Quarterly Financial Information

[105000] Management commentary

Management commentary [text block]

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

EXECUTIVE SUMMARY

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

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

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

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

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

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

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

Due to the factors described above, Peñoles' financial results for 2Q23 and their variation with respect to 2Q22 were as follows (in millions): Net Sales US$1,536.9 (+4.6%), Gross Profit US$224.7 (-25.4%), EBITDA US$193.2 (-35.2%), Operating Income US$30.6 (-77.0%) and Net Income from Controlling Interest US$22.3, 70.2% below US$74.8 recorded in 2Q22.

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; 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]

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

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

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

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

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

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

Fresnillo plc

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

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

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

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.

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

* ***Corresponds to Mexican inflation (National Consumer Price Index)***

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

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

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

Disclosure of results of operations and prospects [text block]

OPERATING RESULTS

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

MINING OPERATIONS:

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

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

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

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

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

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

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

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

METALLURGICAL OPERATIONS:

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

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

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

CHEMICAL OPERATIONS:

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

***Does not include maquila.**

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

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 2Q23 figures are compared to 2Q22 figures, except where otherwise indicated.

FINANCIAL HIGHLIGHTS:

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

(1) Include results from metal hedges.

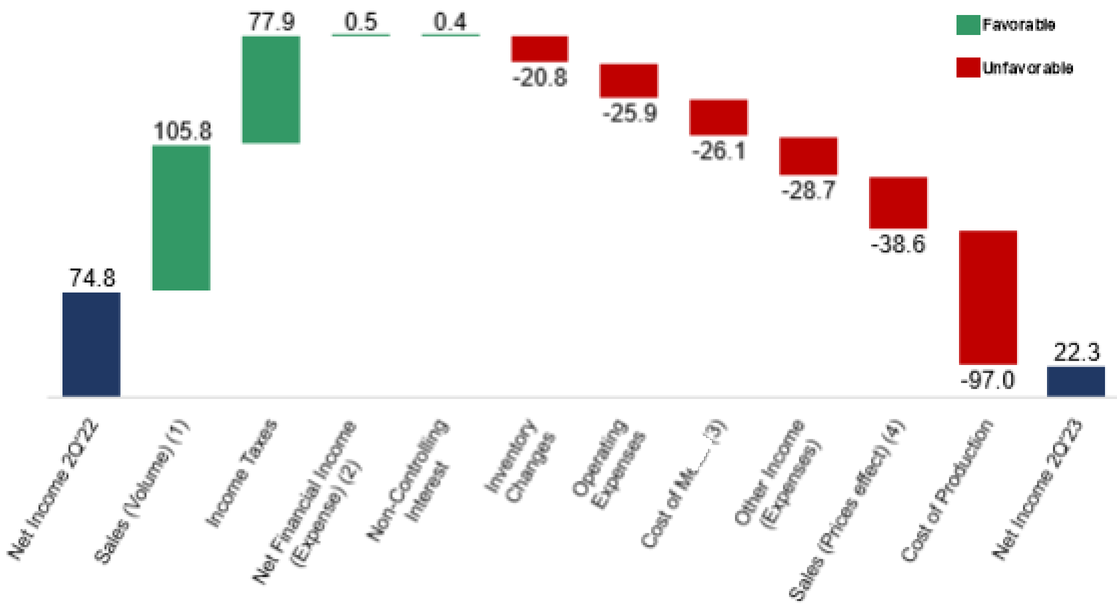
(2) Income before financial expenses, taxes, depreciation and amortization.

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

(4) Include impairment of fixed assets.

INCOME STATEMENT:

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



(1) Includes variation for other products and services.

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

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

(4) Includes variation in hedging results.

The variations are explained below:

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

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

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

The variations by cost item are detailed below:

  - Labor (+US$29.6, 32.8%) about 50% of this increase is attributable to the exchange rate effect, and the rest corresponds to the increase in salaries and adjustment of employee benefits.

- Maintenance and repairs (+US$22.7, 21.8%) mainly for major and mechanical repairs, material and labor at Fresnillo plc, Velardeña and Met-Mex operations.

- Energy (+US$19.9, 17.9%) derived from higher electricity consumption, mainly at the Zinc Plant due to a higher volume of concentrates treated, as well as the operation of the Juanicipio plant and the restart of operations at Milpillas, in addition to the higher cost, due to the fact that, as previously explained, in October 2022 the supply contract of coke at fixed price that Termoeléctrica Peñoles had since its inception ended, so the cost of this fuel rose significantly. This was followed by a higher cost of diesel and lubricants, offsetting the lower cost of natural gas.

- Contractors (+US$17.6, 14.9%) mainly in the Juanicipio, Milpillas, Fresnillo and Ciénega mining units due to mine development and support works, as well as the lower exchange rate of the peso against the dollar.

- Low value leases (+US$8.6, 68.1%), for rental of machinery and equipment in the mining units, which in the same quarter of the previous year was capitalized.

- Operating materials (+US$1.6, 1.4%), in items such as lead for alloys, explosives and detonators, mill balls and bars, and various reagents.

- Other items (-US$3.0, -1.6%), mainly in raw materials (-US$8.3) due to lower cost of ammonia (-US$8.3), as well as lower depreciation and amortization (-US$1.5), offsetting higher by-product carryforward charges (+US$5.5), among others.

- Higher **Cost of Metal** Sold (+US$26.1), due to higher consumption and average price of inventories charged to cost; mitigated by higher treatment revenue (credited to cost).

- In 2Q23 there was a charge to cost of sales for **Inventory Movement** +US$10.8; in contrast to the -US$10.0 credit recorded during the same period of the previous year, mainly because of the consumption of inventories from the Juanicipio stockpile and the consumption of gold from the leaching pads at Noche Buena mine as its useful life is coming to an end.

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

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

- Higher **Exploration and Geological Expenses** (+US$ 12.0, +21.0%) due to the intensification of field activities, especially in Fresnillo plc's projects and mining units, as well as higher assay costs and mining concession rights.

- Higher **Administrative and General Expenses** (+US$7.3, +9.7%) due to the peso appreciation, especially in the Human Capital item and higher fees paid, mitigated by lower communication and information technology expense.

- Higher **Selling Expenses** (+US$6.6, +18.5%) mainly due to higher inland freight and handling costs because of the peso appreciation and inflation, extraordinary mining rights and other expenses, partially offset by lower royalties on sales.

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

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

- Other income of US$4.7, lower (-US$1.4) than US$6.1, mainly due to negative variations in income from the sale of fixed assets -US$1.4 and other products and services -US$4.2, offset by higher income from the sale of concentrates +US$4.1.

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

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

- **Financial income** of US$23.8, up US$7.0 from the previous year (+US$16.8) mainly due to higher interest earned on investments (+US$14.4) and gains on changes in the fair value of derivative financial instruments (+US$3.1), offsetting lower financial income on tax refunds (-US$0.8).

- **Financial expenses** of US$69.3 vs US$47.3 (+US$22.0), mainly due to higher interest accrued on short-term financial debt (+US$10.2), discount of provisions (+US$4.5), bank commissions and other financial expenses (+US$6.4).

- **Exchange rate fluctuation**. In terms of translation, the result was favorable in +US$5.8, since in 2Q23 there was an exchange gain of +US$1.3 compared to a loss of -US$4.4 in 2Q22. This item comes from the translation at the balance sheet date exchange rate of monetary assets and liabilities in currencies other than the U.S. dollar, including the Mexican peso.

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

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

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

CASH FLOW:

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

The most relevant concepts are discussed below:

1) **Net cash flows from operating activities** of +US$172.5. This line item consists of items directly related to operating activities without considering those that do not have an impact on cash (such as depreciation) and includes working capital, as well as income taxes, employee profit sharing and equity in the results of associates and joint ventures.

2) **Net cash flows from investing activities** of -US$119.4, comprising:

a) Investments in property, plant and equipment for -US$140.4, highlighting the development of depreciable mining works, the construction and strengthening of tailings deposits, the stripping and leaching pad at Herradura, as well as the purchase of equipment for the Juanicipio mine and other operating units.

b) Interest collected +US$16.5.

c) Other items +US$4.5 which include income from the sale of fixed assets and collection of loans from third parties.

3) **Net cash flows from financing activities** of -US$106.4, derived from:

a) Obtaining and repaying short-term loans used to finance working capital needs and amortization of the current portion of long-term loans -US$45.4.

b) Dividend payments to non-controlling interests -$39.2.

c) Interest paid on financial debt -US$22.2.

d) Payment of lease liabilities -US$5.1.

e) Other items +US$5.5.

Internal control [text block]

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

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

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

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

[110000] General information about financial statements

Ticker:	PE&OLES
Period covered by financial statements:	2023-01-01 to 2023-06-30
Date of end of reporting period:	2023-06-30
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:	2
Type of issuer:	ICS
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period:	
Description of nature of financial statements:	

Disclosure of general information about financial statements [text block]

Follow-up of analysis [text block]

Peñoles has analysis coverage from Morgan Stanley and Scotiabank

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

Concept	Close Current Quarter 2023-06-30	Close Previous Exercise 2022-12-31
Statement of financial position [abstract]		
Assets [abstract]		
Current assets [abstract]		
Cash and cash equivalents	1,407,467,000	1,468,918,000
Trade and other current receivables	579,207,000	598,735,000
Current tax assets, current	136,498,000	75,812,000
Other current financial assets	262,632,000	46,059,000
Current inventories	1,862,586,000	1,880,641,000
Current biological assets	0	0
Other current non-financial assets	42,919,000	52,221,000
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners	4,291,309,000	4,122,386,000
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	21,362,000	21,362,000
Total current assets	4,312,671,000	4,143,748,000
Non-current assets [abstract]		
Trade and other non-current receivables	51,704,000	44,933,000
Current tax assets, non-current	0	0
Non-current inventories	69,760,000	91,620,000
Non-current biological assets	0	0
Other non-current financial assets	123,421,000	167,123,000
Investments accounted for using equity method	0	0
Investments in subsidiaries, joint ventures and associates	77,819,000	72,181,000
Property, plant and equipment	4,665,485,000	4,710,657,000
Investment property	0	0
Right-of-use assets that do not meet definition of investment property	94,662,000	98,422,000
Goodwill	0	0
Intangible assets other than goodwill	7,774,000	10,905,000
Deferred tax assets	930,255,000	702,938,000
Other non-current non-financial assets	0	0
Total non-current assets	6,020,880,000	5,898,779,000
Total assets	10,333,551,000	10,042,527,000
Equity and liabilities [abstract]		
Liabilities [abstract]		
Current liabilities [abstract]		
Trade and other current payables	394,702,000	488,284,000
Current tax liabilities, current	54,186,000	209,089,000
Other current financial liabilities	1,068,406,000	646,612,000
Current lease liabilities	13,569,000	13,793,000
Other current non-financial liabilities	0	0
Current provisions [abstract]		
Current provisions for employee benefits	11,941,000	22,981,000
Other current provisions	0	0
Total current provisions	11,941,000	22,981,000
Total current liabilities other than liabilities included in disposal groups classified as held for sale	1,542,804,000	1,380,759,000
Liabilities included in disposal groups classified as held for sale	37,308,000	35,609,000
Total current liabilities	1,580,112,000	1,416,368,000
Non-current liabilities [abstract]		
Trade and other non-current payables	0	0
Current tax liabilities, non-current	0	0

Concept	Close Current Quarter 2023-06-30	Close Previous Exercise 2022-12-31
Other non-current financial liabilities	2,646,638,000	2,628,805,000
Non-current lease liabilities	94,362,000	94,215,000
Other non-current non-financial liabilities	0	0
Non-current provisions [abstract]		
Non-current provisions for employee benefits	52,049,000	49,747,000
Other non-current provisions	473,688,000	432,417,000
Total non-current provisions	525,737,000	482,164,000
Deferred tax liabilities	172,371,000	132,699,000
Total non-current liabilities	3,439,108,000	3,337,883,000
Total liabilities	5,019,220,000	4,754,251,000
Equity [abstract]		
Issued capital	401,399,000	401,399,000
Share premium	0	0
Treasury shares	0	0
Retained earnings	3,713,366,000	3,687,681,000
Other reserves	(16,652,000)	(14,781,000)
Total equity attributable to owners of parent	4,098,113,000	4,074,299,000
Non-controlling interests	1,216,218,000	1,213,977,000
Total equity	5,314,331,000	5,288,276,000
Total equity and liabilities	10,333,551,000	10,042,527,000

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

Concept	Accumulated Current Year 2023-01-01 - 2023-06-30	Accumulated Previous Year 2022-01-01 - 2022-06-30	Quarter Current Year 2023-04-01 - 2023-06-30	Quarter Previous Year 2022-04-01 - 2022-06-30
Profit or loss [abstract]				
Profit (loss) [abstract]				
Revenue	2,949,968,000	2,876,195,000	1,536,936,000	1,469,675,000
Cost of sales	2,472,679,000	2,191,224,000	1,312,267,000	1,168,375,000
Gross profit	477,289,000	684,971,000	224,669,000	301,300,000
Distribution costs	81,024,000	69,046,000	42,317,000	35,710,000
Administrative expenses	283,508,000	242,979,000	151,732,000	132,416,000
Other income	9,486,000	8,524,000	4,671,000	6,085,000
Other expense	43,804,000	15,421,000	38,073,000	10,742,000
Profit (loss) from operating activities	78,439,000	366,049,000	(2,782,000)	128,517,000
Finance income	48,772,000	13,298,000	25,989,000	7,007,000
Finance costs	138,325,000	99,125,000	70,140,000	51,698,000
Share of profit (loss) of associates and joint ventures accounted for using equity method	626,000	(1,111,000)	1,325,000	(639,000)
Profit (loss) before tax	(10,488,000)	279,111,000	(45,608,000)	83,187,000
Tax income (expense)	(84,803,000)	62,573,000	(100,905,000)	(23,018,000)
Profit (loss) from continuing operations	74,315,000	216,538,000	55,297,000	106,205,000
Profit (loss) from discontinued operations	0	0	0	0
Profit (loss)	74,315,000	216,538,000	55,297,000	106,205,000
Profit (loss), attributable to [abstract]				
Profit (loss), attributable to owners of parent	25,685,000	145,486,000	22,265,000	74,767,000
Profit (loss), attributable to non-controlling interests	48,630,000	71,052,000	33,032,000	31,438,000
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	0.06	0.37	0.06	0.19
Basic earnings (loss) per share from discontinued operations	0	0	0	0
Total basic earnings (loss) per share	0.06	0.37	0.06	0.19
Diluted earnings per share [abstract]				
Diluted earnings (loss) per share from continuing operations	0.06	0.37	0.06	0.19
Diluted earnings (loss) per share from discontinued operations	0	0	0	0
Total diluted earnings (loss) per share	0.06	0.37	0.06	0.19

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

Concept	Accumulated Current Year 2023-01-01 - 2023-06-30	Accumulated Previous Year 2022-01-01 - 2022-06-30	Quarter Current Year 2023-04-01 - 2023-06-30	Quarter Previous Year 2022-04-01 - 2022-06-30
Statement of comprehensive income [abstract]				
Profit (loss)	74,315,000	216,538,000	55,297,000	106,205,000
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	(32,211,000)	(29,352,000)	(13,458,000)	(33,666,000)
Other comprehensive income, net of tax, gains (losses) on revaluation	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on remeasurements of defined benefit plans	0	0	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	0	0
Other comprehensive income, net of tax, gains (losses) on hedging instruments that hedge investments in equity instruments	0	0	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	0	0
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	(32,211,000)	(29,352,000)	(13,458,000)	(33,666,000)
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	11,805,000	3,798,000	1,526,000	(915,000)
Reclassification adjustments on exchange differences on translation, net of tax	0	0	0	0
Other comprehensive income, net of tax, exchange differences on translation	11,805,000	3,798,000	1,526,000	(915,000)
Available-for-sale financial assets [abstract]				
Gains (losses) on remeasuring available-for-sale financial assets, net of tax	0	0	0	0
Reclassification adjustments on available-for-sale financial assets, net of tax	0	0	0	0
Other comprehensive income, net of tax, available-for-sale financial assets	0	0	0	0
Cash flow hedges [abstract]				
Gains (losses) on cash flow hedges, net of tax	4,037,000	54,784,000	11,053,000	98,443,000
Reclassification adjustments on cash flow hedges, net of tax	0	0	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	0	0
Other comprehensive income, net of tax, cash flow hedges	4,037,000	54,784,000	11,053,000	98,443,000
Hedges of net investment in foreign operations [abstract]				
Gains (losses) on hedges of net investments in foreign operations, net of tax	0	0	0	0
Reclassification adjustments on hedges of net investments in foreign operations, net of tax	0	0	0	0
Other comprehensive income, net of tax, hedges of net investments in foreign operations	0	0	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	0	0
Reclassification adjustments on change in value of time value of options, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of time value of options	0	0	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	0	0
Reclassification adjustments on change in value of forward elements of forward contracts, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of forward elements of forward contracts	0	0	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	0	0

Concept	Accumulated Current Year 2023-01-01 - 2023-06-30	Accumulated Previous Year 2022-01-01 - 2022-06-30	Quarter Current Year 2023-04-01 - 2023-06-30	Quarter Previous Year 2022-04-01 - 2022-06-30
Reclassification adjustments on change in value of foreign currency basis spreads, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of foreign currency basis spreads	0	0	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	0	0
Reclassification adjustments on financial assets measured at fair value through other comprehensive income, net of tax	0	0	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	0	0
Other comprehensive income, net of tax, financial assets measured at fair value through other comprehensive income	0	0	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	5,012,000	51,000	2,853,000	292,000
Total other comprehensive income that will be reclassified to profit or loss, net of tax	20,854,000	58,633,000	15,432,000	97,820,000
Total other comprehensive income	(11,357,000)	29,281,000	1,974,000	64,154,000
Total comprehensive income	62,958,000	245,819,000	57,271,000	170,359,000
Comprehensive income attributable to [abstract]				
Comprehensive income, attributable to owners of parent	23,814,000	175,681,000	28,198,000	203,907,000
Comprehensive income, attributable to non-controlling interests	39,144,000	70,138,000	29,073,000	(33,548,000)

[520000] Statement of cash flows, indirect method

Concept	Accumulated Current Year 2023-01-01 - 2023-06-30	Accumulated Previous Year 2022-01-01 - 2022-06-30
Statement of cash flows [abstract]		
Cash flows from (used in) operating activities [abstract]		
Profit (loss)	74,315,000	216,538,000
Adjustments to reconcile profit (loss) [abstract]		
+ Discontinued operations	0	0
+ Adjustments for income tax expense	(84,803,000)	62,573,000
+ (-) Adjustments for finance costs	61,247,000	70,849,000
+ Adjustments for depreciation and amortisation expense	331,814,000	327,837,000
+ Adjustments for impairment loss (reversal of impairment loss) recognised in profit or loss	0	0
+ Adjustments for provisions	16,761,000	20,006,000
+ (-) Adjustments for unrealised foreign exchange losses (gains)	31,938,000	22,819,000
+ 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	876,000	(3,750,000)
	(626,000)	1,111,000
+ (-) Adjustments for decrease (increase) in inventories	16,618,000	(150,351,000)
+ (-) Adjustments for decrease (increase) in trade accounts receivable	34,710,000	10,085,000
+ (-) Adjustments for decrease (increase) in other operating receivables	(232,474,000)	(60,023,000)
+ (-) Adjustments for increase (decrease) in trade accounts payable	54,301,000	46,758,000
+ (-) Adjustments for increase (decrease) in other operating payables	106,683,000	1,589,000
+ Other adjustments for non-cash items	23,936,000	2,124,000
+ 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)	360,981,000	351,627,000
Net cash flows from (used in) operations	435,296,000	568,165,000
- Dividends paid	0	0
	0	0
- Interest paid	0	0
+ Interest received	0	0
+ (-) Income taxes refund (paid)	305,677,000	195,938,000
+ (-) Other inflows (outflows) of cash	0	0
Net cash flows from (used in) operating activities	129,619,000	372,227,000
Cash flows from (used in) investing activities [abstract]		
+ Cash flows from losing control of subsidiaries or other businesses	0	0
- Cash flows used in obtaining control of subsidiaries or other businesses	0	0
+ Other cash receipts from sales of equity or debt instruments of other entities	0	0
- Other cash payments to acquire equity or debt instruments of other entities	0	0
+ Other cash receipts from sales of interests in joint ventures	0	0
- Other cash payments to acquire interests in joint ventures	2,313,000	0
+ Proceeds from sales of property, plant and equipment	2,073,000	9,713,000
- Purchase of property, plant and equipment	252,648,000	352,830,000
+ Proceeds from sales of intangible assets	0	0
- Purchase of intangible assets	3,873,000	5,082,000
+ Proceeds from sales of other long-term assets	0	0
- Purchase of other long-term assets	0	0

Concept	Accumulated Current Year 2023-01-01 - 2023-06-30	Accumulated Previous Year 2022-01-01 - 2022-06-30
+ Proceeds from government grants	0	0
- Cash advances and loans made to other parties	168,000	35,000
+ Cash receipts from repayment of advances and loans made to other parties	2,644,000	2,124,000
- 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	36,506,000	11,040,000
	0	0
+ (-) Other inflows (outflows) of cash	0	(12,016,000)
Net cash flows from (used in) investing activities	(217,779,000)	(347,086,000)
Cash flows from (used in) financing activities [abstract]		
+ Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control	0	0
- Payments from changes in ownership interests in subsidiaries that do not result in loss of control	0	0
+ Proceeds from issuing shares	0	0
+ Proceeds from issuing other equity instruments	0	0
- Payments to acquire or redeem entity's shares	0	0
- Payments of other equity instruments	(2,309,000)	(10,120,000)
+ Proceeds from borrowings	1,385,330,000	1,059,827,000
- Repayments of borrowings	1,261,587,000	1,019,840,000
- Payments of finance lease liabilities	0	0
- Payments of lease liabilities	8,943,000	11,050,000
+ Proceeds from government grants	0	0
- Dividends paid	39,195,000	80,910,000
- Interest paid	90,545,000	76,336,000
+ (-) Income taxes refund (paid)	0	0
+ (-) Other inflows (outflows) of cash	31,185,000	(12,269,000)
Net cash flows from (used in) financing activities	18,554,000	(130,458,000)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	(69,606,000)	(105,317,000)
Effect of exchange rate changes on cash and cash equivalents [abstract]		
Effect of exchange rate changes on cash and cash equivalents	8,155,000	(721,000)
Net increase (decrease) in cash and cash equivalents	(61,451,000)	(106,038,000)
Cash and cash equivalents at beginning of period	1,468,918,000	1,817,094,000
Cash and cash equivalents at end of period	1,407,467,000	1,711,056,000

[610000] Statement of changes in equity - Accumulated Current

	Components of equity [axis]								
Sheet 1 of 3	Issued capital [member]	Share premium [member]	Treasury shares [member]	Retained earnings [member]	Revaluation surplus [member]	Reserve of exchange differences on translation [member]	Reserve of cash flow hedges [member]	Reserve of gains and losses on hedging instruments that hedge investments in equity instruments [member]	Reserve of change in value of time value of options [member]
Statement of changes in equity [line items]									
Equity at beginning of period	401,399,000	0	0	3,687,681,000	0	(69,657,000)	5,310,000	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	25,685,000	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	18,601,000	4,037,000	0	0
Total comprehensive income	0	0	0	25,685,000	0	18,601,000	4,037,000	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	25,685,000	0	18,601,000	4,037,000	0	0
Equity at end of period	401,399,000	0	0	3,713,366,000	0	(51,056,000)	9,347,000	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	(24,509,000)	0	0	0	0	0	0
Total comprehensive income	0	0	(24,509,000)	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	(24,509,000)	0	0	0	0	0	0
Equity at end of period	0	0	38,622,000	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	25,685,000	48,630,000	74,315,000
Other comprehensive income	0	0	0	0	(1,871,000)	(1,871,000)	(9,486,000)	(11,357,000)
Total comprehensive income	0	0	0	0	(1,871,000)	23,814,000	39,144,000	62,958,000
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	39,212,000	39,212,000
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	(1,871,000)	23,814,000	2,241,000	26,055,000
Equity at end of period	0	0	0	0	(16,652,000)	4,098,113,000	1,216,218,000	5,314,331,000

[610000] Statement of changes in equity - Accumulated Previous

Sheet 1 of 3	Components of equity [axis] Issued capital [member]	Share premium [member]	Treasury shares [member]	Retained earnings [member]	Revaluation surplus [member]	Reserve of exchange differences on translation [member]	Reserve of cash flow hedges [member]	Reserve of gains and losses on hedging instruments that hedge investments in equity instruments [member]	Reserve of change in value of time value of options [member]
Statement of changes in equity [line items]									
Equity at beginning of period	401,399,000	0	0	3,507,824,000	0	(81,429,000)	(7,495,000)	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	145,486,000	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	(1,903,000)	54,783,000	0	0
Total comprehensive income	0	0	0	145,486,000	0	(1,903,000)	54,783,000	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	(860,000)	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	144,626,000	0	(1,903,000)	54,783,000	0	0
Equity at end of period	401,399,000	0	0	3,652,450,000	0	(83,332,000)	47,288,000	0	0

Sheet 2 of 3	Components of equity [axis]								
	Reserve of change in value of forward elements of forward contracts [member]	Reserve of change in value of foreign currency basis spreads [member]	Reserve of gains and losses on financial assets measured at fair value through other comprehensive income [member]	Reserve of gains and losses on remeasuring available-for-sale financial assets [member]	Reserve of share-based payments [member]	Reserve of remeasurements of defined benefit plans [member]	Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale [member]	Reserve of gains and losses from investments in equity instruments [member]	Reserve of change in fair value of financial liability attributable to change in credit risk of liability [member]
Statement of changes in equity [line items]									
Equity at beginning of period	0	0	68,737,000	0	0	(21,732,000)	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	(22,685,000)	0	0	0	0	0	0
Total comprehensive income	0	0	(22,685,000)	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	(22,685,000)	0	0	0	0	0	0
Equity at end of period	0	0	46,052,000	0	0	(21,732,000)	0	0	0

	Components of equity [axis]							
Sheet 3 of 3	Reserve for catastrophe [member]	Reserve for equalisation [member]	Reserve of discretionary participation features [member]	Other comprehensive income [member]	Other reserves [member]	Equity attributable to owners of parent [member]	Non-controlling interests [member]	Equity [member]
Statement of changes in equity [line items]								
Equity at beginning of period	0	0	0	0	(41,919,000)	3,867,304,000	1,156,576,000	5,023,880,000
Changes in equity [abstract]								
Comprehensive income [abstract]								
Profit (loss)	0	0	0	0	0	145,486,000	71,052,000	216,538,000
Other comprehensive income	0	0	0	0	30,195,000	30,195,000	(914,000)	29,281,000
Total comprehensive income	0	0	0	0	30,195,000	175,681,000	70,138,000	245,819,000
Issue of equity	0	0	0	0	0	0	10,120,000	10,120,000
Dividends recognised as distributions to owners	0	0	0	0	0	0	80,982,000	80,982,000
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	(860,000)	0	(860,000)
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	30,195,000	174,821,000	(724,000)	174,097,000
Equity at end of period	0	0	0	0	(11,724,000)	4,042,125,000	1,155,852,000	5,197,977,000

[700000] Informative data about the Statement of financial position

Concept	Close Current Quarter 2023-06-30	Close Previous Exercise 2022-12-31
Informative data of the Statement of Financial Position [abstract]		
Capital stock (nominal)	401,399,000	401,399,000
Restatement of capital stock	0	0
Plan assets for pensions and seniority premiums	134,816,000	106,877,000
Number of executives	63	67
Number of employees	4,946	5,346
Number of workers	10,875	11,438
Outstanding shares	397,475,747	397,475,747
Repurchased shares	15,789,000	15,789,000
Restricted cash	0	0
Guaranteed debt of associated companies	0	0

[700002] Informative data about the Income statement

Concept	Accumulated Current Year 2023-01-01 - 2023-06-30	Accumulated Previous Year 2022-01-01 - 2022-06-30	Quarter Current Year 2023-04-01 - 2023-06-30	Quarter Previous Year 2022-04-01 - 2022-06-30
Informative data of the Income Statement [abstract]				
Operating depreciation and amortization	331,814,000	327,837,000	162,627,000	165,068,000

[700003] Informative data - Income statement for 12 months

Concept	Current Year 2022-07-01 - 2023-06-30	Previous Year 2021-07-01 - 2022-06-30
Informative data - Income Statement for 12 months [abstract]		
Revenue	5,597,132,000	5,725,664,000
Profit (loss) from operating activities	91,879,000	681,719,000
Profit (loss)	183,353,000	336,575,000
Profit (loss), attributable to owners of parent	63,562,000	194,937,000
Operating depreciation and amortization	694,553,000	683,351,000

[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																
Santander	NO	2023-06-30	2023-08-31	0.121525	50,009,000							0				
BBVA Bancomer	NO	2023-06-15	2023-07-31	0.124	151,300,000											
TOTAL					201,309,000	0	0	0	0	0	0	0	0	0	0	0
Other banks																
Crédit Agricole Corporate and Investment Bank (scheme ECA)	SI	2017-06-22	2026-09-30	Libor 6 months + 0.94%							9,392,000	0	9,556,000	9,626,000	4,846,000	0
TOTAL					0	0	0	0	0	0	9,392,000	0	9,556,000	9,626,000	4,846,000	0
Total banks																
TOTAL					201,309,000	0	0	0	0	0	9,392,000	0	9,556,000	9,626,000	4,846,000	0
Stock market [abstract]																
Listed on stock exchange - unsecured																
Unsecured bonds issued by Fresnillo plc	SI	2013-11-13	2023-11-13	5.78%							317,742,000	0	0	0	0	0
Unsecured bonds issued by Fresnillo plc.	SI	2020-10-02	2050-10-02	4.47%								0	0	0	0	829,312,000
Unsecured bonds issued by IPSAB	SI	2019-09-12	2049-09-12	5.94%								0	0	0	0	536,386,000
Unsecured bonds issued by IPSAB.	SI	2019-09-12	2029-09-12	4.36%								0	0	0	0	536,385,000
Unsecured bonds issued by IPSAB .	SI	2020-08-06	2050-08-06	4.99%								0	0	0	0	500,943,000
Unsecured bonds issued by IPSAB .	SI	2020-08-06	2029-09-12	4.36%								0	0	0	0	100,189,000
TOTAL					0	0	0	0	0	0	317,742,000	0	0	0	0	2,503,215,000
Listed on stock exchange - secured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Private placements - unsecured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Private placements - secured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Total listed on stock exchanges and private placements																
TOTAL					0	0	0	0	0	0	317,742,000	0	0	0	0	2,503,215,000
Other current and non-current liabilities with cost [abstract]																
Other current and non-current liabilities with cost																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Total other current and non-current liabilities with cost																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Suppliers [abstract]																
Suppliers																
Metals and Maquilas to Pay	NO	2023-06-30	2023-08-31								7,792,000	0	0	0	0	0
Mineral Senders	NO	2023-06-30	2023-08-31								81,063,000	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]
Foreing Mineral Senders	SI	2023-06-30	2023-08-31								1,407,000	0	0	0	0	0
National Metals Division	NO	2023-06-26	2023-07-06								14,504,000	0	0	0	0	0
Foreing Metals Division	SI	2023-05-21	2023-07-06								48,522,000	0	0	0	0	0
National Mine Division	NO	2023-06-30	2023-07-06								89,762,000	0	0	0	0	0
Foreing Mine Division	SI	2023-04-15	2023-07-06								3,558,000	0	0	0	0	0
National Chemical Division	NO	2023-06-06	2023-07-06								1,823,000	0	0	0	0	0
Foreing Chemical Division	SI	2023-06-14	2023-07-14								1,479,000	0	0	0	0	0
National Corporate Division	NO	2023-06-07	2023-07-06								96,000	0	0	0	0	0
Foreing Corporate Division	SI	2023-05-31	2023-07-13								77,000	0	0	0	0	0
Metals Division	NO	2023-06-06	2023-07-06		7,385,000	0					0	0	0	0	0	0
Mine Division	NO	2023-05-24	2023-07-06		37,115,000	0					0	0	0	0	0	0
Chemical Division	NO	2023-06-09	2023-07-06		2,968,000	0					0	0	0	0	0	0
Corporate Division	NO	2023-05-22	2023-07-06		638,000	0					0	0	0	0	0	0
TOTAL					48,106,000	0	0	0	0	0	250,083,000	0	0	0	0	0
Total suppliers																
TOTAL					48,106,000	0	0	0	0	0	250,083,000	0	0	0	0	0
Other current and non-current liabilities [abstract]																
Other current and non-current liabilities																
Other liabilities	NO				438,466,000	0	0				101,497,000	0	119,395,000			
TOTAL					438,466,000	0	0	0	0	0	101,497,000	0	119,395,000	0	0	0
Total other current and non-current liabilities																
TOTAL					438,466,000	0	0	0	0	0	101,497,000	0	119,395,000	0	0	0
Total credits																
TOTAL					687,881,000	0	0	0	0	0	678,714,000	0	128,951,000	9,626,000	4,846,000	2,503,215,000

[800003] Annex - Monetary foreign currency position

Disclosure of monetary foreign currency position [text block]

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

- Dollar USD	17.0720
- British Pounds	21.6669
- Swedish Krona	1.5845
- Euros	18.7015
- Canadian Dollar	12.9719

	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	1,653,589,000	28,230,074,000	10,012,000	170,932,000	28,401,006,000
Non-current monetary assets	26,360,000	450,017,000	0	0	450,017,000
Total monetary assets	1,679,949,000	28,680,091,000	10,012,000	170,932,000	28,851,023,000
Liabilities position [abstract]					
Current liabilities	746,788,000	12,749,160,000	16,468,000	281,139,000	13,030,299,000
Non-current liabilities	2,693,686,000	45,986,613,000	0	0	45,986,613,000
Total liabilities	3,440,474,000	58,735,773,000	16,468,000	281,139,000	59,016,912,000
Net monetary assets (liabilities)	(1,760,525,000)	(30,055,682,000)	(6,456,000)	(110,207,000)	(30,165,889,000)

[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	79,767,000	781,808,000	118,357,000	979,932,000
Silver	38,506,000	31,924,000	774,026,000	844,456,000
Zinc	168,026,000	80,371,000	169,470,000	417,867,000
Concentrates	48,813,000	187,262,000	0	236,075,000
Lead	107,678,000	42,566,000	5,610,000	155,854,000
Sodium Sulfate	83,784,000	317,000	1,805,000	85,906,000
Copper	30,733,000	21,325,000	13,833,000	65,891,000
Copper matte	10,162,000	31,705,000	0	41,867,000
Ammonium Sulfate	23,803,000	0	0	23,803,000
Magnesium Oxide	4,702,000	11,793,000	5,168,000	21,663,000
Sulfuric Acid	12,426,000	2,164,000	0	14,590,000
Magnesium Hydroxide	2,531,000	7,413,000	3,253,000	13,197,000
Magnesium Sulfate	9,096,000	0	742,000	9,838,000
Copper Sulfate	5,546,000	0	211,000	5,757,000
Zinc Sulfate	3,739,000	0	0	3,739,000
Antimony Trioxide	2,161,000	0	0	2,161,000
Other Products	14,223,000	12,262,000	(255,000)	26,230,000
Hedges	4,260,000	(3,118,000)	0	1,142,000
TOTAL	649,956,000	1,207,792,000	1,092,220,000	2,949,968,000

[800007] Annex - Financial derivate instruments

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

DERIVATIVES FINANCIAL INSTRUMENTS SUMMARY
AS OF 2023 SECOND 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 June 30, 2023, Grupo Peñoles did not have any margin calls related with FDI so no collateral, pledge or financial instruments were given as a guarantee of the derivatives positions. It is important to mention that if needed, Grupo Peñoles has internal liquidity resources available and credit lines with different financial counterparties to face potential margin calls. The settlements and new FDI traded during this period are consistent in the notional and economic relevance of the ones previously informed.

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

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

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

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

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

Quantitative information for disclosure [text block]

Below the list of active financial counterparties with whom Grupo Peñoles has an outstanding FDI position as of June 30, 2023:

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

The Toronto-Dominion Bank
UBS Investment Bank

The fair value of the cash flow hedging derivatives as of June 30, 2023, is $13,353 ($9,347 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 $41,445 ($29,012 net of deferred income tax) of profits in FDI to the results of the year. 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 second quarter of 2023 and 2022, IFD's cash flow hedging operations together generated net income (loss) of $59,531 and ($35,155) respectively.

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

Overdue Hedged Volume					
Commodity	**April**	**May**	**June**	**Total**	**Unit**
Gold	224.78	265.30	305.21	795.29	Oz (Thousands)
Silver	6,036.84	6,163.13	5,547.13	17,747.10	Oz (Thousands)
Zinc	55.52	56.50	45.61	157.63	Ton (Thousands)
Lead	8.74	9.86	8.85	27.45	Ton (Thousands)
Copper	1.76	1.73	2.20	5.70	Ton (Thousands)
Natural Gas	320.00	320.00	320.00	960.00	MMbtu (Thousands)
Euros	2,638.67	354.06	5,161.28	8,154.01	Eur (Thousands)
Sterling Pounds	-	14,418.92	-	14,418.92	Gbp (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 June 30, 2023, the following 36 months outstanding hedging position is:

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

Euros*	58.06	40.91

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

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

Under IFRS regulation, the FDI that compensates hedging cash flow should be registered as hedge accounting and, its effect under income statement should be recognized until the underlying that originated these hedges shows its effects in the income statement. Intrinsic and the time value of Options should be identified and registered as hedging costs on other comprehensive income. As of June 30, 2023, the time value of outstanding options is $-29 thousand dollars and, the credit in the income statement under the last six represents a credit to results of $1,334 thousand dollars.

As of June 30, 2023, the Company had the following cash flow hedging strategy summary:

a) Metal price hedging program (Strategic and Refinery)

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

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

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

As of June 30, 2023, the Company established the following FDI that hedges 2023 expected production:

Instrument	Silver		Gold		Zinc	
	Price (US$/Oz)	Volume (thousands of ounces)	Price (US$/Oz)	Volume (thousands of ounces)	Price (US$/Ton)	Volume (tons)
Long Purchase	22.78	190.07	1,923.33	263.98	2,361.64	55,520.00
Short Forward	22.98	3,088.98	1,924.10	37.41	2,360.74	54,994.00
Long Put	21.80	6,325.20	1,650.00	44.10	2,645.00	15,714.00
Short Call	31.98	6,325.20	2,098.42	44.10	3,272.70	15,714.00

Instrument	Lead		Copper	
	Price (US$/Ton)	Volume (toneladas)	Price (US$/Ton)	Volume (toneladas)
Long Forward	2,068.06	7,831.00	8,342.72	3,794.00
Short Forward	2,064.98	7,831.00	8,341.14	2,294.00
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 June 30, 2023, the Company established the following FDI that hedges part of future purchases:

Instrument	**Price (USD/MMbtu)**	**Thousands of MMbtu**
Long Forward	4.25	1,920.00

c) Foreign Exchange hedging program.

USD/EUR:

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

Underlying: Euros.

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

As of June 30, 2023, 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	1.0899	13,345.60
Short Forward	1.1129	2,072.65

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

SEK/USD:

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

Underlying: Swedish Krona.

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

As of June 30, 2023, there were no established operations to hedge part of future assets payments denominated in Swedish Krona

GBP/USD:

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

Underlying: Sterling Pounds.

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

As of June 30, 2023, 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 June 30, 2023, the Company has the following FDI:

Instrument	Exchange rate (MXN/USD)	Amount (Thousands USD)
Long Forward	17.2772	11,688.04

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 June 30, 2023, the Company established the following FDI that hedges its commercial operations of 2023.

Instrument	Silver		Gold		Zinc	
	Price (US$/Oz)	Volume (thousands of ounces)	Price (US$/Oz)	Volume (thousands of ounces)	Price (US$/Ton)	Volume (tons)
Short Forward	23.32	1,200.00	1,936.23	8.00	2,637.32	86,169.00
Long Forward	--	--	--	--	2,512.17	59,766.00

Instrument	Lead		Copper	
	Price (US$/Ton)	Volume (tons)	Price (US$/Ton)	Volume (tons)
Short Forward	2,155.80	2,537.00	8,388.50	45.36
Long Forward	2,116.40	1,850.00	--	--

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 June 30, 2023, the Company established the following FDI that hedges the outstanding notional, which amortizes until September 2026.

Instrument	Rate (weighted)	Amount hedged in	Tenor	Interest payment	Amortization	Credit

		thousands (*)				
Fixed rate swap	2.035% (Peñoles pays)	US$34,007.65	3.25 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 June 30, 2023, the Company has Cross Currency Swaps position as follows:

Instrument	Hedge amount and exchange rate	Currency swap amount in thousands (*)	Tenor	Swap rate	Amortization
Rate and currency swap	MXN $2,583,000 17.2200 mxn/usd	Commencement: We receive US$150,000 We pay MXN $2,583,000 Expiration: We pay US$150,000 We receive MXN $2,583,000	0.13 years	Monthly we pay 5.43% over USD $150,000 and receive 12.40% over MXN $2,583,000	Bullet (One expiration on July 2023)

Instrument	Hedge amount and exchange rate	Currency swap amount in thousands (*)	Tenor	Swap rate	Amortization
Rate and currency swap	MXN $853,750 17.0750 mxn/usd	Commencement: We receive US$50,000 We pay MXN $853,750 Expiration: We pay US$50,000 We receive MXN $853,750	0.17 years	Monthly we pay 5.34% over USD $50,000 and receive two coupons TIIE +66 bp, the first one 12.1525% and the second unknown as of reports date, over MXN	Bullet (One expiration on August 2023)

				$853,750	

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

Concept	Close Current Quarter 2023-06-30	Close Previous Exercise 2022-12-31
Subclassifications of assets, liabilities and equities [abstract]		
Cash and cash equivalents [abstract]		
Cash [abstract]		
Cash on hand	40,000	42,000
Balances with banks	88,153,000	72,172,000
Total cash	88,193,000	72,214,000
Cash equivalents [abstract]		
Short-term deposits, classified as cash equivalents	0	0
Short-term investments, classified as cash equivalents	1,319,274,000	1,396,704,000
Other banking arrangements, classified as cash equivalents	0	0
Total cash equivalents	1,319,274,000	1,396,704,000
Other cash and cash equivalents	0	0
Total cash and cash equivalents	1,407,467,000	1,468,918,000
Trade and other current receivables [abstract]		
Current trade receivables	213,903,000	264,287,000
Current receivables due from related parties	34,487,000	14,939,000
Current prepayments [abstract]		
Current advances to suppliers	26,848,000	20,140,000
Current prepaid expenses	0	0
Total current prepayments	26,848,000	20,140,000
Current receivables from taxes other than income tax	0	0
Current value added tax receivables	0	0
Current receivables from sale of properties	0	0
Current receivables from rental of properties	0	0
Other current receivables	303,969,000	299,369,000
Total trade and other current receivables	579,207,000	598,735,000
Classes of current inventories [abstract]		
Current raw materials and current production supplies [abstract]		
Current raw materials	0	0
Current production supplies	263,519,000	252,406,000
Total current raw materials and current production supplies	263,519,000	252,406,000
Current merchandise	0	0
Current work in progress	0	0
Current finished goods	0	0
Current spare parts	0	0
Property intended for sale in ordinary course of business	1,562,385,000	1,599,839,000
Other current inventories	36,682,000	28,396,000
Total current inventories	1,862,586,000	1,880,641,000
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners [abstract]		
Non-current assets or disposal groups classified as held for sale	21,362,000	21,362,000
Non-current assets or disposal groups classified as held for distribution to owners	0	0
Total non-current assets or disposal groups classified as held for sale or as held for distribution to owners	21,362,000	21,362,000
Trade and other non-current receivables [abstract]		
Non-current trade receivables	0	0
Non-current receivables due from related parties	0	0
Non-current prepayments	0	0
Non-current lease prepayments	0	0
Non-current receivables from taxes other than income tax	0	0
Non-current value added tax receivables	0	0

Concept	Close Current Quarter 2023-06-30	Close Previous Exercise 2022-12-31
Non-current receivables from sale of properties	0	0
Non-current receivables from rental of properties	0	0
Revenue for billing	0	0
Other non-current receivables	51,704,000	44,933,000
Total trade and other non-current receivables	51,704,000	44,933,000
Investments in subsidiaries, joint ventures and associates [abstract]		
Investments in subsidiaries	0	0
Investments in joint ventures	0	0
Investments in associates	77,819,000	72,181,000
Total investments in subsidiaries, joint ventures and associates	77,819,000	72,181,000
Property, plant and equipment [abstract]		
Land and buildings [abstract]		
Land	128,690,000	134,048,000
Buildings	691,911,000	701,482,000
Total land and buildings	820,601,000	835,530,000
Machinery	465,350,000	484,073,000
Vehicles [abstract]		
Ships	0	0
Aircraft	0	0
Motor vehicles	24,380,000	21,720,000
Total vehicles	24,380,000	21,720,000
Fixtures and fittings	21,885,000	21,488,000
Office equipment	49,765,000	47,448,000
Tangible exploration and evaluation assets	75,221,000	78,238,000
Mining assets	1,080,196,000	1,064,045,000
Oil and gas assets	0	0
Construction in progress	462,180,000	525,546,000
Construction prepayments	0	0
Other property, plant and equipment	1,665,907,000	1,632,569,000
Total property, plant and equipment	4,665,485,000	4,710,657,000
Investment property [abstract]		
Investment property completed	0	0
Investment property under construction or development	0	0
Investment property prepayments	0	0
Total investment property	0	0
Intangible assets and goodwill [abstract]		
Intangible assets other than goodwill [abstract]		
Brand names	0	0
Intangible exploration and evaluation assets	0	0
Mastheads and publishing titles	0	0
Computer software	0	0
Licences and franchises	0	0
Copyrights, patents and other industrial property rights, service and operating rights	0	0
Recipes, formulae, models, designs and prototypes	0	0
Intangible assets under development	0	0
Other intangible assets	7,774,000	10,905,000
Total intangible assets other than goodwill	7,774,000	10,905,000
Goodwill	0	0
Total intangible assets and goodwill	7,774,000	10,905,000
Trade and other current payables [abstract]		
Current trade payables	298,189,000	394,898,000
Current payables to related parties	18,962,000	29,827,000
Accruals and deferred income classified as current [abstract]		

Concept	Close Current Quarter 2023-06-30	Close Previous Exercise 2022-12-31
Deferred income classified as current	0	0
Rent deferred income classified as current	0	0
Accruals classified as current	59,478,000	40,489,000
Short-term employee benefits accruals	50,650,000	31,663,000
Total accruals and deferred income classified as current	59,478,000	40,489,000
Current payables on social security and taxes other than income tax	0	0
Current value added tax payables	27,825,000	30,875,000
Current retention payables	8,830,000	10,148,000
Other current payables	9,243,000	12,922,000
Total trade and other current payables	394,702,000	488,284,000
Other current financial liabilities [abstract]		
Bank loans current	210,701,000	59,354,000
Stock market loans current	317,742,000	317,486,000
Other current iabilities at cost	0	0
Other current liabilities no cost	539,963,000	269,772,000
Other current financial liabilities	0	0
Total Other current financial liabilities	1,068,406,000	646,612,000
Trade and other non-current payables [abstract]		
Non-current trade payables	0	0
Non-current payables to related parties	0	0
Accruals and deferred income classified as non-current [abstract]		
Deferred income classified as non-current	0	0
Rent deferred income classified as non-current	0	0
Accruals classified as non-current	0	0
Total accruals and deferred income classified as non-current	0	0
Non-current payables on social security and taxes other than income tax	0	0
Non-current value added tax payables	0	0
Non-current retention payables	0	0
Other non-current payables	0	0
Total trade and other non-current payables	0	0
Other non-current financial liabilities [abstract]		
Bank loans non-current	24,028,000	28,756,000
Stock market loans non-current	2,503,215,000	2,502,422,000
Other non-current liabilities at cost	0	0
Other non-current liabilities no cost	119,395,000	97,627,000
Other non-current financial liabilities	0	0
Total Other non-current financial liabilities	2,646,638,000	2,628,805,000
Other provisions [abstract]		
Other non-current provisions	473,688,000	432,417,000
Other current provisions	0	0
Total other provisions	473,688,000	432,417,000
Other reserves [abstract]		
Revaluation surplus	0	0
Reserve of exchange differences on translation	(51,056,000)	(69,657,000)
Reserve of cash flow hedges	9,347,000	5,310,000
Reserve of gains and losses on hedging instruments that hedge investments in equity instruments	0	0
Reserve of change in value of time value of options	0	0
Reserve of change in value of forward elements of forward contracts	0	0
Reserve of change in value of foreign currency basis spreads	0	0
Reserve of gains and losses on financial assets measured at fair value through other comprehensive income	38,622,000	63,131,000
Reserve of gains and losses on remeasuring available-for-sale financial assets	0	0
Reserve of share-based payments	0	0
Reserve of remeasurements of defined benefit plans	(13,565,000)	(13,565,000)

Concept	Close Current Quarter 2023-06-30	Close Previous Exercise 2022-12-31
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale	0	0
Reserve of gains and losses from investments in equity instruments	0	0
Reserve of change in fair value of financial liability attributable to change in credit risk of liability	0	0
Reserve for catastrophe	0	0
Reserve for equalisation	0	0
Reserve of discretionary participation features	0	0
Reserve of equity component of convertible instruments	0	0
Capital redemption reserve	0	0
Merger reserve	0	0
Statutory reserve	0	0
Other comprehensive income	0	0
Total other reserves	(16,652,000)	(14,781,000)
Net assets (liabilities) [abstract]		
Assets	10,333,551,000	10,042,527,000
Liabilities	5,019,220,000	4,754,251,000
Net assets (liabilities)	5,314,331,000	5,288,276,000
Net current assets (liabilities) [abstract]		
Current assets	4,312,671,000	4,143,748,000
Current liabilities	1,580,112,000	1,416,368,000
Net current assets (liabilities)	2,732,559,000	2,727,380,000

[800200] Notes - Analysis of income and expense

Concept	Accumulated Current Year 2023-01-01 - 2023-06-30	Accumulated Previous Year 2022-01-01 - 2022-06-30	Quarter Current Year 2023-04-01 - 2023-06-30	Quarter Previous Year 2022-04-01 - 2022-06-30
Analysis of income and expense [abstract]				
Revenue [abstract]				
Revenue from rendering of services	0	0	0	0
Revenue from sale of goods	2,949,968,000	2,876,195,000	1,536,936,000	1,469,675,000
Interest income	0	0	0	0
Royalty income	0	0	0	0
Dividend income	0	0	0	0
Rental income	0	0	0	0
Revenue from construction contracts	0	0	0	0
Other revenue	0	0	0	0
Total revenue	2,949,968,000	2,876,195,000	1,536,936,000	1,469,675,000
Finance income [abstract]				
Interest income	36,832,000	6,541,000	19,122,000	4,685,000
Net gain on foreign exchange	0	0	1,348,000	0
Gains on change in fair value of derivatives	0	0	0	0
Gain on change in fair value of financial instruments	9,845,000	1,694,000	5,519,000	622,000
Other finance income	2,095,000	5,063,000	0	1,700,000
Total finance income	48,772,000	13,298,000	25,989,000	7,007,000
Finance costs [abstract]				
Interest expense	87,653,000	72,285,000	47,082,000	36,927,000
Net loss on foreign exchange	13,283,000	5,081,000	0	4,427,000
Losses on change in fair value of derivatives	0	0	0	0
Loss on change in fair value of financial instruments	0	0	0	0
Other finance cost	37,389,000	21,759,000	23,058,000	10,344,000
Total finance costs	138,325,000	99,125,000	70,140,000	51,698,000
Tax income (expense)				
Current tax	96,511,000	133,410,000	16,614,000	41,946,000
Deferred tax	(181,314,000)	(70,837,000)	(117,519,000)	(64,964,000)
Total tax income (expense)	(84,803,000)	62,573,000	(100,905,000)	(23,018,000)

[800500] Notes - List of notes

Disclosure of notes and other explanatory information [text block]

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

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

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

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

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

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

The consolidated financial statements of Grupo Peñoles and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Disclosure of accounting judgements and estimates [text block]

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

Recognition and classification of assets at Soledad and Dipolos mine

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

In addition to, but separate from, the lands mentioned above, Penmont is the legal and registered owner of the land where the Soledad & Dipolos leaching pads are located but has not yet been able to gain physical access to these pads due to opposition by certain local individuals. This land was purchased by Penmont from the Federal Government of Mexico in accordance with due legal process. Penmont has a reasonable expectation that it will eventually regain access to the Soledad & Dipolos assets and process the ore content in the Soledad & Dipolos leaching pads. This expectation considers different scenarios, including but not limited to potential negotiation scenarios and the different legal proceedings that Penmont has presented in order to regain access to the lands, as well as other ongoing proceedings including claims by members of the agrarian community requesting the cancellation of Penmont's property deed over this area, which claims Penmont believes are without merit. All such proceedings are pending final resolution.

The Company has recently identified certain suspected illegal extraction of gold content at its Soledad-Dipolos leaching pads. The Company estimates a loss of approximately 20,000 ounces of gold content and consequently has recognised a write off of US$21.9 million regarding the Soledad-Dipolos gold contents in inventory, which has been presented as other expenses in the interim Consolidated Income Statement. The Company is taking relevant actions so that the illegal leaching activities be ceased a soon as possible. The Company does not currently expect any further losses of this inventory to be significant.

The inventory write-off considered both the estimation of recoverable amount of gold existing at the leaching pad, and potential volume of solution being irrigated on the area that is believed to have been leached to date. However, the nature of estimation means that actual outcome may differ from those estimates.

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

Juanicipio Project

Commercial Production is the term used for the point at which a mining operation is available for use and capable of operating in the manner intended by management. This generally means that the operation can produce its intended output at stable and sustainable levels. The determination of when a mine reaches commercial production can be complex and judgemental. The

Group considered a number of factors when making this judgement, including completion of substantially all construction development activities in accordance with design, a production ramp up period which achieved an average throughput of 70% of mill nameplate capacity, grades in line with mine plan and recoveries consistent with design.

Considering the above-mentioned factors, the Group has concluded Juanicipio mine has reached commercial production on 1 June 2023 following a successful commissioning period. Juanicipio mine, processing facility and other vital systems are operating in line with, or rapidly approaching design capacity. The Juanicipio mill is operating at approximately 85% of its capacity of 4,000 tonnes per day ("tpd") with metal recovery in line with design. As commercial production has been achieved, the Group has started to depreciate all the plant assets and recognised the corresponding charge as production cost.

Estimate of recoverable ore in leaching pads

In the Group's open pit mines, certain mined ore is placed on leaching pads where a solution is applied to the surface of the heap to dissolve the gold and enable extraction. The determination of the amount of recoverable gold requires estimation with consideration of the quantities of ore placed on the pads, the grade of the ore (based on assay data) and the estimated recovery percentage (based on metallurgical studies and current technology).

The grades of ore placed on pads are regularly compared to the quantities of metal recovered through the leaching process to evaluate the appropriateness of the estimated recovery (metallurgical balancing). The Group monitors the results of the metallurgical balancing process and recovery estimates are refined based on actual results over time and when new information becomes available.

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

This change in estimation was incorporated prospectively in inventory from 1 January 2023. The increase in the number of ounces reduced the weighted average cost of inventory. Had the estimation not changed, production cost during the six-month period ended 30 June 2023 would have been US$21.6 million higher, with an offsetting impact against the work-in-progress inventory balance as of 30 June 2023.

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 weather has affected the preparation of financial statements are:

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

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

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

a) Mineral Reserves and Resources

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

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

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

b) Impairment

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

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

c) Property, plant, and equipment

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

d) Provision for asset decommissioning and rehabilitation

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

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

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

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

e) Retirement benefits

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

f) Mining proyect development

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

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

g) Contingencies

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

h) Leases

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

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.

Whenever Grupo Peñoles cannot readily determine the interest rate implicit in the lease, it uses the incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that Grupo Peñoles would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment at contract inception date. The IBR therefore reflects what Grupo Peñoles would “have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). Grupo Peñoles estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Lease liabilities are measured at the present value of the outstanding lease payments. Lease payments are discounted using the implicit interest rate in the lease if that rate can be readily determined. If the rate cannot be easily determined, the lessee's incremental borrowing rate is used. Subsequently, liabilities are measured using the effective interest rate (EIR) method and are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, carrying amount of liabilities are remeasured if there is a lease modification or reassessment. As of June 30, 2023 and December 31, 2022, the weighted average of the incremental borrowing interest rate applied to lease liabilities was 5.89% and 5.64%, respectively.

Disclosure of associates [text block]

Equity Investments in Associates

				Total Amount	
Company Name	**Main activity**	**Share No.**	**% of ownership**	**Acquisition cost**	**Current value**
Aerovics, S.A. de C.V.	Air taxi	26,983,329,966	63.36	-	76,126
Línea Coahuila-Durango, S.A. de C.V.	Rail line operator	27,281,040	50.00	-	965
Administración de Riesgos Bal, S.A. de C.V.	Risk manager	36,000	35.00	-	728
Total Investments in Associates					77,819

Disclosure of authorisation of financial statements [text block]

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

Disclosure of basis of consolidation [text block]

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

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

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 according to the formats required for this purpose by the Mexican Stock Exchange in its electronic system of sending and disseminating information where Grupo Peñoles reports its quarterly financial information, displayed in US dollars as a functional currency and all securities have been rounded to thousands, unless otherwise indicated.

Condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No. 34 "Intermediate Financial Information" (hereinafter referred to as "IAS" or "IFRS"). Condensed consolidated financial statements do not include all information required for a full set of annual consolidated financial statements and for proper reading and interpretation, shall be made in conjunction with the annual consolidated financial statements as of December 31, 2022 and for the year ended on this date that were published on March 7, 2023 in the quarterly report as of December 31, 2022.

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

The consolidated financial statements are presented in U.S. dollars and all values are rounded to the nearest thousand, unless otherwise indicated.

The accompanying consolidated financial statements cover the following periods and dates:

- Statements of financial position as at June 30, 2023 and December 31, 2022.
- Income statements for the six-month periods ended June 30, 2023 and June 30, 2022.
- Statements of comprehensive income for the six months ended June 30, 2023 and June 30, 2022.
- Statements of changes in equity and statements of cash flows for the six months ended June 30, 2023 and June 30, 2022.

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for the following items that were stated at fair value at the date of the consolidated statement of financial position:

- Derivative financial instruments.
- Equity instrument financial assets.
- Certain inventories valued at fair value.

Disclosure of borrowings [text block]

Financial Debt

An analysis of the Company's short-term debt denominated in U.S. dollars as at June 30, 2023 and December 31, 2022 is as follows:

		June 2023		December 2022
Unsecured bonds issued by Frensillo plc (1)	$	**317,742**	$	317,486
Bank loan (2)		**201,309**		50,000
Short-term maturities of long-term liabilities		**9,392**		9,354

Total current debt denominated in U.S. dollars	**$ 528,443**	$ 376,840

(1) Unsecured Debt Bonds issued by Fresnillo plc; Debt placed in the international market under format 144A/Reg S on November 7, 2013, with a term of 10 years, payment of principal at maturity, semi-annual interest at a fixed rate of 5.50% plus withholding tax and without guarantees. The destination of the funds included investment and development plans, future growth opportunities and corporate purposes in general. Standard Poor's and Moody's Investors Service have assigned the notes BBB and Baa2 ratings, respectively. From September 22nd to 29th, 2020, with settlement October 2nd, Fresnillo plc made a tender offer to re-purchase outstanding debt resulting in 60% of the current nominal amount.

(2) As of June 30, 2023, direct loans maturing on July 31, 2023 for $151,300 (equivalent to Ps. 2,583,000) and on August 31, 2023 for $50,009 (equivalent to Ps. 853,750), accruing interest at an average rate of 12.40% and 12.15%. The loans correspond to a provision of uncommitted credit lines that are held as of June 30, 2023, likewise, there are amounts available in the short-term for Industrias Peñoles, S.A.B. de C.V. with Mexican and foreign banks for $584,500.

As of June 30, 2023 and December 31, 2022, the connection between interest payable on short-term and long-term debt is shown below:

	June 2023	December 2022
Beginning balance as at January 1	**$ 41,371**	$ 39,295
Interest accrued in the year	**83,825**	145,877
Capitalized interest in property, plant and equipment	**3,849**	11,299
Short and long-term interest payment	**(87,251)**	(155,100)
Ending balance	**$ 41,794**	$ 41,371

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

	June 2023	December 2022
Unsecured bonds issued by IPSAB (1)	**$ 1,172,959**	$ 1,172,193
Unsecured bonds issued by IPSAB (2)	**500,943**	501,105
Unsecured bonds issued by Fresnillo plc (3)	**829,312**	829,124
Bilateral export credit agency guarantee (4)	**33,421**	38,110
Total	**2,536,635**	2,540,532
Less:		
Current portion due	**9,392**	9,354
Total non-current debt	**$ 2,527,243**	$ 2,531,178

An analysis of Grupo Peñoles' short- and long-term debt without including interests as at June 30, 2023 and December 31, 2022 as follows:

	June 2023	December 2022
Beginning balance as at 1 January	$ **2,908,018**	$ 2,936,822
Debt acquired	**1,385,330**	1,529,655
Debt paid	(**1,261,587**)	(1,576,939)
Transaction costs paid	**24**	(24)
Amortization of transaction costs	**1,193**	2,688
Foreign exchange gain	**22,708**	15,816
Ending balance	$ **3,055,686**	$ 2,908,018

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

	Amount
2024	$ 9,555
2025	9,626
2026	4,846
2027-2050	2,503,216
	$ 2,527,243

(1) Unsecured bonds of $1,100,000 issued on 5 September 2019 by Grupo Peñoles in the international bond market as a 144A/Reg-S offering. The bonds were issued in two equals tranches of $550,000 each for terms of 10 and 30 years and bear net interest payable semiannually of 4.15% and 5.65%, respectively, plus taxes, with principal payable upon maturity. The proceeds from this placement were used to early settle structured notes of $600,000 that matured in 2020 ($400,000) and 2022 ($200,000). All other proceeds from this placement were used for corporate purposes. Standard & Poor's Global Ratings (S&P) and Fitch Ratings, Inc. assigned "BBB" rating to these gave the bonds. Additionally, on 30 July 2020, the issuance ratings of the original bonds were reopened for an amount of $100,000. These instruments mature in 2029, bearing interest at a fixed rate of 4.15% and yield to maturity of 3.375%. The proceeds from this placement were used to early repay the syndicated loan with Bank of America, N.A. (administrative agent) and Scotiabank Inverlat S.A., to repay short-term debt and for corporate purposes in general.

(2) Unsecured bonds issued by Industrias Peñoles S.A.B. de C.V. for an amount of $500,000 on 30 July 2020 by Grupo Peñoles in the international bond market as a 144A/Reg. S offering. The bonds are for a thirty-year term and bear net interest payable semiannually of 4.75%, plus withholding tax, with principal payable upon maturity and no guarantees. The proceeds from this placement were used to early repay the syndicated loan with Bank of America, N.A. (administrative agent) and Scotiabank Inverlat S.A., to repay short-term debt and for corporate purposes in general. Transaction costs totaled $3,627.

(3) On Unsecured bonds of $850,000 issued on 29 September 2020 by Fresnillo plc, and settled on 2 October, in the international bond market as a 144A/Reg-S offering. The bonds are for a thirty-year term and bear net interest payable semiannually of 4.25% rate plus withholding tax, with principal payable upon maturity and no guarantees. The proceeds from this placement were used to pay the partial repurchase of the current debt mentioned in paragraph (4) and for corporate purposes in general. Standard & Poor's and Moody's Investor's Services assigned the bonds ratings of "BBB" and "Baa2", respectively. Transactions costs totaled $3,844.

(4) On 22 June 2017, Industrias Peñoles S.A.B. de C.V. entered into a loan agreement with Crédit Agricole Corporate and

Investment Bank pursuant to the equipment purchases that its subsidiary Metalurgica Met-Mex Peñoles, S.A. de C.V. made from the supplier Outotec Oy (a Finnish company) for the expansion of its zinc plant and the refurbishment of plant II. Finnvera Plc, which is the export credit agency of the supplier's home country, guaranteed 95% of this loan, with this 95%-portion covering the goods and services that are eligible for the guarantee under the corresponding agreement, as well as local costs. The amount of this loan is up to $94,520, which includes $90,130 that corresponds to eligible goods and services (85%) and directly related local costs (100%), plus the $4,400 million premium that was paid to Finnerva in return for its guarantee.

The drawdown period matured in November 2018 with a total notional amount of $82,590. The loan will be repaid in 17 semi-annual payments spanning from 28 September 2018 until 30 September 2026. The loan bears interest at the six-month LIBOR plus 0.94% on outstanding balances (excluding the guarantee fee paid to Finnvera Plc (the Finnish export credit agency). The floating portion of the interest rate has been hedged through an interest rate swap.

On June 29th, 2023, an Amendment and Restated Facility Agreement to the Credit Facility granted by Credit Agricole was signed in order to replace the base rate reference from LIBOR to compounded SOFR. The new reference will be applicable as of the next interest period starting on September 29th, 2023.

- Other: Recent events from Credit Agencies:

As of June 30th, 2023, the S&P global rating of the unsecured senior debt of Industrias Peñoles SAB de CV was "BBB" with stable outlook and "BBB" with stable outlook by Fitch Ratings.

In the case of Fresnillo plc, the rating for its senior unsecured notes is "BBB" by S&P with stable outlook in global scale and "Baa2" with stable outlook by Moody's Investors Service.

As of June 30th, 2022 the S&P global rating of the unsecured senior debt of Industrias Peñoles SAB de CV was "BBB" with stable outlook and "BBB" with stable outlook by Fitch Ratings.

In the case of Fresnillo plc, the rating for its senior unsecured notes is "BBB" by S&P with stable outlook in global scale and "Baa2" with stable outlook by Moody's Investors Service.

Disclosure of cash and cash equivalents [text block]

Cash and Cash Equivalents

An analysis of cash and cash equivalents is as follows:

		June 2023		December 2022
Cash in hand and in banks	**$**	**88,193**	$	72,214
Liquid investments (1)		**1,319,274**		1,396,704
	$	**1,407,467**	$	1,468,918

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

Disclosure of commitments [text block]

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

Grupo Peñoles entered into an agreement to acquire, through one of its subsidiaries, electricity from a 230 megawatt power plant.

In addition to the electric power supply agreement, Grupo Peñoles entered into a business trust agreement for the operation and maintenance of a power plant under the self-supply permit granted to Termoeléctrica Peñoles, S. de R.L. de C.V. (TEP). This trust will be terminated early in 2023 and its rights and obligations will be housed directly in Termoeléctrica Peñoles, S. de R.L. de C.V. (TEP). This agreement expires in 2027. To guarantee these purchase commitments, the developers/operators of the plant were extended a sale option ("put option") so that, in the event that the subsidiaries default on their obligations, the developers/operators may demand that Grupo Peñoles buy TEP at a price equal to the present value of the remaining payments scheduled for the subsidiaries under the agreement. The estimated cost for electricity consumption for 2023 based on the estimated proportion generation for the year of 2,014.8 Kwh is $161,759.

b) Eólica de Coahuila

On April 25 2014, Grupo Peñoles entered into a 25-year agreement with Eólica de Coahuila, S. de R.L. de C.V. (EDC) to supply electricity to this entity under a self-supply arrangement. In order to meet its commitments under this agreement, Peñoles' subsidiaries that entered into this agreement shall buy all of the net power production that EDC generates over the agreed term, which is estimated to be 700 million kWh per year, payable on a monthly basis at a fixed determinable price per Kwh delivered by EDC to the Federal Electricity Commission at the interconnection point established in the agreement. Electricity production commenced in April 2017. In addition to this agreement, Grupo Peñoles also entered into a put option agreement to transfer the partnership interests of EDC upon occurrence of certain default events. The estimated cost for electricity consumption for 2023 based on the estimated proportion generation for the year of 751.3 Kwh is $68,150.

c) Eólica Mesa La Paz

On January 25, 2018, Grupo Peñoles entered into a 25-year power supply agreement with Eólica Mesa La Paz, S. de R.L. de C.V., (MLP) in accordance with the Electric Industry Law. Under this agreement, Grupo Peñoles' subsidiaries will be supplied, through a Qualified Service Provider, with 67.8% of the net energy produced by MLP during the first seven years, which is estimated to be 782.3 million kWh per year. From the eighth year to the expiration of the agreement, the subsidiaries will be supplied with 100% of the net energy produced by MLP, which is estimated to be 1,170.0 million Kwh per year. Grupo Peñoles agreed to pay a determinable fixed price per Kwh delivered by MLP to the National Electric System at the interconnection point established in the agreement. Electricity production commenced in April 2020. In addition to this agreement, Grupo Peñoles also entered into a put option agreement to transfer the partnership interests of MLP upon occurrence of certain default events. The estimated cost for electricity consumption for 2023 based on the estimated proportion generation for the year of 832.3 Kwh is $36,905.

Disclosure of contingent liabilities [text block]

Contingencies

As of June 30, 2023 and December 31, 2022, Grupo Peñoles had the following contingencies:

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

b) Metalúrgica Met Mex Peñoles (subsidiary of Grupo Peñoles) has completed the tax audit process for the 2014 and 2015 financial years related to compliance with its tax obligations in terms of income tax, by the Tax Administration Service (SAT) the which has issued various observations related to the tax treatment of the right to use the brand and the payment of energy, purchase of raw materials and maquila. In the case of the 2014 audit, a correlative transfer pricing adjustment was made, which had no material effects; In the case of the 2015 audit, a conclusive agreement was signed before PRODECON where it was concluded without any observations.

c) Industrias Peñoles, S.A.B. de C.V. and its subsidiary Comercializadora de Metales Fresnillo, have concluded the tax audit processes for the year 2016, related to compliance with their tax obligations in terms of income tax by the Tax Administration Service, (SAT) which has issued various observations related to the tax treatment of the Silverstream transaction entered into between them. Both companies began conclusive agreement processes whith the PRODECON.

Disclosure of cost of sales [text block]

Cost of Sales

The cost of sale is integrated as shown below:

	June 2023				June 2022			
	Accumulated		**Quarter**		**Accumulated**		**Quarter**	
Personnel expenses	**$**	**226,818**	**$**	**119,802**	$	171,495	$	90,215
Energy		**262,563**		**130,563**		211,852		110,705

Operating materials	**236,436**	**116,088**	219,256	114,496
Maintenance and repairs	**247,933**	**127,003**	196,117	104,273
Depreciation and amortization	**323,477**	**158,510**	318,499	160,009
Amortization of right-of-use assets	**2,551**	**1,294**	2,132	1,068
Tansfer of by products	**(69,990)**	**(35,757)**	(79,210)	(41,219)
Contractors	**261,694**	**135,987**	224,537	118,393
Leases of low-value assets	**42,571**	**21,243**	21,647	12,637
Other	**134,216**	**64,972**	134,457	72,141
Inventory adjustments	**(31,190)**	**10,782**	(30,877)	(10,016)
Cost of sale of extraction and treatment	**1,637,079**	**850,487**	1,389,905	732,702
Cost of metals sold	**835,600**	**461,780**	801,319	435,673
	$ 2,472,679	**$ 1,312,267**	$ 2,191,224	$ 1,168,375

Disclosure of deferred taxes [text block]

Income taxes charged in the income statement for the six-month periods ended June 30, 2023 and 2022, are integrated as follows:

	June 2023		June 2022	
	Accumulated	**Quarter**	**Accumulated**	**Quarter**
Current income tax	**$ 86,193**	**$ 17,622**	$ 116,383	$ 49,604
Deferred income tax	**(181,314)**	**(117,519)**	(70,837)	(64,964)
Special tax for mining companies	**10,318**	**(1,008)**	17,027	(7,658)
Income taxes recognized in the consolidated statement of profit or loss	**$ (84,803)**	**$ (100,905)**	$ 62,573	$ (23,018)

Disclosure of deposits from banks [text block]

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

Disclosure of deposits from customers [text block]

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

Disclosure of earnings per share [text block]

Earnings Per Share

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

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

For the six-month periods ended June 30, 2023 and 2022, the earnings per share were calculated as follows:

	June 2023		June 2022	
	Accumulated	**Quarter**	**Accumulated**	**Quarter**
Net profit (in thousands of U.S. dollars): Attributable to the shareholders of Grupo Peñoles	**$ 25,685**	$ **22,265**	$ 145,486	$ 74,767
Shares (number of shares in thousands): Weighted average	**397,476**	**397,476**	397,476	397,476

number of ordinary outstanding shares								
Earnings per share:								
Basic and diluted earnings per share (in U.S. dollars)	**$**	**0.06**	**$**	**0.05**	$	0.37	$	0.19

Disclosure of employee benefits [text block]

Employee Benefits

Employee benefits

An analysis of current employee benefit obligations is as follows:

		June 2023		December 2022
Salaries and other employee benefits payable	**$**	**4,944**	$	2,455
Paid annual leave and vacation premium payable		**15,514**		13,838
Social security dues and other provisions		**30,192**		15,370
	$	**50,650**	$	31,663

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
The actuarial present value of benefits to recognized retirement personnel in the financial statement is shown below:

	June 2023	December 2022
Defined benefit obligation of active workers	$ 64,074	$ 53,503
Defined benefit obligation of retired workers (1)	82,737	69,271
Defined benefit obligation	146,811	122,774
Unfunded defined benefit obligation (2)	40,054	33,850
	186,865	156,624
Fair value of plan assets	(134,816)	(106,877)
Employee benefits	$ 52,049	$ 49,747

(1) This obligation is currently fully funded

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

The charge of pension and seniority premium results for the periods ended June 30, 2023 and 2022, is analyzed:

	June 2023		June 2022	
	Accumulated	Quarter	Accumulated	Quarter
Current-year service cost	$ 2,131	$ 1,093	$ 1,877	$ 949
Net interest	2,422	1,294	1,989	967
Total	$ 4,553	$ 2,387	$ 3,866	$ 1,916

Disclosure of entity's operating segments [text block]

Segment Information

An analysis of segment information as at and for the year ended 30 June 2023 is as follows:

	Precious metal mines	Base metal mines	Metallurgical	Other	Eliminations and Reclassifications	Total
Third-party sales	$ -	$ 242,845	$ 2,575,909	$ 130,071	$ 1,143	$ 2,949,968
Intra-group sales	1,343,333	305,811	17,332	141,972	(1,808,448)	0
Total sales	1,343,333	548,656	2,593,241	272,043	(1,807,305)	2,949,968
Cost of sales	1,060,647	470,743	2,575,493	93,746	(1,727,950)	2,472,679
Gross profit	282,686	77,913	17,748	178,297	(79,355)	477,289
Administrative expenses	54,766	52,730	46,299	106,966	(97,194)	163,567
Exploration expenses	96,862	29,205	0	1,010	(7,136)	119,941
Selling expenses	16,416	29,095	17,335	18,699	(521)	81,024
Other expenses/(income), net	33,483	7,371	10,306	(16,146)	(696)	34,318
	201,527	118,401	73,940	110,529	(105,547)	398,850
Operating profit/(loss)	$ 81,159	$ (40,488)	$ (56,192)	$ 67,768	$ 26,192	78,439
Finance income	-	-	-	-	-	(48,772)
Finance costs	-	-	-	-	-	125,042
Share of loss of associates	-	-	-	-	-	(626)
Foreign exchange gain, net	-	-	-	-	-	13,283
Profit before income tax	-	-	-	-	-	(10,488)
Income tax	-	-	-	-	-	(84,803)
Consolidated net profit	-	-	-	-	-	$ 74,315

An analysis of segment information as at and for the year ended 30 June 2022 is as follows:

	Precious metal mines	Base metal mines	Metallurgical	Other	Eliminations and Reclassifications	Total
Third-party sales	$ -	$ 179,739	$ 2,596,261	$ 113,364	$ (13,169)	$ 2,876,195
Intra-group sales	1,259,062	401,257	41,438	139,318	(1,841,075)	-
Total sales	1,259,062	580,996	2,637,699	252,682	(1,854,244)	2,876,195
Cost of sales	893,204	368,319	2,548,905	101,245	(1,720,449)	2,191,224
Gross profit	365,858	212,677	88,794	151,437	(133,795)	684,971
Administrative expenses	49,114	39,165	59,187	90,909	(99,185)	139,190
Exploration expenses	77,699	26,763	-	951	(1,624)	103,789
Selling expenses	13,719	23,906	14,211	17,495	(285)	69,046
Other expenses/(income), net	7,176	470	1,521	(12,946)	10,676	6,897
	147,708	90,304	74,919	96,409	(90,418)	318,922
Operating profit/(loss)	$ 218,150	$ 122,373	$ 13,875	$ 55,028	$ (43,377)	366,049
Finance income	-	-	-	-	-	(13,298)
Finance costs	-	-	-	-	-	94,044
Share of profit of associates	-	-	-	-	-	1,111
Foreign exchange gain, net	-	-	-	-	-	5,081
Profit before income tax	-	-	-	-	-	279,111
Income tax	-	-	-	-	-	62,573
Consolidated net profit	-	-	-	-	-	$ 216,538

Disclosure of fair value of financial instruments [text block]

Hedging instruments

Grupo Peñoles contracts derivatives with various financial institutions to reduce its exposure to changes in the variables and pricing of its transactions. This risk consists of the risk associated with fluctuations in the prices of produced or processed metals and energy, as well as the exchange rates associated with Grupo Peñoles' financial and business transactions.

To minimize its counterparty credit risk, Grupo Peñoles has entered into agreements only with well-known and financially strong financial institutions. Grupo Peñoles does not expect any of its counterparties to default on their obligations and thus does not consider it necessary to create any reserves for counterparty risk.

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

	June 2023	December 2022
Fair value of financial instruments	**$ 13,392**	$ 6,264
Ineffectiveness and effect of time value of options excluded from hedges	**(29)**	1,303
Deferred income tax	**(4,009)**	(2,270)
Net fair value of deferred income tax recognized directly in Equity	**$ 9,354**	$ 5,297

Changes in the unrealized profit (loss) on valuation of hedges for the years ended June 30, 2023 and December 31, 2022 are as follows:

	June 2023	December 2022
Beginning balance as at 1 January	**$ 5,297**	$ (8,014)
Gain/loss reclassified to earnings	**59,531**	4,844
Deferred income tax	**(17,859)**	(1,453)
Changes in the fair value of hedges	**(53,735)**	14,171
Deferred income tax	**16,120**	(4,251)
Unrealized profit net of deferred income tax	**$ 9,354**	$ 5,297

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

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

Disclosure of finance income (cost) [text block]

Financial Income

An analysis of finance income is as follows:

	June 2023		June 2022	
	Accumulated	**Quarter**	Accumulated	Quarter
Interest income on cash equivalents and other investments	**$ 36,832**	**$ 19,122**	$ 6,541	$ 4,685
Interest income from trade receivables	**2,095**	**-**	1,663	868
Finance income on tax refund	**-**	**-**	3,400	832
Other	**9,845**	**6,867**	1,694	622
	$ 48,772	**$ 25,989**	$ 13,298	$ 7,007

Finance costs

An analysis of finance costs is as follows:

	June 2023		June 2022	
	Accumulated	**Quarter**	Accumulated	Quarter
Interest arising on financial debt	**$ 87,653**	**$ 47,082**	$ 72,285	$ 36,927
Financial discount of liability provisions	**21,051**	**11,390**	13,647	6,888
Net interest on defined benefit obligation	**2,422**	**1,294**	1,989	967
Finance cost on lease liabilities	**3,846**	**1,864**	3,651	1,222
Other	**10,070**	**7,672**	2,472	1,267
	$ 125,042	**$ 69,302**	$ 94,044	$ 47,271

Disclosure of financial instruments [text block]

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

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

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

Disclosure of financial instruments held for trading [text block]

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

Disclosure of financial liabilities held for trading [text block]

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

Disclosure of general and administrative expense [text block]

Administrative Expenses

An analysis of administrative expenses is as follows:

	June 2023		June 2022	
	Accumulated	**Quarter**	Accumulated	Quarter
Personnel expenses	**$ 69,850**	**$ 33,658**	$ 57,386	$ 30,124
Fees	**48,079**	**27,331**	43,036	23,508

Travel expenses	**6,758**	**3,557**	3,790	2,604
Information technology expenses	**7,944**	**2,084**	8,001	4,736
Amortization of right-of-use assets	**4,793**	**2,333**	6,177	3,689
Leases of low-value assets	**9,241**	**5,313**	7,751	3,962
Fees, associations and other	**16,902**	**8,294**	13,049	6,614
Total administrative expenses	**$ 163,567**	**$ 82,570**	$ 139,190	$ 75,237

Exploration Expenses

An analysis of exploration expenses is as follows:

	June 2023		June 2022	
	Accumulated	**Quarter**	Accumulated	Quarter
Personnel expenses	**$ 11,649**	**$ 5,699**	$ 9,402	$ 4,678
Contractors	**71,898**	**43,259**	60,872	35,074
Taxes and duties	**20,206**	**10,551**	17,236	6,719
Operating materials	**610**	**297**	646	359
Amortization of right-of-use assets	**431**	**212**	475	235
Leases of low-value assets	**3,261**	**2,130**	1,643	769
Fees, assays and other	**11,886**	**7,014**	13,515	9,345
Total exploration expenses	**$ 119,941**	**$ 69,162**	$ 103,789	$ 57,179

Selling Expenses

An analysis of selling expenses is as follows:

	June 2023		June 2022	
	Accumulated	**Quarter**	Accumulated	Quarter
Freight and transfers	**$ 50,828**	**$ 26,887**	$ 44,078	$ 23,811
Royalties	**4,956**	**1,347**	5,469	2,595
Handling	**1,649**	**852**	1,117	620
Extraordinary mining tax	**7,119**	**4,101**	5,838	2,603
Amortization of right-of-use assets	**562**	**278**	553	68
Other expenses	**15,910**	**8,852**	11,991	6,013

Total selling expenses	$ **81,024**	$ **42,317**	$ 69,046	$ 35,710

Personnel Expenses

An analysis of personnel expenses is as follows:

	June 2023		June 2022	
	Accumulated	**Quarter**	Accumulated	Quarter
Salaries and other employee benefits	$ **184,726**	$ **97,609**	$ 146,356	$ 76,385
Employee benefits at retirement	**14,776**	**5,706**	5,572	3,259
Social security dues	**53,412**	**27,657**	42,241	22,188
Social welfare and other benefits	**55,403**	**28,187**	44,114	23,185
Total personnel expenses	$ **308,317**	$ **159,159**	$ 238,283	$ 125,017

Disclosure of income tax [text block]

Income Tax and Special Tax for Mining Companies

Income tax

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

Industrias Peñoles, S.A.B. de C.V. and its subsidiaries determined their income tax through 2013 on a consolidated basis in accordance with the tax laws in effect in Mexico through that year. However, as a result of the 2014 Mexican Tax Reform, beginning 1 January 2014 both Industrias Peñoles, S.A.B. de C.V. and all its subsidiaries shall calculate their taxes on an individual basis.

In accordance with the new MITL that is effective for annual periods beginning on or after 1 January 2014, groups that were previously tax-consolidated as at December 31, 2013 must deconsolidate and remit all the deferred income tax and asset tax that had been deferred by each entity on an individual basis. As a result, Industrias Peñoles, S.A.B. de C.V., as the controlling company, must remit any income tax that had been deferred on a consolidated basis following a procedure for remitting deferred income tax similar to the one included in the changes in tax consolidation rules introduced in 2010.

The 2014 Mexican Tax Reform establishes the following two periods in which taxpayers must remit previously deferred taxes as a result of deconsolidation: i) a period of five years, over which the first 25% must be remitted by no later than 31 May 2014 and the remaining 75% to be remitted in four annual installments (25%, 20%, 15% and 15%) over the subsequent four years, and ii) a period of ten years in accordance with the tax law in effect through 2013.

Special tax for mining companies

The Special Tax for Mining Companies (DEM by its acronym in Spanish) is an income tax for entities that hold mining concessions and mining rights. The DEM is equal to 7.5% of a mining company's taxable profit, minus the deductions authorized under the MITL, excluding deductions for investments, interest, and the annual inflation adjustment. The DEM may be credited against a mining Company's income tax of the same year and it must be remitted within the first three months of the following year.

Disclosure of interest expense [text block]

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

Disclosure of interest income [text block]

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

Disclosure of inventories [text block]

Inventories

An analysis of this caption is as follows:

		June 2023		December 2022
Inventories stated at cost:				
Refined metals and ore concentrates (1)	**$**	**1,497,951**	$	1,620,760
Raw materials and chemical products in process		**36,629**		27,677

Operating materials (1)		**263,519**		252,406
		1,798,099		1,900,843
Inventories measured at fair value:				
Refined metals		**134,247**		71,418
Inventories,		**1,932,346**		1,972,261
Less: Non-current portion		**69,760**		91,620
Inventories, current potion	**$**	**1,862,586**	$	1,880,641

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

Equity Investments in Associates

The movement in investments for the six-month periods ended June 30, 2023 and December 31, 2022 is analyzed as follows:

		June 2023		December 2022
Beginning balance in associates	**$**	**72,181**	$	55,120
Share of income of associates		**626**		1,418
Changes in equity interest in associate		**-**		(859)
Investment return		**-**		(8)
Share capital increase		**-**		12,024
Translation adjustment		**5,012**		4,486
Ending balance in associates	**$**	**77,819**	$	72,181

Disclosure of issued capital [text block]

Equity and Components of Other Comprehensive Income

The share capital as at June 30, 2023 and December 31, 2022 is represented by common registered shares with no par value. Fixed minimum share capital is represented by Class I shares and variable share capital by Class II shares. An analysis is as follows:

	Shares		Amount			
	2023	2022		**2023**		2022
Share capital authorized and subscribed	**413,264,747**	413,264,747	**$**	**403,736**	$	403,736

Share buybacks	**15,789,000**	15,789,000	**2,337**	2,337
Outstanding nominal share capital	**397,475,747**	397,475,747	**$ 401,399**	$ 401,399

As of June 30, 2023, the company´s nominal share capital consists of minimum fixed share capital of $401,399 (equal to Ps. 2,191,210) and variable share capital, which may not exceed ten times the amount of fixed share capital.

Disclosure of joint ventures [text block]

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

Disclosure of leases [text block]

Leases

The movement in assets by right of use assets as of June 30, 2023 is as follows:

	Buildings	Machinery and equipment	Computer equipment and other assets	Total Cost
Investment:				
Beginning balance as at January 1, 2023	$ 26,254	$ 78,606	$ 38,319	$ 143,179
Additions	1,664	-	3,419	5,083
Lease modification	307	-	(210)	97
Retirements	(903)	-	(7,119)	(8,022)
Foreign exchange gain	(444)	(50)	21	(473)
Ending balance as at June 30, 2023	$ 26,878	$ 78,556	$ 34,430	$ 139,864
Amortization:				
Beginning balance as at	(10,394)	(12,924)	(21,439)	(44,757)

January 1, 2023 amortization of the period	(1,633)	(2,002)	(4,701)	(8,336)
Retirements	885	-	7,006	7,891
Ending balance as at June 30, 2023	(11,142)	(14,926)	(19,134)	(45,202)
Net investment	$ 15,736	$ 63,630	$ 15,296	$ 94,662

The lease liability as of June 30, 2023 and December 31, 2023 is $107,931 and $108,008. Interest expenses corresponding to June 30, 2023 and 2022 amounted to $3,846 and $3,651. The portion of the lease payments recognized as a reduction in lease liabilities and as cash outflows from financing activities for the six months ended June 30, 2023 and 2022 amounted to $8,943 and $11,050, respectively.

An analysis of the maturity of lease liability as at July 1, 2023 is as follows:

	Total
2023	$ 13,569
2024	11,277
2025	9,021
2026	7,212
2027 and thereafter	66,852
	107,931
Current portion due	13,569
Non-current maturity	$ 94,362

Amortization expense on right-of-use asset for the six-month period ended June 30, 2023 and 2022 amounted to $8,336 and $9,337, respectively.

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

Assets Held for Sale

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

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

An analysis of the principal class of assets and liabilities of the Madero unit classified as held for sale as at June 30, 2023 and Decemeber 31, 2022, is as follows:

	2023	2022
ASSETS		
Property, plant, and equipment	**$ 21,362**	$ 21,362
LIABILITIES		
Provisions	**$ 37,308**	$ 35,609

Disclosure of other current assets [text block]

Other financial assets

An analysis of Other financial assets is as follows:

	June 2023	December 2022
Financial instruments derived from short-term hedging	**$ 263,570**	$ 47,344
Less: Non-current maturity	**(938)**	(1,285)
Total other financial assets	**$ 262,632**	$ 46,059

Disclosure of other non-current assets [text block]

Financial assets in equity instruments

An analysis of this caption is as follows:

	June 2023	December 2022
Equity investments in entities listed on the Canadian Stock Exchange:		

Cost (1)	**$ 65,045**	$ 62,732
Increase in fair value	**57,591**	103,243
Subtotal	**122,636**	165,975
Equity investments in entities listed on the U.S. Stock Exchange:		
Cost	**180**	180
Increase in fair value	**605**	968
Subtotal	**785**	1,148
Total	**$ 123,421**	$ 167,123

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

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

Other (Income)/Expenses

An analysis of other income is as follows:

	June 2023		June 2022	
	Accumulated	**Quarter**	Accumulated	Quarter
Rental income	**$ -**	**$ (226)**	$ (705)	$ (125)
Income from royalties	**(56)**	**(21)**	(89)	(34)
Gain on sale of property, plant and equipment	**-**	**(310)**	(3,750)	(1,742)
Income from sale of other products and services	**(9,392)**	**-**	(3,980)	(4,184)
Gain on sale of concentrates	**(38)**	**(4,114)**	-	-
Other income	**$ (9,486)**	**$ (4,671)**	$ (8,524)	$ (6,085)

An analysis of other expenses is as follows:

	June 2023		June 2022	
	Accumulated	**Quarter**	Accumulated	Quarter
Leasing expenses	**894**	**-**	-	-
Donations	**1,176**	**632**	1,490	574
Rehabilitation expenses for closed mining units	**9,869**	**5,470**	7,257	5,742
Loss from accidents	**4,821**	**4,333**	1,194	1,403

Loss on sale of property, plant and equipment	**876**	**-**	-	-
Loss on sale of materials and scrap	**455**	**231**	1,366	596
Loss on sale of concentrates	**-**	**-**	3,006	1,594
Loss on sale of other products and services	**-**	**3,125**	-	-
Inventory write-off	**21,861**	**21,861**	-	-
Other	**3,852**	**2,421**	1,108	833
Other expenses	**$ 43,804**	**$ 38,073**	$ 15,421	$ 10,742

Disclosure of property, plant and equipment [text block]

During the six-month periods ended June 30, 2023 and 2022, Grupo Peñoles made investments in its property, plant and equipment for $252,648 and $352,830, respectively.

In December 2022, Grupo Peñoles, received a binding offer for the sale property, plant and equipment from the Madero unit with a third party. Due to the foregoing, a reversal of the impairment of the assets of this unit that were impaired was made for $21,362; this value represents the lower of its carrying amount or its fair value. The amount is shown as an asset held for sale.

The main investments made during the six months ended June 30, 2023 were allocated to mining projects under development for $28,569, expansions and replacement of fixed assets in mining units for $200,531, and acquisitions to replace assets at the Met Mex metallurgical plant. for $11,863.

Grupo Peñoles analyzed certain external indicators, namely the behavior of metal prices, as well as internal indicators that included an assessment of mineral reserves and economically recoverable resources in order to determine whether there are indicators of impairment in the value of its property, plant, and equipment. The recoverable amount of property, plant and equipment is based on the value in use of cash generating units calculated by discounting the present value of future cash flows based on projections, forecasts and expectations that are approved by management.

Depreciation as of June 30, 2023 and 2022 amounted to $323,477 and $318,499, respectively.

Commitments

As of June 30, 2023 and December 31, 2022, various agreements have been entered into for the purchase of machinery and equipment, as well as for the completion of the construction of mining and metallurgical projects. The amount of the commitments at each of said dates is $193,795 and $218,519, respectively.

Disclosure of related party [text block]

Related Parties

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

		June 2023		December 2022
Receivables:				
Sales:				
Dowa Mining Co. Ltd. (3)	**$**	**3,567**	$	2,674
Sumitomo Corporation (3)		**15,564**		-
Grupo Palacio de Hierro, S.A.B. de C.V. (1)		**547**		987
Eólica de Coahuila S. de R.L. de C.V. (4)		**1,295**		243
Other		**130**		96
		21,103		4,000
Short-term loans:				
Inmobiliaria Industrial La Barra, S.A. (4)		**13,384**		10,939
Total	**$**	**34,487**	$	14,939
Payables:				
Short-term accounts payable:				
Termoeléctrica Peñoles, S. de R.L. de C.V. (4)	**$**	**16,418**	$	18,790
Línea Coahuila-Durango, S.A.B. de C.V. (2)		**2,516**		1,138
Other		**28**		789
		18,962		20,717
Long-term loans				
Minera Los Lagartos, S.A. de C.V. (3)		**8,828**		9,110
Total	**$**	**27,790**	$	29,827
Long-term loans:				
Minera Los Lagartos, S.A. de C.V. (3)	**$**	**119,394**	$	95,853

As of June 30, 2023 and December 31, 2022, the connection of the loans and interest with Minera Los Lagartos, S.A. de C.V. is as follows:

		2023		2022
Beginning balance as at January 1	**$**	**104,962**	$	107,918
Loans		**22,726**		8,626
Amortization loan		**-**		(10,008)
Accrued interest		**3,829**		1,058
Capitalized interest in property, plant and equipment		**-**		1,531
Interest payment		**(3,294)**		(4,162)
Ending balance	**$**	**128,223**	$	104,962

In the periods ended June 30, 2023 and 2022, various business transactions were carried out with non-consolidated related entities, as indicated below:

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

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

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

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

(e) Business consulting and corporate management services.

	June 2023	June 2022
Revenue (a):		
Sales of concentrates and refined metal:		
Dowa Mining Co. Ltd. (3)	**$ 25,815**	$ 40,639
Sumitomo Corporation (3)	**29,771**	153,968
	55,586	194,607
Interest:		
Inmobiliaria Industrial La Barra, S.A. (4)	**859**	554
Electricity (b):		
Grupo Palacio de Hierro, S.A.B. de C.V. (1)	**5,162**	4,198
Grupo Nacional Provincial, S.A.B. de C.V. (1)	**320**	292
Instituto Tecnológico Autónomo de México (1)	**103**	93
	5,585	4,583
Other:		
Línea Coahuila Durango, S.A de C.V. (2)	**52**	134
Petrobal, S.A.P.I. de C.V. (1)	**296**	211
Petrobal Upstream Delta 1, S.A. de C.V. (1)	**241**	185
	589	530
	$ 62,619	$ 200,274
Expenses:		
Electricity (c):		
Termoeléctrica Peñoles, S. de R.L. de C.V. (4)	**$ 99,026**	$ 59,654
Eólica de Coahuila S. de R.L. de C.V. (4)	**28,034**	20,143
Eólica Mesa la Paz S. de R.L. de C.V. (4)	**19,063**	26,275
	146,123	106,072
Administrative fees (e):		
Servicios Corporativos Bal, S.A. de C.V. (1)	**22,805**	20,530
Insurance and bonds (d):		
Grupo Nacional Provincial, S.A.B. de C.V. (1)	**4,702**	4,497
Other	**159**	96
	4,861	4,593
Air transportation:		
Aerovics, S.A. de C.V. (2)	**4,038**	13,980
Royalties:		

Dowa Mining Co. Ltd (3)	**2,732**	2,509
Dowa Holdings Co. Ltd (3)	**1,016**	-
Sumitomo Corporation (3)	**1,518**	646
	5,266	3,155
Rent:		
MGI Fusión, S.A. de C.V. (2)	**2,066**	1,816
Other	**4,991**	4,592
	$ 190,150	$ 154,738

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

(2) Associates

(3) Non-controlling interest holders

(4) Other related parties

Disclosure of reserves within equity [text block]

Equity and Components of Other Comprehensive Income

Legal reserve

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

Components of other comprehensive loss

Effect of unrealized gain or loss on valuation of hedges

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

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

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

Cumulative translation adjustment

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

Effect of unrealized gain or loss on revaluation of labor obligations

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

Disclosure of revenue [text block]

Sales

An analysis of sales by geographical area is as follows:

	June 2023		June 2022	
	Accumulated	**Quarter**	Accumulated	Quarter
Domestic sales	**$ 649,956**	**$ 346,943**	$ 573,102	$ 306,069
United States of America	**1,259,025**	**654,322**	1,150,062	597,408
Europe	**456,140**	**234,764**	409,700	244,267
Canada	**351,617**	**184,652**	375,158	149,496
Asia	**221,187**	**108,528**	336,355	163,891
South America	**9,725**	**6,505**	22,320	6,166
Other	**2,318**	**1,222**	9,498	2,378
	$ 2,949,968	**$ 1,536,936**	$ 2,876,195	$ 1,469,675

Sales by products are shown in the annex [800005]

Disclosure of subsidiaries [text block]

Consolidation

Significant subsidiaries

The significant subsidiaries are as follows:

Subsidiary	Country	Functional Currency (1)	% equity interest June 2023	December 2022
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
Compañía 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.	USA (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]

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

Disclosure of trade and other receivables [text block]

Trade and Other Accounts Receivable

An analysis of this caption is as follows:

	June 2023	December 2022
Trade receivables (1)	$ 213,925	$ 266,844
Other accounts receivable	44,713	17,578
Less:		
Expected credit losses for trade receivables	(2,041)	(1,880)
Expected credit losses for other accounts receivable	(1,060)	(1,053)
Total trade and other accounts receivable	255,537	281,489
Related parties	34,487	14,939
Recoverable value added tax	282,896	295,168
Advances to suppliers	26,848	20,140
Account receivable related to layback agreement	2,148	23,819
Other accounts receivable to contractors	23,267	2,595
	625,183	638,150
Less: Non-current maturity		
Other accounts receivable to contractors	2,148	2,595
Recoverable Value Added Tax	43,828	36,820
Long-term accounts receivable and other receivables	45,976	39,415
Total trade and other current accounts receivable, net	$ 579,207	$ 598,735

[800600] Notes - List of accounting policies

Disclosure of significant accounting policies [text block]

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

Description of accounting policy for borrowing costs [text block]

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

Description of accounting policy for borrowings [text block]

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

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

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

Description of accounting policy for cash flows [text block]

Cash and cash equivalents

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

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

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

Provision for decommissioning and rehabilitation

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

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

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

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

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

Prepaid expenses

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

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

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

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

Description of accounting policy for depreciation expense [text block]

Property, plant and equipment

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

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

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

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

Derivative financial instruments

Hedging derivatives

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

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

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

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

Derivative financial instruments

Cash flow hedges

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

Description of accounting policy for dividends [text block]

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

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

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

Description of accounting policy for employee benefits [text block]

Employee benefits

Short-term employee benefits

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

Defined benefit plan

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

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

Provision for asset decommissioning and rehabilitation

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

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

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

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

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

Mine exploration and development costs and expenses

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

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

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

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

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

Description of accounting policy for financial assets [text block]

Grupo Peñoles classifies its financial assets into the following categories:

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

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

Description of accounting policy for financial liabilities [text block]

Financial liabilities

Initial recognition and measurement

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

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

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

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

Description of accounting policy for functional currency [text block]

Foreign currency translation

Functional currency

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

Description of accounting policy for hedging [text block]

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

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

Impairment

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

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

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

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

Impairment of financial instruments

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

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

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

Description of accounting policy for income tax [text block]

Income tax

Current income tax

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

Deferred income tax

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

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

Intangible assets

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

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

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

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

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

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

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

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

Associates

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

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Description of accounting policy for investments in joint ventures [text block]

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

Description of accounting policy for leases [text block]

Leases

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

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

Description of accounting policy for measuring inventories [text block]

Inventories

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

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

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

Description of accounting policy for mining assets [text block]

Property, Plant and Equipment

Mine properties, mine development and stripping costs

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

Description of accounting policy for mining rights [text block]

Income tax

Special tax for mining companies

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

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

Property, plant and equipment

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

Description of accounting policy for provisions [text block]

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

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

Revenue recognition

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

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

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

Description of accounting policy for segment reporting [text block]

Segment Information

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

Precious metal mines

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

Base metal mines

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

Metallurgical

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

Other

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

Segments.

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

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

Description of accounting policy for stripping costs [text block]

Property, Plant and Equipment

Decommissioning and rehabilitation

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

Description of accounting policy for subsidiaries [text block]

Consolidation

Subsidiaries

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

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

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

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

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

[813000] Notes - Interim financial reporting

Disclosure of interim financial reporting [text block]

The financial reporting notes for 2Q2023 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