ISR that was deferred due to fiscal consolidation, in a similar manner to the payment of the ISR deferred by fiscal consolidation in accordance with the changes introduced to the fiscal consolidation regime of 2010.

The 2014 Tax Reform establishes two deadlines for the payment of previously deferred taxes from the effects of deconsolidation; the first is five years, so 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, subject to an update in the following four exercises; and the second is up to ten years applying the provisions in force until 2013.

Special Mining Right

The Special Mining Right (SMR) is considered an income tax payable by holders of mining concessions and assignments, consisting of the application of a rate of 7.5% to the positive difference resulting from reducing their accrued income by the deductions established in the LISR, excluding deductions for investments, interests, and annual inflation adjustment. This SMR can be credited against the ISR of the same fiscal year and must be paid 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 disclosure note on financial income (expenses).

Disclosure of interest income [text block]

The disclosure of this note is mentioned in the disclosure note on financial income (expenses).

Disclosure of inventories [text block]

Inventories

An analysis of this caption is as follows:

		March 2024		December 2023
Inventories stated at cost:				
Refined metals and ore concentrates	**$**	**1,496,265**	$	1,387,709
Raw materials and chemical products in process		**23,870**		21,196
Operating materials		**288,323**		299,145
		1,808,458		1,708,050
Inventories measured at fair value:				
Refined metals		**77,205**		160,163
Inventories,		**1,885,663**		1,868,213
Less: Non-current portion		**69,760**		69,760
Inventories, current potion	**$**	**1,815,903**	$	1,798,453

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

Equity Investments in Associates

The movement in investments for the periods ended March 31, 2024 and December 31, 2023 is analyzed as follows:

		March 2024		December 2023
Starting balance in associates	**$**	**81,215**	$	72,181
Share in the result of associates		**(88)**		(1,767)
Conversion adjustment		**3**		10,801
Ending balance in associates	**$**	**81,130**	$	81,215

Disclosure of issued capital [text block]

Equity and other comprehensive loss items

Share capital

The share capital as of March 31, 2024, and December 31, 2023, is represented by ordinary, registered shares without an expression of nominal value and is made up of class one shares representing the minimum fixed capital and class two shares, representing the variable part, as follows:

	Shares		Amount	
	2024	2023	**2024**	2023
Authorized and subscribed share capital	**413,264,747**	413,264,747	**$ 403,736**	$ 403,736
Repurchased shares	**15,789,000**	15,789,000	**2,337**	2,337
Nominal share capital in circulation	**397,475,747**	397,475,747	**$ 401,399**	$ 401,399

As of March 31, 2024, the nominal share capital is made up of a minimum fixed capital without the right to withdrawal 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 disclosure note on business combinations.

Disclosure of leases [text block]

Leases

The movement in the right-of-use assets for March 31, 2024, is as follows:

Buildings	Machinery and equipment	Compute equipment and	Total cost

			other assets	
Investment: Starting balance on January 1, 2024	$ 25,161	$ 80,649	$ 34,066	$ 139,876
Additions	35	-	1,760	1,795
Contract modifications	160	-	(229)	(69)
Disposals	(59)	-	(3,211)	(3,270)
Ending balance on March 31, 2024	25,297	80,649	32,386	138,332
Amortization: Starting balance on January 1, 2024	(12,042)	(16,945)	(17,294)	(46,281)
Amortization of the period	(838)	(1,035)	(2,163)	(4,036)
Disposal	59	-	3,046	3,105
Ending balance on March 31, 2024	(12,821)	(17,980)	(16,411)	(47,212)
Net investment	$ 12,476	$ 62,669	$ 15,975	$ 91,120

The lease liability as of March 31, 2024 and December 31, 2023 is $112,291 and $110,445, respectively. Interest expenses corresponding to March 31, 2024 and 2023 amounted to $1,960 and $1,982, respectively. The portion of lease payments recognized as a reduction of lease liabilities and as cash outflow from financing activities for the three months ended March 31, 2024 and 2023 amounted to $5,633 and $3,888, respectively.

The maturity analysis of the lease liability as of April 01, 2024 is as follows:

	Total
2024	$ 18,145
2025	12,383
2026	9,516
2027	8,217
2028 and forward	64,030
	112,291
Current maturity	18,145
Non-current maturity	$ 94,146

Amortization for the right-of-use asset for the three-month period ended March 31, 2024 and 2023 amounted to $4,036 and $4,221, 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; among them that the Federal Economic Competition Commission (COFECE) issues a favorable written approval of the transaction's formalization; 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, respectively.

As of 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 were $710 and $6,790 respectively, due to the non-significant amount such items are not presented separately in the statement of comprehensive income.

As of December 31, 2023, the sale has not materialized because the potential buyer continues in the process of managing financing. Therefore, COFECE granted a six-month extension from December 13, 2023. The Company continues to actively manage the sale of this unit, so it has maintained the classification of the related assets and liabilities as held for sale.

An analysis of the principal class of assets and liabilities of the Madero unit classified as held for sale as of March 31, 2024 and December31 ,2023, is as follows:

	2024	2023
ASSETS		
Property, plant, and equipment	**$ 21,362**	$ 21,362
LIABILITIES		
Provisions	**$ 39,360**	$ 39,287

Disclosure of other current assets [text block]

Other financial assets

It is analyzed as follows:

	March 2024	December 2023
Short-term hedging derivative financial instruments	**$ 33,926**	$ 31,833

Less: Non-current maturity	**(369)**	(486)
Total other financial assets	**$ 33,557**	$ 31,347

Disclosure of other non-current assets [text block]

Other non-current financial assets

It is integrated as follows:

	March 2024	December 2023
Investments in stocks listed on the Canadian Stock Exchange:		
Cost (1)	**$ 65,045**	$ 65,045
Increases in fair value	**51,369**	48,732
Subtotal	**116,414**	113,777
Investments in shares listed on the American stock exchange:		
Cost	**180**	180
Increases in fair value	**635**	668
Subtotal	**815**	848
Total	**$ 117,229**	$ 114,625

(1) As of March 31, 2024 and December 31, 2023, approximately 88% of the investments correspond to 9,746,193 shares of Mag Silver, Corp. for an amount of $103,046 and 6% of Endeavor, Inc., represented by 2,800,000 shares for a amount of $6,754. The investments are listed on the Canadian stock exchange. The share prices as of March 31, 2024 and December 31, 2023 amount to $14.29, $3.26 CAD per share and $13.79, $2.60 CAD per share, respectively.

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

Other (Income) Expenses

An analysis of other (income)/expenses is as follows:

	March 2024	March 2023
Income from royalties	**$ -**	$ (35)

Income from sale of other products and services	(14,963)	(12,517)
Other income	$ (14,963)	$ (12,552)

An analysis of other expenses is as follows:

	March 2024	March 2023
Rental expenses	**$ 951**	$ 1,120
Donations	**2,374**	544
Rehabilitation expenses for closed mining units	**3,476**	4,399
Losses from accidents	**1,512**	488
Loss on sale of fixed asset	**296**	519
Loss on sale of material and waste	**451**	224
Loss on sale of concentrates	**-**	4,076
Fixed asset disposals	**-**	667
Other	**3,316**	1,431
Other expenses	**$ 12,376**	$ 13,468

Disclosure of property, plant and equipment [text block]

During the three-month periods ended March 31, 2024 and 2023, Grupo Peñoles made investments in its properties, plants and equipment for $86,016 and $112,246 respectively.

In December 2022, Grupo Peñoles received a binding offer for the sale of movable and immovable assets of the Madero mining unit. Due to the above, the assets of this unit that were completely impaired, part of their impairment was reversed in an amount of $21,362, said value, represents the lower of the book amount or its fair value. This amount is shown as an asset held for sale.

Depreciation as of March 31, 2024 and 2023 amounted to $186,737 $164,966, respectively.

Commitments

As of March 31, 2024 and December 31, 2023, various agreements have been signed for the purchase of machinery and equipment, as well as for the completion of adjustments to mining and metallurgical projects. The amount of the commitments for each of these dates is $107,928 and $122,576, respectively.

Disclosure of related party [text block]

Related parties

The balances receivable and payable to non-consolidated related entities are analyzed as follows:

	March 2024	December 2023
Accounts receivable from:		
Sales:		
Dowa Mining Co. Ltd. (3)	$ 163	$ 2,219
Sumitomo Corporation	14,636	-
Grupo Palacio de Hierro, S.A.B. de C.V. (1)	992	1,053
Grupo Nacional Provincial, S.A.B. de C.V. (1)	7,769	11,053
Eólica de Coahuila S. de R.L. de C.V. (4)	1,242	-
Others	33	29
Total	$ 24,835	$ 14,354
Accounts payable from:		
Short-term accounts:		
Termoeléctrica Peñoles, S. de R.L. de C.V. (4)	$ 9,875	$ 15,392
Altos Hornos de México, S.A.B. de C.V.	-	44
Línea Coahuila-Durango, S.A.B. de C.V. (2)	2,408	2,528
Others	484	379
	12,767	18,343
Loans:		
Minera los Lagartos, S.A. de C.V. (3)	56,781	72,634
Total	$ 69,548	$ 90,977
Long-term loans:		
Minera los Lagartos, S.A. de C.V. (3)	$ 22,745	$ 22,726

As of March 31, 2024 and December 31, 2023, the connection of the loans and interests with Minera Los Lagartos, S.A. of C.V. shown below:

	2024	2023
Opening balance as of January 1	$ 95,360	$ 104,963
Loans obtained	-	22,726
Loan amortization	(14,975)	(32,965)
Interest accrued in the year	1,765	8,150
VAT on interest payable	(126)	125
Interest payment	(2,484)	(7,639)
Others	(14)	-
Closing balance as of December 31	$ 79,526	$ 95,360

In the periods ended March 31, 2024, and 2023, various business transactions were conducted with related entities, as indicated below:

(a) Grupo Peñoles, through its subsidiary Minera Tizapa, made sales of lead, zinc, and gravimetric concentrate and copper, setting sale prices according to international market references and the payable metal content.

(b) Grupo Peñoles, through a subsidiary, has several energy supply contracts with its related parties under the self-supply scheme.

(c) Grupo Peñoles has concluded contracts for the supply of electricity with its related parties under the self-supply scheme and the wholesale electricity market.

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

(e) Business consulting and corporate administration services.

		March 2024		March 2023
Income (a):				
Sales of concentrates and refined metal:				
Dowa Mining Co. Ltd. (3)	**$**	**26,057**	$	18,152
Sumitomo Corporation (3)		**75,871**		14,207
		101,928		32,359
Interests:				
Inmobiliaria Industrial La Barra, S.A. (4)		**-**		397
Electrical energy (b):				
Grupo Palacio de Hierro, S.A.B. de C.V. (1)		**1,668**		1,892
Grupo Nacional Provincial, S.A.B. de C.V. (1)		**159**		73
Instituto Tecnológico Autónomo de México (1)		**51**		28
		1,878		1,993
Others:				
Línea Coahuila Durango, S.A de C.V. (2)		**89**		32
Petrobal, S.A.P.I. de C.V. (1)		**252**		122
Petrobal Upstream Delta 1, S.A. de C.V. (1)		**369**		118
		710		272
	$	**104,516**	$	35,021
Expenses:				
Electrical energy (c):				
Termoeléctrica Peñoles, S. de R.L. de C.V. (4)	**$**	**24,423**	$	49,468
Eólica de Coahuila S. de R.L. de C.V. (4)		**13,143**		16,027
Eólica Mesa la Paz S. de R.L. de C.V. (4)		**9,021**		11,686
		46,587		77,181
Administrative fees (e):				
Servicios Corporativos Bal, S.A. de C.V. (1)		**7,502**		11,479
Insurance and finance (d):				
Grupo Nacional Provincial, S.A.B. de C.V. (1)		**4,530**		949
Others		**124**		39
		4,654		988
Air transport:				
Aerovics, S.A. de C.V. (2)		**3,092**		2,079
Royalties:				
Dowa Holdings Co. Ltd (3)		**642**		428
Sumitomo Corporation (3)		**165**		110
		807		538
Rents:				
MGI Fusión, S.A. de C.V. (2)		**1,183**		1,007
Others		**3,516**		1,541
	$	**67,341**	$	94,813

(1) Affiliated entities under the control exercised by Grupo Bal, a private and diversified organization, composed of independent Mexican companies, among which are 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 shareholders
(4) Other related parties

Disclosure of reserves within equity [text block]

Equity and other comprehensive loss items

Legal Reserve

The net profit for the year is subject to the legal requirement that 5% of it must be allocated to increase the legal reserve until the amount of the reserve is equal to 20% of the share capital in pesos. To date, this percentage has been fully covered. This reserve cannot be distributed, except as dividends in shares.

Other comprehensive loss items

Valuation effect of hedges

This balance includes the effective portion of gains or losses from the valuation of financial instruments designated as cash flow hedges, net of deferred ISR. When the transaction being hedged occurs, the gain or loss is transferred from equity to the statement of profit or loss.

Valuation effect of financial assets in capital instruments (VRORI)

This corresponds to changes in the fair value of capital instruments, net of deferred ISR. The corresponding gains and losses on these financial assets will never be reclassified to consolidated income. Dividends are recognized as other income in the consolidated statement od profit or loss when the right to payment has been established, except when the dividend clearly represents a recovery of part of the investment cost. Under this classification, capital instruments are not subject to impairment testing.

Accumulated conversion effect

The balance includes the conversion effect of the financial statements to the reporting currency (dollar) of certain subsidiaries and associates whose functional currency is the Mexican peso.

Accumulated effect of employee benefits revaluation

It is composed of the actuarial gains and losses resulting from the adjustment to the liabilities for retirement personnel benefits due to changes in the actuarial assumptions used for their determination.

Disclosure of revenue [text block]

Sales

An analysis of sales by geographical area is as follows:

		March 2024		March 2023
Domestic sales	**$**	**344,745**	$	303,013
United States of America		**467,559**		604,703
Europe		**265,136**		221,376
Asia		**134,764**		112,659
Canadá		**168,737**		166,965
South America		**15,236**		3,220
Other		**286**		1,096
	$	**1,396,463**	$	1,413,032

Sales by products are shown in the annex [800005]

Disclosure of subsidiaries [text block]

Consolidation

Significant subsidiaries

The significant subsidiaries are as follows:

Subsidiaries with total participation

		Currency (1)	% Equity interest	
Subsidiary	Country	Functiona	**March 2024**	December 2023
Minas Peñoles, S.A. de C.V.	México	Dólar	**100**	100
Química Magna, S.A. de C.V.	México	Dólar	**100**	100
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	México	Dólar	**100**	100
Química del Rey, S.A. de C.V.	México	Dólar	**100**	100
Minera Ciprés, S.A. de C.V.	México	Dólar	**100**	100
Compañía Minera Sabinas, S.A. de C.V.	México	Dólar	**100**	100
Minera Capela, S.A. de C.V.	México	Dólar	**100**	100
Arrendadora Mapimí, S.A. de C.V.	México	Dólar	**100**	100
Servicios Administrativos Peñoles, S.A. de C.V.	México	Peso	**100**	100
Servicios Especializados Peñoles, S.A. de C.V.	México	Peso	**100**	100
Bal Holdings, Inc.	EUA (2)	Dólar	**100**	100
Fuerza Eólica del Istmo, S.A. de C.V.	México	Dólar	**100**	100

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

(2) United States of America.

Subsidiaries with 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 non-controlling interests held by Dowa Mining and Sumitomo Corporation of 49%.

Disclosure of significant accounting policies [text block]

A summary of the accounting policies used in the preparation of the financial statements is found below. These polices have been applied consistently in all of the periods presented in the accompanying consolidated financial statements.

Disclosure of trade and other receivables [text block]

Trade and Other Accounts Receivable

An analysis of this caption is as follows:

	March 2024	December 2023
Trade Receivables (1)	**$ 172,628**	$ 158,315
Other accounts receivable	**9,809**	22,891
Less:		
Expected credit losses for trade receivables	**(1,996)**	(1,979)
Expected credit losses for other accounts receivable	**(1,286)**	(1,277)
Total trade and other accounts receivable	**179,155**	177,950
Related parties	**24,835**	14,354

Recoverable value added tax	**330,876**	392,390
Advances to suppliers	**14,370**	10,976
Account receivable related to layback agreement	**1,581**	1,729
	550,817	597,399
Less: Non-current maturity		
Other accounts receivable to contractors	**894**	773
Recoverable value added tax	**43,307**	42,755
Long-term accounts receivable and other receivables	**44,201**	43,528
Total trade and other current accounts receivable, net	**$ 506,616**	$ 553,871

[800600] Notes - List of accounting policies

Disclosure of significant accounting policies [text block]

A summary of the accounting policies used in the preparation of the financial statements is found below. These polices have been applied consistently in all of the periods presented in the accompanying consolidated financial statements.

Description of accounting policy for borrowing costs [text block]

Borrowing costs

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]

The accounting for business acquisitions is performed using the purchase method, which requires the acquired assets and assumed liabilities to be recognized at their fair value at the date of purchase; the results of the acquired businesses are recognized in the consolidated financial statements from the effective date of acquisition. The results of the businesses sold during the year are included in the consolidated financial statements up to the effective disposal date, and the gain or loss for their disposal is recognized in the statement of profit or loss, as the difference between the revenues obtained from the sales, net of related expenses, and the net assets attributable to the equity interest of the business that has been sold.

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]

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]

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]

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

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 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 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.

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]

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]

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 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.

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.

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

Grupo 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.

Grupo 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 are valued at the lower of cost or net realizable value.

Description of accounting policy for mining assets [text block]

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]

Special tax over 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 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

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM) who is also Grupo Peñoles Chief Executive Officer. Grupo Peñoles is organized into business units based on its products.

The CODM monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. In addition, Grupo Peñoles financing and income taxes are managed at the corporate level and are not allocated to the operating segments, except for those entities that are managed separately.

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]

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]

Subsidiaries

Subsidiaries are understood as those entities over which Grupo Peñoles exercises effective control in order to govern the operating and financial policies and derive benefits from their activities, from the date it effectively gained control until the date it effectively ceded that control. The control of entities qualified as subsidiaries is evaluated based on the power it has and exercises through its shareholding of voting rights, exposure to its variable returns, and the ability to influence its returns.

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

The consolidated financial statements include all assets, liabilities, revenues, expenses, and cash flows, after eliminating intercompany balances and transactions. When shareholding in a subsidiary is less than 100% and thus there is non-controlling interest in the net assets of the consolidated subsidiaries, it is identified in a separate line item in equity as non-controlling interest.

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 1Q2024 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