



MINEROS S.A.
CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of United States Dollars)



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mineros S.A.

Opinion

We have audited the consolidated financial statements of Mineros S.A. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022 and 2021, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended 2022. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment of long-term assets, specifically the value in use of cash generating units (CGU)

Description of Key Audit Matter

As described in note 7.2 to the consolidated financial statements, Management concluded there were impairment indicators in the CGU of Gualcamayo related to economic situation in Argentina and the depletion of the Gualcamayo Mine and, as a result, recognized an impairment loss of USD \$36.5 million. Management estimated the recoverable amount using the value in use method, which is based on the estimated discounted cash flows of the CGU. The value in use estimated by Management includes significant judgments and assumptions, related to future production levels, projected gold price and the discount rate applied to estimated future cash flows.

How the Key Audit Matter was addressed in the audit

The primary audit procedures performed related to the review of the discounted cash flow models prepared by the Group for Gualcamayo CGU were the following:

- Evaluating the risk associated to the management's estimation related to value in use and the relevant assumptions of the discounted cash flow.
- Evaluating the reasonableness of management's impairment indicators assessment.
- Assessing the design and implementation of the relevant controls over the Group's process to develop their estimates of the recoverable amounts of the CGU.
- Evaluating, with the assistance of valuation specialists, the appropriateness of the discounted cash flows prepared by Management for the CGU, including the reasonableness of the assumptions used by the Group for the discount rate and projected prices of the gold.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



The engagement partner on the audit resulting in this independent auditor's report is Olga Cabrales.

"/s/ Deloitte & Touche S.A.S." (formerly Deloitte & Touche Ltda.)

Medellín, Colombia

February 17, 2023



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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

THOUSANDS OF UNITED STATES DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNTS

	Note	2022	2021
Revenue	8	\$529,001	\$496,247
Cost of sales	9	(387,901)	(371,284)
GROSS PROFIT		\$141,100	\$124,963
Administrative expenses	10	(21,411)	(19,368)
Other income	11	2,030	2,506
Share of results of associates	26	(2)	5,287
Other expenses	12	(15,178)	(19,128)
Exploration expenses	13	(20,358)	(12,535)
(Impairment) reversal of assets	7	(41,364)	1,901
Finance income	14	7,828	1,564
Finance expense	15	(11,119)	(9,188)
Foreign exchange differences		3,792	1,125
PROFIT FOR THE YEAR BEFORE TAX		\$45,318	\$77,127
Current tax	21	(37,409)	(28,355)
Deferred tax	21	(3,422)	(5,385)
NET PROFIT FOR THE YEAR		\$4,487	\$43,387
Attributable to:			
Owners of the Group		4,487	43,271
Non-controlling interests		—	116
NET PROFIT FOR THE YEAR		\$4,487	\$43,387
Basic and diluted earnings per share	16	\$ 0.01	\$ 0.16

The accompanying notes are an integral part of the consolidated financial statements

(Signed) "Andrés Restrepo Isaza"
ANDRÉS RESTREPO ISAZA
 PRESIDENT AND CEO

(Signed) "Miguel Ángel Hinstroza Hoyos"
MIGUEL ÁNGEL HINESTROZA HOYOS
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Expressed in Thousands of United States Dollars

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THOUSANDS OF UNITED STATES DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNTS

	2022	2021
NET PROFIT FOR THE YEAR	\$4,487	\$43,387
<i>Other comprehensive income, net of taxes</i>		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit liability	(578)	428
Revaluation of property, plant and equipment	91	120
Fair value gain (loss) on investment in financial instruments designated as at FVTOCI	(371)	1,741
	(858)	2,289
Items that may be reclassified subsequently to profit or loss:		
Cash flows hedges	(903)	(879)
Foreign exchange differences on translation of foreign operations	(1,284)	(102)
	(2,187)	(981)
Foreign exchange differences on translation of non-controlling interests in foreign operations	—	24
Other comprehensive income, net of taxes	(3,045)	1,308
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$1,442	\$44,719
Total comprehensive income attributable to:		
Owners of the Group	1,442	44,603
Non-controlling interests	—	116
	\$1,442	44,719

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MINEROS S.A.
CONSOLIDATED FINANCIAL STATEMENTS
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THOUSANDS OF UNITED STATES DOLLARS

	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	17	\$49,791	\$63,130
Trade and other receivables, net	18	18,189	14,348
Inventories	19	75,166	60,543
Derivative financial instruments	5.4	1,529	1,792
Investments in financial assets	20	116	98
Income tax assets	21	5,666	4,045
Other tax assets	21	25,998	20,210
Other assets	22	13,296	10,571
Total Current assets		\$189,751	\$174,737
Non-current assets			
Trade and other receivables	18	2,122	1,843
Inventories	19	27,006	24,405
Investments in financial assets	20	10,603	9,340
Other tax assets	21	343	333
Deferred tax assets	21	1,616	4,528
Investment property	23	2,025	2,219
Exploration and evaluation projects, net	24	62,244	60,884
Intangible assets, net	25	40,066	44,339
Investment in associates	26	5,285	5,287
Property, plant and equipment, net	27	228,482	252,131
Total Non-current assets		\$379,792	\$405,309
TOTAL ASSETS		\$569,543	\$580,046

The accompanying notes are an integral part of the consolidated financial statements

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

THOUSANDS OF UNITED STATES DOLLARS

	Notes	2022	2021
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Loans and other borrowings	28	\$23,772	\$17,151
Derivative financial instruments	5	5,472	4,062
Trade and other payables	29	61,870	50,757
Other financial liabilities	16	5,211	5,007
Employee benefits	30	8,114	8,785
Income tax liabilities	21	24,172	20,604
Other tax liabilities	21	3,569	3,908
Provisions	31	2,401	327
Total current liabilities		\$134,581	\$110,601
Non-current liabilities			
Loans and other borrowings	28	\$23,248	\$37,959
Employee benefits	30	4,031	4,120
Deferred tax	21	14,727	14,741
Provisions	31	46,403	45,093
Total non-current liabilities		\$88,409	\$101,913
TOTAL LIABILITIES		\$222,990	\$212,514
Equity			
Share capital	32	44	44
Share premium account	32	30,194	30,194
Reserves	33	250,147	229,297
Other comprehensive income	34	53,294	56,386
Retained earnings	35	12,872	51,609
Equity attributable to the owners of the Group		\$346,551	\$367,530
Non-controlling interest	36	2	2
Total equity		\$346,553	\$367,532
TOTAL LIABILITIES AND EQUITY		\$569,543	\$580,046
Commitments (Note 38)			

The accompanying notes are an integral part of the consolidated financial statements

(Signed) "Andrés Restrepo Isaza"
ANDRÉS RESTREPO ISAZA
 PRESIDENT AND CEO

(Signed) "Miguel Ángel Hinestroza Hoyos"
MIGUEL ÁNGEL HINESTROZA HOYOS
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MINEROS S.A.
CONSOLIDATED FINANCIAL STATEMENTS
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Expressed in Thousands of United States Dollars

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THOUSANDS OF UNITED STATES DOLLARS

	Share capital	Share premium accounts	Reserves	Other comprehensive income	Retained earnings	Equity attributable to the controlling interest	Non-controlling interest	Total equity
Balance as of January 1, 2021	39	383	184,724	55,128	74,158	314,432	349	314,781
Net profit for the year	–	–	–	–	43,271	43,271	116	43,387
Other comprehensive income for the year, net of taxes	–	–	–	1,308	–	1,308	24	1,332
Total comprehensive income for the year	–	–	–	1,308	43,271	44,579	140	44,719
Shares Issued	5	29,811	–	–	–	29,816	–	29,816
Acquisition of non-controlling interests	–	–	–	–	(2,498)	(2,498)	(487)	(2,985)
Appropriation of reserves	–	–	63,372	–	(63,372)	–	–	–
Dividends declared	–	–	(18,799)	–	–	(18,799)	–	(18,799)
Reclassification	–	–	–	(50)	50	–	–	–
Balance as of December 31, 2021	44	30,194	229,297	56,386	51,609	367,530	2	367,532
Balance as of January 1, 2022	44	30,194	229,297	56,386	51,609	367,530	2	367,532
Net profit for the year	–	–	–	–	4,487	4,487	–	4,487
Other comprehensive (loss) income for the year, net of taxes	–	–	–	(3,045)	–	(3,045)	–	(3,045)
Total comprehensive income for the year	–	–	–	(3,045)	4,487	1,442	–	1,442
Appropriation of reserves	–	–	43,271	–	(43,271)	–	–	–
Dividend declared	–	–	(22,421)	–	–	(22,421)	–	(22,421)
Reclassification	–	–	–	(47)	47	–	–	–
Balance as of December 31, 2022	44	30,194	250,147	53,294	12,872	346,551	2	346,553

The accompanying notes are an integral part of the consolidated financial statements

(Signed) "Andrés Restrepo Isaza"
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CONSOLIDATED STATEMENT OF CASH FLOWS

THOUSANDS OF UNITED STATES DOLLARS

	2022	2021
Cash flows from (used in) operating activities		
Receipts from sales of goods	\$527,783	\$496,603
Receipts from commissions and other revenue	3,208	3,094
Cash receipts from futures contracts, forward contracts, option contracts and swap contracts	5,312	4,811
Payments to suppliers for goods and services	(311,449)	(296,524)
Payments to employees and social security agencies	(90,289)	(72,864)
Payments for premiums and claims, annuities and other policy benefits	(8,334)	(8,538)
Payments for futures contracts, forward contracts, option contracts and swap contracts	(6,364)	(127)
Income taxes (paid)	(37,554)	(39,086)
Other Inflows (outflows) of cash	294	(29)
Net cash flows generated by operating activities	\$82,607	\$87,340
Cash flows from (used in) investing activities		
Cash payments for acquisition of subsidiary or non-controlling interests, net of cash acquired	—	(2,385)
Proceeds from the sale of other entities' equity or debt instruments	5,456	—
Proceeds from sales of property, plant and equipment	103	802
Purchase of property, plant and equipment	(51,602)	(57,065)
Purchase of intangible assets and exploration projects	(14,808)	(39,035)
Dividends received	105	121
Loans granted to third parties	—	177
Receipts from the repayment of loans granted to third parties	8	8
Interest received	1,475	124
Proceeds from sales of financial instruments	—	19,418
Other inflows (outflows) of cash	(40)	(17)
Net cash flows used in investing activities	(\$59,303)	(\$77,852)
Cash flows from (used in) financing activities		
Other receipts for the sale of equity, net	—	29,816
Proceeds from borrowings	17,861	31,079
Payments of borrowings	(22,532)	(36,520)
Payments of lease liabilities	(10,450)	(11,630)
Dividends paid	(22,990)	(17,670)
Interest paid	(5,233)	(4,315)
Net cash flows used in financing activities	(\$43,344)	(\$9,240)
(Decrease) Increase in cash and cash equivalents before effect of exchange rate changes	(20,040)	248
Effect of foreign exchange rate	6,701	(716)
Net decrease in cash and cash equivalents	(\$13,339)	(\$468)
Cash and cash equivalents at beginning of the year	63,130	63,598
Cash and cash equivalents at end of the year	\$49,791	\$63,130

The accompanying notes are an integral part of the consolidated financial statements.

(Signed) "Andrés Restrepo Isaza"
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE INDICATED)

NOTE 1. CORPORATE INFORMATION

1.1. Entity and corporate purpose of the parent Company and its subsidiaries

Mineros S.A. is the ultimate parent company of its consolidated group ("Mineros", "the Company" or "Group"). The Company is a Colombian corporation that was incorporated on November 14, 1974, for an initial period of 99 years, which can be extended by amending the Company's by-laws. Its registered and head offices are in Medellín, Colombia at the Nova Tempo Building (6th floor), Carrera 43 A #14-109.

The Company is publicly traded on the Colombian Securities Exchange and on the Toronto Stock Exchange ("TSX"), where 100% of the issued and outstanding common shares are listed under the ticker: MINEROS CB and MSA.

The Company is a precious metals producer with significant gold production, development, and exploration stage properties throughout Latin and South America, including Colombia, Nicaragua, and Argentina. The Company's principal producing mining properties are the Nechí Alluvial mine in Colombia; the Pioneer and Panama mines in Nicaragua; and the Gualcamayo mine in Argentina.

Mining Regulations of Colombia

The Mining Code (Law 685 of 2001) and the Regulatory Decree of the Mines and Energy Administrative Sector (Decree 1073) regulate mining activities in Colombia. The Mining Code establishes a general legal regime for mining activities, regardless of the type of mining (open pit, underground or alluvial), with certain technical distinctions related to operational issues.

The Republic of Colombia owns the property rights over the subsoil and all mineral resources located in the soil and subsoil, except for legacy private rights that were acquired by private parties under previous legal regimes. These private rights are known as Private Property Recognitions (*Reconocimiento de Propiedad Privada*, or "RPP").

Alluvial operations in Colombia

Mineros owns a RPP in the department of Antioquia, identified with No. R57011 (EDKA03). This legal title has no expiration date, but it may be cancelled if mining activities are suspended for more than 12 months.

The owner of the RPP must pay a 2% and a 4% tax on the gold volumes produced at the mine, calculated based on the international gold price certified by the Central Bank (Banco de la República), all in accordance with the Mining Code (as amended by Law 1955 of 2019). RPP holders must also submit an annual mining activities report (Informe Anual de Labores Mineras Realizadas y Programa de Labores Mineras a Ejecutar) and an annual statement (Basic Mining Form) to the national mining authority, indicating the volume of gold produced and sold by the mining title holder, the investments made during the relevant contractual phase; existing reserves and resources, data on personnel, days worked and HSE, cost structure of the operation, investments in equipment associated with mining operations, asset and property ownership, environmental contingencies, social unrest, and social and environmental investments.

Mining Regulations in Nicaragua

Mining activities are authorized by means of a mining concession granted by the Nicaraguan Government, pursuant to Law 387. HEMCO Nicaragua S.A. ("Hemco or Hemco S.A") holds 25 mining concessions, of which three will expire in 2027, one

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in 2032, fourteen concessions in 2035, two in 2036, two in 2037 and three concessions in 2044. Hemco currently pays surface and Ad Valorem tax, and must comply with social security and environmental regulations.

Mining Regulations in Argentina

Mining activities are authorized by means of a mining concession granted by the Argentinian Government, pursuant to article 10 of the Mining Code, which establishes that private ownership over the concession is granted for a undefined period, pursuant to article 18 of the Mining Code, subject to payment of a mining cannon fee and capital expenditures. Additionally, royalties of up to 3% are to be paid to the provinces.

Relevant Events

Election Not To Exercise Second Option at La Pepa Project

On October 25, 2022, the Company determined not to exercise its second option under the agreement executed on December 14, 2018, and effective as of July 2, 2019, between the Company, Yamana Gold Inc., and their respective affiliates (the "La Pepa Option Agreement") to earn an additional 31% interest in the La Pepa Project. The Company continues to hold a 20% interest in the La Pepa Project.

Strategic Alliance Agreement between Mineros S.A. and Royal Road Minerals Limited (Guintar-Niverengo)

On April 6, 2022, Mineros S.A. sent notice to Royal Road indicating that to date the conditions established through investment in the project have been met to exercise the second option to acquire a 25% interest in the Guintar – Niverengo and Margaritas project located in Antioquia, after making an additional payment of USD \$1.5 million

On July 22, 2021, Mineros S.A announced that it met the conditions established through investment in the project, to exercise the first option to acquire a 25% stake in the Margaritas project located in Bajo Cauca, Antioquia.

Acquisition of 50% of the Luna Roja Project in Nicaragua

HEMCO Nicaragua S.A. (a subsidiary of Mineros in Nicaragua), completed the purchase of 50% Royal Road's interest in the Luna Roja Project, which includes mining concessions Monte Carmelo I and Monte Carmelo II in Nicaragua.

The acquisition of the 50% stake in the Luna Roja Project was carried out as follows:

- Purchase price: (i) \$24.4 million, (ii) NSR royalty of 1.25% on all future mineral production from the mining concessions of Mount Carmel I and Mount Carmel II, from the start of their commercial production.
- Investment Commitment - Royal Road agreed to an investment of at least \$7.5 million over a five-year period until May 21, 2026, in exploration programs to be carried out by HEMCO Nicaragua S.A and Royal Road, under the Strategic Partnership Agreement.

The transaction was completed on May 21, 2021. With the closure of this transaction, Mineros consolidates 100% participation in the Luna Roja Project, which will consequently cease to be part of the strategic alliance between Royal Road Minerals and HEMCO Nicaragua S.A. However, the alliance will continue to be in force including the Caribe project and other property projects jointly.

The transaction was recorded in the financial statements as the acquisition of a mineral exploration asset. See note 24.

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1.2. Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and its corresponding interpretations (“IFRIC”) issued by the International Financial Reporting Interpretation Committee.

Going concern

The consolidated financial statements have been prepared by Management assuming that the Entity will continue to operate as a going concern.

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, investment properties and certain classes of property and plant that are measured at fair value.

In general, historical cost is based on the fair value of the consideration delivered or received in exchange for the goods or services involved in the transaction, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis; except for measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

The preparation of these consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to use its judgment in the application of accounting policies. These significant judgments and accounting estimates are disclosed in Note 4.

NOTE 2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of new and amended IFRS and interpretations issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after January 1, 2022. The conclusions related to their adoption are described as follows:

Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The adoption of these standards has not had any impact on these financial statements.

Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

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The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The adoption of these standards has not had any impact on these financial statements.

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The adoption of these standards has not had any impact on these financial statements.

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture

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The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The adoption of these standards has not had any impact on these financial statements.

2.2 New and revised IFRS Accounting Standards issued, but not yet effective

As at the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS that have been issued but are not yet effective. The Company does not expect that the adoption of the following standards will have a material impact on the financial statements in future periods:

IFRS 17	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

• **IFRS 17 Insurance Contracts**

IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023.

At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The Company does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Company in future periods.

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- **Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The Company does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Company in future periods.

- **Amendments to IAS 1 – Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted.

The Company does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Company in future periods.

- **Amendments to IAS 1- Non-current Liabilities with Covenants**

On 31 October 2022 the IASB ('the Board') issued amendments 'Non-current liabilities with covenants' to IAS 1, 'Presentation of financial statements'. These amendments were in response to concerns raised on applying previous amendments to the classification of liabilities as current or non-current that would have become effective for reporting periods beginning on or after 2023.

The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.

The new amendments are effective for annual reporting periods beginning on or after January 1, 2024 and override the previous amendments.

Therefore entities will typically continue to apply existing guidance until reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

The Company does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Company in future periods.

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Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events, or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The Company does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Company in future periods.

• **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Company does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Company in future periods.

• **Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

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Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Company does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Company in future periods.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

a. Investments in Subsidiaries

These consolidated financial statements include the accounts of Mineros and its subsidiaries. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation. We consolidate subsidiaries where we have the ability to exercise control. Control of an investee is defined to exist when we are exposed to variable returns from our involvement with the investee and have the ability to affect those returns through our power over the investee. Specifically, we control an investee if, and only if, we have all of the following: power over the investee (i.e., existing rights that give us the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from our involvement with the investee; and the ability to use our power over the investee to affect its returns. For non wholly-owned controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as “non-controlling interests” in the equity section of the consolidated statement of financial position. Profit or loss for the period that is attributable to non-controlling interests is typically calculated based on the ownership of the minority shareholders in the subsidiary.

b. Investments in Associates

An associate is an entity over which Mineros has significant influence. Significant influence is the power to intervene in the financial and operating policy decisions of the investee, without having control or joint control.

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Generally, a participation in the right to vote in an entity equal to or greater than 20% (directly or indirectly) presumes that it has significant influence, but this is only an indicator and is not necessarily the conclusion in all cases; Likewise, the Miners may have significant influence in another entity, even if it has less than 20% of the voting power.

The Company accounts for its investment in associates using the equity method. According to the equity method, the Company's investment in the associate is initially recognized at cost and is subsequently increased or decreased to recognize the Company's share in the net profit / loss and other comprehensive profit / loss of the associate, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the associate's reserves and for impairment losses after the initial recognition date. The Company's share of the associate's losses that exceed its investment is recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share in the profit or loss of its associate is recognized in net profit during the period. Dividends and repayment of capital received from the associate are accounted for as a reduction in the book value of the Company's investment.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired.

Outlined below is information related the Mineros S.A. subsidiaries and associates as of December 31, 2022 and 2021:

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Corporate Name	Place of incorporation and operation	Type entity	Main Activity	Functional Currency	Equity interest %	
					12/31/2022	12/31/2021
Mineros Chile SpA	Chile	Subsidiary	Holding company	USD	100%	100%
Mineros Argentina Holdings BV	Netherlands	Subsidiary	Holding company	USD	100%	100%
Mineros Chile Rentista de Capitales Mobiliarios Limitada	Chile	Subsidiary	Holding company	USD	100%	100%
Minas Argentinas S. A	Argentina	Subsidiary	Underground and open pit gold mining	USD	100%	100%
HEMCO Nicaragua S.A.	Nicaragua	Subsidiary	Underground gold mining and holding company for operations in Nicaragua	USD	100%	100%
Vesubio Mining S.A.	Nicaragua	Subsidiary	Underground gold mining	USD	100%	100%
Rosita Mining S.A.	Nicaragua	Subsidiary	Underground gold mining	USD	100%	100%
New Castle Gold Mining S. A	Nicaragua	Subsidiary	Inactive	USD	69,9%	69,9%
Roca Larga Mining, S.A.	Nicaragua	Subsidiary	Inactive	USD	100%	100%
Distribuidora Caribe Norte, S.A.	Nicaragua	Subsidiary	Inactive	USD	100%	100%
Minerales Matuzalén S.A.	Nicaragua	Subsidiary	Underground gold mining	USD	100%	100%
Mineros Aluvial S.A.S.BIC.	Colombia	Subsidiary	Alluvial gold mining	USD	100%	100%
Negocios Agroforestales S.A.S.BIC.	Colombia	Subsidiary	Biological assets management	COP	100%	100%
Compañía Minera de Ataco S.A.S.	Colombia	Subsidiary	Underground gold mining	COP	100%	100%
Mineros (CANADA) INC (*)	Canada	Subsidiary	Corporate services	USD	100%	N/A
Minera Cavanca SpA	Chile	Associate	Underground gold mining	USD	20%	20%

USD: United States Dollar
COP: Colombian Peso

(*) Company incorporated with a capital 100 CAD on September of 2022 to carry out business in Canada

Details of the Company's Interests in Joint Arrangements

Name	Partner	Location	Type of Arrangement	Purpose	Interest	
					2022	2021
Güinter – Niverengo - Margarita (GNM)	Royal Road Minerals Ltd.	Colombia	Joint Operation	Exploration in target GNM	50%	25%
Exploracion Caribe	Royal Road Minerals Ltd.	Nicaragua	Joint Operation	Exploration in target Caribe	50%	50%

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3.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interest issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date; and
- Assets (or disposal) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Company's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

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3.3 Cash and cash equivalents

Cash consists of amounts held in banks and deposits. Cash equivalents consist of investments made as part of the usual management of cash surplus, with maturity of less than 90 days and for which risk of changes in their value is not significant.

3.4 Functional and presentation currency in the consolidated financial statements

The functional and presentation currency of the Company and certain subsidiaries is the US Dollar. Transactions in foreign currency are initially recorded at the current exchange rate at the transaction date. Subsequently, monetary assets and liabilities in foreign currency are converted at the exchange rate at the period closing date; non-monetary items measured at fair value are converted using the exchange rates at the date their fair value is determined and non-monetary items measured at the historical cost are converted using the exchange rates in effect at the date of the original transactions. All exchange differences are recognized in the statement of profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Statement of Comprehensive Income items denominated in foreign currencies are converted at the average exchange rates prevailing during the year. Foreign exchange net losses are included in foreign currency exchange differences line items. Foreign exchange gains and losses related to income taxes, if any, are reported within the current or deferred income tax expense line item, as applicable.

3.5 Revenue recognition

Mineros S.A. and subsidiaries recognize revenue from the following major sources:

- Sale of precious metal
- Sale of goods
- Sale of energy

Revenue is recognized based on specific contractual considerations stemming from contracts with customers and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over the sold goods to the customers.

The Company derives its revenue from contracts with customers for the transfer of gold and silver at a point in time. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (see note 6).

At the reporting date, the Company did not have any pending performance obligations related to sales of gold and silver from contracts with customers.

Sale of precious metals

Revenue is recognized when performance obligations related with the contract with customer is fulfill meaning control over the goods has been transferred, which occurs when the goods have been delivered to the wholesaler or the refinery according to the negotiated terms and at a market price.

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Following delivery, the buyer has full discretion over the manner of distribution and price to sell the goods, and has the primary responsibility when selling the goods and bears the risks of obsolescence, market value and loss in relation to the goods.

Payment of the transaction price is due within a maximum of 30 days after the customer purchases the goods.

Given the nature of the goods sold, considered commodities, there are no return for the goods.

Energy sales

Mineros, as part of its operations, has an electric power plant to supply energy for its operations in Colombia and Nicaragua. The Company sells unused energy and the related revenue from contract with customers is recognized once the reading of the energy meters is captured by the “Operador de Bolsa de Energía” (Energy Exchange Operator) at that moment performance obligation is fulfilled. Payment of the transaction price is due within a maximum of 30 days after the customer purchases the energy.

Sale of goods

Sales of latex in liquid or solid form presentation are made in Colombia, and recognized when collected by the customer at the Company’s facilities.

3.6 Taxes

Taxes consist of general mandatory levies paid to the state by corporations, determined based on the tax bases stipulated in the national and regional tax regulations in effect in Colombia, Nicaragua and Argentina, countries where the Company operates.

The tax framework in the three countries where the Company operates is described in the note 21.

3.6.1 Current Tax

The current income tax balances are measured as the values expected to be recovered from or paid to the tax authority. The current income tax expense is recognized based on taxable income, which is reconciled from accounting pre-tax income, multiplied by the statutory income tax rate of the year, pursuant to the country’s tax laws. The tax rates and regulations used to calculate said amounts are those that have been enacted or substantively enacted as of the end of the reporting period.

Taxable income differs from that reported in the statement of income of the period due to the items of income or expenses that are taxable or deductible in other years and items that will not be taxable or deductible in the future.

Current income tax assets and liabilities are also offset if they are related to the same tax authority and the intention is to settle them for the net value or to derecognize the asset and settle the liability simultaneously.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company, supported by previous experience on similar matters, and in certain cases based on independent tax specialist advice.

3.6.2 Deferred Tax

Deferred income tax is recognized based on the temporary differences between the tax bases of the assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all the taxable temporary differences and deferred tax assets are recognized for all the deductible temporary differences and for the future offsetting of unused tax credits and

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unused tax losses, to the extent that it is probable that taxable income will be available against which the deduct the temporary differences. Deferred taxes are not discounted.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction other than in a business combination that, at the time of the transaction does not affect either the accounting gains or the taxable profit or loss; and in the case of deferred tax liabilities when they arise from the initial recognition of goodwill.

The carrying value of deferred tax assets is reviewed on each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available for all or part of that deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed on each reporting date and are recognized to the extent that it is probable that future taxable income will enable their recovery.

Deferred tax assets and liabilities are measured at the tax rates expected to be applied in the period in which the asset is realized or the liability is settled based on tax rates and regulations that have been enacted or substantively enacted.

Deferred tax assets and liabilities are offset if there is a legally exercisable right for this and they are with the same tax authority.

Current and deferred tax are recognized in results of the period, except when they relate to items that are recognized in other comprehensive income or in equity, for which the related current or deferred tax is recognized therein. Where the tax arises from a business combination, the tax effect is included in the accounting for the business combination.

For purposes of the calculation of deferred tax when local currency differs from functional currency rules of IAS 21 are applied for translation of carrying amounts.

Deferred tax is not recognized for the following temporary differences:

- Goodwill or initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and
- Investments in subsidiaries and jointly controlled entities to the extent that they can be controlled and are not likely to be invested in the foreseeable future.

3.7 Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.7.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

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Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- The Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iii) below).

i. Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

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The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognized in profit or loss and is included in the "financial income" line item.

ii. Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'financial income' line item in profit or loss.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9 (see note 5).

iii. Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

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Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Foreign exchange gains and losses' line item.
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Foreign currency exchange' item; and
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investment revaluation reserve.

See hedge accounting policy regarding the recognition of exchange differences where the foreign currency risk component of a financial asset is designated as a hedging instrument for a hedge of foreign currency risk.

Impairment of financial assets

Mineros recognizes, when applicable, a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortized cost or at FVTOCI, Investments, trade and other receivables and prepaid expenses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

i. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- i. The financial instrument has a low risk of default,
- ii. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- iii. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

ii. Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default in the mining business has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iii. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a. Significant financial difficulty of the issuer or the borrower;
- b. A breach of contract, such as a default or past due event (see (ii) above);
- c. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- e. The disappearance of an active market for that financial asset because of financial difficulties.

iv. Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are considered unrecoverable, whichever

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occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Historically, Mineros has not written-off trade receivables given the economic conditions of their customers.

- **Measurement and recognition of expected credit losses**

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

3.7.2 Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

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Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Financial expenses' line item

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments.

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These foreign exchange gains and losses are recognized in the 'Foreign currency exchange' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

3.7.3 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and options.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Company has both legal right and intention to offset. For Mineros typically a derivative is presented as current asset or as current liability if the remaining maturity of the instrument is 12 months or less if applicable other derivatives may be presented as non-current assets or non-current liabilities.

3.7.4 Hedge accounting

At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. The documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements.

Hedged Item

A hedged item can be a recognized asset or liability, an unrecognized firm commitment, a highly probable forecast transaction or a net investment in a foreign operation. The hedged item can be a single item or group of items

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Type of Hedge

Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognized asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction and could affect profit or loss.

Measurement of Effectiveness

The Company guarantees the effectiveness of its hedges with strict compliance through the following requirements:

- Economic relationship: The Company demonstrated that there is an economic relationship between the hedged item and the hedging instrument.
- Effect of credit risk: the effects of credit risk do not control the changes in value consequent from the economic relationship.
- Hedge ratio: Resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

These requirements are guaranteed through the contracting of financial derivatives whose underlying assets are precisely the resources that generate the market risks for the Company. Additionally, the nominal amounts negotiated on these derivatives never exceed the exposures that are to be hedged according to the hedge's policies and strategies.

Taking into account the aforementioned policy, instruments entered into for hedging operations are considered 100% effective, since the amount of the hedged item, the hedging instrument and the forward price are known from the beginning of the relationship.

Measurement

The Company initially measures the hedging instruments at their fair value on the date on which the derivative contract is subscribed.

The subsequent measurement of the hedging instruments is at fair value. Derivatives are accounted for as financial assets when their fair value is positive, and as financial liabilities when their fair value is negative, in the statement of financial position.

Recognition

Cash flow hedges: As long as a cash flow hedge meets the qualifying criteria the hedging relationship shall be accounted for as follows:

- a) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income.
- b) Any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognized in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Company expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

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Derecognition

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated, or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

3.8 Inventories

Goods acquired with the intention to use them in the ordinary course of business or to consume them in the process of mineral extraction are classified as inventories, which are valued at the lower of cost and net realizable value.

In Colombia and Nicaragua, inventories only consist of spare parts, materials and items of consumption used in mining operations. They are carried out at the lower of cost and net realizable value.

In Argentina, inventories consisting of product inventories, work-in-process (metal-in-circuit, gold-in-process, heap leach ore) and ore stockpiles are measured at the lower of the cost of production and net realizable value. Net realizable value is calculated as the difference between prevailing prices at the end of the period and the estimated costs to complete production into a saleable form.

Work-in-process represents inventories that are currently in the process of being converted to a saleable product. The cost of production includes an appropriate proportion of depreciation, depletion, and amortization and overhead. The assumptions used in the valuation of working- process inventories include estimates of metal contained and recoverable in the ore stacked on leach pads, the amount of metal stacked in the mill circuits that is expected to be recovered from the leach pads, the amount of gold in these mill circuits and an assumption of the precious metal price expected to be realized when the precious metal is recovered. If the cost of inventories is not recoverable due to decline in selling prices or the costs of completion or the estimated costs to be incurred to make the sale have increased, the Company would be required to write-down the recorded value of its work-in-process inventories to net realizable value. Adjustments related to write-down of inventory are included in cost of sales.

Ore in stockpiles is comprised of ore extracted from the mine and available for further processing. Costs are added to ore in stockpiles at the current mining cost per tonne and removed at the accumulated average cost per tonne. Costs are added to ore on the heap leach pads based on current mining costs and removed from the heap leach pad as ounces are recovered in process at the plant based on the average cost per recoverable ounce on the heap leach pad. Although the quantities of recoverable gold placed on the heap leach pads are reconciled by comparing the grades of ore placed on the heap leach pads to the quantities of gold recovered, the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As such, engineering estimates are refined based on actual results over time.

Variances between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realizable value are accounted for on a prospective basis. The ultimate recovery of gold from each heap leach pad will not be known until the leaching process is concluded.

Inventories of materials and supplies expected to be used in production are valued at the lower of cost and net realizable value and classified between long and short term according the way how management expects to use those inventories. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of write-down is reversed up to the original write-down amount.

Write-downs of inventory and reversals of write-downs are reported as a component of current period other expenses.

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3.9 Property, plant, and equipment

Property, plant, and equipment, except for real estate (land and civil works) is measured at cost less accumulated depreciation and less accumulated impairment losses, if any. Cost includes the (i) acquisition price, (ii) costs directly related to the placement of the asset in the location and under the conditions necessary to operate it in its intended way, (iii) borrowing costs for construction projects that take a substantial amount of time to be completed if recognition requirements are met, and (iv) the present value of the expected costs for dismantling the asset after its use, if the criteria for recognition of a provision are met.

Properties under construction for administrative, production or service provision purposes are recorded at cost less any recognized impairment loss. The cost includes professional fees and, in the case of qualifying assets, borrowing costs capitalized pursuant to the accounting policy of the Company. Such properties are classified in the appropriate categories of property, plant, and equipment at the time of their completion and when they are ready for their intended use. The depreciation of these assets, according to the same basis as in the case of other property assets, starts when the assets are ready for their intended use.

Land and buildings are accounted for based on the revaluation method permitted by IFRS. Any revaluation increasing the value of such real estate is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in results, in which case the increase is credited to results to the extent of the previously recognized decrease. A decrease on revaluation is recognized in results to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous increase in the revaluation of the asset.

The Company capitalizes additions or improvements that are made thereto, provided that they meet one of the following conditions: a) they increase the useful life; b) they expand their production capacity and operating efficiency; and c) they reduce costs for the Company. Other repair and maintenance costs are recognized in the statement of income as they are incurred.

Depreciation is calculated at each Cash generating unit (CGU) based on the straight-line method over the following useful lives:

Location	Useful life					
	Description	Hemco	MASA	Mineros Aluvial	Mineros Aluvial (Hydroelectric Providencia)	Mineros
Construction and buildings	1 to 11.1 years	1 to 5 years	1 to 21.4 years	1 to 100 years	1 to 21.4 years	1 to 25 years
Machinery and equipment	1 to 11.1 years	1 to 5 years	1 to 21.4 years	1 to 100 years	1 to 21.4 years	1 to 5 years
Biological assets – Rubber plantations	N/A	N/A	N/A	N/A	N/A	1 to 25 years

The Company calculates depreciation based on components, which involves individually depreciating the material parts of each category of assets. The residual value is also determined for assets when material, which is not part of the depreciable amount.

Depreciation begins from the time that the asset is ready for use, whether it is a purchased asset or a built asset, Depreciation on equipment utilized in the development of assets, including open pit and underground mine development, is recapitalized as development costs attributable to the related asset.

The depreciation method, useful lives and residual values are reviewed annually. Any change in estimation is accounted for prospectively.

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Useful lives for assets are estimated considering useful life; for the case of the CGU Nechí Alluvial, useful life is estimated for the hydropower plant and assets related to the alluvial operations and are consistent with expected time.

3.10 Leases

a) Mineros as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented within Loans and other borrowings in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as property, plant, and equipment in the consolidated statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administration expenses" or "cost of sales" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

b) *Mineros as lessor*

Mineros classifies each of its leases as an operating lease or a finance lease.

A lease is classified as financial when it transfers substantially all the risks and rewards inherent in owning an underlying asset. A lease is classified as operating if it does not transfer substantially all the risks and rewards inherent in owning an underlying asset.

Financial leasing

On the commencement date, Mineros SA will recognize the assets held under finance leases in its statement of financial position and will present them as a receivable, for an amount equal to the net investment in the lease.

Mineros will recognize financial income throughout the term of the lease, based on a pattern that reflects a constant rate of return on the net financial investment that Mineros has made in the lease.

Operating leases

Mineros will recognize lease payments from operating leases as income on a straight-line basis or according to another systematic basis. The Company will apply another systematic basis if it is more representative of the pattern with which the benefit of the use of the underlying asset is diminished.

The Company will recognize as an expense the costs, including depreciation, incurred to obtain the income from the lease.

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Mineros calculates depreciation in accordance with IAS 16 and IAS 38.

3.11 Borrowing costs

Borrowing costs consist of interest that Mineros incurs related to the borrowing of funds that qualify for capitalization under IFRS.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale.

The interest income earned from temporary investment of funds pending their use in qualifying assets is deducted from the borrowing costs allowable for capitalization.

All the other borrowing costs are accounted for as expenses in the period in which they are incurred.

3.12 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. After initial recognition, investment property is measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3.13 Intangible assets

- i) Intangible assets acquired separately - Intangible assets with a finite useful life acquired separately are recorded at cost less accumulated amortization and impairment losses. Amortization is recognized based on the straight-line method over the assets' estimated useful life. The estimated useful life and depreciation method are reviewed at the end of every reporting period, while the effect of any change in the estimate will be recorded prospectively. Intangible assets with an indefinite useful life that are acquired separately are recorded at cost less any accumulated impairment loss.
- ii) Intangible assets generated internally – research and development costs – Disbursements for research activities – are recognized as an expense in the period they are incurred.

An intangible asset internally generated as a result of development activities (or of the development phase of an internal project) is recognized if, and only if, the entity can demonstrate the following conditions are met:

- Technically, it is possible to complete the production of the intangible asset in a way that it may be available for its use or sale;
- The Company's intention is to complete the subject intangible asset, to use or sell it;
- The Company has capacity to use or sell the intangible asset;
- The form in which the intangible asset will generate probable economic benefits in the future;

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- The availability of the appropriate technical, financial, or other type of resources, to complete the development and to use or sell the intangible asset; and
- The Company has capacity to measure, reliably, the disbursement attributable to the intangible asset during its development.

The initially recognized amount for an internally generated intangible asset shall be the sum of the payments incurred from the time that the item meets the previously established conditions for its recognition. When an internally generated intangible asset cannot be recognized, the payments for development are charged to profit or loss in the period in which they are incurred.

After its initial recognition, an internally generated intangible asset shall be accounted at its cost less accumulated amortization and the accumulated amount of impairment losses, on the same basis as the intangible assets that are acquired separately.

- iii) Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognized separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

3.14 Impairment of tangible and intangible assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount

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that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.15 Provisions

Provisions are recognized when the Company has the present obligation, legal or constructive, that has arisen as a result of a past event, it is probable that the Company will have to use resources that incorporate economic benefits to pay the obligation, and the amount of the obligation can be estimated reliably. In cases in which the Company expects the provision to be fully or partly reimbursed, the reimbursement is recognized as a separate asset, but only in the cases in which it is virtually certain that reimbursement will be received and the amount of the asset can be measured reliably.

Provisions are measured by the best estimation of Management of the disbursements required to settle the present obligation at the end of the reporting period, taking into account the corresponding risks and uncertainties. When a provision is measured using the estimated cash flow to settle the present obligation, its carrying amount corresponds to the present value of said cash flow, using the discounted cash flows technique. Expenses corresponding to any provision are presented in the consolidated statement of profit or loss of the period net of any reimbursement. The increase in the provision due to the passing of time is recognized as a financial expense.

Provision for dismantling

The Company recognizes as part of the cost of a specific fixed asset (in some geographies restoring is recognized as part of the inventory or the cost of sales), the estimate of the future costs the Company expects to incur for dismantling or restoring the asset, provided that there is a legal or constructive obligation to do so. The corresponding entry is a provision for costs of dismantling or restoring the asset. The cost of dismantling is depreciated during the estimated useful life of the fixed asset.

The costs are estimated based on the Company's mine closure plan. The cost estimates are updated annually during the life of the operation to reflect known developments, (e.g., revisions to cost estimates and to the estimated lives of operations, or changes in legal or regulatory requirements), and are subject to review at regular intervals.

Dismantling or restoring costs are recognized for the present value of the expected costs to settle the obligation using estimated cash flows. Cash flows are discounted at a rate that is a reference borrowing rate for the term of the liability.

The estimated future costs of dismantling or restoring assets are revised annually. Changes in the estimated future costs on the estimated dates of payment or the applied discount rate are added to or deducted from the cost of the asset, without exceeding the carrying amount of the asset. Any excess is immediately recognized in the income of the period.

Contingent liabilities

Possible obligations that arise from past events and of which the existence shall only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or present obligations that arise from past events when it is not probable but possible that an outflow of resources that includes economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability, are not recognized in the statement of financial position, but are disclosed as contingent liabilities when their occurrence is probable.

Restructurings

A restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

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Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount recognized initially less cumulative amount of income recognized in accordance with the principles of IFRS 15.

Contingent assets

Assets of a possible nature that arise from past events which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not recognized in the consolidated statement of financial position, rather they are disclosed as contingent assets only when their occurrence is probable. When the contingent event is certain, the asset or related income is recognized in results of the period.

3.16 Pensions and other post-employment benefits

Defined contribution plans

Payments to defined contribution plans are recognized as expenses in the statement of income of the period at the time the employee has provided the service that grants the right to receive the contributions, which are included as a cost or administrative expense when applicable and amount payable are recognized as short term employee benefits (see note 30).

Defined benefit plans

These are post-employment benefit plans in which the Company has the legal or constructive obligation to respond for the payments that are under its responsibility.

For defined benefit plans, the difference between the fair value of the plan's assets and the present value of the obligation of said plan is recognized as an asset or liability in the consolidated statement of financial position. The cost of providing benefits under the defined benefit plans is determined separately for each plan through the actuarial valuation method called projected unit credit, using actuarial assumptions at the reporting date. The plan's assets are measured at fair value, which is based on the information of market prices, and in the case of quoted securities, it corresponds to the published purchase price.

Actuarial gains or losses, the return on the plan's assets and the changes in the effect of the asset ceiling, excluding the values included in the net interest on the liability (asset) of net defined benefits are recognized in other comprehensive income. Actuarial gains or losses comprise the effects of changes in the actuarial assumptions, as well as adjustments due to experience.

Remeasurements recognized in the statement of comprehensive income are not reclassified. Past service cost is recognized in profit or loss when the plan amendment or curtailment occurs, or when the Company recognizes related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognized when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- Service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest expense or income; and remeasurements.

The net interest on the liability (asset) for net defined benefits comprises the revenue from interest on the plan's assets, costs of interest due to the obligation of defined benefits, and interest from the effect of the asset ceiling.

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The current service cost, the past service cost, and any settlement or reduction of the plan is immediately recognized in the consolidated statement of profit or loss of the period in which it arises.

- The Company classifies as short-term benefits those obligations with employees that it expects to settle within the term of twelve months following the end of the accounting period in which the obligation has been generated or the service has been provided. Some of these benefits are generated by current labor legislation, collective agreements or practices that are not formalized and generate constructive obligations.
- The Company recognizes short-term benefits at the time the employee has provided his/her services as liabilities, at the value that will be paid to the employee, deducting the amounts already paid, with an offsetting entry to expense for the period, unless IFRS requires or permits the inclusion of payments in the cost of an asset or inventory. For example, if the payment corresponds to employees whose services are directly related to a construction, this will be capitalized to that asset.
- The Company classifies as long-term employee benefits the obligations that it expects to settle after the twelve months following the end of the accounting period or the period in which the employees provide the related services, that is, from month thirteen onward. They are different to short-term benefits, post-employment benefits and benefits for contract termination.

3.17 Fair Value

The fair value is the price that would be received upon the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. When estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability being measured that the market participants would consider when pricing the asset or liability at the measurement date. The fair value of all financial assets and liabilities is determined at the reporting date of the financial statements for recognition or disclosure in the notes to the financial statements.

The Company uses valuation techniques that are appropriate in the circumstances and for which it has enough information available to measure the fair value, maximizing the use of relevant observable information and minimizing the use of unobservable information.

Fair value is determined:

- Based on prices quoted in active markets for identical assets or liabilities to those that the Company can access at the measurement date (Level 1).
- Based on the valuation techniques commonly used by the market participants that use inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly (Level 2).
- Based on internal valuation techniques of discounting cash flows or other valuation models, using unobservable inputs estimated by the Company for the asset or liability in absence of inputs observed on the market (Level 3).

Judgments include information such as the liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of the financial instruments.

In 2022 and 2021, no transfers were made between the hierarchical levels of fair value for both input and output transfers of the levels.

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Valuation techniques and variables used by the Company in fair value measurement for recognition and disclosure:

- i. **Cash equivalents:** cash equivalents are high liquidity investments (collective portfolios and money market accounts) that are easily convertible into a certain amount of cash and subject to an insignificant risk of changes in their value with maturity in three months or less from their acquisition date. The Company uses stated fair values as a valuation technique for this item. These items are classified within Level 1 of the fair value hierarchy.
- ii. **Share-based payments:** Share-based payments are incentive mechanisms for Senior Management with the aim of rewarding them based on the company's valuation according to these options, they are paid in cash based on the market price of the company's share. agreement in a specified period. The options are measured at fair value in accordance with IFRS 2, the Black & Scholes model is used for the valuation.
- iii. **Portfolio investments at fair value:** these include investments that are made to optimize liquidity surpluses. The Company uses fair values of market prices (Bolsa de Valores de Colombia – BVC - Colombia Stock Exchange). These items are classified within Level 1 of the fair value hierarchy.
- iv. **Derivate financial instruments:** The Company uses derivative financial instruments such as options (zero-cost collars) and forwards to hedge exchange rate and commodity price financial risks. The methods used by the Company for the valuation of financial derivatives coincide with the methods commonly used by market agents. The valuation of forward transactions principally consists of discounting the forecasted future flows in the transaction using market discount rates against the underlying value on the day of the assessment. The Black-Scholes model is used for the valuation of options. This model is essentially based on the application of stochastic processes for the calculation of premiums for purchase and/or sale options. These items are classified within Level 2 of the fair value hierarchy.
- v. **Investment properties:** Investment properties consist of properties (land or buildings or portions thereof) that are owned (by the Company in its own name or through a finance lease) to earn rentals or for capital appreciation, or both. The Company uses two valuation techniques for these items. Within the market approach, the comparative or market method is used, which consists of determining fair value based on a comparison of transactions, supply and demand, and appraisals of similar or comparable real estate, with prior adjustments of time, formation, and location. The items that are valued using this technique are classified within Level 2 of the fair value hierarchy. In the replacement cost approach, the residual method that is used, is applied only to the buildings, and is based on determining the updated cost of construction less depreciation due to age and state of conservation. These items are classified within Level 2 of the fair value hierarchy.
- vi. **Equity instruments:** corresponds to shares in unlisted companies. These investments in equity instruments are not held for trading, but for medium to long-term strategic purposes.

The Company has chosen to designate these investments in equity instruments as fair value through other comprehensive income, considering that the recognition of short-term fluctuations in the fair value of these investments in results would not be consistent with the Company's strategy of sustaining these investments long-term and realizing their long-term return potential.

- vii. **Financial assets measured at fair value:** Financial assets measured at fair value represent the royalties to which Mineros is entitled as part of the sale transaction of Operadora Minera S.A.S (see Note 20.). For this valuation, the company uses projected cash flows as a measurement technique using inputs such as market price curves and internal data associated with the estimated ounces.

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3.18 Evaluation and exploration of mineral resources

With respect to the cost of recognition of assets for exploration and evaluation, and their corresponding amortization, the Company has adopted the following policies in accordance with IFRS 6, Exploration and Evaluation of Mineral Resources, including regular evaluation of the technical and economic feasibility of the respective project:

Exploration stages are the following:

3.18.1 Early Stage or Grass Roots

Potential Areas Definition: Recognition of potential areas; in this stage the Company collects information available within the area of interest and performs activities such as:

- Cartography
- Geological information, satellite images.
- Structural interpretation

The expenses of this stage are recorded in profit or loss; property plant and equipment are recognized separately according to policy (see note 3.9)

Initial Exploration: Using previously collected cartography, field tests are performed to determine whether or not favorable conditions exist to consider the existence of minerals of interest for the Company. This includes activities such as laboratory testing, sampling, geophysics.

The expenses of this stage are recorded in profit or loss; property plant and equipment (mainly machinery) are recognized separately according to policy (see note 3.9)

Exploratory Drilling: In this stage, the Company uses Diamond Drilling Holes (DDH) or Reverse Circulation Holes (RCH), which provide more accurate information regarding discovery. Initial planning and design of the exploitation system is performed in this stage.

The expenses on this stage are recorded in profit or loss; property plant and equipment (mainly machinery) are recognized separately according to policy (see note 3.9).

3.18.2 Advanced projects

The policy is applied consistently to each exploration project as it reaches this stage:

Mineral potential definition: It mainly consists in the verification of the type of the target minerals and deposits, and includes activities such as mapping, geophysics, and surveys.

The expenses on this stage are recorded in profit or loss; property plant and equipment (mainly machinery) are recognized separately according to policy (see note 3.9).

Resource classification: During this stage, the Company seeks to obtain a better understanding of the ore body, depth, tectonics, hardness, and qualitative and quantitative characteristics such as mineral distribution using geological and statistical methods. Resources are classified as inferred, indicated, and measured.

The expenses on this stage are recorded in profit or loss; property plant and equipment (mainly machinery) are recognized separately according to policy (see note 3.9).

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Scoping study: Includes early economic studies on the feasibility of the mineral resources, and includes activities such as:

- Preliminary calculations
- Desk studies
- Studies based on unproved assumptions

Prefeasibility: In this stage the Company conducts exhaustive studies reviewing the feasibility of the project considering the mining method (underground, open-pit, alluvial), using reasonable technical assumptions, engineering, operational, and considering economic factors. During this stage the resources are classified as reserves (probable and proved).

Costs incurred during this stage are recognized as assets under IFRS 6 Exploration and evaluation for mineral resources; property plant and equipment (mainly machinery) are recognized separately according to policy (see note 3.9).

Feasibility: It consists in a full study on the deposit including all factors: engineering, legal, operational, economic, social, environmental. This detailed information should be sufficiently accurate to reasonably determine whether the project is a “go” or “no go”.

Any obligation incurred for dismantling or restoring an asset as a result of having carried out exploration or evaluation activities is recognized.

At Mineros, in this stage the expenses are recognized as assets under IFRS 6; property plant and equipment (mainly machinery) are recognized separately according to policy (see note 3.9).

The company performs impairment analysis of its exploration projects on an annual basis.

3.18.3 Stripping costs

The Company recognizes the costs involved in the stripping activity required to improve access to the mineral ore deposit as a non-current asset if, and only if:

- It is probable the future economic benefit associated with the stripping activity will flow to the Company
- The entity can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

Initial recognition

It is measured initially at cost as property plant and equipment, consisting of the accumulated costs directly incurred in performing the stripping activity that improves access to the identified component of the ore body.

Subsequent measurement of the stripping activity asset

After initial recognition, the stripping activity is measured at cost less depreciation and less impairment; depreciation is made on a systematic basis over the expected useful life of the identified component of the ore body to which the stripping activity is related.

3.18.4 Impairment of exploration and evaluation assets

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an entity shall measure, present, and disclose any resulting impairment loss.

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One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment (the list is not exhaustive):

- the entity's right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full through its successful development or by sale.

In any such case, or similar cases, the Company performs an impairment test in accordance with IAS 36.

3.18.4.1 Acquisition of interests in mining projects in exploration, development stages or mining operations in progress: Recognition and subsequent measurement

Mining projects include interests acquired in producing, development and exploration stage properties. Mining projects are capitalized at the value paid at the date of acquisition when it is a purchase of individual assets. Mining projects in the exploration and development stage are not amortized until the underlying property moves to the production stage and are amortized over estimated recoverable proven and probable reserves.

The value of such assets is driven primarily by the nature and quantity of mineralized material believed to be contained in such properties, however, this is agreed at the time of negotiation with the seller.

3.18.4.2 Mining interests in production stage (ongoing operations)

Initial recognition

These represent interests in operating properties containing proven and probable reserves and are amortized over the estimated useful life of the mine. At the time of acquisition, these properties are classified as intangible assets (operating projects).

Subsequent measurement

As a subsequent measurement these assets will be depreciated over the defined useful life. Annually these assets are assessed under IAS 36 Impairment of Assets and if impairment indicators are identified, they are subject to impairment tests.

3.18.4.3 Mining interests at exploration and evaluation stage

Initial recognition

Mining projects at the exploration or evaluation stage represent interests in properties believed to potentially contain mineralized material at any of the exploration stages previously defined in paragraph 6 of this policy, or any rights acquired to explore for or extract a potential mineral deposit.

These acquired assets are initially recognized at cost as an asset in the exploration stage.

Subsequent measurement

The acquired project initially recognized at cost is classified in accordance with the exploration stages of Item 6 and in accordance with the accounting guidelines described therein, subsequent costs will be capitalized or expensed as an

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exploration charge. Annually, these assets are assessed under IAS 36 Impairment of Assets and if impairment indicators are identified, they are subject to impairment tests.

3.19 Share-based Compensation

The Company records share-based compensation at fair value on the date of the grant using the Black-Scholes valuation model. The fair value of the share appreciation rights ("SARs") are based on the Mineros' stock price on the date of grant. Share-based compensation expense related to SARs is generally recognized ratably over the requisite service period of the award on a straight-line basis (See Note 16.).

In the case of share-based payments in cash, a liability is recognized for the acquired goods or services. These are initially measured at their fair value. Once the liability is paid, the entity will assess again the liability's fair value at the end of every period being reported, as well as the payment date, recognizing any difference in the reasonable value of profits or losses for the period.

The Company, as of this date, does not have any equity settled share-based payments with third parties, or employees.

3.20 Assets held for sale

Long-term assets (and groups of assets for their disposal) classified as held for sale are valued at the lower of book value and fair value less costs to sell.

Long-term assets and groups of assets for their disposal are classified as held for sale if their book value will be recovered through their sale and not through their continued use. This condition is considered fulfilled only when the sale is highly probable and the asset (or group of assets) is available for immediate sale in its current condition and the administration must be committed to the sale, even to be recognized as a sale completed within a certain period. one year from the date of classification.

Assets held for sale

Long-term assets (and groups of assets for their disposal) classified as held for sale are valued at the lower of book value and fair value less costs to sell.

Long-term assets and groups of assets for their disposal are classified as held for sale if their book value will be recovered through their sale and not through their continued use. This condition is considered fulfilled only when the sale is highly probable and the asset (or group of assets) is available for immediate sale in its current condition and the administration must be committed to the sale, even to be recognized as a sale completed within a certain period. one year from the date of classification.

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN THE CONSOLIDATED FINANCIAL STATEMENTS

The estimates and criteria used are continuously evaluated and are based on historical experience and other factors, including the expectation of occurrence of future events that are deemed reasonable in the circumstances.

The Company makes estimates and assumptions regarding the future. Actual results may differ from these estimates. Estimates and underlying assumptions that have a significant risk of causing a material adjustment to balances of assets and liabilities in the following year are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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4.1 Critical judgments in applying accounting policies:

The following are the critical judgments, apart from those involving estimations (see note 4.2 below), that the directors have made in the process of applying the Company accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

- a) **Deferred tax:** Deferred tax assets and liabilities are recognized for all taxable or deductible differences as required by IAS 12. Deferred tax assets are recognized to the extent that the Company will generate future taxable profits to be able to recover the benefits of such assets. Management reviews all the differences between the carrying values of assets and liabilities existing in the consolidated financial statements and their respective tax base. Critical judgment is applied for deferred tax assets which are calculated on the basis of legal tax rates that will be applied to taxable income during the years in which temporary differences between carrying values and the tax base, are expected to be recovered or settled.
- b) **Evaluation of the existence of impairment indicators for tangible and intangible:** Critical judgment is applied at each reporting date when management determines if there are indications that any asset or group of assets have suffered impairment. If any such indications exist, the recoverable amount of the asset is calculated to determine if an impairment loss exists. When the recoverable amount is lower than the carrying amount, an impairment loss exists and is recorded, reducing the carrying amount of the asset or group of assets to their recoverable amount.

The evaluation of the existence of impairment is based on external and internal factors, and in turn in quantitative and qualitative factors. Evaluations are based on financial results, legal and social environment, and market conditions; significant changes in the scope or way the asset or cash generating unit (CGU) is used or expected to be used and evidence on the obsolescence or physical impairment of an asset or CGU, among others.

Investments in mining exploration and development projects are of high risk, and such risk cannot be eliminated or mitigated without careful evaluation. Once the necessary information is available, thorough pre-feasibility and feasibility studies are carried out (depending upon the stage in which the project is) with an independent advisor to analyze its viability. Social-environmental, financial, legal, geological aspects, among others are assessed by means of these studies.

- c) **Contingent liabilities:** Critical judgment is applied when assessing the probability of occurrence, as determined with the advice of expert legal counsel based on the type of contingent liability, possible legislation changes and the existence of jurisprudence applied to the specific case, the study and in-depth analysis of the matter.
- d) **Stripping costs in the production phase of a surface mine:** Stripping costs are recognized as an asset according to IFRIC 20. The amortization process begins when the pit is in production, using the production unit method for amortization. Critical accounting judgments are made to assess the recoverability of ounces of minerals contained on the pit.
- e) **Functional currency:** The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which it operates. The Company has determined the functional currency of each entity separately (see note 3.4). The determination of the functional currency may involve certain judgments to determine the primary economic environment and Mineros revises the functional currency of its entities if there is a change in the events and circumstances that determined the primary economic environment.
- f) **Investments in associates:** At the moment of recognition of its participation in investments, management uses judgment in assessing if an investment meets the criteria recognition of IAS 28 considering the contractual elements of an agreement that leads to the identification of an associate.

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4.2 Key sources of estimation uncertainty:

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- a) **The useful life and residual values of property, plant and equipment and intangibles** - In the assumptions and hypothesis used for the determination of useful lives, technical aspects are considered, such as: periodic maintenance and inspections made to assets, failure statistics, environmental conditions and operating environment, protection systems, replacement processes, obsolescence factors, recommendations of manufacturers, weather and geographical conditions and experience of technicians who are familiar with the assets. For the determination of the residual value, consideration is given to aspects such as: fair values, publications of reference and historical sale data.
- b) **Determination of useful life for assets and amortization mining projects.** The useful life that is determined for amortization of mining projects, is established by calculating the total ounces that are expected to be produced in a mine based on the resources and reserves found in the exploration phase and on their probability of occurrence.
- c) **Fair value measures.** Some of the Company's assets and liabilities are measured at fair value for financial purposes. The financial area determines the appropriate valuation techniques and inputs for fair value measures. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs or other observable inputs are not available, the Company engages third party qualified appraisers to perform the valuation (such as for the investment properties). The fair value accounting estimates are reviewed and approved by management before being booked.
- d) **Pension plans benefits.** The present value of obligations of pension plans depends upon a number of factors determined on actuarial bases, using a number of assumptions. The assumptions used to determine the net cost of pensions include the discount rate. Any change in these assumptions will have impact on the carrying value of the pension plans obligation.

The Company determines the best discount rate at the end of each year. This is the interest rate that should be used to calculate the present value of estimated future cash outflows expected to be required to pay for pension plans obligations.

Other key assumptions to establish the pension plans obligations are based on the current market conditions. Additional information in this regard is presented in Note 30.

- e) **Determination of the value in use of the CGU** – At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine if there is any indication that those assets have suffered an impairment loss. If there is such an indication, the asset's recoverable amount is estimated to determine the extent of the impairment loss or recovery (if any). When the asset does not generate cash flows independent of other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

During the year, Management reconsiders the recoverability of its CGU. The financial viability of the projects is made using the discounted cash flow methodology, considering variables such as resources and reserves, macroeconomic variables (gold price, exchange rate, inflation, among others), WACC - Weighted Average Cost of Capital, Opex - Operational expenditures, Capex – Capital expenditures, etc.

The determination of the impairment test of tangible and intangible assets requires management criteria for the estimates that include, among others, macroeconomic and political factors, discount rate, gold production from mines and gold prices. See note 7.

- f) **Reserves and resources:** In assessing resources and reserves available for future exploitation and base for determination of the useful life, assumptions are made regarding the categorization of the resources, probed or probable,

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indicated, measured, or inferred, depending on different scenarios and assumptions regarding the probability of extract such resources.

- g) **Asset Retirement Obligation (ARO):** ARO is considered under the scope of IAS 37; management assumptions are made considering the periods where the cash flow will be paid and the amounts to be paid depending on the different activities for the closing; this also involves the construction of the discount rate following standard procedures available in the market. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence considering the significant judgments and estimates involved. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and resources with a corresponding change in the useful life plan; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; changes in discount rates; changes in closure policies; and changes in laws and regulations governing the protection of the environment. See note 31.
- h) **Litigation and other contingencies:** The Company is or could be part of several labor and tax proceedings that, either alone or in combination with other proceedings, if resolved in whole or in part adversely against it, could result in the imposition of material costs, judgments, fines, or other losses. While the Company believes that such risks, if probable, have been provisioned appropriately based on the opinions and advice of our legal and tax advisors and in accordance with applicable accounting standards, certain loss contingencies are subject to change as new information develops and results of the presented evidence are obtained, among other factors. It is possible that losses resulting from such risks, if proceedings are decided in whole or in part adversely to the Company, could result in recognition of new provisions or in a significantly increase of the currently recorded provisions.

The final costs arising from litigation and other contingencies, and the perspective given to each issue by the Management of the Company may vary from their estimates due to different interpretations of laws, contracts, opinions, and final assessments of the amount of the claims.

In evaluating the probability of contingent liabilities, the Company, with the support of the expert legal advisor, applies its judgment based on the type of contingent liability, considering the possible legislative changes and available jurisprudence applicable to each case, for determine the amounts to be disclosed and / or recognized in the financial statements (See note 31).

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NOTE 5. FINANCIAL INSTRUMENTS

Classes and categories of financial instruments and their fair values

The following table includes:

- Classes of financial instruments based on their nature and characteristics;
- The carrying amounts of financial instruments;
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value)

2022	Carrying value						
	Financial assets				Financial liabilities		Total
	FVTPL – designated	FVTOCI – designated	FVTOCI – measured	Amortized cost	FVTOCI – measured	Amortized cost	
Cash and cash equivalents (see note 17)	–	–	–	49,791	–	–	49,791
Trade and other receivables (see note 18)	–	–	–	20,311	–	–	20,311
Derivative financial instruments (Hedges) (see note 5.4)	–	–	1,529	–	(5,472)	–	(3,943)
Investment in financial asset (see note 20)	116	–	–	–	–	–	116
Non-current investments (see note 20) (1)	3,753	6,850	–	–	–	–	10,603
Loans and other borrowing (see note 28)	–	–	–	–	–	(47,020)	(47,020)
Trade and other payables (see note 29)	–	–	–	–	–	(61,870)	(61,870)
Other financial liabilities (see note 16)	–	–	–	–	–	(5,211)	(5,211)

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2021	Carrying value						Total
	Financial assets			Financial liabilities			
	FVTPL – designated	FVTOCI – designated	FVTOCI – measured	Amortized cost	FVTOCI – measured	Amortized cost	
Cash and cash equivalents (see note 17)	–	–	–	63,130	–	–	63,130
Trade and other receivables (see note 18)	–	–	–	16,191	–	–	16,191
Derivative financial instruments (Hedges) (see note 5.4)	–	–	1,792	–	(4,062)	–	(2,270)
Investment in financial asset (see note 20)	98	–	–	–	–	–	98
Non-current investments (see note 20) (1)	2,347	6,993	–	–	–	–	9,340
Loans and other borrowing (see note 28)	–	–	–	–	–	(55,110)	(55,110)
Trade and other payables (see note 29)	–	–	–	–	–	(50,757)	(50,757)
Other financial liabilities (see note 16)	–	–	–	–	–	(5,007)	(5,007)

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2022	Fair value			
	Level			Total
	1	2	3	
Investment in financial asset	116	–	–	116
Non-current investments	–	–	10,603	10,603
Derivative financial instruments	–	(3,943)	–	(3,943)

2021	Fair value			
	Level			Total
	1	2	3	
Investment in financial asset	98	–	–	98
Non-current investments	–	–	9,340	9,340
Derivative financial instruments	–	(2,270)	–	(2,270)

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5.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s) Relationship and sensitivity of	Unobservable inputs to fair value
Foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates.	N/A	N/A
Commodity options	Black-Scholes model The following variables were taken into consideration: current underlying price of the commodity, options strike price, time until expiration (expressed as percent of a year), implied volatility of the commodity and interest rate.	N/A	N/A

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Financial assets/ financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s) Relationship and sensitivity of	Unobservable inputs to fair value
Financial assets (Equity investments)	<i>Income approach</i> – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	Long-term revenue growth rates: Taking into account management experience and knowledge of market conditions of specific industries are 5% to 18% in 2022 and 2021 for the next 10 years.	The higher the rate of revenue growth, the higher the fair value. If revenue growth were 10% higher/lower, while all other variables were held constant, the book value would be \$8,744 and \$4,956 respectively. Regarding the current value of \$6,850.
		Long-term pre-tax operating margin: Taking into account management's experience and knowledge of market conditions in specific industries, changes on average from 13% to 22% in 2022 (2021: 9% to 19%).	The higher the pre-tax operating margin, the higher the fair value. If the operating margin before taxes was 1% higher / lower while all other variables were held constant, the book value would be \$7,002 and \$6,811 respectively. Regarding the current value of \$6,850.
		Weighted average cost of capital, determined using a capital asset pricing model, ranging from 12.11% to 17.95% in 2022 (2021: 11.88% to 16.13%).	The higher the weighted average cost of capital, the lower the fair value. If the weighted average cost of capital was 1% higher/lower while all other variables remained constant, the book value would be \$6,766 and \$6,935, respectively. Regarding the current value of \$6,850.
Financial assets (royalties)	<i>Income approach</i> In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits that would derive from the ownership of these investors.	Au Oz projected.	The higher the Ounces projection and/or the gold price projection, the higher the fair value. If ounce growth were 1% higher/lower, while holding all other variables constant, the book value would be \$2,533 and \$2,483, respectively. Regarding the current value of \$2,508.
		Weighted average cost of capital, determined using a capital asset pricing model.	The higher the weighted average cost of capital, the lower the fair value. If the weighted average cost of capital was 1% higher/lower while all other variables were held constant, the book value would be \$2,502 and \$2,514, respectively. Regarding the current value of \$2,508.

There were no transfers between levels during the current or prior year.

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5.2 Fair value of the group's financial assets and liabilities that are measured at amortized cost but the fair value is required to be disclosed

Financial assets/ financial liabilities	Valuation technique(s) and key input(s)	Fair value	Carrying value
Loans	Discounted cash flow Future cash flows are estimated based on forward exchange rates (forward exchange rates observable at the end of the reporting period) and the forward exchange rates of the contract.	\$20.920 (2021: \$30.764)	\$25.402 (2021: \$32.153 (excludes leaseback transactions classified as debt for \$1.081, 2021: \$1.944)

5.3 Reconciliation of Level 3 fair value measurements of financial instruments

The following table only includes investment in financial assets.

	Financial assets	
	2022	2021
Balance as of January 1	9,340	5,235
Acquired trust (see note 20)	1,235	–
Total gains or losses:		
– in other comprehensive income	(144)	1,934
– Payments (see note 20)	(334)	(76)
– in profit or loss	506	2,247
Balance as of December 31	10,603	9,340

There were no transfers between levels during the current or prior year.

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5.4 Derivative financial instruments

The following tables summarize the positions held by the Company as of December 31, 2022:

Gold hedging pending settlement:

Company	Year	Type	Contracts	Ounces	Maturity	Price (US\$/oz)
HEMCO	2022	Put/Call	24	12,000	Jan - Dec 2023	Min: 1,700
						Max: 1,820
HEMCO	2022	Put/Call	12	3,000	Jan -Jun 2023	Min: 1,650
						Max: 1,760
MINEROS	2022	Put/Call	24	12,000	Jan - Dec 2023	Min: 1,700
						Max: 1,820
MINEROS	2022	Put/Call	12	6,000	Jan -Jun 2023	Min: 1,650
						Max: 1,760
MINEROS	2022	Put/Call	12	3,000	Jan -Jun 2023	Min: 1,750
						Max: 1,809
MINEROS	2022	Put/Call	24	12,000	Jan - Dec 2023	Min: 1,800
						Max: 1,884
HEMCO	2021	Put/Call	6	9,000	Jan - Jun 2022	Min: 1,750
						Max: 1,885
HEMCO	2021	Put/Call	12	6,000	Jan - Dec 2022	Min: 1,750
						Max: 1,865
MINEROS	2021	Put/Call	6	15,000	Jan - Jun 2022	Min: 1,750
						Max: 1,885
MINEROS	2021	Put/Call	12	18,000	Jan - Dec 2022	Min: 1,750
						Max: 1,870

As of December 2022 and 2021 there were no gold hedges in place for Minas Argentinas or Mineros Aluvial.

Foreign exchange hedging pending settlement:

Company	Year	Type	Contracts	Amount	Maturity	Price
MINEROS ALUVIAL	2022	Put/Call	12	24,000	Jan - Dec 2023	Min: 4,100
						Max: 5,737
MINEROS ALUVIAL	2022	Put/Call	24	48,000	Jan - Dec 2023	Min: 4,350
						Max: 6,233
MINEROS ALUVIAL	2021	Put/Call	12	36,000	Jan - Dec 2022	Min: 3,700
						Max: 4,217

As of December 2022, there were no currency hedges for Mineros S.A. (Holding), HEMCO Nicaragua or Minas Argentinas.

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Fair value of derivatives

	2022	2021
Assets for hedging operations with derivative financial instruments	1,529	1,792
Liabilities for hedging operations with derivative financial instruments	(5,472)	(4,062)
Total net liabilities derivatives financial instruments	(3,943)	(2,270)

Cash Flow Hedge Gains (Losses) in Other Comprehensive Income (“OCI”)

	2022	2021
Cash flows hedges	(903)	(879)
Total	(903)	(879)

Gold revenue protection strategy

The Company implemented a deferred premium strategy (Collar). The strategy consists of the sale of call options and the purchase of put options on the underlying gold asset. For Mineros S.A the program covers a total of 33,000 ounces for the period between January and December 2023, which represents approximately 50% of the total estimated gold production of Minas Argentina’s for this period of 2023. The hedges have a minimum price of 1,650 USD / Oz and a maximum price of 1,884 USD / Oz.

For HEMCO Nicaragua SA, the program covers a total of 15,000 ounces during the remaining period from January to December 2023, which represents approximately 50% of the total industrial gold production estimated for the same period of 2023, with a minimum price of \$1,650 USD / Oz and a maximum price of \$1,820 USD / Oz.

The total premium paid for the entry was included as part of the fair value and was settled in cash on a net basis as the monthly contracts matured. As of December 31, 2022, the Company recorded \$2,474 for net hedge settlements, included in realized gains and losses on currency exchange derivative financial instruments. Also, as of December 31, 2022, the Company recorded \$1,526 for net hedge settlements, included in realized gains and losses on Gold derivative financial instruments which were reflected in an improved selling price per ounce.

Description	December	
	2022	2021
(Loss) Gain on hedges of currency exchange ⁽¹⁾	(2,474)	700
Gain on realized gold sales hedge ⁽²⁾	1,526	1,910
Realized hedge (Loss) Gain, net	(948)	2,610

(1) Loss (income) recognized in income from ordinary activities.

(2) Balance included in sales of gold.

5.5 Capital management

The Company manages its capital to ensure that its subsidiaries can continue to maximize returns to investors and other stakeholders through an optimal balance between net debt and equity. The debt/equity mix has remained at expected levels and in line with the Company’s growth strategy.

The capital structure is made up of net debt (loans detailed in Note 28. and cash and cash equivalents in (Note 17.) and equity (detailed in Note 32.).

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The Company has determined that the internal rate of return (IRR: the expected compound annual rate of return to be obtained on a project or investment) associated with new projects must be a minimum of 15%; Likewise, it has defined a target leverage (Leverage is the use of debt (borrowed capital) to undertake an investment or project) of a maximum of 3 times the EBITDA (Non-GAAP measure) (Earnings before interest, Taxes, Depreciation and Amortization, is a measure of a company's overall financial performance). For the 2022 and 2021 periods, the leverage level is within the defined range.

5.6 Objectives of financial risks management

The Mineros treasury manages access to global financial markets, monitors and manages the financial risks related to the group's operations, by analyzing the exposures and the magnitude of the risks associated with each operation; these risks include Market Risk, Credit Risk and Liquidity Risk.

Mineros seeks to minimize the effect of these risks by using derivative financial instruments to hedge exposures. The use of financial derivatives, as well as investments of excess liquidity, are governed by the Board of Directors, under strict compliance with the investment and hedging policy. Mineros does not operate any type of financial instrument, including financial derivative instruments, for speculative purposes.

The Financial Area of Mineros reports monthly to the Board of Directors the status of the exposures and the instruments that are being used to mitigate said risks.

5.6.1 Market risk

Market risk is the risk derived from the fair value of future cash flows changing as a result of fluctuations in market prices, exchange rates and interest rates; the risk is measured through a complete analysis of the markets and the volatilities observed in the prices of assets or liabilities that may, depending on the exposure, affect the company's results. In Mineros, the risks derived from the precious metals market and the risks derived from the foreign exchange market are actively managed.

Mineros' economic activity mainly exposes it to the risk derived from changes in the price of gold and the foreign exchange market, basically the risks derived from fluctuations in the USD/COP. The Company contracts different types of financial derivatives to manage the exposures described above.

There have been no changes in the company's exposures to market risks or in the way these risks are managed and measured.

Sensitivity analysis

The sensitivity analysis evaluates what would be the impact on the company's budgeted results, of a reasonable change in the price of gold in US dollars and of the US dollar against the Colombian peso. This analysis is done with a time horizon of one year and helps to define the hedging strategy in terms of amounts and prices to be covered.

a) The risk of the gold market

Due to its economic activity, the Company sells gold in the international precious metals market. These sales represent close to 95% of the Company's operating income, and consequently, exposure to variations in the price of gold is high.

This risk is managed by contracting OTC derivative financial instruments, whose underlying is the commodity itself, its modality is with delivery and its objective is to reduce the variability of operating income generated by the volatility of the price of gold; Derivatives are not for speculative purposes and are used to guarantee the price of a portion of the planned sales for the following year.

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Sensitivity analysis of derivatives on gold

The following tables show the sensitivity of a change in the price of gold, with other constant variables, on revenue, expenses, and equity accounts, considering the use of hedging instruments.

Year	Gold price variation	Change in equity from valuation of derivative instruments
2022	XAUUSD* + 10%	(11,161)
	Close price	(3,482)
	XAUUSD - 10%	3,260
2021	XAUUSD* + 10%	(7,391)
	Close price	(687)
	XAUUSD - 10%	5,640

XAU: Philadelphia Gold and Silver Index

b) Risk of foreign exchange rates

100% of the Company's operational risks derive from gold exports, which are priced in US dollars. and, consequently, exposure to changes in exchange rates is significant.

This risk is managed through OTC derivative financial instruments, whose underlying is the USD/COP (TRM-Representative market rate) pair, its modality is with financial settlement and its objective is to reduce the variability of cash flows in pesos that is generated by the volatility of the pair. USD/COP; Derivatives are not for speculative purposes and are used to guarantee the exchange rate of a portion of the currency withdrawals planned for the following year.

Effect of financial instrument on the sensitivity analysis for exchange rate

The following tables show the sensitivity of assets and liabilities, considering the expected exchange rates against the closing rates of entities with a functional currency other than USD (for other companies, the functional currency is USD).

YEAR 2022				
Exchange rate of closing	4810,20			
ASSETS	Thousands of USD	Thousands of COP	Change in FX 0,2%	Change in FX (0,2%)
Petty cash in COP	14	65	0.03	(0.03)
Banks	555	2,671	1	(1)
Domestic funds	2,338	11,245	5	(5)
Total assets	2,907	13,981	6	(6)
LIABILITIES				
Domestic accounts payable	(14,437)	(69,448)	(31)	31
Loans and other borrowings	(23,858)	(114,761)	(51)	51
Total liabilities	(38,295)	(184,209)	(81)	81
		Total effect profit or loss	(75)	75

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YEAR 2021				
Exchange rate of closing	3,981.16			
ASSETS	Thousands of USD	Thousands of COP	Change in FX 5%	Change in FX (5%)
Petty cash in COP	7	28	1	(1)
Banks	7,032	27,997	534	(534)
Domestic funds	91	7,393	7	(7)
Total assets	7,130	35,418	542	(542)
LIABILITIES				
Domestic accounts payable	(10,873)	(43,286)	(826)	826
Loans and other borrowings	(35,633)	(141,861)	(2,708)	2,708
Total liabilities	(46,506)	(185,147)	(3,534)	3,534
Total effect profit or loss			(2,992)	2,992

Effect of derivatives on the sensitivity analysis for exchange rate risk on valuation of hedges

The following tables show the sensitivity of a fair value change in the US dollar exchange rate versus the Colombian peso, with other constant variables, on the revenue, expenses, and equity accounts upon the valuation of hedges:

Year	Exchange rate differences USD COP	Change in income from valuation of derivative instruments	Change in expenses from the valuation of derivative instruments	Change in equity from valuation of derivative instruments
2022	USDCOP + 10 %	NA	NA	(1,267)
	Close price	NA	NA	(92)
	USDCOP - 10%	NA	NA	864
2021	USDCOP + 10 %	NA	NA	(4,665)
	Close price	NA	NA	(1,584)
	USDCOP - 10%	NA	NA	1,650

Interest rate

Risk is not managed, due to the high cost and the limited offer of financial instruments available to manage this type of risk in the local market. The asset positions of the Company's investment portfolio are used to leverage treasury, for which reason the Company remains invested in local fixed-yield investments.

5.6.2 Credit Risk

The credit risk of the Company originates from the inability of the debtors to comply with their obligations, or from the eventual loss that may occur due to non-compliance with the financial obligations acquired by the issuers of the financial instruments in which the Company has investments. The company has adopted as a policy to only deal with solvent companies. The company's credit exposures and the credit ratings of its counterparties are continuously monitored.

With respect to clients, main debtors, they are evaluated annually in relation to their liquidity and solvency conditions and indicators; The conditions established with the clients for the payment of exports are in cash and the amounts thereof are made effective against the delivery of the production to the clients or refineries with whom the company works.

The Company deposits or invests its excess liquidity in first-rate financial institutions, with a minimum rating of A- for international investments and for domestic ones, in issuers with ratings no lower than AA/DP1. Additionally, conservative

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credit policies are established and the market conditions in which they operate are constantly evaluated, for which it performs quantitative and qualitative evaluations of risk rating for commercial, investment and credit operations.

The company does not have any guarantee to cover the credit risks associated with its financial assets.

Overview of the Company's exposure to credit risk

Credit risk refers to the risk that a counterparty fails to meet its contractual obligations, resulting in a financial loss for Mineros.

As of December 31, 2022 and 2021, the maximum exposure of the company to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the company due to the breach of an obligation by the counterparties and the financial guarantees provided by the group arise from:

- The carrying amount of the respective recognized financial assets, as indicated in the consolidated statement of financial position; and
- The maximum amount that the Company would have to pay if the financial guarantee is invoked, regardless of the probability that the guarantee will be exercised. For the years 2022 and 2021, the Company did not sign financial guarantees for third parties.

To minimize credit risk, the Company has tasked its CFO to develop and maintain the Company's credit risk ratings to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the CFO uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

For trade receivables, the company has applied the simplified approach of IFRS 9 to measure the loss reserve in ECL (Expected Credit Loss) for life. The company determines the expected credit losses on these items through the use of a provision matrix, estimated based on the historical experience of credit loss considering the delinquency of the debtors, adjusted as appropriate to reflect the current conditions and the estimates of future economic conditions.

However, there is no history at Mineros of losses on its financial instruments given the nature of the transactions performed and the high rating of its counterparty. The amounts receivable for 2022 is \$20,311 (2021: \$16,191).

5.6.3 Liquidity Risk

Liquidity risk is managed through proper compliance with the company's portfolio and payment policy; The main objective of this task is the adequate management of working capital and the due optimization of the treasury, and it is administered through strict control of the budget, portfolio with clients, commitments acquired with suppliers and interest groups. This management is based on the preparation and control of cash flows, budgets, and projections of maturity of financial liabilities,

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which are reviewed periodically, allowing the determination of the necessary cash position to meet liquidity needs. See maturity in note 28.

NOTE 6. SEGMENTS

The Company operates in three principal countries, Colombia (Nechi Alluvial), Nicaragua (HEMCO Nicaragua), and Argentina (Gualcamayo). The Company also has significant gold exploration projects including the La Pepa project in Chile included in the Segment Chile (La Pepa). The following table provides the Company's results by operating segment in the way information is provided to and used by the Corporation's chief operating decision maker, which is the CEO, to make decisions about the allocation of resources to the segments and assess their performance.

Specifically, reportable segments of Mineros in accordance with IFRS 8 are as follows:

Description	Nechi Alluvial	Hemco	Gualcamayo	Chile (La Pepa)	Mineros S.A (Holding)	Others
Products and services	Sale of gold and silver	Sale of gold and silver	Sale of gold and silver	Pre-operative	Sale of gold and silver	Sale of latex and gold (pre-operative)
Type of mining operations	Alluvial mining operation	Underground mining and artisanal mining operation	Open pit and underground mining	Pre-operative	Others	Others
Type of sales	Exports	Exports	Exports	Pre-operative	Exports	Local Sales
Main companies belonging to the segment	Mineros Aluvial S.A.S. BIC	Hemco S.A. Vesubio Mining S.A. Rosita Mining S.A. Minerales Matuzalén S.A New Castle Gold Mining S.A Roca Larga Mining, S.A. Distribuidora Caribe Norte S.A.	Minas Argentinas S.A.	Minas Argentinas S.A Mineros Chile SpA Mineros Argentina Holdings BV Minera Cavanacha SpA (*)	Mineros S.A	Negocios Agroforestales S.A.S Minera de Ataco S.A.S Mineros (CANADA) INC

*Minera Cavanacha is considered an investment in associate.

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6.1 Segment operations

The following is an analysis of the Group's revenue and results, assets, and liabilities by reportable segment in 2022 and 2021:

	2022							Total
	Nechi Alluvial	HEMCO Nicaragua	Gualcamayo	Chile (La Pepa) ⁽¹⁾	Mineros S.A (Holding)	Others	Intersegment adjustments and eliminations	
Revenue	167,402	246,780	113,037	–	121,905	337	(120,460)	529,001
Investment in subsidiaries	–	–	–	(53,178)	7,616	–	45,562	–
Cost of sales	(101,014)	(189,655)	(104,983)	–	(113,451)	(603)	121,805	(387,901)
Gross Profit	66,388	57,125	8,054	(53,178)	16,070	(266)	46,907	141,100
Administrative expenses	(1,828)	(3,579)	(2,214)	(832)	(14,663)	(35)	1,740	(21,411)
Exploration expenses	(118)	(5,997)	(11,758)	(442)	(2,042)	–	(1)	(20,358)
Impairment of assets	(4,822)	–	(36,542)	–	–	–	–	(41,364)
Finance income	485	35	5,859	–	2,093	5	(649)	7,828
Finance expense	(2,233)	(2,422)	(4,879)	–	(2,148)	(99)	662	(11,119)
							Income Tax	(40,831)
							Net profit for the year	4,487

(1) Chile is a sub-holding company and includes on the line Investment in subsidiaries the equity method for Gualcamayo

	2021							Total
	Nechi Alluvial	HEMCO Nicaragua	Gualcamayo	Chile (La Pepa)	Mineros S.A (Holding)	Others	Intersegment adjustments and eliminations	
Revenue	136,298	237,474	118,556	–	127,294	309	(123,682)	496,249
Investment in subsidiaries	–	–	–	(15,268)	54,423	–	(39,155)	–
Cost of sales	(90,826)	(180,131)	(106,143)	–	(120,559)	(563)	126,938	(371,284)
Gross Profit	45,472	57,343	12,413	(15,268)	61,158	(254)	(35,899)	124,965
Administrative expenses	(2,180)	(3,276)	(2,050)	(852)	(13,385)	(33)	2,408	(19,368)
Exploration expenses	–	(5,708)	(4,290)	(696)	(1,841)	–	–	(12,535)
Impairment of assets	–	15,487	(13,586)	–	–	–	–	1,901
Finance income	380	143	957	–	892	14	(822)	1,564
Finance expense	(1,512)	(2,292)	(4,122)	(1)	(2,036)	(44)	819	(9,188)
							Income Tax	(33,740)
							Net profit for the year	43,387

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	2022							Total
	Nechi Alluvial	HEMCO Nicaragua	Gualcamayo	Chile (La Pepa) (1)	Mineros S.A (Holding)	Others	Intersegment adjustments and eliminations	
Property, plant, and equipment	93,754	91,963	31,702	–	2,357	8,706	–	228,482
Total, assets	170,503	226,402	125,017	45,553	390,757	8,905	(397,594)	569,543
Total, liabilities	(68,630)	(46,316)	(278,820)	(5)	(42,433)	(2,895)	216,109	(222,990)
Additions of PP&E, intangibles and exploration and evaluation projects	14,991	38,713	34,499	–	25	431	—	88,659

	2021							Total
	Nechi Alluvial	Hemco	Gualcamayo	Chile (La Pepa)	Mineros S.A (Holding)	Others	Intersegment adjustments and eliminations	
Property, plant, and equipment	96,033	82,945	60,387	–	2,621	10,145	–	252,131
Total assets	156,725	216,177	156,659	94,001	433,138	10,430	(487,084)	580,046
Total liabilities	(70,175)	(52,555)	(264,102)	(35)	(63,837)	(2,661)	240,851	(212,514)
Additions of PP&E, intangibles and exploration and evaluation projects	13,732	59,952	42,839	–	904	553	(1,045)	116,935

Intersegment, adjustments and eliminations in the consolidated profit and loss statement mainly comprises intercompany sales of gold, equity method between holding and subsidiaries. Eliminations in the consolidated financial position statement mainly comprises equity method of subsidiaries and intercompany account receivables and payables

Information about Geographical Areas

The Company sells the metals to foreign customers from each of the geographies (Colombia, Nicaragua, and Argentina).

	2022	2021
Colombia	200,874	139,003
Nicaragua	246,781	237,475
Argentina	81,346	119,769
Total Revenue	529,001	496,247

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Information about major customers

The following table shows the sales of the four main customers to whom sales of metals were made during the following periods:

Customer	2022	2021
1	68,573	108,999
2	146,870	60,335
3	141,043	136,312
4	169,825	184,805
Total sales to customers exceeding 10% of annual metal sales	526,311	490,451
Percentage of metal sales	99 %	99 %

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 3. These are the figures reported to the CODM for the purpose of resource allocation and assessment of segment performance.

6.2 Other segment information

Non-current assets		
	2022	2021
Nechi Alluvial	112,615	111,900
HEMCO Nicaragua	190,826	181,374
Gualcamayo	48,089	81,665
Chile (La Pepa)	45,099	92,613
Mineros S.A (Holding)	351,917	370,868
Intersegment adjustments and eliminations	(368,754)	(433,111)
Total non-current assets	379,792	405,309

Depreciation and amortization for each segment are presented below:

Depreciation and amortization		
	2022	2021
Nechi Alluvial	13,588	11,421
HEMCO Nicaragua	28,183	22,555
Gualcamayo	13,945	13,734
Mineros S.A (Holding)	1,449	1,285
Others	115	113
Total, depreciation and amortization	57,280	49,108

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NOTE 7. IMPAIRMENT OF ASSETS

The following is the impairment recorded for each Cash Generating Unit “CGU”

Item	2022	2021
Impairment reversal (See note 7.1)	—	15,487
Impairment property, plant, and equipment (See note 7.2 & 7.3)	(40,813)	(11,683)
Impairments, exploration expenses (See note 7.2)	—	(1,898)
Impairments, intangibles assets (See note 7.2)	(551)	(5)
Total	(41,364)	1,901

7.1 HEMCO Nicaragua

The Company concluded that for 2022 there are no significant changes in the internal and external factors that are evaluated for the determination of impairment in this CGU and, therefore, no impairment or reversal occurred. The determination of the impairment recovery for 2021 is shown below:

Description	2021
Group of assets subject to impairment assessment	161,828
Recoverable amount	177,315
Recovery	15,487

The following table shows the detail of impairment reversal in 2021:

2021	CGU Balance	Reversal	Adjusted CGU balance
Intangible business combination assets	13,268	15,487	28,755
Property, plant and equipment, exploration and evaluation projects and intangible assets	148,560	—	148,560
Total	161,828	15,487	177,315

In 2022 the management did not identified any impairment indicators. For 2021 the Company performed an impairment reversal test. At the operational level, improvements were evident in the gold production of the mine and gold prices, registering an increase in the projection of ounces of gold during the useful life, generating a recovery of the CGU. Value in Use (“VIU”) and carrying amount were updated, and an impairment recovery was recognized for 2021 of \$15,487. The discount rate used for the valuation was 14.8% for 2021.

The recoverable amount is sensitive to the discount rate and gold prices. The gold price in U.S Dollars used for the Free Cash Flows (“FCF”) analysis is between \$1,602 and \$1,780 in 2021.

The discounting period was set at 11.1 years in 2021. Management considers that given the existence of mining plans and long-term budgets, it is suitable to use the Free Cash Flows (FCF) technique for the period of estimation.

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7.2 Gualcamayo

The determination of impairment for 2022 and 2021 is shown below:

Description	2022	2021
Group of assets subject to impairment assessment	84,211	104,606
Recoverable amount	47,669	91,020
Impairment	36,542	13,586

The following table shows the detail of impairment in 2022 and 2021:

2022	CGU Balance	Total Impairment	Adjusted CGU balance
Property, plant, and equipment	67,694	(35,991)	31,703
Intangible assets, net	1,606	(551)	1,055
Other CGU assets, net	14,911	–	14,911
Total	84,211	(36,542)	47,669

2021	CGU Balance	Total Impairment	Adjusted CGU balance
Property, plant, and equipment	72,070	(11,683)	60,387
Exploration projects	11,707	(1,898)	9,809
Intangible assets, net	31	(5)	26
Other CGU assets, net	20,798	–	20,798
Total	104,606	(13,586)	91,020

For the CGU Gualcamayo considering the deteriorating economic situation in Argentina and consistent with the technical report filed by the company in 2021, according to which reserves at the Gualcamayo Mine are expected to be depleted by the end of 2023, the Company recorded an impairment charge on non-current assets of \$36,542 (2021: \$13,586) recognized at the Gualcamayo Mine. During the year, the Company performed a review for indicators of impairment at each of the CGU and evaluated key assumptions such as significant reviews to the mining plan including current estimates of recoverable mineral reserves and resources, recent operating results, future expected production based on the resources and reserves, appropriate discount rate, which led to an indicator of impairment of the CGU.

The Company's impairment testing incorporated the following key assumptions: long term gold prices ranging from \$1,735 and \$1,800 (2021: \$1,602 and \$1,780) per ounce; useful life estimate of 3 years which includes depletion of the above mentioned reserves and two more years of heap leaching process (2021: 5 years) a pre-tax discount rate of 17.6% (2021: 14.9%), which represented the Company's weighted average cost of capital and which included estimates for risk-free interest rates, market value of the Company's equity, market return on equity, share volatility and debt-to-equity financing ratio.

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7.3 Nechí Alluvial

On May 28, 2022, a storm with unusually heavy rains and strong winds hit the area where the Nechí Alluvial Property is located and overturned the Llanuras Plant, a floating beneficiation plant connected to the Llanuras suction dredge. Immediately following the accident, the Company's emergency protocols were activated, which included a rescue operation followed by a coordinated search and subsequent recovery operation. Investigations into this incident by the relevant Colombian authorities are mostly in their final stage but the Company has not yet received the final results of these investigations. Investigations by independent investigators have finished and the Company has made adjustments to continue enhancing security at its operations

After a thorough review, as of December 31, 2022, management had not found a way to recover, repair or perform any type of rescue or maneuver to refloat the Llanuras Plant, resulting in the recognition by the Company of a \$4.8 million impairment of asset.

The following is the impairment recorded in the statement of income:

Description	2022	2021
Property, plant and equipment	4,822	—
Total	4,822	—

The following table shows the detail of impairment in 2022:

2022	Carrying Value	Total Impairment	Adjusted carrying value
Property, plant and equipment	4,822	(4,822)	—
Total	4,822	(4,822)	—

At the same time, the company advances the claim process with the insurance companies.

The impairment booked as of 31 December is due to the accident occurred with the llanuras assets but no to the CGU Nechi Alluvial

7.4 Other segments

During the years 2022 and 2021, the Company concluded that there are no significant changes in the internal and external factors that are evaluated for the determination of impairment in other CGU and, therefore, no impairment or reversal occurred.

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NOTE 8. REVENUE

Item	2022	2021
Sales of gold	518,457	479,363
Sales of silver	8,260	9,875
Sales of electric energy	3,895	4,495
Hedges of cash flow (See note 5.4)	(2,474)	700
Other revenues	863	1,814
Total	529,001	496,247

NOTE 9. COSTS OF SALES

This item comprises the following costs:

Item	2022	2021
Direct mining costs	309,903	301,757
Depreciation and amortization	55,809	47,729
Taxes and royalties	22,189	21,798
Total	387,901	371,284

NOTE 10. ADMINISTRATION EXPENSES

This item comprises the following expenses:

Item	2022	2021
Employee benefits	7,269	8,561
Services	11,305	8,788
Depreciation and amortization	1,471	1,379
Miscellaneous	554	535
Taxes	812	105
Total	21,411	19,368

NOTE 11. OTHER INCOME

This item comprises the following types of income:

Item	2022	2021
Miscellaneous	1,627	2,291
Reimbursement of costs and expenses	403	215
Total	2,030	2,506

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NOTE 12. OTHER EXPENSES

This item includes the following expenses:

Item	2022	2021
Taxes incurred	2,783	4,255
Miscellaneous	4,829	7,233
Donations	1,315	1,116
Tax on financial movements	1,344	1,330
Community support	1,418	1,053
Corporate projects	138	3,141
Estimated liabilities	3,157	778
Fair value adjustment investment property	194	222
Total	15,178	19,128

For the year ended as of December 31, 2022, total other expenses decreased by \$3,950, explained by lower incurred taxes of \$1,472, a \$2,210 decrease in miscellaneous expenses and a decrease in corporate projects expenses of \$3,003 given consulting expenses related to the Canadian IPO in 2021 which were offset partially by severance provisions at the Gualcamayo Property for a workforce reduction of up to 30%.

NOTE 13. EXPLORATION EXPENSES

This item comprises the following types of exploration and other expenses:

Item	2022	2021
Exploration expenses	13,393	11,985
Disposals, net	6,965	550
Total exploration expenses	20,358	12,535

During the year the company expensed in explorations of DCP \$2,504 (2021 \$1,239), also invested in the construction of a tunnel for further exploration over the DCP for \$353 (2021: \$815) recognized under the line of Property plant and equipment.

Additionally, expenses were incurred mainly associated with the Luna Roja projects for \$713 (2021: \$2,026) and regional projects for \$2,378 (2021: \$2,364).

The \$6,965 (2021: \$550) net disposals correspond mainly to exploration targets at the Gualcamayo Property in Argentina where results were not successful, considering the current macroeconomic environment in Argentina.

NOTE 14. FINANCE INCOME

This item comprises the following types of income:

Item	2022	2021
Interest	2,187	1,393
Fiduciary rights	5,641	48
Valuation of securities	—	123
Total	7,828	1,564

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NOTE 15. FINANCE EXPENSES

This item comprises the following expenses:

Item	2022	2021
Interest	10,428	8,745
Bank expenses	297	261
Miscellaneous	394	182
Total	11,119	9,188

NOTE 16. EARNINGS PER SHARE

Basic and Diluted Earnings per Share

Basic earnings per share are calculated by dividing the earnings attributable to the Company's shareholders by the weighted average of the common outstanding shares in the year, excluding any common shares reacquired by the Company and held as treasury shares.

Diluted earnings per share are calculated by adjusting the average of outstanding common shares to simulate the conversion of all the potential dilutive common shares. The Company does not have potentially dilutive shares in any of the years presented.

The calculation of the basic and diluted earnings per share is based on the following data:

Item	2022	2021
Profit attributable to controlling interest	4,487	43,271
Weighted average number of outstanding ordinary shares	299,737,402	264,858,236
Earnings per share in USD	0.01	0.16

Dividends payable

The balances of dividends payable, classified in the financial statement under other financial liabilities, are:

Item	2022	2021
Ordinary dividends declared	4,856	4,619
Dividends from prior periods	355	388
Total	5,211	5,007

In Colombia, according to minute no. 60 of the Ordinary General Meeting of Shareholders of March 31, 2022, the proposal on the payment of dividends was approved. It decrees an ordinary dividend per share of \$0.0162 payable quarterly in advance on April 20, July 22, October 20, 2022 and January 20, 2023; and an extraordinary dividend per share of \$0.010 per share payable on April 20, 2022.

In Colombia, according to minute no. 59 of the Ordinary General Meeting of Shareholders of March 25, 2021, the proposal on the payment of dividends was approved. It decrees an ordinary dividend per share of \$0.0154 payable each quarter in the months of April, July, October 2021, and January 2022, between the 10th and 20th days of each month; and an extraordinary dividend per share of \$0.0080 for the period of April 2021 - March 2022.

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The declared dividends in 2022 totaled \$22,421 (2021: \$18,799), taken from reserves from previous years, as non-taxable dividends.

The following is a reconciliation of dividends payable presented as “Other Financial Liabilities”:

Item	2022	2021
January 1	5,007	4,076
Dividends declared	22,421	18,799
Exchange differences	773	(198)
Dividends paid	(22,990)	(17,670)
As of December 31	5,211	5,007

16.1 Share based payment

The Company has a share based payment called share Appreciation Rights (SAR) plan that entitles certain senior managers to receive a cash payment equal to the increase in the value of the shares from a specified level over a period of time (ie. from the grant date to the vesting date). Awards are made based on whether the corresponding executive's target performance goals were met in the prior financial year, adjusted for subjective factors. The formula is: cash bonus received by the corresponding executive multiplied by a factor of two, divided by the average price of Mineros shares during October and November of the previous year. SAR vest after three years from the date of grant and are exercisable for a period of five years. Vested rights are exercisable for cash payment equal to the base price of the stock valuation right less the then-current price of the shares (calculated as the average closing price over the two months prior to the date of exercise).

SAR have been granted to certain employees at exercise prices determined by reference to the market value of the Company's common shares on the Colombian Stock Exchange at the grant date. The changes in the Rights for Share Appreciation as of December 31, 2022 are as follows:

	Number outstanding	Weighted average exercise price (COP)
Balance, beginning of period	2,599,338	3,010
Exercised ⁽¹⁾	783,047	1,999
Granted	861,046	3,861
Balance, end of period	2,677,337	3,223

(1) Includes 689,476 SAR's unexercised due to early retirement from the company of one of the Key management members

The estimated grant date fair value of the SARs granted during year ended December 31, 2022 was calculated using the Black&Scholes option-pricing model with the following weighted average assumptions:

	Granted in 2022	Granted in 2021	Granted in 2020	Granted in 2019
Risk-free interest rate	12.50 %	12.30 %	12.10 %	11.80 %
Expected annual volatility	26 %	26 %	26 %	26 %
Expected life (in years)	3.2	2.2	1.4	0.1
Expected dividend yield	17 %	17 %	17 %	17 %
Grant date fair value per SAR (COP)	374	1,046	613	1,199
Share price at grant date (COP)	3,505	4,095	3,248	3,193

The Company recognized share-based payments for \$21 (2021: \$440).

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The following summarizes information about SARs outstanding and exercisable at December 31, 2022:

Expiry date	Exercise price (COP)	SARs outstanding	SARs exercisable	Estimated fair value (\$)	Weighted average remaining contractual life (in years)
February 20, 2024 (1)	1,999	449,867	449,867	12	0.14
May 20, 2025	3,332	604,804	—	3	1.39
March 25, 2026	3,700	761,620	—	3	2.23
March 31, 2027	3,861	861,046	—	3	3.25
Total	3,223	2,677,337	449,867	21	2.02

The value of the share-based payment liability amounts to \$21 and is being disclosed as an employee benefit (see note 30).

NOTE 17. CASH AND CASH EQUIVALENTS

The following is the composition of cash and cash equivalents:

Item	2022	2021
Bank deposits (US dollars)	46,093	\$43,381
National banks	2,338	11,609
Collective investment fund (*)	1,331	8,093
Bank funds	—	24
Petty cash	29	23
Total	49,791	63,130

(*) Collective investment funds are alternative investment funds that can be cashed in at any time.

These accounts have average yields of 1.85% (2021: 0.34%). To date there is no restricted cash.

The following transactions did not generate cash outflows

- Additions of assets for rights of use for \$12,972, and ARO (Asset Retirement Obligation) for \$3,093 (see note 27).
- Capitalization of assets under construction for \$6,186.
- Portfolio investments at fair value for \$539 (see note 5.2) and royalties for \$144 (see note 20).

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NOTE 18. TRADE AND OTHER RECEIVABLES, NET

The carrying amount of trade receivables and other receivables is as follows:

Item	2022	2021
Trade accounts receivable:		
International Clients ⁽¹⁾	13,659	10,580
Local Clients	31	14
Total trade accounts Receivable	13,690	10,594
Other accounts receivable:		
Employee loans ⁽²⁾	1,825	2,176
Other debtors ⁽³⁾	4,796	3,421
Total	6,621	5,597
Trade and other receivables	20,311	16,191
Current portion	18,189	14,348
Non-current portion	2,122	1,843

(1) Trade accounts receivable are billed in U.S. dollars. They are current and become due within less than 30 days. They do not generate interest and have no specific guarantees. Upon adoption of IFRS 9, the Company applied the expected credit loss model based on lifetime credit loss. However, given the historical behavior of receivables collection within less than 30 days, application of the model did not indicate the need for the Company to recognize any provisions on its trade receivables. The Company applies the practical expedient of IFRS 9 in recording expected credit losses.

(2) The following are details of loans granted to employees:

Type of loan	2022	2021	Interest rate	Warranty
Housing (unionized and employees)	1,536	1,830	5,09% E.A employees; 3,80% E.A. unionized employees	Mortgage
Family emergency (unionized and employees)	241	185	7,40% E.A, 0% unionized employees	No warranty
Vehicles	15	15	7,40% E.A.	No warranty
Other loans to workers and employees	33	146	7,40% E.A, 11,34% unionized employees	No warranty
Total	1,825	\$2,176		

For loans to employees, impairment is evaluated using the expected credit loss model, to reflect:

- A weighted probability amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable information that is available without disproportionate cost or effort on the date of presentation about past events, current conditions, and forecasts of future economic conditions.

Additionally, at the time of initial recognition, the Company evaluates and takes into consideration the risk or probability of a credit loss occurring.

Annually the Company evaluates the credit risk and calculates the expected credit loss. In the case of loans to employees, application of such model did not indicate the need to recognize any provisions, considering that long-term loans correspond to housing loans backed by mortgages in favor of the Company, under which the value of the expected loss would be offset by the recoverable value from exercising the guarantee.

(3) It mainly includes receivables on energy sales for \$487 (2021 \$593) and advance of guarantee on hedging operations for \$50 (2021\$: 455).

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As in the case of other accounts receivable, the Company applied the expected credit loss model. Application of the model did not indicate the need for the Company to recognize a provision on its other debtors and advance payments.

NOTE 19. INVENTORIES

The following is the composition of inventories:

Item	2022	2021
Ore Stockpiles (1)	49,034	41,147
Materials and spare parts (2)	53,138	43,801
Total	102,172	84,948
Current portion	75,166	60,543
Non-current portion	27,006	24,405

- (1) The increase in inventories of minerals in process is associated with a lower consumption of leaching heaps of Minas Argentinas S.A.
(2) The variation is mainly due to higher prices and increased supply considering the worldwide shortage of containers.

During 2022 and 2021 obsolete inventories for Colombia (\$164 and \$98), Nicaragua (\$80 and \$267) and Argentina (\$2,119 and \$3,079) were written off, respectively.

NOTE 20. INVESTMENTS IN FINANCIAL ASSETS

	2022	2021
Investments in equity instruments designated as at FVTOCI		
Shares ⁽¹⁾	6,850	6,993
Sub-total	6,850	6,993
Financial assets measured at FVTPL		
Other investments ⁽²⁾	2,508	2,347
Trust rights ⁽³⁾	1,235	—
Shares	126	98
Sub-total	3,869	2,445
Total	10,719	9,438
Current investments	116	98
Non-current investments	10,603	9,340

- (1) Investments in shares are equity instruments mainly in the non-listed company Unipalma del Llano S.A. These investments in equity instruments are not held for trading, but for medium to long-term strategic purposes.

Accordingly, the Company has elected to designate these investments in equity instruments as at FVTOCI, considering that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

- (2) It mainly corresponds to the agreement with Soma Gold Inc. for the sale of Operadora Minera, which entitles Mineros to receive a royalty payment of 1% on production, once Operadora Minera produces 17,000 ounces in any of the assets involved in the transaction.

As of December 31, 2022 and 2021, the asset is valued at \$2,508 (2021: \$2,303). This asset is measured at fair value using a discount rate of 8.50% (2021: 8.1%), spot gold prices between \$1,641 and \$1,800 (2021: \$1,602 and \$1,780); and production between 9,270 oz and 48,933 oz (2021: 8,802 oz and 41,245 oz).

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A reconciliation of the royalty receivable balance is as follows:

	2022	2021
Initial recognition	\$2,303	\$892
- payments	(334)	(76)
Fair value royalty	539	1,487
Total	2,508	2,303

- (3) On December 28, 2022 Distrito de Negocios S.A.S. entered in a liquidation process. As part of the agreement with its shareholders, the fiduciary rights held by Mineros were transferred to a Trust Fund.

NOTE 21. TAXES

21.1 Current tax

21.1.1 Income tax assets and other tax assets

Other tax receivable balances are as follows:

Item	2022	2021
VAT ⁽¹⁾	24,387	19,098
Financial transaction tax	1,322	756
Municipal tax	632	689
Total	26,341	20,543
Current portion	25,998	20,210
Non- current portion	343	333

Item	2022	2021
Income tax assets	5,666	4,045
Total	5,666	4,045

- (1) Net balance of impairment

The amounts above represent amounts paid in advance by the Company, on which reimbursement is expected. The Company and its legal and tax advisors consider that the amounts paid will be recoverable once the respective procedure has been completed. Consequently, no estimated losses or contingencies are associated with these items.

21.1.2 Income tax liabilities and other taxes liabilities

Liabilities show the net balance owing by the Company for the taxes in each country of operation, pursuant to the applicable tax framework in each nation, as described in detail in Note 21.4 of these consolidated financial statements. The breakdown of liabilities is as follows:

Item	2022	2021
Municipal taxes	3,550	3,883
VAT	19	25
Total	3,569	3,908

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Item	2022	2021
Income tax	13,736	14,354
Prior year income tax (1)	10,436	6,250
Total	24,172	20,604

(1) The variation corresponds to the recognition of works for taxes in the Nechi Alluvial segment. See note 22.

Current and deferred income tax

The following is a breakdown of the current and deferred taxes recorded in the statement of income:

Item	2022	2021
Income tax (1)	38,479	29,558
Prior period adjustments	(1,070)	(1,203)
Subtotal current	37,409	28,355
Deferred tax expense (2)	3,422	5,385
Total current and deferred tax expense	3,422	5,385
Total income tax expense	40,831	33,740

(1) The variation in the current tax expense with respect to 2021 corresponds to the increase in the profit generated in the Nechi Alluvial segment and the change in the nominal rate from 31% to 35%.

(2) The variation corresponds mainly to the devaluation of the Colombian peso, as well as the incorporation of inflation adjustments in the Gualcamayo segment.

21.2 Deferred tax

The deferred income tax is as follows:

Item	2022	2021
Initial asset balance	4,528	4,612
Taxes movement	(2,912)	(84)
Total, deferred tax asset	1,616	4,528
Initial liability balance	(14,741)	(10,442)
Taxes movement	14	(4,299)
Total, deferred tax liability	(14,727)	(14,741)
Total, deferred tax (net)	(13,111)	(10,213)

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The movement of the deferred tax for each year is as follows:

Item	Property, plant and equipment	Other Assets	Financial Obligations	Other Liabilities	Total
Balance as of January 01, 2021	(24,683)	6,035	6,723	6,095	(5,830)
(Charge) credit to the statement of profit & loss	3,851	(12,897)	2,311	1,350	(5,385)
(Charge) credit to other comprehensive income	(1,853)	(193)	1,021	(171)	(1,196)
Currency translation effect	1,879	—	331	(12)	2,198
Balance as of December 31, 2021	(20,806)	(7,055)	10,386	7,262	(10,213)
(Charge) credit to the statement of profit & loss	(3,064)	668	(3,718)	2,692	(3,422)
(Charge) credit to other comprehensive income	96	(227)	399	249	517
Currency translation effect	7	—	—	—	7
Balance as of December 31, 2022	(23,767)	(6,614)	7,067	10,203	(13,111)

21.3 Effective rate

The effective income tax amount differs from the amount obtained by applying the applicable nominal rate in accordance with actual regulations. The following is the reconciliation between the tax expense and the product of the accounting profit multiplied by the applicable tax rates:

Item	2022	Rate	2021	Rate
Net profit for the year	4,398		43,387	
Income tax	40,831		33,740	
Profit before taxes	45,229	—	77,127	—
Income tax applying the Company's statutory tax rate	15,814	35 %	23,909	31 %
Effect of tax rates in foreign jurisdictions	2,762	6 %	597	1 %
Non-deductible/non-taxable income	22,334	49 %	351	— %
Tax incentives	(3,720)	(8)%	(168)	0 %
Temporary differences	3,350	7 %	5,385	7 %
Income tax adjustment previous years	(1,070)	-2 %	(1,203)	(2)%
Presumptive income tax	139	— %	4,555	6 %
Currency translation effect	1,176	3 %	314	1 %
Income tax	40,785	90 %	33,740	44 %

There are no unrecognized tax losses during the reporting periods.

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21.4 Amount of taxable temporary differences in subsidiaries for which no deferred tax liability was recognized is recognized:

The Company has investments in subsidiaries over which it does not recognize deferred tax liabilities, since at the date of the report the Company does not have plans for selling these investments in the foreseeable future nor are dividends from such investments taxed in Colombia. The unrecognized deferred tax liabilities are:

Company	2022	2021
Mineros Chile SpA	12,361	61,091
Hemco S.A.	137,223	115,046
Mineros Aluvial S.A.S. BIC	70,107	48,766
Negocios Agroforestales S.A.S. BIC.	649	1,295
Minera de Ataco S.A.S.	18	19

In accordance with IAS 12, no deferred tax was recorded since management can control the future moment in which such differences are reversed and this is not expected to occur in the foreseeable future.

21.5 Tax aspects

21.5.1 Tax Framework in Colombia

The most relevant tax in Colombia consists of income tax.

Tax reform in Colombia

On December 13, the National Government issued Law 2277 of 2022 By means of which a tax reform for equality and social justice is adopted, which incorporates, among others, the following tax provisions as of January 1 , 2023:
 Income and Complementary Taxes - The rate on taxable income for entities in Colombia required to file income tax returns will be 35% for the taxable year 2023 and subsequent years.

Income taxpayers that are national corporations and assimilated legal entities (including those that are free zone users) will be subject to a minimum tax rate of 15% calculated based on the adjusted financial profit and will be called "Adjusted Tax Rate".

The possibility of taking 100% of the industry and commerce tax, notices and boards (ICA) as a tax deduction from income tax is eliminated as from taxable year 2023, but it may be taken as a deduction.

The occasional income tax rate increases from 10% to 15% for corporations, foreign entities and non-resident individuals

A list of income not constituting income or occasional profit, special deductions, exempt income and tax discounts provided may not exceed 3% per year of the ordinary net income before subtracting these special deductions.

Royalty payments made in cash or in kind associated with the exploitation of non-renewable natural resources are prohibited as deductible expenses. For royalties paid in kind, the total cost of production is not deductible

Dividends - The tax rates for dividends or participation received by corporations, foreign entities and by resident and non-resident individuals were modified as follows:

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	Tariff	
	Taxable dividends	Distribution as income not constituting income or occasional gain
Resident legal entities	35%, plus an additional 10% once the tax assessed at the 35% rate has been reduced	10%, which is collected via withholding tax, which is transferable to the shareholder to be imputed or assumed as tax
Resident Individuals	35%, plus an additional percentage once the tax paid at the 35% rate has been reduced; depending on the amount of the dividends, the recipient will be taxed at a progressive rate between 0% and 39%.	Between 0% and 39%. 19% discount on the value of dividends that are subject to the marginal income tax rate of 19% or higher
Non-residents	35% plus an additional 20%, once the tax assessed at the 35% rate has been reduced.	20%

21.5.2 Tax Framework in Nicaragua

The Company HEMCO Nicaragua SA is subject to the payment of income tax at a rate of 30% of the taxable income, and the surface fees are considered income tax advance payments for the period.

In accordance with the Tax Concertation Law (Law 822) and its regulations, in Nicaragua the income tax to be paid will be the highest amount resulting from comparing the income tax at the rate of 30% applicable to the taxable income, and the minimum payment determined on 3% of total gross income.

21.5.3 Tax Framework in Argentina

On August 22, 2022, by means of AFIP General Resolution 5248, a single advance payment was established for the 2022 tax year of income tax of 15% on the taxable income of the 2021 tax year, without the possibility of deducting accumulated losses from previous years.

In the same resolution, it was also specified that the aforementioned extraordinary advance could not be reduced or compensated in accordance with the existing general regimes, thus causing effects on the financial situation of the companies concerned.

In view of this situation, the company requested an injunction before the courts to suspend the application of this extraordinary advance, which was favorably resolved.

By means of communication "A" 7532 dated June 27, 2022, the BCRA tightened the access to the foreign exchange market for the payment of imports of goods and services and made some additional modifications. The main changes introduced by the new standard are described below:

1. Payment for imports of goods

The SIMI category A quota assigned by the BCRA to each importer is equal to the lesser of (a) 70% of the amount imported in 2020 or (b) 5% of the amount imported in 2021. The SIMI category C quota is equivalent to the difference between both calculations (i.e., between 2021 plus 5% or 2020 plus 70%), and access is limited to certain tariff positions, and the importer must prove that it does not import for stockpiling, and that its economic group complies with the price agreements established by the National Government. The BCRA assigns category B to the rest of the SIMIs. There are certain tariff positions and categories of goods that, even with a SIMI B or C that does not meet the requirements indicated in the previous paragraph, are exempted from complying with the 180-day deadline, such as capital goods or goods subject to non-automatic licenses (the LNA exception was suspended until October, as indicated below). The following is a description of the main changes introduced by the new rule regarding payments for imports of goods:

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Non-Automatic Licenses: until 30.09.22, imports associated with a SIMI B or C of goods subject to non-automatic licenses must be paid 180 days after the date of dispatch. Until now, goods subject to non-automatic licenses were exempt from complying with the 180-day term. For the duration of the suspension, imports of goods subject to non-automatic licenses for the years 2020 and 2021 will be taken into consideration for the computation of SIMI category A and C quotas (so far excluded from the calculation).

Importers: as from 1.7.22, companies that imported goods for an amount of less than US \$ 1,0,000 during 2021 will enjoy a minimum SIMI category A quota equivalent to 115% of the computable FOB value for their imports for the year 2021. This represents an improvement for SMEs with respect to the general rule, which establishes that the SIMI category A quota is equivalent to the lesser of (a) 70% of what is imported in 2020 or (b) 5% of what is imported in 2021.

Capital goods: until 9.3.22, the possibility of making advance payments for capital goods of up to 30%, as allowed by the regulations until the present rule, is suspended. For the duration of the suspension, capital goods may be paid 80% against shipment at the port of origin and 20% after dispatch to the market.

SIMI Category A or C quota: until 9.3.22, the possibility of accessing the additional 20% on the SIMI Category A or C quota accrued up to the current month is eliminated.

Goods equivalent to those produced in the country: the BCRA extended the list of goods that are considered equivalent to those produced in the country, whose importation can only be paid 180 days after their dispatch to the market.

Sumptuary goods: the BCRA extended the list of goods considered as sumptuary goods, the import of which can only be paid 365 days after their dispatch to the market. Finally, important restrictions are established that may delay access to the official foreign exchange market for the payment of imports of goods after 180 days from the date of dispatch to the place of destination, with some exceptions.

2. Payment for services rendered by non-residents

Through this new Communication, the BCRA creates "quotas" for the payment of services rendered by non-residents, similar to the existing quota system for the payment of imports of goods. In this regard, as from this new rule, services may be paid abroad for up to the proportional part, accrued up to and including the current month, of the total amount of the service payments made by the importer during the year 2021. Any payment in excess of such quota shall be due 180 days after the effective date of service. This quota system only applies to services covered by SIMPES and does not apply to the payment of insurance premiums or claims. Services may also be paid for without observing the 180-day term if they are accessed simultaneously with the settlement of a new financial indebtedness maturing after the date the service is rendered plus 180 days, or with funds originating from a financing of imports of services granted by a local financial institution from a commercial credit line from abroad maturing within 180 days after the date the service is rendered, or with funds originating from a financing of imports of services granted by a local financial institution from a commercial credit line from abroad maturing within 180 days after the date the service is rendered plus 180 days after the date of service, plus 180 days. To summarize: for the first time, the access quota to the MULC for the payment of imports of services is limited, except that they do not exceed the total amount of the payments of services made during the year 2021 (proportional until the month of June).

3. Pre-cancellation of local financial debt in foreign currency –

- The possibility of pre-canceling financing in foreign currency granted by local financial entities with funds liquidated from a new pre-financing of exports from abroad is incorporated.
- The possibility of precanceling principal and interest of integrated local issues payable in dollars with funds liquidated from a new financial indebtedness abroad is incorporated, provided that the average life is extended.

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- The possibility of precanceling principal and interest of integrated local issues payable in dollars with funds liquidated from a new integrated issue payable in dollars is incorporated, provided that the average life is extended.
- In short, the pre-cancellation of local financial debt in foreign currency is allowed under certain very specific assumptions.

Exchange and Export Duty Law in Argentina

a) Export duty

In 2002, as an emergency measure, Argentina approved an export duty on certain mineral products, including gold. At the time, the duty was described as "temporary". The export of gold doré from Gualcamayo was subject to this export duty from the start of operations in March 2009 until December 20, 2015, when the duty was repealed by the Argentine government. On September 3, 2018, after a significant depreciation of the Argentine peso, the Argentine government reinstated customs duties on all exports from Argentina until December 31, 2021.

As a result, gold doré exports are subject to a 12% duty, capped at ARS 4.00 per exported dollar,

In December 2020, the National Government enacted Law 27,541, which modified export duties to 8% until December 2021. Through Decrees of the National Executive Branch, the 8% export duty was extended until December 31, 2023.

b) Foreign Exchange regulations

Executive Decree 609/2019 (Decree No. 609/19), modified by Executive Decree No. 91/19, which provides foreign currency from exports of goods and services will be transferred to the Argentine financial system and/or exchanged in the market under the terms and conditions that the Argentine Central Bank (Central Bank of the Republic of Argentina or "BCRA") you can set. In addition, it empowers the BCRA to regulate cases of transfers abroad, as well as purchases of foreign currency and precious metals that require its authorization before having access to the market. The BCRA is also empowered to establish regulations to prevent practices and transactions intended to circumvent the provisions of the executive order through sovereign bonds or other instruments.

On December 28, 2019, the Argentine Government modified article 1 of Decree 609, expanding the obligation to liquidate asset positions in foreign currency through the official local foreign exchange market established for an indefinite period. To date, the restrictions to access the foreign exchange market applicable to the Company are as follows:

Export of goods

The income from the export of goods must be entered and liquidated to the MULC at 15, 30, 60, 90, 180 and 360 depending on the type of exported good and other additional conditions.

Regardless of what is mentioned in the previous paragraph, export revenues in foreign currency from merchandise exports will be entered and settled in the free market within a period of five business days from the date of collection.

The exporting company must designate a financial entity to track each export transaction. The obligation to settle foreign currency in the free market is considered extinguished when the financial institutions certify the completion of the settlement transaction in the local market.

Import payments and other foreign purchase transactions

Access to the free market to pay for principal and interest of imports of goods and supplies is allowed under certain specific conditions. The Company, through financial entities, may access to the free market for foreign debt payment related to guarantees or collaterals for importing goods and for the payment of credit lines opened for importing purposes to the extent that the specific conditions set forth in the foreign-exchange regulations are met.

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Exceptions for the obligations to settle foreign currency using the free market for the proceeds of exports of goods and services, foreign debt in the free market

It will not be mandatory the settlement of foreign currency in the free market originated from exports and foreign debt, if they comply with the following conditions:

- i. The foreign currency funds are credited to foreign currency denominated accounts that the individual or legal entity (i.e., the Company) holds in local financial entities;
- ii. The funds are transferred to said accounts within the established deadlines mentioned above;
- iii. The funds will be used simultaneously for transactions for which current foreign-exchange regulations allow access to the free market against local currency; and,
- iv. The use of this alternative is tax neutral.

Foreign financial debt

In order to cancel the capital and interest of the financial debt in foreign currency, all of the following conditions must be met:

- Entity must demonstrate that the original capital of these debt has been settled in the free market in accordance with the terms and conditions required by the BCRA.
- The transaction must be declared in the last submission of Communication A 6401 ("Survey of Foreign Assets and Liabilities").
- Access to the MULC (free exchange market) must occur at maximum within 3 days prior to the maturity of the payment of principal and interest
- In foreign financial debts, they will be authorized to cancel their capital and interest services from their maturity through the application of collection of exports of goods and services, fulfilling certain specific conditions.
- Until 12/31/2023, prior approval from the BCRA will be required for the cancellation of capital for financial debt with a related counterparty from abroad. BCRA compliance is not required when:
 - a. The entity requiring access to the MULC is a local financial institution.
 - b. The entity that requires access to the MULC has a "Certification by the regimes of access to foreign currency for the incremental production of oil and/or natural gas (Decree No. 277/22)".
 - c. In operations with related companies, compliance will not be required when the funds have been entered and settled after 01/01/2020 and the debt has an average life of not less than 2 years.
 - d. The destination of the funds corresponds to the financing of programs within the "Plan for the promotion of the production of Argentine natural gas", in addition to the fact that said funds have been entered and liquidated in the MULC as of 11/16/2020 and that the debt has an average life of no less than 2 years.

Payment of dividends

The payment of dividends to non-resident shareholders is granted without the approval of the BCRA if the entity meets certain requirements, such as the dividends are derived from audited financial statements, the amount does not exceed certain limitations, the Company complies with the presentation of the "Survey of External Assets and Liabilities", and meets any of the following situations:

- i) Records direct investment contributions as of January 17, 2020, complying with certain ratios
- ii) Profits generated in projects framed in the GAS Plan
- iii) Has a certification of increased exports of good
- iv) Have a "Certification by the regimes of access to foreign currency for the incremental production of oil and/or natural gas (Decree No. 277/22)"
- v) Have a "Certification for direct investment contributions within the framework of the Regime for the Promotion of the Knowledge Economy (Decree 679/2022)"

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Cases that do not fall within the foregoing will require the prior approval of the BCRA to access the foreign exchange market.

Payment for services provided by non-residents

Financial entities may give access to the foreign exchange market to make payments for services provided by non-residents to the extent that they have documentation that allows them to guarantee the existence of the service.

In the case of commercial debts for services, it will be possible to access it from the maturity date to the extent that it is verified that the operation is declared, if applicable, in the last overdue presentation of the "Survey of external assets and liabilities".

Additionally, for this kind of payments it is required the presentation of an affidavit made through the Integral System for Monitoring Payments Abroad of Services (SIMPES - Sistema Integral de Monitoreo de Pagos al Exterior de Servicios, under its Spanish name) in an "APPROVED" status.

The entities may also access with the presentation of an affidavit made in the System of Imports of the Argentine Republic and Payments of Services Abroad (SIRASE - Sistema de Importaciones de la República Argentina y Pagos de Servicios al Exterior, under its Spanish name) with the "APPROVED" status.

Regardless of whether a SIMPES or SIRASE affidavit is submitted, entities must consult, in the online system implemented by the BCRA for this purpose, the situation of the operation with respect to those requirements that are applicable to them.

Additionally, at the time of giving access to the foreign exchange market, the entity must validate the operation in the computer system "Single Current Account for Foreign Trade" ("Cuenta Corriente Única de Comercio Exterior", under its Spanish name) implemented by the AFIP (local Tax Authority).

Additional general rulings applicable to payments in foreign currency (BCRA's Communiqué No. "A" 7030, as amended)

In order to access free market for the payment of imports of goods or services, dividends, financial debt and others, financial institutions will require the client to comply with additional requirements, among others:

- (i) On the day you request access to the free market and in the previous 90 consecutive days, you must not have made sales of securities with settlement in foreign currency or transfers thereof to depository entities abroad.
- (ii) undertakes not to sell securities settled in foreign currency or to transfer them to depository entities abroad from the moment access is requested and for the following 90 consecutive days.
- (iii) Have a sworn statement detailing the individuals or legal entities that exercise a direct control relationship over the Company.

Other requirements refer to access to the free market for the payment of the principal and interest of any type of external debt with a maturity date before March 19, 2020, where the formal approval of the BCRA will be required, or the requirement to disclose to the financial entity that the debtor does have funds in accounts in foreign currency abroad.

Additional general rulings applicable to repayments of financial borrowings in foreign currency (BCRA's Communiqués No "A" 7106 and 7230)

Companies that maintain financial debts in foreign currency with companies that belong to jurisdictions outside of Argentina, with monthly maturities greater than USD 2,000,000, must renegotiate the repayment conditions with such creditors under the terms established in this new regulation.

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The Regulation indicates that those who require access to the foreign exchange market for the payment of the principal of certain financial debts due between October 15, 2020, and December 31, 2022 must submit to the BCRA a detailed refinancing plan based on the following criteria:

- a) The net amount for which the foreign exchange market could be accessed in the initial conditions will not exceed 40% of the amount of the principal owed.
- b) The rest of the capital must be refinanced with a new external debt with an average duration of two years.

The refinancing plan for the financial debt due until December 31, 2021, had to be submitted to the Argentine Central Bank before September 30, 2020. For maturities starting January 1, 2021, and March 31, 2021, the plan must be submitted at least 30 calendar days before the maturity of the principal to be refinanced.

The refinancing plan is not necessary for:

- i) Indebtedness with international organizations or their associated organizations or guaranteed by them.
- ii) Indebtedness granted to the debtor by official credit agencies or guaranteed by them; or
- iii) in cases where access to the foreign exchange market is granted for the repayment of the principal of said indebtedness in an amount not exceeding the equivalent of USD 2,000,000 per calendar month.

Based on the analysis of the restrictions established by the BCRA for access to foreign exchange market management, it is understood that the most significant impact refers to the repayment conditions of the loan between MASA companies maintained with the Business, specifically from the publication of Communication No. 7,106 which refers to the repayment of the principal of offshore loans in USD.

NOTE 22. OTHER ASSETS

The details of this item are shown below:

Item	2022	2021
Prepaid expenses	2,855	4,197
Other assets	5	124
Works for taxes (1)	10,436	6,250
Total	13,296	10,571

- (1) It corresponds to the second stage of rehabilitation, improvement and paving of the Escarralao - El Jobo highway, which will be carried out with the resources that were earmarked for the 2021 Mineros Alluvial income tax.

NOTE 23. INVESTMENT PROPERTY

The following is a breakdown of investment property and their movements:

Item	2022	2021
Balance as of January 1	2,219	2,441
Fair value adjustment	(194)	(222)
Total	2,025	2,219

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The fair value of the investment property for 2022 and 2021 was obtained through a technical formal appraisal. In 2022, the Company recognized an fair value adjustment of \$194 (2021: \$222).

	Level 1	Level 2	Level 3	Fair value at 31/12/2022
Land (Barú Cartagena)	—	2,025	—	2,025

	Level 1	Level 2	Level 3	Fair value at 31/12/2021
Land (Barú Cartagena)	—	2,219	—	2,219

NOTE 24. EXPLORATION AND EVALUATION PROJECTS

The following are the Company's exploration and evaluation projects, assets in development, under IFRS 6 scope:

Description	Segment	2022	2021
Luna Roja	HEMCO Nicaragua	24,462	24,462
Exploracion Porvenir	HEMCO Nicaragua	19,805	15,933
Elefante II	HEMCO Nicaragua	7,910	4,402
QDDLW	Gualcamayo	3,418	2,028
QDDM	Gualcamayo	2,450	578
Las Vacas	Gualcamayo	1,958	1,958
Alaya	Gualcamayo	653	546
Viabilizacion Ambiental Etapa 3	Nechi Aluvial	542	—
Exploracion Onzas	Nechi Aluvial	538	—
Ataco	Mineros S.A. (Holding)	433	433
Viabilizacion Ambiental Etapa 4	Nechi Aluvial	39	—
Viabilizacion Ambiental Etapa 2	Nechi Aluvial	36	960
Target D	Gualcamayo	—	2,991
MAS AIM Aim - Y Alrededores	Gualcamayo	—	941
Preg Robbin Fase I	Gualcamayo	—	346
Preg Robbin Fase II	Gualcamayo	—	421
Proyecto Pluto Sw 850	HEMCO Nicaragua	—	4,885
Total		\$62,244	\$60,884

The following are the movements of mining exploration and evaluation projects:

Description	2022	2021
Cost on January 1	60,884	26,112
Additions	14,430	37,853
Transfers to/from other accounts (-/+) (1)	(6,105)	(633)
Disposals, net (-)	(6,965)	(550)
Impairments (See note 7.2)	—	(1,898)
Balance as of December 31,	62,244	60,884

(1) Correspond to Pluto SW 850 project activation

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NOTE 25. INTANGIBLE ASSETS, NET

The following are details of the cost of intangible assets:

Type of the intangible	2022	2021
Exploitation and development projects	9,527	8,494
Mineral reserves assets ⁽¹⁾	26,164	28,755
Projects of modernization I.T	4,375	7,090
Total	40,066	\$44,339

(1) Corresponds to an intangible asset acquired in a business combination in 2013.

The movement of intangible assets net is:

YEAR 2022				
Description	Exploitation and development projects	Mineral reserves assets	Software and software applications	Total
Initial balance	8,494	28,755	7,090	44,339
Additions	—	—	379	379
Transfers to other accounts (-/+)	6,145	—	95	6,240
Disposals, net (-)	—	—	(121)	(121)
Impairment	—	—	(551)	(551)
Amortization	(5,112)	(2,591)	(2,517)	(10,220)
Net ending balance	9,527	26,164	4,375	40,066
Cost as of December 31, 2022	22,116	32,956	11,503	66,575
Accumulated depreciation as of December 31, 2022	(12,589)	(6,792)	(7,128)	(26,509)
Intangible assets, net as of December 31, 2022	9,527	26,164	4,375	40,066

YEAR 2021				
Description	Exploitation and development projects	Mineral resource assets ⁽¹⁾	Software and software applications	Total
Initial balance	16,734	14,485	8,678	39,897
Additions	—	—	1,182	1,182
Recovery of impairment losses (See note 7.1)	—	15,487	—	15,487
Transfers to other accounts (-/+)	(2,928)	—	(12)	(2,940)
Disposals, Net (-)	(67)	—	(889)	(956)
Impairment	—	—	(5)	(5)
Amortization	(5,245)	(1,217)	(1,864)	(8,326)
Net ending balance	8,494	28,755	7,090	44,339
Cost as of December 31, 2021	18,253	32,957	12,100	63,310
Accumulated depreciation as of December 31, 2021	(9,759)	(4,202)	(5,010)	(18,971)
Intangible assets, net as of December 31, 2021	8,494	28,755	7,090	44,339

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The amortization period of intangibles is as follows:

Description	Useful life
Exploitation and development project	5 – 6 years
Software and software applications	5 years
Mineral resource assets	14 years

NOTE 26. INVESTMENT IN ASSOCIATE

Mineros SA, through its subsidiary, Mineros Chile SpA ("Mineros Chile"), has acquired shares representing 20% of the issued capital of Minera Cavancha SpA ("Minera Cavancha"), the holder of 100% of the La Pepa Project. Concurrently, Mineros Chile, Minera Yamana Chile SpA ("Minera Yamana"), a subsidiary of Yamana Gold Inc. ("Yamana"), and Minera Cavancha entered into a shareholder's agreement dated December 20, 2021 including, amongst other things, the La Pepa Project. The acquisition and the signing of the Shareholders' Agreement of La Pepa are preceded by the exercise of the Option to acquire a 20% stake in the La Pepa Project notified by the Company to Yamana on June 25, 2021.

The Company has the option to obtain an additional 31% share interest (for a total interest of 51%) in the La Pepa Project, subject to the completion of an additional investment and the satisfaction of other conditions, and subsequently acquire the Yamanas remaining 49% stake in Minera Cavancha at fair market value.

The following is the detail of the participation in the net equity and in the results of the year, of the associate:

Investment	Carrying value	Share of the result of associates
	2022	2022
Minera Cavancha SpA	\$5,285	\$2

Mineros determined the fair value of the assets acquired, following the guidelines of IFRS 13, and the difference between the cost of the investment and the entity's share of the net fair value of the identifiable assets and liabilities of Minera Cavancha, was accounted for in the carrying amount of the investment (See note 3.1).

The value as of December 31, 2021 is:

Total fair value of net assets and liabilities	26,436
<i>Participation over the total fair value of net assets and liabilities (20%)</i>	5,287
Consideration transferred	–
Bargain purchase gain	5,287

The balances reported by the associate are detailed below:

Company	2022				
	Asset	Liabilities	Equity	Non-controlling interest	Profit / loss
Minera Cavancha SpA	25,195	(19)	(25,176)	–	10
Total	25,195	(19)	(25,176)	–	10

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Company	2021				
	Asset	Liabilities	Equity	Non-controlling interest	Profit / loss
Minera Cavancha SpA	25,195	(9)	(25,186)	–	–
Total	25,195	(9)	(25,186)	–	–

The movement investment in associate is as follows:

Description	2022	2021
Initial balance	5,287	–
Acquisition of participation	–	5,287
Share of results of associates	(2)	–
Ending Balance	\$5,285	\$5,287

NOTE 27. PROPERTY, PLANT AND EQUIPMENT, NET

The movement of property, plant and equipment is as follows:

	2022				
	Land and buildings	Machinery, plant and equipment	Constructions in progress	Plantations	Total
Initial balance	84,382	142,323	18,907	6,519	252,131
Additions	114	5,642	54,692	433	60,881
Additional liabilities for new leases	–	12,972	–	–	12,972
Transfer (-/+)	16,230	18,120	(34,350)	–	–
Transfers to other accounts (-/+)	–	17	(317)	–	(300)
Disposals, net (-)	(2,771)	(1,164)	(927)	–	(4,862)
Impairment (see note 7.2 & 7.3)	(35,797)	(5,016)	–	–	(40,813)
Depreciation	(14,846)	(34,845)	–	(46)	(49,737)
Currency translation adjustment	(613)	(8)	–	(1,169)	(1,790)
Net ending balance	46,699	138,041	38,005	5,737	228,482
Cost as of December 31, 2022	107,211	267,072	38,005	5,937	418,225
Accumulated depreciation as of December 31, 2022	(60,512)	(129,031)	–	(200)	(189,743)
Property, plant, and equipment, net as of December 31, 2022	46,699	138,041	38,005	5,737	228,482

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2021					
	Land and buildings	Machinery, plant, and equipment	Constructions in progress	Plantations	Total
Initial balance	76,846	135,180	20,274	7,125	239,425
Additions	2,173	5,424	64,578	512	72,687
Additional liabilities for new leases	–	5,213	–	–	5,213
Transfer (-/+)	34,175	27,523	(61,698)	–	–
Transfers to other accounts (-/+)	2,568	718	(1,357)	(49)	1,880
Disposals, net (-)	(87)	(532)	(2,647)	(15)	(3,281)
Depreciation	(20,600)	(29,962)	–	(52)	(50,614)
Impairment (See note 8.2)	(10,128)	(1,231)	(324)	–	(11,683)
Currency translation adjustment	(565)	(10)	81	(1,002)	(1,496)
Net ending balance	84,382	142,323	18,907	6,519	252,131
Cost as of December 31, 2021	130,525	247,549	18,907	6,711	403,692
Accumulated depreciation as of December 31, 2021	(46,143)	(105,226)	–	(192)	(151,561)
Property, plant, and equipment, net as of December 31, 2021	84,382	142,323	18,907	6,519	252,131

In 2022, no appraisals were made, since market conditions did not have a change that would impact the fair value of the assets. The fair value appraisals of the company's land and buildings as of December 31, 2021, were made by independent appraisers not related to the company.

The fair value of the land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

There has been no change to the valuation technique during the year.

Details of the Company's land and buildings and information about the fair value hierarchy at the end of the reporting period are as follows:

	Level 1	Level 2	Level 3	Fair value as of 31/12/2022
Land	–	11,778	–	11,778
Construction and buildings	–	39,321	–	39,321
Total	–	51,099	–	51,099

	Level 1	Level 2	Level 3	Fair value as of 31/12/2021
Land	–	12,281	–	12,281
Construction and buildings	–	70,400	–	70,400
Total	–	82,681	–	82,681

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There were no transfers between Levels during the year.

The cost of the land and construction and buildings measured at fair value for 2022: \$49,643 (2021: \$20,729)

The revaluation surplus accumulated is disclosed in note 34.

Assets pledged as security

The Company has pledged the following assets as collateral on certain agreements in Hemco S.A.:

- a) Banco de América Central S.A. (BAC).
Corresponds to the credit line for \$4,502 in 2022 (2021: \$4,774), on machinery and equipment and transportation equipment.
- b) Caterpillar Finance S.A.
Loan with collateral on heavy machinery and transportation equipment amounting to \$2,398 in 2022 (2021: \$3,072) machinery and equipment and transportation equipment

Leases

The Company leases several assets included in plant and electric networks (corresponding to hydroelectric power plant Providencia III) and transport equipment.

Details of the balances recognized for the year 2022 and 2021 for leasing are given below and are included under machinery, plant, and equipment.

Item	2022	2021
Depreciation expense on right-of-use assets	3,837	8,221
Interest expense on lease liabilities	2,417	1,748
Costs related to leases of low-value or short-term assets	2,407	2,814

For some assets, the Company has options to purchase the asset for a nominal amount at the end of the lease term. The Company's obligations are secured by the lessor's title to the leased assets for such leases.

NOTE 28. LOANS AND OTHER BORROWINGS

The following are the balances of bank loans and lease liabilities:

Item	2022	2021
Bank loans (1)	26,483	34,097
Lease liabilities (2)	20,537	21,013
Total	47,020	\$55,110
Current portion	23,772	17,151
Non-current portion	23,248	37,959

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The change in financial obligations is shown below:

Type of contract	Bank loans	Leases	Total financial obligations
Balance as of January 1, 2022	\$34,097	\$21,013	\$55,110
New credits acquired	17,861	–	17,861
Liabilities for new leases	–	12,972	12,972
Remeasurement leases obligations	–	(8)	(8)
Credits paid	(22,532)	(10,450)	(32,982)
Interest accrued	2,884	2,417	5,301
Interest paid	(2,825)	(2,408)	(5,233)
Other payments	–	163	163
Lease retirement	–	(748)	(748)
Exchange differences	(3,002)	(2,414)	(5,416)
Balance as of December 31, 2022	26,483	20,537	47,020

Type of contract	Bank loans	Leases	Total financial obligations
Balance as of January 1, 2021	\$42,369	\$32,089	\$74,458
New credits acquired	31,079	–	31,079
Liabilities for new leases	–	5,213	5,213
Reclassification	2,240	(2,240)	–
Credits paid	(36,520)	(11,630)	(48,150)
Interest accrued	2,474	1,748	4,222
Interest paid	(2,567)	(1,748)	(4,315)
Retirement of leases	–	(20)	(20)
Other payments	–	2	2
Currency translation effect	(4,978)	(2,401)	(7,379)
Balance as of December 31, 2021	34,097	21,013	55,110

(1) As of December 31, 2022, the breakdown of loans is as follows:

- Loan for \$13,441 taken in April 2019, with a term of 7 years, at an average interest rate of 17.60% EIR (Effective interest rate) in the Mineros SA (Holding) segment.
- 7 loans for \$6,149 taken between 2015 and 2022 with a term between 2 and 7 years, at an average interest rate of 7.61% EIR in the HEMCO Nicaragua segment.
- 5 Leaseback taken between 2021 and 2022 with a term between 3 for \$1,038, at an average interest rate of 2.75% EIR with guarantee for the HEMCO Nicaragua segment.
- 5 loans for \$5,838 taken in 2022 of 1 year, at an average interest rate of 3.12% EIR in the Gualcamayo segment.
- Other bank loans of \$17.

(2) As of December 31, 2022, the breakdown of lease liabilities is as follows:

- Obligation to lease machinery and equipment at a rate of 17.36% EIR for a period of 84 and 102 months for \$10,166 in the Nechí Alluvial segment.
- Machinery and equipment lease obligations contracted between 2020 and 2022 for \$3,622, at an average rate of 8.38% for a period between 2 and 4 years in the HEMCO Nicaragua segment.
- Machinery and equipment lease obligations contracted in 2021 for \$6,516 with an interest rate of 15% EIR for a period between 2 and 3 years in the Gualcamayo segment.
- Other finance leases of \$233.

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The company does not have any covenants.

The value of loans according to their maturity is as follows:

	2022	2021
1 year	12,295	16,594
1 to 5 Years	16,933	21,641
	29,228	38,235
Less: unaccrued finance expenses	(2,745)	(4,138)
Present value bank loans	26,483	34,097

The reconciliation of the present value of future leasing minimum payments is as follows:

	2022	2021
1 year	13,141	7,425
1 to 5 Years	11,149	4,661
More than 5 years	—	21,018
	24,290	33,104
Less: unaccrued finance expenses	(3,753)	(12,091)
Present value of minimum lease payments	20,537	21,013

A significant proportion of the Company's lease arrangements, by value, relate to equipment and vehicles used at the Company's mine sites. Other leases include the expansion of Providencia Hydroelectric Power Plant in the segment Nechi Alluvial. The majority of lease terms are negotiated through the Company's procurement function, although agreements contain a wide range of different terms and conditions. Information about leases for which the Company is a lessee is presented below:

Nechi Alluvial:

Type of contract	Quantity of contracts	Interest rate	Term
Expansion of Providencia Hydroelectric Power Plant	2	17,76% E.A.	84 & 102 months
Renting	3	17,36% E.A.	Between 36 & 84 months

Gualcamayo:

Type of contract	Quantity of contracts	Interest rate	Term
Equipment and loaders	3	15% E.A.	Between 15 & 37 months

HEMCO Nicaragua:

Type of contract	Amount of the contract	Interest rate	Term
Equipment and loaders	7	Entre 2% - 4% E.A.	Between 24 y 48 months
Pick-up trucks/ Transport equipment	3	Entre 8.38% E.A – 10.3% E.A	Between 36 y 48 months

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The following is the analysis of loans and other borrowings by currency denomination:

Analysis of borrowings by currency	MCOP	MUSD	(A) MUSD Equivalent	Total
	(A)	(B)	(C)	(B +C)
December 31, 2022				
Bank loans	64,735,120	13,025	13,458	26,483
Finance lease liabilities	50,025,675	10,137	10,400	20,537
Total	114,760,795	23,162	23,858	47,020
December 31, 2021				
Bank loans	83,716,354	13,069	21,028	\$34,097
Finance lease liabilities	58,144,585	6,408	14,605	21,013
Total	141,860,939	19,477	35,633	55,110

NOTE 29. TRADE AND OTHER PAYABLES

The following is a breakdown of the amounts under this heading:

Item	2022	2021
Suppliers	36,486	32,784
Official debtors	16,502	16,926
Other	8,882	1,047
Total	61,870	50,757

In accordance with the Company's policies, trade, and other accounts payable arising in the ordinary course of business are paid within a maximum term of 30 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

NOTE 30. EMPLOYEE BENEFITS

It comprises the following line items:

	2022	2021
Other employee benefits(1)	8,792	9,485
Provision for severance payment (2)	2,702	2,273
Share-based Compensation (See note 17.1)	21	440
Retirement pensions (3)	261	316
Retirement bonus (4)	369	391
Total	12,145	12,905
Current portion	8,114	8,785
Non-current portion	4,031	4,120

(1) Other employee benefits

Corresponds mainly to vacations and vacation benefits for \$2,132 (2021: \$2,671), short term performance bonuses for \$4,293 (2021: \$3,930) and severance payments for \$632 (2021: \$679).

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(2) Provision for severance payment

In accordance with the Labor Code of the Republic of Nicaragua, upon termination of an employment contract, employers must make severance payments that vary depending on the employee's seniority.

To this effect, an actuarial expert from Nicaragua determined the current value of the severance payment obligation as of December 31, 2022, and 2021. The actuarial calculation is established annually using the projected unit credit method in accordance with IAS 19, for 1,341 employees as of December 31, 2022 (1,393 employees at December 31, 2021). The provision is based on the following assumptions:

Assumption	2022	2021
Discount rate	10.00 %	11.26 %
Salary readjustment rate	5.00 %	4.50 %
Employee turnover	100% values, table used by Watson Wyatt Worldwide Mexico	100% values, table used by Watson Wyatt Worldwide Mexico

(3) Retirement pensions

In Colombia, Mineros S.A. is currently only responsible for the pensions of employees who at the date of the Pension Transfer Resolution issued by the Social Security Institute (November 1997) expected to acquire the special retirement pensions agreed to in the Collective Bargaining Agreement (18 years of service and 47 years of age), whereby the date of recognition depended on the employee's decision. This includes former employees who at the date of the resolution had left the Company but had rights to the pension and were only pending fulfillment of the age requirement.

The actuarial valuations made by an actuarial expert for Mineros S.A. determined the current value of the retirement and survivors' pension obligations at December 31, 2022, and 2021, in accordance with Colombian pensions legislation, and includes the additional monthly payments that must be made in the months of June and December every year, as well as the current value of funeral assistance for the Company of retirees to be paid fully by the Company.

The actuarial calculation of retirement pensions is established annually using the projected unit credit method in accordance with IAS 19 for 15 and 17 pensioners as of December 31, 2022, and 2021. The provision is based on the following assumptions:

Assumption	2022	2021
Discount rate	12.39 %	7.86 %
Pension readjustment rate	7.54 %	3.50 %

For the actuarial calculations as of December 31, 2022, and 2021, mortality tables were used of male and female receivers of income from 2005 to 2008 based on experience, approved by the Financial Superintendence through Resolution 1555 of July 30, 2010.

Additionally, the Company funds the payment of retirement pensions under its responsibility with its own resources, rather than through an established fund.

(4) Retirement bonus

Represents the estimate as of December 31, 2022, and 2021, of the current value of the Company's conventional obligation for seniority bonuses agreed with its employees, corresponding to seven (7) days of salary when completing five (5) years of service, fifteen (15) days upon completing ten (10) years of service and seventeen (17) days of salary upon completing every five (5) years of service after fifteen (15) years of service.

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These benefits are valued annually, measuring the projected unit credit pursuant to IAS 19 for 527 employees in 2022 (505 employees in 2021), based on the following financial assumptions:

Assumption	2022	2021
Annual inflation rate	7.54 %	3.50 %
Annual rate of increase of the benefit	17.50 %	7.24 %
Discount rate	12.53 %	8.17 %

For this calculation, mortality tables were used of male and female receivers of income from 2005 to 2008 based on experience, approved by the Financial Superintendence through Resolution 1555 of July 30, 2010.

Job stability was considered based on the statistics received, which correspond to the 2015-2022 experience of personnel with an indefinite-term contract from Mineros Alluvial, with the following results:

Seniority ranges (Years)	Average Turnover in the Range 2022	Average Turnover in the Range 2021
0 to 2	8.18%	8.21%
2 to 5	2.82%	3.22%
5 to 10	1.79%	1.90%
10 to 15	1.55%	1.33%
15 to 20	0.46%	0.38%
20 to 30	3.1%	3.50%
More than 30	8.56%	8.61%

Post - employment benefits

The following tables present the changes in obligations for 2022 and 2021:

Change in benefit obligation	Retirement pensions		Other Benefits	
	2022	2021	2022	2021
Benefit obligation at beginning of year	316	437	2,664	2,891
Service cost	–	–	263	642
Interest cost	19	22	233	252
Actuarial loss (gain)	(4)	(55)	583	(546)
Benefits paid	(25)	(28)	(800)	(468)
Foreign currency exchange	(45)	(60)	128	(107)
Total	261	316	3,071	2,664

The increase in actuarial earnings of (\$828) (2021: \$601) is mainly due to the increase in the discount rate from the previous year.

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The following table provides the net pension and retirement pension's amounts recognized in the Consolidated Balance Sheets as of December 31:

	Pension Benefits and Retirement pensions	
	2022	2021
Accrued employee benefit liability	\$3,332	\$2,980
Accumulated other comprehensive income (loss):		
Net actuarial gain (loss)	(828)	593
Less: Deferred income taxes	249	(165)
Subtotal changes in OCI	(\$579)	428
Total post-employment benefits, net of taxes	\$2,753	\$3,408

NOTE 31. PROVISIONS

The value of provisions is the following:

Item	2022	2021
Dismantling of assets (1)	44,479	40,265
Other provisions	4,325	5,155
Total	48,804	45,420
Current portion	2,401	327
Non-current portion	46,403	45,093

- (1) The provision for asset dismantling represents the value of those closure costs that are expected to be incurred at the closure of mining operations, as follows: Argentina \$20,552 (2021: \$22,373), Nicaragua \$15,073 (2021: \$11,027) and Colombia: \$8,854 (2021: \$6,865). The estimate of said closing costs is based on studies that have been prepared by the Company's technical experts, complying with the environmental regulations in force in each country.

The provision corresponds mainly to activities that must be carried out with the purpose of restoring those areas that have been affected by the mining exploitation works, such as earthworks, disassembly of the processing plant, closure of mine entrances, re-washing of piles of leaching, monitoring, land profiling and revegetation work. The closure budgets of the mines and tailings are reviewed periodically to take into account any significant changes that may have occurred in any of the studies carried out; however, closure costs will depend on market prices for the required closure work that will reflect future economic conditions. Likewise, the moment in which the disbursements will be made will depend on the useful life of the mines.

The discount rate and expected outflows of economic benefits for each country are as follows:

2022			
Description	Colombia	Nicaragua	Argentina
Rate	15.17 %	11.38 %	11.53 %
Expected outflows of economic benefits	2023-2037	2022-2041	2025-2036

2021			
Description	Colombia	Nicaragua	Argentina
Rate	9.43 %	6.75 %	3.98 %
Expected outflows of economic benefits	2022-2037	2021-2041	2025-2036

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A reconciliation of the decommissioning obligations for assets and other provisions is presented below:

	Dismantling of assets	Other provisions
Balance as of December 31, 2020	\$31,722	\$5,439
Additions, changes in estimates and other	6,477	449
Accretion expense	2,503	—
Foreign currency exchange	(437)	(733)
Balance as of December 31, 2021	\$40,265	\$5,155
Additions, changes in estimates and other	3,137	3,217
Accretion expense	3,235	—
Payments and others	(494)	(3,612)
Foreign currency exchange	(1,664)	(435)
Balance as of December 31, 2022	\$44,479	\$4,325

During 2022 the company announced publicly that over the next six months, it will downsize its operations at its Gualcamayo Property, reducing its workforce in Argentina by up to 30%, as a result of the natural depletion of the deposit. A severance provision was recognized for \$3,000 in connection with the workforce reduction, as of December 31, 2022 the provision has been fully used.

Contingent assets

Type of process	Number of processes	Claims
Taxes, other than income tax ⁽¹⁾	9	35,527
Administrative and environmental ⁽²⁾	10	6,675
Civil	1	326
Total	20	42,528

(1) It corresponds mainly to a lawsuit against the ANLA (the environmental agency in Colombia) for \$26,292 requesting exemption from law 1715, which was admitted in October 2019.

(2) Corresponds to the proceedings initiated in the Administrative Courts against Corantioquia for the determination of rates of remuneration for the discharge and use of surface water in different periods for \$3,180.

Contingent Liabilities

Contingencies that were evaluated as possible are detailed below:

Type of process	Number of processes	Claims
Labor	47	2,012
Taxes, other than income tax	1	1,131
Administrative and environmental	4	203
Civil	6	1,059
Total	58	4,405

Contingent assets and liabilities for each segment are as follows:

- Mineros S.A. Holding: \$41,680 contingent assets and \$1,905 contingent liabilities.
- Gualcamayo: \$848 contingent assets and \$2,311 contingent liabilities.
- Nechi Alluvial: \$Nil contingent assets and \$188 contingent liabilities.
- HEMCO Nicaragua, Chile (La Pepa) and others currently does not have recognized contingent assets and liabilities.

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NOTE 32. ISSUED CAPITAL AND SHARE PREMIUM

In an extraordinary meeting of the General Shareholders' Meeting held on April 16, 2021, it was authorized to make and notarize an amendment to the Company's Bylaws that allowed the increase of the Company's authorized capital to a total of fifty-five thousand two hundred forty-three (\$55,243), represented in eight hundred million (800,000,000) Shares each with a par value of fifty cents of Colombian pesos (COP 0.50).

On November 19, 2021, the Company completed a public offering in Colombia (the "Colombian Concurrent Offering"), issuing 12,777,777 common shares in the capital of the Company ("Common Shares") at \$0.90 per share for gross proceeds of approximately \$11.5 million, including 1,666,666 Common Shares issued pursuant to the exercise in full by the underwriter for the Colombian Concurrent Offering, of its over-allotment option.

On the same date, the Company completed its initial public offering in Canada (the "Canadian IPO"), issuing 22,222,223 Common Shares at \$0.90 per share for aggregate gross proceeds of approximately \$20.0 million. Upon completion of the Canadian IPO, the Common Shares were listed for trading on the TSX under the stock symbol "MSA". On November 25, 2021, the co-lead underwriters for the Canadian IPO, partially exercised their over-allotment option granted to them to purchase an additional 2,050,000 Common Shares at \$0.90 per share, resulting in additional gross proceeds of approximately \$2.8 million.

Total proceeds of the Canadian IPO and the Colombian concurrent offering, net of underwriting fees and various issue cost, were \$29.8 million

The Common Shares began trading on November 19, 2021, on the Toronto Stock Exchange ("TSX") under the symbol "MSA". The Common Shares are also listed on the Colombian Stock Exchange (Bolsa de Valores de Colombia or "BVC") under the symbol "MINEROS: CB".

The following are details of issued capital and additional paid-in capital at December 31, 2022, and 2021:

Description	2022	2021
Issued capital	44	44
Total	44	44

Description	2022
Initial balance	30,194
(+) Share issue premium	—
(-) Incremental cost	—
Total 2022	30,194

Description	2021
Initial balance	383
(+) Share issue premium	33,923
(-) Incremental cost	(4,112)
Total 2021	30,194

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The number of outstanding shares is 299.737.402 and 261.687.402 as of December 31, 2022, and 2021, respectively, as follows:

Item	2022	2021
Number of outstanding ordinary shares as of January 1	299,737,402	261,687,402
New shares issued	—	38,050,000
Number of outstanding ordinary shares as of	299,737,402	299,737,402

NOTE 33. RESERVES

The details of the reserves as of 31 December 2022 and 2021 are as follows:

Description	2022	2021
Legal Reserve	20	20
Others reserves (1)	250,127	229,277
Total	250,147	229,297

(1) It corresponds to reserves established by the shareholders, mainly for protection of assets. The Company decreed dividends of \$22,421 (2021: \$18,799) see note 17; and appropriated reserves of \$43,271 (2021: \$63,372).

NOTE 34. OTHER COMPREHENSIVE INCOME

Detailed below are the figures of the OCI:

Item	2022	2021
Items that will not be reclassified to results for the year, net taxes:		
Revaluation of property, plant and equipment	7,622	7,577
Measurement of defined benefits plans	(159)	420
Items that will be reclassified to results of the year, net taxes:		
Cash flows hedges	(2,390)	(1,486)
Foreign exchange differences on translation of foreign operations	44,115	45,398
Measurement of financial instruments	4,106	4,477
Total	53,294	56,386

NOTE 35. RETAINED EARNINGS

Description	2022	2021
Opening	51,609	74,158
Profit for the year	4,487	43,271
Appropriation of reserves	(43,271)	(63,372)
Transfers to Non-controlling interests	—	(2,498)
Depreciation revaluation assets	47	50
Closing balance	12,872	51,609

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NOTE 36. NON-CONTROLLING INTERESTS

On March 4, 2021, the Company entered into an agreement for the acquisition of 10% of the shares of Vesmisa by one of its subsidiaries, Vesubio Mining S.A. is a processing plant of minerals coming from artisanal mining in the municipality of Bonanza, in the North Caribbean Autonomous Region. The purchase of these shares constituted a direct investment of \$1,306, corresponding to 100 common shares.

Additionally, on July 27, 2021, HEMCO Nicaragua S.A. signed an agreement for the remaining 15% of the shares of Vesubio Mining S.A. The purchase of these shares constituted a direct investment of \$1,500, corresponding to 150 common shares. As a result of these transactions, HEMCO Nicaragua S.A. currently has a 100% interest in Vesubio Mining S.A. To date, payment for these transactions has been made.

Summarized financial information in respect of each of the Company's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Non-controlling interest figures are due to New Castle Gold Mining where Mineros S.A. owns 69.9% of the shares (see note 3.1)

	2022	2021
Assets	6	6
Liabilities	—	—
Equity	6	6
Non-controlling interest	(2)	(2)

	2022	2021
Revenues	—	1,800
Profit (loss) attributable to owners of the Company	—	975
Profit (loss) attributable to the non-controlling interests	—	116

NOTE 37. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

All the transactions entered with the Company's related parties were carried out on an arm's length basis, under equal general conditions as for similar transactions with third parties.

During the year, group entities entered the following commercial transactions with parties that are not members of the Group, but that are related parties of certain Board members:

- Paid insurance premiums to Axa Colpatria Seguros S.A. of \$1,911, compared to \$1,980 as of December 31, 2021.
- Paid to Banco Colpatria Multibanca \$2,104 for hedging operations, compared to \$— as of December 31, 2021.
- Receipts to Banco Colpatria Multibanca \$— for hedging operations, compared to \$664 as of December 31, 2021.
-

Mr. Alberto Mejía Hernández, member of the Board of Directors, sold 100,000 shares of the company in March 2022 and August 2022 for a total of 200,000 shares. The transaction was authorized by the Board of Directors, according to minute 546 of December 1, 2021 and minute 533 of August 3, 2022.

Mr. Sergio Restrepo Isaza, member of the Board Of Directors, acquired 100,000 shares of the company in December 2022, The transaction was authorized by the Board of Directors according to minute 556 of December 14, 2022

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During 2022, payments were made to Royal Road through its subsidiary Minerales Camino Real S.A.S:

- Costs in the amount of \$1,487 (2021: \$1,160) by Mineros and \$912 (2021: \$22,013) by Hemco.
- Trade and other receivables for \$613 (2021: \$0) by Hemco.

During 2022 and 2021, there were no transactions with Yamana Chile Servicios SpA ⁽¹⁾ or Minera Cavanca SpA.

(1) Company that owns an 80% participation in Minera Cavanca, an investment in associate of Mineros S.A

Outstanding loans for key management personnel 2022: \$– (2021: \$0.03)

Compensation of Key Management Personnel

The total compensation paid to key management personnel of the Company (persons who have the authority and responsibility to plan, direct and control the Company's activities) during the years 2022 and 2021 are as follows:

	2022	2021
Salaries and short-term benefits	1,394	992
Other compensations	1,015	788
Par value of granted SAR's during the year (unvested and unpaid)	709	752

The Company does not have long-term post-employment or termination benefits for its key management personnel.

The fees paid to Directors for their attendance at the Board of Directors meetings in 2022 amounted to \$596 (2021: \$554).

Transactions with Mineros Foundation

The values recorded for operations carried out with the Foundation in the indicated period are shown below:

Description	2022	2021
Donations	575	398

The transactions carried out with the Foundation are intended to contribute to the development of its social and economic purpose in the geographical areas where the company's mining activity is carried out. Expenses for donations are certified by the foundation for subsequent income tax deductibility.

NOTE 38. COMMITMENTS

Other commitments associated with the acquisition of the Gualcamayo Property

The purchase price for the acquisition of Gualcamayo in 2018 was comprised of a cash consideration of \$31.1 million, contingent consideration of \$30 million to be paid on the date of the commercial operation of the Deep Carbonates Project, the grant of a 2% NSR royalty at the Gualcamayo Mine on metal produced after the initial 396,000 ounces (capped at \$50 million of total payments (excluding the Deep Carbonates Project)) and the grant of a 1.5% uncapped NSR royalty on the Deep Carbonates Project.

Management has not recognized any contingent liability in determining the total consideration of the transaction, because commercial production at the Deep Carbonates Project was assessed as remote as of December 31, 2022.

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Other commitments associated with the acquisition of Royal Road's 50% part of the Luna Roja Exploration Target

Given the acquisition on May 21, 2021 of the 50% stake held by Royal Road in the Luna Roja Exploration Target in Nicaragua, comprised of the mining concessions Monte Carmelo I and Monte Carmelo II, the Company has the following commitments as of December 31, 2022:

- An NSR royalty of 1.25% on all future mineral commercial production from the mining concessions of Monte Carmelo I and Monte Carmelo II payable to Royal Road.

The Luna Roja Exploration Target is at an early stage of exploration. Since it is not possible to measure the commitment reliably, no charge has been recorded for these royalties.

NOTE 39. EVENTS AFTER REPORTING PERIOD

In line with the impairment disclosed in note 7.2 the Company has determined to wind-down its open pit and underground oxide gold mining operations at the Gualcamayo Mine during 2023. The Company is in the process of finalizing the schedule for the wind-down but currently anticipates that operations, primarily processing of ore located in heap leach piles will continue to produce gold after the cessation of active mining activities, with production expected to end sometime in 2025. Notwithstanding the winding down of activities and in addition to the continuing production, the Company continues to analyze mining and processing scenarios for its sulphide gold Deep Carbonates Project and is expecting to make an announcement in this regard during 2023. The Company is also continuing to evaluate prospective greenfield exploration targets at the Gualcamayo Property. Much of the infrastructure that currently services the Gualcamayo Mine is expected to be amenable to adaptation and reuse for any future mining operation.

NOTE 40. APPROVAL OF FINANCIAL STATEMENTS

The Consolidated Financial Statements of Mineros S.A corresponding to December 31, 2022 were authorized by the Board of Directors at its meeting on February 17, 2022 according to minutes number 557.