

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Year ended 31 December 2024			Year ended 31 December 2023		
		US\$ thousands			US\$ thousands		
		Pre-Silverstream revaluation effect	Silverstream revaluation effect	Total	Pre-Silverstream revaluation effect	Silverstream revaluation effect	Total
Revenues	5	3,496,385		3,496,385	2,705,086		2,705,086
Cost of sales	6	(2,250,112)		(2,250,112)	(2,201,848)		(2,201,848)
Gross profit		1,246,273		1,246,273	503,238		503,238
Administrative expenses		(109,514)		(109,514)	(128,428)		(128,428)
Exploration expenses	7	(163,048)		(163,048)	(182,447)		(182,447)
Selling expenses		(46,154)		(46,154)	(34,023)		(34,023)
Other operating income	9	39,559		39,559	35,324		35,324
Other operating expenses	9	(21,296)		(21,296)	(51,169)		(51,169)
Profit before net finance costs and income tax		945,820		945,820	142,495		142,495
Finance income	10	46,936		46,936	50,623		50,623
Finance costs	10	(73,571)		(73,571)	(88,846)		(88,846)
Revaluation effects of Silverstream contract	14	–	(182,276)	(182,276)	–	7,732	7,732
Foreign exchange gain		6,993		6,993	2,014		2,014
Profit before income tax		926,178	(182,276)	743,902	106,286	7,732	114,018
Corporate income tax	11	(444,870)	54,683	(390,187)	207,367	(2,320)	205,047
Special mining right	11	(127,024)		(127,024)	(30,765)		(30,765)
Income tax	11	(571,894)	54,683	(517,211)	176,602	(2,320)	174,282
Profit for the year		354,284	(127,593)	226,691	282,888	5,412	288,300
Attributable to:							
Equity shareholders of the Company		268,513	(127,593)	140,920	228,497	5,412	233,909
Non-controlling interest		85,771		85,771	54,391		54,391
		354,284	(127,593)	226,691	282,888	5,412	288,300
Earnings per share: (US\$)							
Basic and diluted earnings per Ordinary Share	12			0.191			0.317
Adjusted earnings per share: (US\$)							
Adjusted basic and diluted earnings per Ordinary Share	12	0.364			0.310		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Year ended 31 December	
		2024 US\$ thousands	2023 US\$ thousands
Profit for the year		226,691	288,300
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		(3,366)	(2,318)
Net other comprehensive loss that may be reclassified subsequently to profit or loss:		(3,366)	(2,318)
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in the fair value of cash flow hedges		(201)	452
Total effect of cash flow hedges		(201)	452
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)		35,309	(53,136)
Remeasurement loss on defined benefit plans	22	(199)	(126)
Income tax effect on items that will not be reclassified to profit or loss	11	(10,502)	15,826
Net other comprehensive income/(loss) that will not be reclassified to profit or loss		24,407	(36,984)
Other comprehensive income/(loss), net of tax		21,041	(39,302)
Total comprehensive income for the year, net of tax		247,732	248,998
Attributable to:			
Equity shareholders of the Company		162,022	194,476
Non-controlling interests		85,710	54,522
		247,732	248,998

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2024

	Notes	As at 31 December	
		2024 US\$ thousands	2023 US\$ thousands
ASSETS			
Non-current assets			
Property, plant and equipment (PPE)	13	2,538,665	2,860,916
Equity instruments at FVOCI	30 (b)	139,968	107,991
Silverstream contract	14	214,437	446,538
Deferred tax asset	11	466,734	665,302
Inventories	15	69,760	69,760
Other receivables	16	5,264	43,528
Other assets		3,101	4,553
		3,437,929	4,198,588
Current assets			
Inventories	15	412,417	462,973
Trade and other receivables	16	674,211	419,666
Prepayments		13,881	23,178
Income tax recoverable		–	62,740
Derivative financial instruments	30	–	79
Silverstream contract	14	44,204	35,802
Short-term investments	17	187,403	–
Cash and cash equivalents	17	1,110,413	534,580
		2,442,529	1,539,018
Total assets		5,880,458	5,737,606
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Company			
Share capital	18	368,546	368,546
Share premium	18	1,153,817	1,153,817
Capital reserve	18	(526,910)	(526,910)
Hedging reserve	18	(92)	50
Fair value reserve of financial assets at FVOCI	18	66,594	42,591
Foreign currency translation reserve	18	(7,570)	(4,204)
Retained earnings	18	2,800,956	2,737,962
		3,855,341	3,771,852
Non-controlling interests		355,029	295,345
Total equity		4,210,370	4,067,197
Non-current liabilities			
Interest-bearing loans	20	839,507	839,002
Notes payable	30 (a)	–	22,726
Lease liabilities	25	7,581	9,777
Provision for mine closure cost	21	233,748	280,467
Pensions and other post-employment benefit plans	22	11,454	13,211
Deferred tax liability	11	209,213	133,202
		1,301,503	1,298,385
Current liabilities			
Trade and other payables	23	223,779	258,105
Notes payable	30 (a)	2,055	72,634
Income tax payable		113,221	21,779
Derivative financial instruments	30	189	–
Lease liabilities	25	4,312	4,813
Provision for mine closure cost	21	11,781	11,849
Employee profit sharing		13,248	2,844
		368,585	372,024
Total liabilities		1,670,088	1,670,409
Total equity and liabilities		5,880,458	5,737,606

These Financial Statements were approved by the Board of Directors on 3 March 2025 and signed on its behalf by:

Dr Arturo Fernández
Non-Executive Director
3 March 2025

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Year ended 31 December	
		2024 US\$ thousands	2023 US\$ thousands
Net cash from operating activities	29	1,299,802	425,922
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(370,542)	(483,409)
Proceeds from the sale of property, plant and equipment and other assets		2,563	1,592
Proceeds from the sale of mining concessions	9	10,000	–
Proceeds from Silverstream contract	14	29,957	40,158
Proceeds from the Layback Agreement ¹	2 (c)	–	22,800
Purchase of equity instruments at FVOCI	30 (b)	(1,466)	(2,313)
Disposal of equity instruments at FVOCI	30 (b)	5,098	–
Short-term investments	17	(187,403)	–
Interest received		46,333	51,641
Net cash used in investing activities		(465,460)	(369,531)
Cash flows from financing activities			
Proceeds from notes payable	30(a)	–	22,726
Payment of notes payable	30(a)	(92,361)	(32,965)
Repayment of interest-bearing loans	20	–	(317,879)
Principal element of lease payments	25 (a)	(5,443)	(6,068)
Dividends paid to shareholders of the Company ²	19	(78,156)	(108,351)
Dividends paid to non-controlling interests in subsidiaries	4 (a)	(26,400)	–
Capital contribution ³		–	9,667
Interest paid ^{4,5}		(45,917)	(62,964)
Net cash used in financing activities		(248,277)	(495,834)
Net decrease in cash and cash equivalents during the year		586,065	(439,443)
Effect of exchange rate on cash and cash equivalents		(10,232)	4,963
Cash and cash equivalents at 1 January		534,580	969,060
Cash and cash equivalents at 31 December	17	1,110,413	534,580

- 1 Corresponds to the last payment of the Layback Agreement entered with Orla Mining Ltd in December 2020 for the right to expand the Camino Rojo oxide pit onto Fresnillo mineral concession.
- 2 Includes the effect of hedging of dividend payments made in currencies other than US dollar (Note 19).
- 3 Corresponds to capital contributions provided by Minera los Lagartos, S.A. de C.V.
- 4 During the year ended 31 December 2024 there were no amounts capitalised. Total interest during the year ended 31 December 2023 less amounts capitalised totalling US\$2.1 million which is included within the caption Purchase of property, plant and equipment.
- 5 As of 31 December 2024 includes US\$1.2 million related to a commitment fee in respect of undrawn amounts of the syndicated revolving credit facility entered by the Group. No amounts have been drawdown from the credit facility as of 31 December 2024.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

		Attributable to the equity holders of the Company									
		Share capital	Share premium	Capital reserve	Hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Notes		US\$ thousands									
Balance at 1 January 2023		368,546	1,153,817	(526,910)	(91)	79,786	(1,886)	2,612,469	3,685,731	231,206	3,916,937
Profit for the year		–	–	–	–	–	–	233,909	233,909	54,391	288,300
Other comprehensive income, net of tax		–	–	–	173	(37,195)	(2,318)	(93)	(39,433)	131	(39,302)
Total comprehensive income for the year		–	–	–	173	(37,195)	(2,318)	233,816	194,476	54,522	248,998
Hedging loss transferred to the carrying value of PPE purchased during the year		–	–	–	(32)	–	–	–	(32)	(50)	(82)
Capital contribution		–	–	–	–	–	–	–	–	9,667	9,667
Dividends declared and paid		19	–	–	–	–	–	(108,323)	(108,323)	–	(108,323)
Balance at 31 December 2023		368,546	1,153,817	(526,910)	50	42,591	(4,204)	2,737,962	3,771,852	295,345	4,067,197
Profit for the year		–	–	–	–	–	–	140,920	140,920	85,771	226,691
Other comprehensive income, net of tax		–	–	–	(95)	24,716	(3,366)	(153)	21,102	(61)	21,041
Total comprehensive income for the year		–	–	–	(95)	24,716	(3,366)	140,767	162,022	85,710	247,732
Hedging loss transferred to the carrying value of PPE purchased during the year		–	–	–	(47)	–	–	–	(47)	(1)	(48)
Transfer of gain on disposal of equity investments at FVOCI to retained earnings (net of tax)		30(b)	–	–	–	(713)	–	713	–	–	–
Recognition of non-controlling interest		4(a)	–	–	–	–	–	(375)	(375)	375	–
Dividends declared and paid		19	–	–	–	–	–	(78,111)	(78,111)	(26,400)	(104,511)
Balance at 31 December 2024		368,546	1,153,817	(526,910)	(92)	66,594	(7,570)	2,800,956	3,855,341	355,029	4,210,370

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Fresnillo plc. (the Company) is a public limited company and registered in England and Wales with registered number 6344120 and is the holding company for the Fresnillo subsidiaries detailed in Note 5 of the Parent Company accounts ('the Group').

Industrias Peñoles S.A.B. de C.V. ('Peñoles') currently owns 75 percent of the shares of the Company and the ultimate controlling party of the Company is the Baillères family, whose beneficial interest is held through Peñoles. The registered address of Peñoles is Calzada Legaria 549, Mexico City 11250. Copies of Peñoles' accounts can be obtained from www.penoles.com.mx. Further information on related party balances and transactions with Peñoles' group companies is disclosed in Note 27.

The consolidated Financial Statements of the Group for the year ended 31 December 2024 were authorised for issue by the Board of Directors of Fresnillo plc on 3 March 2025.

The Group's principal business is the mining and beneficiation of non-ferrous minerals, and the sale of related production. The primary contents of this production are silver, gold, lead and zinc. During 2024 99.6% of the production were sold to Peñoles' metallurgical complex, Met-Mex (2023: 99.9% of the production), for smelting and refining. Further information about the Group operating mines and its principal activities is disclosed in Note 3.

2. Significant accounting policies

(a) Basis of preparation and consolidation, and statement of compliance

Basis of preparation and statement of compliance

The Group consolidated Financial Statements have been prepared in accordance with UK-adopted international accounting standards in accordance with the provisions of the Companies Act 2006.

The consolidated Financial Statements have been prepared on a historical cost basis, except for trade receivables, derivative financial instruments, equity securities and defined benefit pension scheme assets which have been measured at fair value.

The consolidated Financial Statements are presented in dollars of the United States of America (US dollars or US\$) and all values are rounded to the nearest thousand (\$000) except when otherwise indicated.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above in the Strategic Report on pages 1-143. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review in pages 51-57. In addition, Note 31 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

In making their assessment of the Group's ability to manage its future cash requirements, the Directors have considered the Company and Group budgets and the cash flow forecasts for the period to 31 December 2026. In addition, they reviewed a more conservative cash flow scenario with reduced silver and gold prices of US\$12.8 and US\$1,057 respectively throughout this period, while maintaining current budgeted expenditure and only considering projects approved by the Executive Committee. This resulted in our current cash balances reducing over time but maintaining sufficient liquidity throughout the period.

The Directors have further calculated prices (US\$16.1 and US\$1,325 for silver and gold respectively), which should they prevail to the end of 2026 would result in cash balances decreasing to minimal levels by the end of 2026, without applying mitigations.

Should metals prices remain below the stressed prices above for an extended period, management have identified specific elements of capital and exploration expenditures which could be deferred without adversely affecting production profiles throughout the period. On the other hand, management could amend the mining plans to concentrate on production with a higher margin in order to accelerate cash generation without affecting the integrity of the mine plans. Finally, to maintain a strong liquidity, in January 2024 management acquired a committed revolving credit facility of US\$350 million, which could be used if needed.

After reviewing all of the above considerations, the Directors have a reasonable expectation that management have sufficient flexibility in adverse circumstances to maintain adequate resources to continue in operational existence for the foreseeable future. The Directors, therefore, continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

Basis of consolidation

The consolidated Financial Statements set out the Group's financial position as of 31 December 2024 and 2023, and the results of operations and cash flows for the years then ended.

Entities that constitute the Group are those enterprises controlled by the Group regardless of the number of shares owned by the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Entities are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Group applies the acquisition method to account for business combinations in accordance with IFRS 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

All intra-group balances, transactions, income and expenses and profits and losses, including unrealised profits arising from intra-group transactions, have been eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the combination. Any losses of a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, a transaction with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

(b) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated Financial Statements are consistent with those applied in the preparation of the consolidated Financial Statements for the year ended 31 December 2023.

New standards, interpretations and amendments (new standards) adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The Group has evaluated the applicability of Pillar II rules considering that the Parent Company and the main subsidiaries of the Group are tax resident in Mexico, management also assessed the status of the Pillar II legislation in the country, however no laws or regulations have been enacted to the date of this report.

Standards, interpretations and amendments issued but not yet effective

The International Accounting Standards Board (IASB) has issued new standards, interpretation and other amendments resulting from improvements to IFRSs that management considers do not have any impact on the accounting policies, financial position or performance of the Group except for the new standard IFRS 18-Presentation and Disclosure in Financial Statements; this new standard replaces IAS 1-Presentation of Financial Statements, with a focus on updates to the statement of profit or loss. This new standard is applicable for periods commencing 1 January 2027, early adoption is permitted. The Group is currently assessing the impact of IFRS 18 and plans to adopt the new standard on the required effective date.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated Financial Statements and reported amounts of revenues and expenses during the reporting period. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, with regard to prior experience, but actual results may differ from the amounts included in the consolidated Financial Statements. Information about such judgements and estimates is contained in the accounting policies and/or the notes to the consolidated Financial Statements.

Judgements

Areas of judgement, apart from those involving estimations, that have the most significant effect on the amounts recognised in the consolidated Financial Statements for the year ended 31 December 2024 are:

Recoverability of Soledad and Dipolos assets:

In 2009, five members of the El Bajío agrarian community in the state of Sonora, who claimed rights over certain surface land in the proximity of the operations of Minera Penmont ('Penmont'), submitted a legal claim before the Unitarian Agrarian Court (Tribunal Unitario Agrario) of Hermosillo, Sonora, to have Penmont vacate an area of this surface land. The land in dispute encompassed a portion of surface area where part of the operations of the Soledad & Dipolos mine are located. The litigation resulted in a definitive court order, with which Penmont complied by vacating 1,824 hectares of land in 2013, resulting in the suspension of operations at Soledad & Dipolos. Whilst the claim and the definitive court order did not affect the Group's legal title over the mining concession or the ore currently held in leaching pads near the mine site, land access at the mine site is required to further exploit the concession at Soledad & Dipolos.

Penmont is the legal and registered owner of the land where the leaching pads are located but has not yet been able to gain physical access to these pads due to opposition by certain local individuals. This land was purchased by Penmont from the Federal Government of Mexico in accordance with legal procedures. The Group has a reasonable expectation that Penmont will eventually regain access to the Soledad & Dipolos assets and process the ore content in the Soledad & Dipolos leaching pads. This expectation considers different scenarios, including but not limited to the different legal proceedings that Minera Penmont has presented in order to regain access to the land, and other proceedings that members of the El Bajío agrarian community have presented seeking the cancellation of Penmont's property deed over this area, which proceedings are pending final resolution. Therefore, the Group continues to recognise property, plant & equipment and inventory related to Soledad & Dipolos, as disclosed in Note 13 and Note 15, respectively. Due to the fact that it is not yet certain when access may be granted so that the inventory can be processed, this inventory is classified as a non-current asset.

In regard to the inventory, during the first half of the year 2023 the Company identified certain suspected illegal extraction of gold content at its Soledad-Dipolos leaching pads. The Company estimates a loss of approximately 20,000 ounces of gold content and consequently recognised a write off of US\$21.9 million regarding the Soledad-Dipolos gold contents in inventory, which has been presented as other expenses in the Consolidated Income Statement. The Company took relevant actions with the support of diverse authorities to stop the illegal extraction. During the second half of the year, a procedural visit by authorities took place. During the visit of the authorities to the mine site it was confirmed there were no personnel carrying out any illegal mining activities at Soledad & Dipolos leaching pads. The inventory write-off considered both the estimation of recoverable amount of gold existing at the leaching pad, and potential volume of solution being irrigated on the area that is believed to have been leached to date. However, the nature of estimation means that actual outcome may differ from those estimates. During 2024 the Group has not identified further losses of this inventory.

Furthermore, claimants from the El Bajío community also presented claims against occupation agreements they entered into with Penmont, covering land parcels other than the surface land where Soledad & Dipolos is located. Penmont has had no significant mining operations or specific geological interest in the affected parcels and these lands are therefore not considered strategic for Penmont. The Agrarian Court has issued rulings declaring such occupation agreements over those land parcels to be null and void, and that Penmont must remediate such lands to the state that they were in before Penmont's occupation as well as returning any minerals extracted from this area. The case relating to the claims over these land parcels remains subject to final conclusion, as appeals are progressing as expected. However, given that Penmont has not conducted significant mining operations or had specific geological interest in these land parcels, any contingencies (including environmental remediation) relating to such land parcels are not considered material by the Group. There are no material assets recognised in respect of these land parcels at 31 December 2024.

Climate change:

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

The main ways in which climate has affected the preparation of the Financial Statements are:

- The Group has already made certain climate-related strategic decisions, such as to focus on decarbonisation and to increase the use of wind energy. Where decisions have been approved by the Board, the effects were considered in the preparation of these Financial Statements by way of inclusion in future cash flow projections underpinning the estimation of the recoverable amount of property, plant and equipment and deferred tax assets, as relevant.
- As described in Note 14, the costs inherent in the Silverstream contract are determined based on the provisions of that contract. This reduces the exposure of the valuation of the asset to the effect of any cost implications related to CROs.
- Further information about the potential effect of CROs on the provision for mine closure cost is set out in Note 21.

The Group's strategy consists of mitigation and adaptation measures. To mitigate the impacts by and on climate change the Company relies on renewable electricity, fuel replacement and efficiency opportunities to reduce the carbon footprint. The approach to adaptation measures is based on climate models to produce actionable information for the design, construction, operation and closure of its mining assets, considering climate change. In addition, societal expectations are driving government action that may impose further requirements and cost on companies in the future. Future changes to the Group's climate change strategy, global decarbonisation signposts and regulation may impact the Group's significant judgements and key estimates and result in material changes to financial results and the carrying values of certain assets and liabilities in future reporting periods. However, as at the balance sheet date the Group believes there is no material impact on balance sheet carrying values of assets or liabilities. Although this is an estimate, it is not considered a critical estimate.

Uncertain tax positions:

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and it considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances based on either the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

Estimates and assumptions

Significant areas of estimation uncertainty considered by management in preparing the consolidated Financial Statements include:

Estimated recoverable ore reserves and mineral resources, Note 2(e):

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Mineral resources are an identified mineral occurrence with reasonable prospects for eventual economic extraction. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates, in conformity with the Joint Ore Reserves Committee (JORC) code 2012. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable ore reserves and mineral resources is based upon factors such as geological assumptions and judgements made in estimating the size and grade of the ore body, estimates of commodity prices, foreign exchange rates, future capital requirements and production costs.

As additional geological information is produced during the operation of a mine, the economic assumptions used and the estimates of ore reserves and mineral resources may change. Such changes may impact the Group's reported balance sheet and income statement including:

- The carrying value of property, plant and equipment and mining properties may be affected due to changes in the recoverable amount, which consider both ore reserves and mineral resources, refer to Note 13;
- Depreciation and amortisation charges in the income statement may change where such charges are determined using the unit-of-production method based on ore reserves, refer to Note 13;
- Stripping costs capitalised in the balance sheet, either as part of mine properties or inventory, or charged to profit or loss may change due to changes in stripping ratios, refer to Note 13;
- Provisions for mine closure costs may change where changes to the ore reserve and resources estimates affect expectations about when such activities will occur, refer to Note 21;
- The recognition and carrying value of deferred income tax assets may change due to changes regarding the existence of such assets and in estimates of the likely recovery of such assets, refer to Note 11.

Estimate of recoverable ore on leaching pads, Note 15:

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

The grades of ore placed on pads are regularly compared to the quantities of metal recovered through the leaching process to evaluate the appropriateness of the estimated recovery (metallurgical balancing). The Group monitors the results of the metallurgical balancing process and recovery estimates are refined based on actual results over time and when new information becomes available. Any potential future adjustment would be applicable from the point of re-estimation and would not by itself change the value of inventory and as such no sensitivity included.

Silverstream, Note 14:

The valuation of the Silverstream contract as a derivative financial instrument requires estimation by management. The term of the derivative is based on the Sabinas life of mine and the value of this derivative is determined using a number of estimates, including the estimated future silver production which is based on the ore Management considers is possible to extract on the same basis a market participant would consider. For the year ended 31 December 2024, and following consideration of the mine's operational difficulties notified by Peñoles in November 2024, Management has re-evaluated the estimation considering only recoverable ore reserves (31 December 2023: ore reserves and a portion of mineral resources considering the expected rate of conversion to reserves). Additionally, in the valuation of the contract Management considers other estimates including future production profile of the Sabinas mine, the estimated recoveries of silver from ore mined, estimates of the future price of silver and the discount rate used to discount future cash flows. Further detail on the inputs that have a significant effect on the fair value of this derivative, and the impact of changes in key assumptions are included in Note 14.

Income tax, Notes 2 (r) and 11:

The recognition of deferred tax assets, including those arising from un-utilised tax losses, requires Management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. Estimated cash flows are not significantly sensitive to reasonable possible changes to key assumptions on which management bases the recoverable value calculations. The carrying value of deferred tax assets is disclosed in Note 11.

(d) Foreign currency translation

The Group's consolidated Financial Statements are presented in US dollars, which is the Parent Company's functional currency. The functional currency for each entity in the Group is determined by the currency of the primary economic environment in which it operates. The determination of functional currency requires Management judgement, particularly where there may be more than one currency in which transactions are undertaken and which impact the economic environment in which the entity operates. For all operating entities, this is US dollars.

Transactions denominated in currencies other than the functional currency of the entity are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences that arise are recorded in the Income Statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated into US dollars using the exchange rate at the date when the fair value is determined.

For entities with functional currencies other than US dollars as at the reporting date, assets and liabilities are translated into the reporting currency of the Group by applying the exchange rate at the balance sheet date and the income statement is translated at the average exchange rate for the year. The resulting difference on exchange is included as a cumulative translation adjustment in other comprehensive income. On disposal of an entity, the deferred cumulative amount recognised in other comprehensive income relating to that operation is recognised in the income statement.

(e) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment, if any. Cost comprises the purchase price and any costs directly attributable to bringing the asset into working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

The cost less, the residual value of each item of property, plant and equipment, is depreciated over its useful life. Each item is estimated useful life has been assessed with regard to both its own physical life limitations and the present assessment of economically recoverable reserves of the mine property at which the item is located. Estimates of remaining useful lives are made on a regular basis for all mine buildings, machinery and equipment, with annual reassessments for major items. Depreciation is charged to cost of sales on a unit-of-production (UOP) basis for mine buildings and installations, plant and equipment used in the mine production process (except mobile equipment) or on a straight-line basis over the estimated useful life of the individual asset that are not related to the mine production process. Changes in estimates, which mainly affect unit-of-production calculations, are accounted for prospectively. Depreciation commences when assets are available for use. Land is not depreciated.

The average expected useful lives based on actual life of mines are as follows:

	Years
Buildings	6
Plant and equipment	10
Mining properties and development costs ¹	10
Other assets	5

¹ Depreciation of mining properties and development cost are determined using the unit-of-production method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising at derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year that the asset is derecognised.

Non-current assets or disposal groups are classified as held for sale when it is expected that the carrying amount of the asset will be recovered principally through sale rather than through continuing use. Assets are not depreciated when classified as held for sale.

Disposal of assets

Gains or losses from the disposal of assets are recognised in the income statement when all significant risks and rewards of ownership are transferred to the customer, usually when title has been passed.

Mining properties and development costs

Payments for mining concessions are expensed during the exploration phase of a prospect and capitalised during the development of the project when incurred.

Purchased rights to ore reserves and mineral resources are recognised as assets at their cost of acquisition or at fair value if purchased as part of a business combination.

Mining concessions, when capitalised, are amortised on a straight-line basis over the period of time in which benefits are expected to be obtained from that specific concession.

Mine development costs are capitalised as part of property, plant and equipment. Mine development activities commence once a feasibility study has been performed for the specific project. When an exploration prospect has entered into the advanced exploration phase, and sufficient evidence of the probability of the existence of economically recoverable minerals has been obtained, pre-operative expenses relating to mine preparation works are also capitalised as a mine development cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

The initial cost of a mining property comprises its construction cost, any costs directly attributable to bringing the mining property into operation, the initial estimate of the provision for mine closure cost, and, for qualifying assets, borrowing costs. The Group ceases the capitalisation of borrowing cost when the physical construction of the asset is complete and is ready for its intended use.

Ore generated as part of the development stage may be processed and sold, giving rise to revenue before the commencement of commercial production. Where such processing is necessary to bring mining assets into the condition required for their intended use (for example, in testing the plants at the mining unit in development), revenues from metals recovered from such activities are recognised in profit or loss.

Upon commencement of production, capitalised expenditure is depreciated using the unit-of-production method based on the estimated economically proven and probable reserves to which they relate.

Mining properties and mine development are stated at cost, less accumulated depreciation and impairment in value, if any.

Construction in progress

Assets in the course of construction are capitalised as a separate component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment. The cost of construction in progress is not depreciated.

Subsequent expenditures

All subsequent expenditure on property, plant and equipment is capitalised if it meets the recognition criteria, and the carrying amount of those parts that are replaced, is de-recognised. All other expenditure including repairs and maintenance expenditure is recognised in the income statement as incurred.

Stripping costs

In a surface mine operation, it is necessary to remove overburden and other waste material in order to gain access to the ore bodies (stripping activity). During development and pre-production phases, the stripping activity costs are capitalised as part of the initial cost of development and construction of the mine (the stripping activity asset) and charged as depreciation or depletion to cost of sales, in the income statement, based on the mine's units of production once commercial operations begin.

Removal of waste material normally continues throughout the life of a surface mine. At the time that saleable material begins to be extracted from the surface mine the activity is referred to as production stripping.

Production stripping cost is capitalised only if the following criteria are met:

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

If not all of the criteria are met, the production stripping costs are charged to the income statement as operating costs as they are incurred.

Stripping activity costs associated with such development activities are capitalised into existing mining development assets as mining properties and development cost, within property, plant and equipment, using a measure that considers the volume of waste extracted compared with expected volume, for a given volume of ore production. This measure is known as 'component stripping ratio', which is revised annually in accordance with the mine plan. The amount capitalised is subsequently depreciated over the expected useful life of the identified component of the ore body related to the stripping activity asset, by using the units of production method. The identification of components and the expected useful lives of those components are evaluated as new information of reserves and resources is available.

The capitalised stripping activity asset is carried at cost less accumulated depletion/depreciation, less impairment, if any. Cost includes the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. The costs associated with incidental operations are excluded from the cost of the stripping activity asset.

(f) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. At each reporting date, an assessment is made to determine whether there are any indicators of impairment. If there are indicators of impairment, an exercise is undertaken to determine whether carrying values are in excess of their recoverable amount. Such reviews are undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of those from other assets or groups of assets, and then the review is undertaken at the cash generating unit level.

If the carrying amount of an asset or its cash generating unit exceeds the recoverable amount, a provision is recorded to reflect the asset at the recoverable amount in the balance sheet. Impairment losses are recognised in the income statement.

The recoverable amount of an asset

The recoverable amount of an asset is the greater of its value in use and fair value less costs of disposal. In assessing value in use, 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. The cash flows used to determine the recoverable amount of mining assets are based on the mine plan for each mine. The mine plan is determined based on the estimated and economically proven and probable reserves, as well as certain other resources that are assessed as highly likely to be converted into reserves. Fair value less cost of disposal is based on an estimate of the amount that the Group may obtain in an orderly sale transaction between market participants. For an asset that does not generate cash, inflows largely independently of those from other assets, or groups of assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. The Group's cash generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Reversal of impairment

An assessment is made each reporting date as to whether there is any indication that previously recognised impairment losses may no longer, exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to the recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in previous years. Such impairment loss reversal is recognised in the income statement.

(g) Financial assets and liabilities**Financial assets**

The Group classifies its financial assets in the following measurement categories:

- Those to be measured at amortised cost.
- Those to be measured subsequently at FVOCI, and.
- Those to be measured subsequently at fair value through profit or loss.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Classification

The Group holds the following financial assets:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include receivables (other than trade receivables which are measured at fair value through profit and loss).

Equity instruments designated as fair value through other comprehensive income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

The Group's trade receivables and derivative financial instruments, including the Silverstream contract, are classified as fair value through profit or loss.

De-recognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables (other than trade receivables which are measured at FVPL), the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities

The Group classifies its financial liabilities as follows:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Measurement

For purposes of subsequent measurement, financial liabilities held by the Group are classified as financial liabilities at amortised cost.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(h) Inventories

Finished goods, work in progress and ore stockpile inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method based on cost of production which excludes borrowing costs.

For this purpose, the costs of production include:

- Personnel expenses, which include employee profit sharing;
- Materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- The depreciation of property, plant and equipment used in the extraction and processing of ore; and
- Related production overheads (based on normal operating capacity).

Work in progress inventory comprises ore in leaching pads as processing is required to extract benefit from the ore. The recovery of gold is achieved through the heap leaching process. The leaching process may take months to obtain the expected metal recovery and mainly depends on the continuity of the leaching process. When the ore in leaching pads is in active leaching, it is classified as current. When the leaching process has stopped and not expected to restart within twelve months, ore in the leaching pads affected is classified as non-current.

Operating materials and spare parts are valued at the lower of cost or net realisable value. An allowance for obsolete and slow-moving inventories is determined by reference to specific items of stock. A regular review is undertaken by management to determine the extent of such an allowance.

Net realisable value is the estimated selling price in the ordinary course of business less any further costs expected to be incurred to completion and disposal.

(i) Short-term investments

Where the Group invests in short-term instruments with a maturity higher than three months, and which are either not readily convertible into known amounts of cash or are subject to risk of changes in value that are not insignificant, these instruments are classified as short-term investments.

(j) Cash and cash equivalents

For the purposes of the balance sheet, cash and cash equivalents comprise cash at bank, cash on hand and short-term deposits held with banks that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Short-term deposits earn interest at the respective short-term deposit rates between one day and three months.

(k) Provisions

Mine closure cost

A provision for mine closure cost is made in respect of the estimated future costs of closure, restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) based on a mine closure plan, in the accounting period when the related environmental disturbance occurs. The provision is discounted and the unwinding of the discount is included within finance costs. At the time of establishing the provision, a corresponding asset is capitalised where it gives rise to a future economic benefit, and is depreciated over future production considering proven and probable reserves from the mine to which it relates. The provision is reviewed on an annual basis by the Group for changes in cost estimates, discount rates or life of operations based on the estimated mine production which includes ore reserves and a certain amount of mineral resources. Changes to estimated future costs are recognised in the balance sheet by adjusting the mine closure cost liability and the related asset originally recognised. If, for mature mines, the revised mine assets net of mine closure cost provisions exceed the recoverable value, the portion of the increase is charged directly as an expense. For closed sites, changes to estimated costs are recognised immediately in profit or loss.

(l) Employee benefits

The Group operates the following plans for its employees based on Mexico:

Defined benefit pension plan

This funded plan is based on each employee's earnings and years of service. This plan was open to all employees in Mexico until it was closed to new entrants on 1 July 2007. The plan is denominated in Mexican Pesos. For members as at 30 June 2007, benefits were frozen at that date subject to indexation with reference to the Mexican National Consumer Price Index (NCPI).

The present value of defined benefit obligations under the plan is determined using the projected unit credit actuarial valuation method and prepared by an external actuarial firm as at each year-end balance sheet date. The discount rate is the yield on bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Actuarial gains or losses are recognised in OCI and permanently excluded from profit or loss.

Past service costs are recognised when the plan amendment or curtailment occurs and when the entity recognises related restructuring costs or termination benefits.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Net interest cost is recognised within finance cost and return on plan assets (other than amounts reflected in net interest cost) is recognised in OCI and permanently excluded from profit or loss.

Defined contribution pension plan

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. The contributions are based on the employee's salary.

This plan started on 1 July 2007 and it is voluntary for all employees to join this scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

Seniority premium for voluntary separation

This unfunded plan corresponds to an additional payment over the legal seniority premium equivalent to approximately 12 days of salary per year for those unionised workers who have more than 15 years of service. Non-unionised employees with more than 15 years of service have the right to a payment equivalent to 12 days for each year of service. For both cases, the payment is based on the legal current minimum salary.

The cost of providing benefits for the seniority premium for voluntary separation is determined using the projected unit credit actuarial valuation method and prepared by an external actuarial firm as at each year-end balance sheet date. Actuarial gains or losses are recognised as income or expense in the period in which they occur.

Other

Benefits for death and disability are covered through insurance policies.

Termination payments for involuntary retirement (dismissals) are charged to the income statement, when incurred.

(m) Employee profit sharing

In accordance with the Mexican legislation, companies in Mexico are subject to pay for employee profit sharing (PTU) equivalent to ten percent of the taxable income of each fiscal year, capped to three months of salary or average of the profit sharing paid in the last three years.

PTU is calculated based on the services rendered by employees during the year, considering their most recent salaries. The liability is recognised as it accrues and is charged to the income statement as personnel expenses. PTU paid in each fiscal year is deductible for income tax purposes.

(n) Leases

Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments that are not linked to price changes due to changes in a market rate or the value of an index and are linked to future performance or use of an underlying asset are not included in the measurement of the lease liability. Such costs are recognised in profit and loss as incurred.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment.

(o) Revenue from contracts with customers

Revenue is recognised when control of goods or services transfers to the customers based on the performance obligations settle in the contracts with customers.

Sale of goods

Revenue associated with the sale of concentrates, doré, slag, precipitates and activated carbon (the products) is recognised when control of the asset sold is transferred to the customers. Indicators of control transferring include an unconditional obligation to pay, legal title, physical possession, transfer of risk and rewards and customers' acceptance. This generally occurs when the goods are delivered to the customer's smelter or refinery agreed with the buyer; at which point the buyer controls the goods.

The revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received in the expected month of settlement and the Group's estimate of metal quantities based on assay data, and a corresponding trade receivable is recognised. Any future changes that occur before settlement are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15.

Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss up from initial recognition and until the date of settlement. These subsequent changes in fair value are recognised in revenue but separately from revenue from contracts with customers.

Invoiced revenues to our customers for products other than refined silver and gold, are derived from the value of metal content which is determined by commodity market prices and adjusted for the treatment and refining charges to be incurred by the metallurgical complex of our customers. Refining and treatment charges represent an element of the cost that will be incurred by our customers in processing the products further to extract the metal content for onward sale to its customers (See Note 5(c)).

(p) Exploration expenses

Exploration activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration expenses are charged to the income statement as incurred and are recorded in the following captions:

Cost of sales: costs relating to in-mine exploration, that ensure continuous extraction quality and extend mine life, and

Exploration expenses:

- Costs incurred in geographical proximity to existing mines in order to replenish or increase reserves.
- Costs incurred in regional exploration with the objective of locating new ore deposits, which are identified by project, in areas where the Group carries out exploration activity. Currently the Group carries out exploration activities in Mexico and Latin America.
- Costs incurred are charged to the income statement until there is sufficient probability of the existence of economically recoverable minerals, and a feasibility study has been performed for the specific project from which time further expenses are capitalised as exploration costs on balance sheet as Property, plant and equipment.

(q) Selling expenses

The Group recognises in selling expenses a levy in respect of the Extraordinary Mining Right as sales of gold and silver are recognised. The Extraordinary Mining Right consists of a 0.5% rate, applicable to the owners of mining titles. The payment must be calculated over the total sales of all mining concessions. The payment of this mining right must be remitted no later than the last business day of March of the following year and can be credited against corporate income tax. In November 2024 the Mexican Federal Executive proposed a change in the Federal Rights Law increasing the rate of the Extraordinary Mining Right from 0.5% to 1.0%. This amendment was enacted in December 2024 and applies for the fiscal year commencing 1 January 2025 onwards.

The Group also recognises in selling expenses a discovery premium royalty equivalent to 1% of the value of the mineral extracted and sold during the year from certain mining titles granted by the Mexican Geological Survey (SGM) in the San Julián mine. The premium is settled to SGM on a quarterly basis.

(r) Taxation**Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country in which the Group operates.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred income tax asset relating to deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in other comprehensive income is recognised in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Mining Rights

The Special Mining Right is considered an income tax under IFRS and states that the owners of mining titles and concessions are subject to pay an annual mining right of 7.5% of the profit derived from the extractive activities (Note 11 (e)). The Group recognises deferred tax assets and liabilities on temporary differences arising in the determination of the Special Mining Right (See Note 11).

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(s) Derivative financial instruments and hedging

The Group uses derivatives to reduce certain market risks derived from changes in foreign exchange which impact its financial and business transactions.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The full fair value of a derivative is classified as non-current asset or liability if the remaining maturity of the item is more than 12 months.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the income statement as finance income or finance cost respectively.

Derivatives are valued using valuation approaches and methodologies (such as Black Scholes and Net Present Value) applicable to the specific type of derivative instrument. The fair value of forward currency and commodity contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles, European foreign exchange and commodity options are valued using the Black Scholes model. The Silverstream contract is valued using a Net Present Value valuation approach.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet the criteria for hedge accounting are accounted for as cash flow hedges.

For derivatives that are designated and qualify as cash flow hedges, the effective portion of changes in the fair value of derivative instruments is recorded as in other comprehensive income and are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. For gains or losses related to the hedging of foreign exchange risk these are included, in the line item in which the hedged costs are reflected. Where the hedged item is the cost of a non-financial asset or liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. The ineffective portion of changes in the fair value of cash flow hedges is recognised directly as finance costs, in the income statement of the related period.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss recognised directly in other comprehensive income from the period that the hedge was effective remains separately in other comprehensive income until the forecast transaction occurs, when it is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

When hedging with options, the Group designates only the intrinsic value movement of the hedging option within the hedge relationship. The time value of the option contracts is therefore excluded from the hedge designation. In such cases, changes in the time value of options are initially recognised in OCI as a cost of hedging. Where the hedged item is transaction related, amounts initially recognised in OCI related to the change in the time value of options are reclassified to profit or loss or as a basis adjustment to non-financial assets or liabilities upon maturity of the hedged item, or, in the case of a hedged item that realises over time, the amounts initially recognised in OCI are amortised to profit or loss on a systematic and rational basis over the life of the hedged item.

When hedging with forward contracts, the forward element is included in the designation of the financial instrument. Therefore, there is no cost of hedging in relation to forward contracts.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes 12 or more months to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(u) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost are disclosed in Note 30(b).

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

In the principal market for the asset or liability, or;

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Further information on fair values is described in Note 30.

(v) Dividend distribution

Dividends on the Company's ordinary shares are recognised when they have been appropriately authorised and are no longer at the Company's discretion. Accordingly, interim dividends are recognised when they are paid and final dividends are recognised when they are declared following approval by shareholders at the Company's Annual General Meeting.

3. Segment reporting

For management purposes, the Group is organised into operating segments based on producing mines.

At 31 December 2024, the Group has seven reportable operating segments as follows:

The Fresnillo mine, located in the state of Zacatecas, an underground silver mine;

The Saucito mine, located in the state of Zacatecas, an underground silver mine;

The Ciénega mine, located in the state of Durango, an underground silver-gold mine;

The Herradura mine, located in the state of Sonora, a surface gold mine;

The Noche Buena mine, located in state of Sonora, a surface gold mine;

The San Julián mine, located on the border of Chihuahua/Durango states, an underground silver-gold mine, and

The Juanicipio mine, in the State of Zacatecas, an underground silver mine.

The operating performance and financial results for each of these mines are reviewed by management. As the Group's chief operating decision maker (CODM) does not review segment assets and liabilities, the Group has not disclosed this information.

Management monitors the results of its operating segments separately for the purpose of performance assessment and making decisions about resource allocation. Segment performance is evaluated without taking into account certain adjustments included in Revenue as reported in the consolidated income statement, and certain costs included within Cost of sales and Gross profit which are considered to be outside of the control of the operating management of the mines. The table below provides a reconciliation from segment profit to Gross profit as per the consolidated income statement. Administrative expenses, Exploration expenses, Selling expenses, and Other income and expenses not related to production activities included in the consolidated income statement are not allocated to operating segments. Also, the Group's financing (including finance cost and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Transactions between reportable segments are accounted for on an arm's length basis similar to transactions with third parties.

In 2024 99.6% of revenue was derived from customers based in Mexico (2023: 99.9% of revenue was derived from customers based in Mexico).

Operating segments

The following tables present revenue and profit information regarding the Group's operating segments for the year ended 31 December 2024 and 2023, respectively. Revenues for the year ended 31 December 2024 and 2023 include those derived from contracts with customers and other revenues, as shown in Note 5.

Year ended 31 December 2024										
US\$ thousands										
	Fresnillo	Herradura	Ciénega	Saucito	Noche Buena	San Julián	Juanicipio	Other ⁴	Adjustments and eliminations	Total
Revenues:										
Third party ¹	499,519	883,571	222,455	764,708	42,923	455,995	627,214	–	–	3,496,385
Inter-segment	36,409	–	–	–	–	–	152	50,839	(87,400)	–
Segment revenues	535,928	883,571	222,455	764,708	42,923	455,995	627,366	50,839	(87,400)	3,496,385
Segment profit²	277,333	323,696	92,898	405,077	4,348	253,494	475,113	49,102	(2,662)	1,878,399
Depreciation and amortisation in cost of sales										(619,779)
Employee profit sharing in cost of sales										(12,347)
Gross profit as per the income statement										1,246,273
Capital expenditure ³	90,335	55,049	17,111	97,270	–	49,429	59,263	2,085		370,542

- During 2024 all segment revenues were derived from Met-Mex, except in Juanicipio which includes sales of iron concentrate to another external customers of US\$14.7 million.
- The Group's CODM primarily uses this measure to monitor the operating results directly related to the production of its business units separately to make decisions about resource allocation and performance assessment. Segment profit excluding foreign exchange hedging gains, depreciation and amortisation and employee profit sharing.
- Capital expenditure represents the cash outflow in respect of additions to property, plant and equipment, excluding additions relating to changes in the mine closure provision. Significant additions include expansions of tailings dam at Saucito, Fresnillo, Juanicipio and San Julián, mining works at San Julián, Fresnillo and Saucito and stripping cost and construction of leaching pads at Herradura mine.
- Other inter-segment revenue corresponds to leasing services provided by Minera Bermejal, S.A. de C.V.; capital expenditure mainly corresponds to Minera Bermejal, S. de R.L. de C.V.

Year ended 31 December 2023										
US\$ thousands										
	Fresnillo	Herradura	Ciénega	Saucito	Noche Buena	San Julián	Juanicipio ⁴	Other ⁵	Adjustments and eliminations	Total
Revenues:										
Third party ¹	422,963	708,242	162,013	590,269	84,210	385,469	351,920	–	–	2,705,086
Inter-segment	4,254	–	–	–	–	–	90,368	52,287	(146,909)	–
Segment revenues	427,217	708,242	162,013	590,269	84,210	385,469	442,288	52,287	(146,909)	2,705,086
Segment profit²	156,849	157,233	18,926	185,995	5,632	158,663	271,558	33,602	14,312	1,002,770
Depreciation and amortisation in cost of sales										(497,303)
Employee profit sharing in cost of sales										(2,229)
Gross profit as per the income statement										503,238
Capital expenditure ³	97,809	56,923	43,841	125,052	52	74,824	82,167	2,741	–	483,409

- During 2023 all segment revenues were derived from Met-Mex, except in Juanicipio which includes sales to another external customer of US\$0.6 million.
- The Group's CODM primarily uses this measure to monitor the operating results directly related to the production of its business units separately to make decisions about resource allocation and performance assessment. Segment profit excluding foreign exchange hedging gains, depreciation and amortisation and employee profit sharing. Segment profit for Fresnillo and Saucito considers the sales and the corresponding processing cost of the ore from Juanicipio.
- Capital expenditure represents the cash outflow including interest capitalised in respect of additions to property, plant and equipment, excluding additions relating to changes in the mine closure provision. Significant additions include stripping cost at Herradura mine and the construction of tailing dams at San Julián and Saucito mines.
- Some of the ore production of Juanicipio mine has been processed through Fresnillo and Saucito facilities.
- Other inter-segment revenue corresponds to leasing services provided by Minera Bermejal, S.A. de C.V.; capital expenditure mainly corresponds to Minera Bermejal, S. de R.L. de C.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. Group information

The list of the Company's subsidiaries included in the consolidated Financial Statements and its principal activities are shown in Note 5 on the Parent Company's separate Financial Statements. The country of incorporation or registration is also their principal place of business.

(a) Material partly-owned subsidiaries

The table below shows the detail of non-wholly owned subsidiaries of the Group that have non-controlling interests:

	Portion of ownership interest held by non-controlling interest		Profit (loss) allocated to non-controlling interest		Accumulated non-controlling interest	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Minera Juanicipio, S.A. de C.V.	44%	44%	90,616	35,853	266,153	195,991
Equipos Chaparral, S.A. de C.V.	44%	44%	(10,891)	18,311	86,443	97,377
Other subsidiaries with non-controlling interests not considered to be material ¹	–	–	6,046	227	2,433	1,977

¹ In October 2024 the Group entered into an exploration joint venture in Chile through its subsidiary Minera Capricornio, SCM (Capricornio) and Sociedad Química y Minera de Chile, S.A. de C.V. (SQM), a Chilean mining company. The agreement considers a transfer of 25% ownership which represent a net share of US\$0.4 million.

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. Figures are presented in thousands of US dollars unless otherwise indicated.

Summarised income statement for the year ended 31 December 2024 and 2023

	Minera Juanicipio, S.A. de C.V.		Equipos Chaparral, S.A. de C.V.	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Revenue	627,366	442,288	–	–
Profit/(loss) before income tax	366,541	102,447	(21,698)	45,412
Income tax charge	160,595	20,962	3,054	3,797
Profit/(loss) for the year	205,946	81,485	(24,752)	41,615
Other comprehensive (loss)/gain	(30)	31	90	8
Total comprehensive income/(loss)	205,946	81,516	(24,842)	41,623
Attributable to non-controlling interests	90,629	35,867	(10,930)	18,314
Dividends paid to non-controlling interests	(26,400)	–	–	–

Summarised statement of financial position as at 31 December 2024 and 2023

	Minera Juanicipio, S.A. de C.V.		Equipos Chaparral, S.A. de C.V.	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Current				
Assets	161,736	120,396	29,462	34,990
Liabilities	(82,572)	(197,260)	(7,919)	(35,708)
Total current net assets/(liabilities)	79,164	(76,864)	21,596	(718)
Non-current				
Assets	730,074	776,156	174,871	222,030
Liabilities	(204,266)	(253,858)	(6)	–
Total non-current net assets	525,808	522,298	174,865	222,030
Net assets	604,972	445,434	196,461	221,312
Attributable to:				
Equity holders of parent	338,819	249,443	110,018	123,935
Non-controlling interest	266,153	195,991	86,443	97,377

Summarised cash flow information for the year ended 31 December 2024 and 2023

	Minera Juanicipio, S.A. de C.V.		Equipos Chaparral, S.A. de C.V.	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Operating	354,895	133,299	17,521	(33,126)
Investing	(40,104)	(48,936)	692	340
Financing	(297,489)	(57,448)	(24,485)	509
Net increase/(decrease) in cash and cash equivalents	17,302	26,915	(6,272)	(32,277)

5. Revenues

Revenues reflect the sale of goods, being concentrates, doré, slag, precipitates and activated carbon of which the primary contents are silver, gold lead and zinc.

(a) Revenues by source

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Revenues from contracts with customers	3,503,662	2,706,292
Revenues from other sources:		
Provisional pricing adjustment on products sold	(7,277)	(1,206)
	3,496,385	2,705,086

(b) Revenues by product sold

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Lead concentrates (containing silver, gold, lead and by-products)	1,652,909	1,320,155
Doré and slag (containing gold, silver and by-products)	753,747	708,036
Zinc concentrates (containing zinc, silver and by-products)	380,169	290,138
Precipitates (containing gold and silver)	522,077	301,707
Activated carbon (containing gold, silver and by-products)	172,747	84,416
Iron concentrates (containing silver, gold, lead and by-products)	14,736	634
	3,496,385	2,705,086

(c) Value of metal content in products sold

Invoiced revenues are derived from the value of metal content which is determined by commodity market prices and adjusted for the treatment and refining charges to be incurred by the metallurgical complex of our customer. The value of the metal content of the products sold, before treatment and refining charges is considered as an alternative performance measure for the Group. The Group considers this a useful additional measure to help understand underlying factors driving revenue in terms of volumes sold and realised prices. The value of production sold by metal is as follows:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Silver	1,673,901	1,319,423
Gold	1,514,702	1,177,386
Zinc	311,557	250,782
Lead	139,789	121,483
Value of metal content in products sold	3,639,949	2,869,074
Refining and treatment charges ¹	(143,564)	(163,988)
Total revenues ²	3,496,385	2,705,086

1 The methodology to determine the refining and treatment charges takes into account industry benchmark charges and adjustments to reflect ore composition and transport costs (refer to Note 27(b)).

2 Includes provisional price adjustments which represent changes in the fair value of trade receivables resulting in a loss of US\$7.2 million (2023: loss of US\$1.2 million). For further detail, refer to Note 2(o).

The average realised prices for the gold and silver content of products sold, prior to the deduction of treatment and refining charges, were:

	Year ended 31 December	
	2024 US\$ per ounce	2023 US\$ per ounce
Gold	2,453.58	1,957.72
Silver	28.78	23.64

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

6. Cost of sales

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Depreciation and amortisation	619,779	497,303
Contractors	351,474	393,997
Operating materials	304,946	292,450
Maintenance and repairs	289,475	299,924
Energy	249,517	256,507
Personnel expenses (Note 8(a))	230,312	210,583
Mine equipment leased ¹	59,156	69,754
Mining concession rights and contributions	27,192	23,045
Surveillance	21,705	23,983
Insurance	12,727	12,056
IT services	10,785	11,464
Freight	7,607	9,365
Other	29,672	23,154
Cost of production	2,214,347	2,123,585
Unabsorbed production costs ²	–	25,920
Gain on foreign currency hedges	–	(232)
Change in work in progress and finished goods (ore inventories)	35,765	52,575
	2,250,112	2,201,848

1 Corresponds to mine equipment leased to contractors, the lease payments are based on a variable rate linked to the usage of the assets.

2 During 2023 corresponds to fixed cost at Juanicipio and pyrites plant of US\$3.9 million and US\$1.7 million respectively, non-productive cost for the temporary stoppage of activities in Penmont US\$11.9 million and non-productive fixed mine cost incurred in Noche Buena resulting from finalisation of mining activities US\$4.0 million. During 2024 there were no unabsorbed productions cost.

7. Exploration expenses

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Contractors	101,514	122,973
Mining concession rights and contributions	30,437	28,777
Personnel expenses (Note 8(a))	15,461	13,315
Assays	5,746	8,950
Administrative services	1,406	2,057
Rentals	869	570
Other	7,615	5,805
	163,048	182,447

These exploration expenses were mainly incurred in the operating mines located in Mexico; the Guanajuato and Orisyvo projects; and the Tajitos prospect. Exploration expenses of US\$17.6 million (2023: US\$14.1 million) were incurred in the year on projects located in Peru and Chile.

Cash flows relating to exploration activities are as follows:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Operating cash outflows related to exploration activities	162,837	182,359

8. Personnel expenses

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Salaries and wages	108,800	109,470
Statutory healthcare and housing contributions	48,214	42,393
Bonuses	36,547	34,099
Other benefits	29,704	28,414
Employees' profit sharing	13,609	2,390
Post-employment benefits	9,684	12,799
Vacations and vacations bonus	8,727	6,541
Legal contributions	5,625	6,104
Training	1,923	2,532
Other	4,625	5,313
	267,458	250,055

(a) Personnel expenses are reflected in the following line items:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Cost of sales (Note 6) ¹	230,312	215,952
Administrative expenses	21,685	20,788
Exploration expenses (Note 7)	15,461	13,315
	267,458	250,055

¹ During 2023 includes amounts recognised as unabsorbed production cost amounting to US\$5.4 million. During 2024 there were no unabsorbed productions cost.

(b) The monthly average number of employees during the year was as follows:

	Year ended 31 December	
	2024 No.	2023 No.
Mining	3,572	3,497
Plant	1,040	1,091
Exploration	101	270
Maintenance	1,261	1,327
Administration and other	1,266	1,118
Total	7,240	7,303

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. Other operating income and expenses

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Other income:		
Gain on sale of mining concessions ¹	24,149	–
Reversal of accruals ²	–	25,793
Recovery of personnel expenses	–	4,156
Insurance claims recovered	6,302	–
Gain on sale of property, plant and equipment and other assets	1,004	882
Selling of sundry materials and scrap	1,549	–
Change in mine closure cost provision ³	1,222	–
Indemnities from suppliers	599	–
Rentals	543	35
Other	4,191	4,458
	39,559	35,324

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Other expenses:		
Write-off of inventories (Note 2 (c))	–	21,861
Cost subject to insurance claims	–	8,349
Allowance for obsolete and slow-moving inventories	6,165	1,221
Donations	4,517	1,685
Maintenance ⁴	3,554	3,477
Indemnities to suppliers	2,151	–
Write-off of PPE assets ⁵	1,704	1,920
Change in mine closure cost provision ³	1,214	3,226
Environmental activities ⁶	599	3,963
Consumption tax expensed	709	943
Other	683	4,524
	21,296	51,169

- 1 In July 2024, the Group entered into a contract to assign the rights and obligations of certain mining concessions to Coeur Mexicana, S.A. de C.V., subsidiary of Coeur Mining Inc. The total consideration amounted US\$25 million. The settlement considers three payments: US\$10.0 million that was paid upon ratification of the contract, US\$10.0 million that will be paid no later than 30 June 2025, US\$5.0 million that will be paid no later than 30 June 2026.
- 2 The Group has reversed the accrued energy costs recognised since July 2020, following the favourable ruling in favour of its related parties Termoelectrica Peñoles, S.A. de C.V. and Eólica de Coahuila, S.A. de C.V., filed against the Mexican Government regarding an increase of energy supply costs required to be recharged to its customers.
- 3 Relates to changes in estimates after the completion of mining activities.
- 4 Costs relating to the rehabilitation of the facilities of Compañía Minera las Torres, S.A. de C.V. (a closed mine).
- 5 In 2024 and 2023 mainly correspond to mobile equipment damaged.
- 6 Main activities were related to improvement in tailing dams in Ciénega (2023: Main activities were related to improvement in tailing dams in Fresnillo and Ciénega).

10. Finance income and finance costs

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Finance income:		
Interest on short-term deposits and investments	42,210	47,592
Interest on tax receivables	3,117	2,479
Other	1,609	552
	46,936	50,623

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Finance costs:		
Interest on interest-bearing loans and notes payables	43,845	60,741
Unwinding of discount on provisions (Note 21)	24,997	22,578
Interest on lease liabilities (Note 25(a))	1,574	1,220
Other	3,155	4,307
	73,571	88,846

11. Income tax expense

a) Major components of income tax expense:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Consolidated income statement:		
Corporate income tax		
Current:		
Income tax charge	187,027	80,769
Amounts (over)/under provided in previous years	(158)	4,235
	186,869	85,004
Deferred:		
Origination and reversal of temporary differences	258,001	(292,371)
Revaluation effects of Silverstream contract	(54,683)	2,320
	203,318	(290,051)
Corporate income tax	390,187	(205,047)
Special mining right		
Current:		
Special mining right charge (Note 11 (e))	66,469	22,708
Amounts (over)/under provided in previous years	(238)	1,686
	66,231	24,394
Deferred:		
Origination and reversal of temporary differences	60,793	6,371
Special mining right	127,024	30,765
Income tax expense reported in the income statement	517,211	(174,282)

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Consolidated statement of comprehensive income:		
Deferred income tax (charge)/credit related to items recognised directly in other comprehensive income:		
Changes in fair value of cash flow hedges	60	(135)
Changes in fair value of equity investments at FVOCI	(10,593)	15,941
Remeasurement losses on defined benefit plans	31	20
Income tax effect reported in other comprehensive income	(10,502)	15,826

(b) Reconciliation of the income tax expense at the Group's statutory income rate to income tax expense at the Group's effective income tax rate:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Accounting profit before income tax	743,902	114,018
Tax at the Group's statutory corporate income tax rate 30.0%	223,170	34,205
Exchange rate effect on tax value of assets and liabilities ¹	300,243	(214,521)
Expenses not deductible for tax purposes	7,122	14,277
Inflationary uplift of the tax base of assets and liabilities	(55,170)	(54,763)
Special mining right deductible for corporate income tax	(38,107)	(9,230)
Non-taxable/non-deductible foreign exchange effects	(18,601)	16,689
Update of tax values ²	(13,468)	—
Incentive for Northern Border Zone	(12,921)	1,760
Deferred tax asset not recognised	6,392	11,688
Inflationary uplift of tax losses	(4,701)	(5,361)
Current income tax (over)/underprovided in previous years	(1,977)	2,137
Inflationary uplift on tax refunds	(935)	(744)
Other	(861)	(1,184)
Corporate income tax at the effective tax rate of 52.5% (2023: (179.8%))	390,187	(205,047)
Special mining right	127,024	30,765
Tax at the effective income tax rate of 69.5% (2023: (152.9%))	517,211	(174,282)

1 Mainly derived from the tax value of property, plant and equipment.

2 Correspond to the update of tax values of Juanicipio's property, plant and equipment for assets expensed during 2021 to 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. Income tax expense continued

The most significant item increasing the effect of effective tax rate is the exchange rate effect on the tax value of assets and liabilities partially offset by the inflationary uplift of the tax base of assets and liabilities and the deduction of the Special Mining Right. The future effects of inflation and exchange rate will depend on future market conditions.

(c) Movements in deferred income tax liabilities and assets:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Opening net asset/(liability)	532,100	232,568
Income statement (charge)/credit arising on corporate income tax	(203,318)	290,051
Income statement charge arising on special mining right	(60,793)	(6,371)
Exchange difference	34	26
Net charge related to items directly charged to other comprehensive income	(10,502)	15,826
Closing net asset	257,521	532,100

The amounts of deferred income tax assets and liabilities as at 31 December 2024 and 2023, considering the nature of the related temporary differences, are as follows:

	Consolidated balance sheet		Consolidated income statement	
	2024 US\$ thousands	2023 US\$ thousands	2024 US\$ thousands	2023 US\$ thousands
Related party receivables	(352,650)	(181,236)	171,414	22,439
Other receivables	(11,656)	(6,233)	5,423	2,259
Inventories	148,629	152,378	3,749	(36,995)
Prepayments	(2,939)	(3,499)	(560)	1,076
Derivative financial instruments including Silverstream contract	(71,833)	(138,171)	(66,278)	(9,852)
Property, plant and equipment arising from corporate income tax	300,222	366,694	66,472	(224,453)
Exploration expenses and operating liabilities	90,201	107,711	17,510	(16,446)
Other payables and provisions	73,659	87,705	14,046	(13,543)
Losses carried forward	90,124	141,091	50,999	(23,402)
Post-employment benefits	1,821	2,100	310	(576)
Deductible profit sharing	3,974	852	(3,121)	2,243
Special mining right deductible for corporate income tax	39,886	7,445	(32,441)	3,293
Equity investments at FVOCI	(10,017)	1,368	792	(2,364)
Other	7,580	(17,416)	(24,996)	6,270
Net deferred tax asset related to corporate income tax	307,001	520,789		
Deferred tax credit related to corporate income tax			203,319	(290,051)
Related party receivables arising from special mining right	(99,487)	(44,963)	54,524	5,422
Inventories arising from special mining right	41,664	37,124	(4,540)	(8,439)
Property plant and equipment arising from special mining right	(22,444)	(11,689)	10,756	19,576
Other	30,787	30,839	52	(10,188)
Net deferred tax liability related to special mining rights	(49,480)	11,311		
Deferred tax credit			264,111	(283,680)
Reflected in the statement of financial position as follows:				
Deferred tax assets	466,734	665,302	–	–
Deferred tax liabilities	(209,213)	(133,202)	–	–
Net deferred tax asset	257,521	532,100	–	–

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to the same fiscal authority. Under Mexican tax legislation, tax losses cannot be offset against taxable profits from other legal entities within the same group.

Based on management's internal forecast, a deferred tax asset of US\$79.6 million (2023: US\$141.1 million) has been recognised in respect of tax losses amounting to US\$265.3 million (2023: US\$470.3 million). If not utilised, US\$7.8 million (2023: US\$7.1 million) will expire within five years and US\$292.6 million (2023: US\$463.2 million) will expire between six and ten years. Of the total deferred tax asset related to losses, US\$21.7 million (2023: US\$69.4 million) is covered by the existence of taxable temporary differences, the remaining US\$57.9 million (2023: US\$71.7 million) corresponds to Fresnillo plc which maintained a deferred net asset position. Management has considered the taxable profit generated in the current year of US\$15.8 million and based on a consideration of this, combined with future financial and tax projections, Management considers that there is evidence that sufficient taxable profits will be available against which these unused tax losses can be utilised. Management has performed a sensitivity assessment on key inputs of the deferred tax asset assessment, such as interest income or finance expense. Management concluded that there are no reasonably possible changes to these key inputs that could result in the deferred tax asset recognised in respect of tax losses not being recoverable.

The Group has also performed an assessment of the recoverability of tax losses from mining entities based on financial projections that are consistent with the Group's impairment assessment (refer to Note 13), together with relevant tax projections which consider the amount and timing of certain tax deductions. Based on those assumptions, the Group expects to fully utilise its recognised losses.

The Group has further tax losses and other similar attributes carried forward for companies out of Mexico of US\$119.7 million (2023: US\$112.3 million) on which no deferred tax is recognised due to insufficient certainty regarding the availability of appropriate future taxable profits. Based on the applicable tax legislation the tax losses are not subject to expiry.

(d) Unrecognised deferred tax on investments in subsidiaries

The Group has not recognised all of the deferred tax liability in respect of distributable reserves of its subsidiaries because it controls them and only part of the temporary differences is expected to reverse in the foreseeable future. The temporary differences for which a deferred tax liability has not been recognised aggregate to US\$1,139.3 million (2023: US\$1,015.0 million).

(e) Corporate Income Tax ('Impuesto Sobre la Renta' or 'ISR') and Special Mining Right ('SMR')

The Group's principal operating subsidiaries are Mexican residents for taxation purposes. The rate of current corporate income tax is 30%.

On 30 December 2018, the Decree of tax incentives for the northern border region of Mexico was published in the Official Gazette, which provided a reduction of income tax by a third and also a reduction of 50% of the value added tax rate, for taxpayers that produce income from business activities carried out within the northern border region. The tax incentives were applicable since 1 January 2019 and remained in force until 31 December 2020. On 30 December 2020 an extension of the Decree was published in the Official Gazette which remains in force until 31 December 2024. On 24 December 2024 a further extension of the Decree was published in the Official Gazette which remains in force until 31 December 2025. Some of the Group companies which produce income from business activities carried out within Caborca, Sonora, which is considered for purposes of the Decree as northern border region, applied for this Decree tax incentives before the Mexican tax authorities, and were granted authorisation for income tax and value added tax purposes.

The special mining right (SMR) states that the owners of mining titles and concessions are subject to pay an annual mining right of 7.5% of the profit derived from the extractive activities and is considered as income tax under IFRS. The 7.5% tax applies to a base of income before interest, annual inflation adjustment, taxes paid on the regular activity, depreciation and amortisation, as defined by the new ISR. This SMR can be credited against the corporate income tax of the same fiscal year and its payment must be remitted no later than the last business day of March of the following year.

In November 2024 the Mexican Federal Executive proposed a change in the Federal Rights Law increasing the rate of the SMR from 7.5% to 8.5%. This amendment was enacted in December 2024 and applies for the fiscal year commencing 1 January 2025 onwards. The change in rate resulted in an increase in the deferred tax liability of US\$13.6 million.

12. Earnings per share

Earnings per share (EPS) is calculated by dividing profit for the year attributable to equity shareholders of the Company by the weighted average number of Ordinary Shares in issue during the period.

The Company has no dilutive potential Ordinary Shares.

As of 31 December 2024 and 2023, earnings per share have been calculated as follows:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Earnings:		
Profit attributable to equity holders of the Company	140,920	233,909
Adjusted profit attributable to equity holders of the Company	268,513	228,497

Adjusted profit is profit as disclosed in the Consolidated Income Statement adjusted to exclude revaluation effects of the Silverstream contract of US\$240.3 million loss (US\$168.2 million net of tax) (2023: US\$7.7 million gain (US\$5.4 million net of tax)).

Adjusted earnings per share have been provided in order to provide a measure of the underlying performance of the Group, prior to the revaluation effects of the Silverstream contract, a derivative financial instrument.

	2024 thousands	2023 thousands
Number of shares:		
Weighted average number of Ordinary Shares in issue	736,894	736,894
	2024 US\$	2023 US\$
Earnings per share:		
Basic and diluted earnings per share	0.191	0.317
Adjusted basic and diluted earnings per Ordinary Share	0.364	0.310

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. Property, plant and equipment

Year ended 31 December 2024¹

	US\$ thousands					
	Land and buildings	Plant and equipment ²	Mining properties and development costs	Other assets ³	Construction in progress	Total
Cost						
At 1 January 2024	435,884	3,132,445	3,240,706	453,048	285,473	7,547,556
Additions	40,627	32,215	144,041	(51,426)	136,565	302,022
Disposals ⁴	(70)	(27,069)	(4,148)	(6,318)	–	(37,605)
Transfers and other movements	2,154	100,488	50,058	(275)	(152,425)	–
At 31 December 2024	478,595	3,238,079	3,430,657	395,029	269,613	7,811,973
Accumulated depreciation						
At 1 January 2024	(246,713)	(1,991,095)	(2,185,700)	(263,132)	–	(4,686,640)
Depreciation for the year ⁵	(35,483)	(265,219)	(281,539)	(40,119)	–	(622,360)
Disposals ⁵	68	25,513	4,082	6,029	–	35,692
At 31 December 2024	(282,128)	(2,230,801)	(2,463,157)	(297,222)	–	(5,273,308)
Net book amount at 31 December 2024	196,467	1,007,278	967,500	97,807	269,613	2,538,665

1 Amounts include Right-of-use assets as described in Note 25.

2 The amount of Property, plant and equipment related to Soledad & Dipolos at 31 December 2024 is US\$30.4 million and reflects capitalised mining works and the amount recognised in the cost of Property plant and equipment related to estimated remediation and closure activities.

3 From the additions in 'other assets' category US\$42.7 million corresponds to the reassessment of mine closure rehabilitations costs, see Note 21.

4 From the total net amount of disposals, US\$1.4 million correspond to a write off of assets as disclosed in Note 9.

5 Depreciation for the year includes US\$620.9 million recognised as an expense in the income statement and US\$1.2 million capitalised as part of construction in progress.

Year ended 31 December 2023³

	US\$ thousands					
	Land and buildings	Plant and equipment ⁴	Mining properties and development costs	Other assets ²	Construction in progress	Total
Cost						
At 1 January 2023	412,984	2,828,920	3,001,661	377,813	461,490	7,082,868
Additions	903	103,835	5,428	37,839	358,579	506,584
Disposals ⁵	(308)	(26,480)	(2,763)	(12,345)	–	(41,896)
Transfers and other movements	22,305	226,170	236,380	49,741	(534,596)	–
At 31 December 2023	435,884	3,132,445	3,240,706	453,048	285,473	7,547,556
Accumulated depreciation						
At 1 January 2023	(222,166)	(1,810,484)	(1,947,868)	(239,786)	–	(4,220,304)
Depreciation for the year ¹	(24,837)	(205,238)	(240,595)	(30,276)	–	(500,946)
Disposals ⁵	290	24,627	2,763	6,930	–	34,610
At 31 December 2023	(246,713)	(1,991,095)	(2,185,700)	(263,132)	–	(4,686,640)
Net book amount at 31 December 2023	189,171	1,141,350	1,055,006	189,916	285,473	2,860,916

1 Amounts include Right-of-use assets as described in Note 25.

2 The amount of Property, plant and equipment related to Soledad & Dipolos at 31 December 2023 is US\$37.2 million and reflects capitalised mining works and the amount recognised in the cost of Property plant and equipment related to estimated remediation and closure activities.

3 From the additions in 'other assets' category US\$28.1 million corresponds to the reassessment of mine closure rehabilitations costs, see Note 21.

4 From the total net amount of disposals, US\$1.9 million correspond to a write off of assets as disclosed in Note 9.

5 Depreciation for the year includes US\$498.5 million recognised as an expense in the income statement and US\$2.5 million capitalised as part of construction in progress.

The table below details construction in progress by operating mine and development projects

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Fresnillo	60,674	73,761
Saucito	81,712	94,092
Juanicipio	48,846	29,028
Ciénega	13,843	13,432
San Julián	15,820	56,938
Herradura	48,422	13,307
Other ¹	296	4,915
	269,613	285,473

1 Mainly corresponds to Minera Bermejal, S.A. de C.V. (2023: Minera Bermejal, S.A. de C.V.).

During the year ended 31 December 2024 there were no capitalised borrowing costs. During the year ended 31 December 2023, the Group capitalised US\$2.1 million of borrowing costs paid within construction in progress. Borrowing costs were capitalised at the rate of 5.02%.

Sensitivity analysis

As disclosed in Note 2(f) management performs at each reporting date an assessment to determine whether there are any indicators of impairment. As at 31 December 2024, the carrying amounts of mining assets is supported by their recoverable values.

The key assumptions on which Management bases the recoverable value calculations of the mining assets are commodity prices, future capital requirements, production costs, reserves and resources volumes (reflected in production volumes) and discount rate.

The models are most sensitive to changes in commodity price assumptions, operating costs and production volumes.

Other than as disclosed below, Management has considered no reasonably possible change in any other key assumption above would cause the carrying value of any of its mining assets to exceed its recoverable amount.

In the absence of any changes to any of the other key assumptions, a change in the below assumptions would have the following impact as at 31 December 2024:

- A decrease of 10% in gold and 15 % silver prices would result in an impairment charge of US\$54.3 million.
- An increase of 10% in operating costs would result in an impairment charge of US\$8.1 million.
- A decrease of 5% in the forecasted volume of gold and silver produced would result in an impairment charge of US\$8.0 million.

14. Silverstream contract

On 31 December 2007, the Group entered into an agreement with Peñoles through which the Group is entitled to receive the proceeds received by the Peñoles Group in respect of the refined silver sold from the Sabinas Mine (Sabinas), a base-metals mine owned and operated by the Peñoles Group. The agreement required an upfront payment of US\$350 million by Fresnillo. In addition, a per ounce cash payment of US\$2.00 in years one to five and US\$5.00 thereafter (subject to an inflationary adjustment that commenced from 31 December 2013) is payable to Peñoles. The cash payment to Peñoles per ounce of silver for the year ended 31 December 2024 was US\$5.74 per ounce (2023: \$5.65 per ounce). Under the contract, the Group has the option to receive a net cash settlement from Peñoles attributable to the silver produced and sold from Sabinas, to take delivery of an equivalent amount of refined silver or to receive settlement in the form of both cash and silver. If, by 31 December 2032, the amount of silver produced by Sabinas is less than 60 million ounces, a further payment is due from Peñoles to the Group of US\$1 per ounce of shortfall.

In November 2024, the Group received notification from Peñoles, that its Sabinas mine is experiencing operational difficulties impacting silver production. The Group has started evaluating the implications of the operational difficulties in the Silverstream contract and has updated its estimates of future mine production and the risks attached. The main changes have been applied in the expected future silver production and adjusting the discount rate to capture a higher operational risk. The expected Sabinas' life of mine has been significantly reduced as a result on the change in estimation of the ore to be mined, which now represents only reserves and no longer includes a portion of resources.

The Silverstream contract represents a derivative financial instrument which has been recorded at FVPL and classified within non-current and current assets as appropriate. The term of the derivative is based on Sabinas' life of mine which is currently 10 years considering ore reserves. Changes in the contract's fair value, other than those represented by the realisation of the asset through the receipt of either cash or refined silver, are charged or credited to the income statement. In the year ended 31 December 2024, total proceeds received in cash were US\$30.0 million (2023: US\$40.2 million) of which, US\$5.0 million was in respect of proceeds receivable as at 31 December 2023 (2023: US\$8.3 million in respect of proceeds receivable as at 31 December 2022). Cash received in respect of the year of US\$24.9 million (2023: US\$31.8 million) corresponds to 1.4 million ounces of payable silver (2023: 2.29 million ounces). As at 31 December 2024, a further US\$16.5 million (2023: US\$5.1 million) of cash receivable corresponding to 713,061 ounces of silver is due (2023: 278,342 ounces).

A reconciliation of the beginning balance to the ending balance is shown below:

	2024 US\$ thousands	2023 US\$ thousands
Balance at 1 January	482,340	511,474
Cash received in respect of the year	(24,907)	(31,816)
Cash receivable	(16,515)	(5,050)
Remeasurement gains recognised in profit and loss	(182,276)	7,732
Balance at 31 December	258,641	482,340
Less – Current portion	44,204	35,802
Non-current portion	214,437	446,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. Silverstream contract continued

The US\$182.3 million unrealised loss recorded in the income statement (31 December 2023: US\$7.7 million gain) resulted mainly from the change in the criteria of not consider remaining resources, to an update in the reserves production plan and an increase in the spread applied to the discount rate, these factors were partially mitigated with an increase in the forward and long term silver prices, and the amortisation effect.

Significant assumptions used in the valuation of the Silverstream contract are as follows:

- Forecasted volumes (millions of ounces/moz)
 - Silver to be produced and sold over the life of mine 29.0 moz (2023: 82.8 moz)
 - Average annual silver to be produced and sold 2.9 moz (2023: 3.5 moz)
- Weighted average discount rate 20.1% (2023: 9.79%)
- Future silver prices (US\$ per ounce)

Year ended 31 December	Year 1	Year 2	Year 3	Year 4	Year 5	Long-term
2024	29.70	31.36	32.74	33.31	33.77	24.5
2023	24.41	25.44	26.43	26.64	26.85	19.58

The fair value of the Silverstream contract is determined using a valuation model including unobservable inputs (Level 3). This derivative has a term of 10 years and the valuation model utilises several inputs that are not based on observable market data due to the nature of these inputs and/or the duration of the contract. Inputs that have a significant effect on the recorded fair value are the volume of silver that will be produced and sold from the Sabinas mine over the contract life, the future price of silver, future inflation and the discount rate used to discount future cash flows.

The estimate of the volume of silver that will be produced and sold from the Sabinas mine requires estimates of the recoverable silver reserves, the related production profile based on the Sabinas mine plan and the expected recovery of silver from ore mined. The estimation of these inputs is subject to a range of operating assumptions and may change over time. Estimates of reserves are updated annually by Peñoles, the operator and sole interest holder in the Sabinas mine and provided to the Company. The production profile and estimated payable silver that will be recovered from ore mined is based on the operational mine plan, with certain amendments to reflect a basis that a market participant would consider, that is provided to the Company by Peñoles. The inputs assume no interruption in production over the life of the Silverstream contract and production levels based on the most recent information available.

Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs described above and determines their impact on the total fair value. The fair value of the Silverstream contract is significantly sensitive to a reasonably possible change in future silver price, the discount rate used to discount future cash flows and total recoverable reserves over the life of mine. The sensitivity of these key inputs is as follows:

Year ended 31 December	Commodity price		Discount rate		Volumes produced	
	Increase/ (decrease) in silver price	Effect on profit before tax: increase/ (decrease) US\$ thousands	Basis point increase/ (decrease) in interest rate	Effect on profit before tax: increase/ (decrease) US\$ thousands	Increase/ (decrease) in reserves and resources	Effect on profit before tax: increase/ (decrease) US\$ thousands
2024	15% (15%)	47,906 (47,906)	– (75)	– 3,677	25% (25%)	64,660 (64,660)
2023	10% (10%)	63,222 (63,222)	– (75)	– 27,473	10% (10%)	48,141 (48,141)

Management considers that an appropriate sensitivity for volumes produced and sold is on the total recoverable reserve quantities over the contract term rather than annual production volumes over the mine life.

The significant unobservable inputs are not interrelated. The Sabinas mine is a polymetallic mine that contains copper, lead and zinc as well as silver, which is produced as a by-product. Therefore, changes to base metals prices (rather than the price of silver) are most relevant to the Sabinas mine production plans and the overall economic assessment of the mine.

The effects on profit before tax and equity of reasonably possible changes to the inflation rates and the US dollar exchange rate compared to the Mexican peso on the Silverstream contract are not material. The Group's exposure to reasonably possible changes in other currencies is not material.

15. Inventories

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Finished goods ¹	36,766	34,212
Work in progress ²	274,936	314,802
Ore stockpile ³	6,281	4,779
Operating materials and spare parts	177,043	185,624
	495,026	539,417
Allowance for obsolete and slow-moving inventories	(12,849)	(6,684)
Balance as 31 December	482,177	532,733
Less – Current portion	412,417	462,973
Non-current portion ⁴	69,760	69,760

1 Finished goods include metals contained in concentrates and doré bars on hand or in transit to a smelter or refinery.

2 Work in progress includes metals contained in ores on leaching pads for an amount of US\$253.5 million (2023: US\$292.7 million) and in stockpiles US\$21.4 million (2023: US\$22.1 million) that will be processed in dynamic leaching plants (Note 2(c)).

3 Ore stockpile includes ore mineral obtained at Juanicipio.

4 Non-current inventories relate to ore in leaching pads where the leaching process has stopped and is not expected to restart within twelve months. As at 31 December 2024 and 2023 non-current inventories corresponds to Soledad & Dipolos mine unit (Note 2 (c)).

Concentrates are a product containing sulphides with variable content of precious and base metals and are sold to smelters and/or refineries. Doré is an alloy containing a variable mixture of gold and silver that is delivered in bar form to refineries. Activated carbon is a product containing variable mixture of gold and silver that is delivered in small particles.

The amount of inventories recognised as an expense in the year was US\$2,254 million (2023: US\$2,201.8 million). During 2024 and 2023, there was no adjustment to net realisable value allowance against work-in-progress inventory. The adjustment to the allowance for obsolete and slow-moving inventory recognised as an expense was US\$6.2 million (2023: US\$1.2 million).

16. Trade and other receivables

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Trade receivables from related parties (Note 27)	548,760	306,668
Value Added Tax receivable	89,441	93,010
Other receivables from related parties (Note 27a)	17,339	11,509
Other receivables from contractors	–	2,662
Other trade receivables	2,079	174
Other receivables	16,885	8,658
	674,504	422,681
Expected credit loss of Other receivables	(293)	(353)
Trade and other receivables classified as current assets	674,211	419,666
Other receivables classified as non-current assets:	–	–
Other receivable	5,264	773
Value Added Tax receivable	–	42,755
Trade and other receivables classified as non-current assets	5,264	43,528
Total trade and other receivables	679,475	463,194

Trade receivables are shown net of any corresponding advances, are non-interest bearing and generally have payment terms of 46 to 60 days.

The total receivables denominated in US dollars were US\$584 million (2023: US\$316.3 million), and in Mexican pesos US\$95.4 million (2023: US\$147.6 million).

Balances corresponding to Value Added Tax receivables and US\$2.3 million within Other receivables (2023: US\$6.2 million) are not financial assets.

As of 31 December for each year presented, except for 'other receivables' in the table above, all trade and other receivables were neither past due nor credit-impaired. The amount past due and considered as credit-impaired as of 31 December 2024 is US\$0.3 million (2023: US\$0.4 million). Trade receivables from related parties and other receivables from related parties (see Note 14) are classified as financial assets at FVTPL and are therefore not considered in the expected credit loss analysis. In determining the recoverability of receivables, the Group performs a risk analysis considering the type and age of the outstanding receivable and the credit worthiness of the counterparty, see Note 31(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17. Cash and cash equivalents and short-term investments

The Group considers cash and cash equivalents when planning its operations and in order to achieve its treasury objectives.

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Cash at bank and on hand	2,194	3,556
Short-term deposits	1,108,219	531,024
Cash and cash equivalents	1,110,413	534,580

Cash at bank earns interest at floating rates based on daily bank deposits. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Short-term deposits can be withdrawn at short notice without any penalty or loss in value.

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Short-term investments	187,403	–

Short-term investments are made for fixed periods longer than three months and earn interest at fixed rates without an option for early withdrawal. As at 31 December 2024 short-term investments are held in fixed-term bank deposits of US\$187.4 million (31 December 2023: US\$ nil).

18. Equity

Share capital and share premium

Authorised share capital of the Company is as follows:

Class of share	As at 31 December			
	2024		2023	
	Number	Amount	Number	Amount
Ordinary Shares each of US\$0.50	1,000,000,000	\$500,000,000	1,000,000,000	\$500,000,000
Sterling Deferred Ordinary Shares each of £1.00	50,000	£50,000	50,000	£50,000

Issued share capital of the Company is as follows:

	Ordinary Shares		Sterling Deferred Ordinary Shares	
	Number	US\$	Number	£
At 1 January 2023	736,893,589	\$368,545,586	50,000	£50,000
At 31 December 2023	736,893,589	\$368,545,586	50,000	£50,000
At 31 December 2024	736,893,589	\$368,545,586	50,000	£50,000

As at 31 December 2024 and 2023, all issued shares with a par value of US\$0.50 each are fully paid. The rights and obligations attached to these shares are governed by law and the Company's Articles of Association. Ordinary shareholders are entitled to receive notice and to attend and speak at any general meeting of the Company. There are no restrictions on the transfer of the Ordinary shares.

The Sterling Deferred Ordinary Shares only entitle the shareholder on winding up or on a return of capital to payment of the amount paid up after repayment to Ordinary Shareholders. The Sterling Deferred Ordinary Shares do not entitle the holder to payment of any dividend, or to receive notice or to attend and speak at any general meeting of the Company. The Company may also at its option redeem the Sterling Deferred Ordinary Shares at a price of £1.00 or, as custodian, purchase or cancel the Sterling Deferred Ordinary Shares or require the holder to transfer the Sterling Deferred Ordinary Shares. Except at the option of the Company, the Sterling Deferred Ordinary Shares are not transferrable.

Reserves

Share premium

This reserve records the consideration premium for shares issued at a value that exceeds their nominal value.

Capital reserve

The capital reserve arose as a consequence of the Pre-IPO Reorganisation as a result of using the pooling of interest method.

Hedging reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge, net of tax. When the hedged transaction occurs, the gain or the loss is transferred out of equity to the income statement or the value of other assets.

Cost of hedging reserve

The changes in the time value of option contracts are accumulated in the costs of hedging reserve. These deferred costs of hedging are either reclassified to profit or loss or recognised as a basis adjustment to non-financial assets or liabilities upon maturity of the hedged item, or, in the case of a hedge item that realises over time, amortised on a systematic and rational basis over the life of the hedged item.

Fair value reserve of financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in Note 2(g). These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial information of entities with a functional currency different to that of the presentational currency of the Group.

Retained earnings

This reserve records the accumulated results of the Group, less any distributions and dividends paid.

19. Dividends declared and paid

The dividends declared and paid during the years ended 31 December 2024 and 2023 are as follows:

	US cents per Ordinary Share	Amount US\$ thousands
Year ended 31 December 2024		
Final dividend for 2023 declared and paid during the year ¹	4.2	30,950
Interim dividend for 2024 declared and paid during the year ²	6.4	47,161
	10.6	78,111
Year ended 31 December 2023		
Final dividend for 2022 declared and paid during the year ³	13.3	98,007
Interim dividend for 2023 declared and paid during the year ⁴	1.4	10,317
	14.7	108,324

1 This dividend was approved by the Shareholders on 21 May 2024 and paid on 29 May 2024.

2 This dividend was approved by the Board of Directors on 29 July 2024 and paid on 17 September 2024.

3 This dividend was approved by the Shareholders on 23 May 2023 and paid on 26 May 2023.

4 This dividend was approved by the Board of Directors on 31 July 2023 and paid on 14 September 2023.

A reconciliation between dividend declared, dividends affected to retained earnings and dividend presented in the cash flow statements is as follows:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Dividends declared	78,111	108,324
Foreign exchange effect	–	(1)
Dividends recognised in retained earnings	78,111	108,323
Foreign exchange and hedging effect	45	28
Dividends paid	78,156	108,351

The directors have proposed a final dividend of US\$26.1 cents per share, which is subject to approval at the annual general meeting and is not recognised as a liability as at 31 December 2024. Dividends paid from the profits generated from 1 January 2014 to residents in Mexico and to non-resident shareholders may be subject to an additional tax of up to 10%, which will be withheld by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20. Interest-bearing loans

Senior Notes

On 13 November 2013, the Group completed its offering of US\$800 million aggregate principal amount of 5.500% Senior Notes due November 2023 (the 5.500% Notes). On 29 September 2020, the Group repurchased certain of its 5.500% Notes that had a carrying value of US\$482.1 million for a consideration of US\$543.0 million.

On 2 October 2020, the Group completed its offering of US\$850 million aggregate principal amount of 4.250% Senior Notes due 2050 in the Euronext Dublin. The proceeds were partially used to finance the repurchase mentioned above.

On 13 November 2023, the Company paid the outstanding amount of the 5.500% Notes at its maturity date including due interest for a total of US\$326.6 million.

Movements in the year in the debt recognised in the balance sheet are as follows:

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Opening balance	839,002	1,158,557
Payments of 5.500% Notes	–	(317,879)
Accrued interest	38,093	53,919
Interest paid ¹	(37,986)	(56,371)
Amortisation of discount and transaction costs	398	776
Closing balance	839,507	839,002

¹ Interest was payable semi-annually on 13 May and 13 November for 5.500% senior notes and is payable semi-annually on 2 April and 2 October for 4.250% senior notes.

The Group has the following restrictions derived from the issuance of all outstanding Senior Notes:

Change of control:

Should the rating of the senior notes be downgraded as a result of a change of control (defined as the sale or transfer of 35% or more of the common shares; the transfer of all or substantially all the assets of the Group; starting a dissolution or liquidation process; or the loss of the majority in the board of directors) the Group is obligated to repurchase the notes at an equivalent price of 101% of their nominal value plus the interest earned at the repurchase date, if requested to do so by any creditor.

Pledge on assets:

The Group shall not pledge or allow a pledge on any property that may have a material impact on business performance (key assets). Nevertheless, the Group may pledge the aforementioned properties provided that the repayment of the Notes keeps the same level of priority as the pledge on those assets.

21. Provision for mine closure cost

The provision represents the discounted values of the risk-adjusted estimated cost to decommission and rehabilitate the mines at the estimated date of depletion of mine deposits. Uncertainties in estimating these costs include potential changes in regulatory requirements, decommissioning, dismantling and reclamation alternatives, timing; the effects of climate change, and the discount, foreign exchange and inflation rates applied. Closure provisions are typically based on conceptual level studies that are refreshed at least every three years. As these studies are renewed, they incorporate greater consideration of forecast climate conditions at closure.

The Group has performed separate calculations of the provision by currency, discounting at corresponding rates. As at 31 December 2024, the discount rates used in the calculation of the parts of the provision that relate to Mexican pesos range from 9.84% to 10.50% (2023: range from 9.87% to 11.19%). The range for the current year parts that relate to US dollars range from 3.69% to 4.00% (2023: range from 3.70% to 4.68%).

Mexican regulations regarding the decommissioning and rehabilitation of mines are limited and less developed in comparison to regulations in many other jurisdictions. It is the Group's intention to rehabilitate the mines beyond the requirements of Mexican law, and estimated costs reflect this level of expense. The Group intends to fully rehabilitate the affected areas at the end of the lives of the mines.

The provision is expected to become payable at the end of the production life of each mine, based on the estimation of reserves and resources, which ranges from 1 to 22 years from 31 December 2024 (2 to 21 years from 31 December 2023). As at 31 December 2024 the weighted average term of the provision is 12 years (2023: 10 years).

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Opening balance	292,316	247,207
Decrease to existing provision	(4,072)	(2,111)
Effect of changes in discount rate	(28,736)	1,436
Unwinding of discount rate	24,997	22,578
Payments	(3,093)	(4,376)
Foreign exchange	(35,883)	27,582
Closing balance	245,529	292,316
Less – Current portion	11,781	11,849
Non-current portion	233,748	280,467

The provision is sensitive to a reasonably possible change in discount rates, exchange rate US Dollar compared to Mexican peso, change in future costs, and change on the expected life of mine (years). The sensitivity of these key inputs is as follows:

Year ended 31 December	Discount rate		Foreign currency		Estimated costs		Change in LOM	
	Basis point increase/ (decrease) in interest rate	Effect on provision: increase/ (decrease) US\$ thousands	Strengthening/ (weakening) of US dollar	Effect on provision: increase/ (decrease) US\$ thousands	Increase/ (decrease) in estimated costs	Effect on provision: increase/ (decrease) US\$ thousands	Increase/ (decrease) in years	Effect on provision: increase/ (decrease) US\$ thousands
2024	50	8,783	10%	(19,030)	5%	12,991	2	(9,751)
	(50)	(11,708)	(5%)	11,017	(5%)	(12,991)	(2)	11,764
2023	50	11,710	10%	(21,990)	5%	14,616	2	(10,061)
	(50)	(24,205)	(5%)	12,731	(5%)	(14,616)	(2)	10,044

Change on the provision would be principally offset by a change to the value of the associated asset unless the asset is fully depreciated, in which case the change in estimate is recognised directly within the income statement.

22. Pensions and other post-employment benefit plans

The Group has a defined contribution plan and a defined benefit plan.

The defined contribution plan was established as from 1 July 2007 and consists of periodic contributions made by each Mexican non-unionised worker and contributions made by the Group to the fund matching workers' contributions, capped at 8% of the employee's annual salary.

The defined benefit plan provides pension benefits based on each worker's earnings and years of services provided by personnel hired up to 30 June 2007 as well as statutory seniority premiums for both unionised and non-unionised workers.

The overall investment policy and strategy for the Group's defined benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits and statutory seniority premiums for non-unionised workers as they fall due while also mitigating the various risks of the plan. However, the portion of the plan related to statutory seniority premiums for unionised workers is not funded. The investment strategies for the plan are generally managed under local laws and regulations. The actual asset allocation is determined by current and expected economic and market conditions and in consideration of specific asset class risk in the risk profile. Within this framework, the Group ensures that the trustees consider how the asset investment strategy correlates with the maturity profile of the plan liabilities and the respective potential impact on the funded status of the plan, including potential short-term liquidity requirements.

Death and disability benefits are covered through insurance policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22. Pensions and other post-employment benefit plans continued

The following tables provide information relating to changes in the defined benefit obligation and the fair value of plan assets:

	Pension cost charge to income statement					Remeasurement gains/(losses) in OCI						
	Balance at 1 January 2024	Service cost	Net interest	Foreign exchange	Sub-total recognised in the year	Benefits paid	Return on plan assets (excluding amounts included in net interest)	Actuarial changes arising from changes in financial assumptions	Sub-total included in OCI¹	Contributions by employer	Defined benefit decrease due to personnel transfer	Balance at 31 December 2024
	US\$ thousands											
Defined benefit obligation	(32,671)	222	(2,664)	5,713	3,271	1,458		(672)	(672)		(496)	(29,110)
Fair value of plan assets	19,460		1,486	(3,252)	(1,766)	(1,120)	474		474	256	352	17,656
Net benefit liability	(13,211)	222	(1,178)	2,461	1,505	338	474	(672)	(198)	256	(144)	(11,454)

	Pension cost charge to income statement					Remeasurement gains/(losses) in OCI						
	Balance at 1 January 2023	Service cost	Net interest	Foreign exchange	Sub-total recognised in the year	Benefits paid	Return on plan assets (excluding amounts included in net interest)	Actuarial changes arising from changes in financial assumptions	Sub-total included in OCI¹	Contributions by employer	Defined benefit decrease due to personnel transfer	Balance at 31 December 2023
	US\$ thousands											
Defined benefit obligation	(26,014)	(1,797)	(2,559)	(3,952)	(8,308)	2,133		(457)	(457)		(25)	(32,671)
Fair value of plan assets	16,552		1,871	2,527	4,398	(2,133)	331		331	332	(20)	19,460
Net benefit liability	(9,462)	(1,797)	(688)	(1,425)	(3,910)	–	331	(457)	(126)	332	(45)	(13,211)

Of the total defined benefit obligation, US\$12.1 million (2023: US\$13.9 million) relates to statutory seniority premiums for unionised workers which are not funded. The expected contributions to the plan for the next Annual Reporting period are nil. The principal assumptions used in determining pension and other post-employment benefit obligations for the Group's plans are shown below:

	As at 31 December	
	2024 %	2023 %
Discount rate	10.14	10.08
Future salary increases (National Consumer Price Index)	5.25	5.25

The life expectancy of current and future pensioners, men and women aged 65 and older will live on average for a further 22.5 and 23.7 years respectively (2023: 23.2 years for men and 26.0 for women). The weighted average duration of the defined benefit obligation is 7.8 years (2023: 8.7 years).

The fair values of the plan assets were as follows:

	As at 31 December	
	2024 US\$ thousands	2022 US\$ thousands
State owned companies	279	337
Mutual funds (fixed rates)	17,377	19,123
	17,656	19,460

As at 31 December 2024 and 2023, all the funds were invested in quoted debt instruments.

The pension plan has not invested in any of the Group's own financial instruments nor in properties or assets used by the Group.

A quantitative sensitivity analysis for significant assumptions as at 31 December 2024 is as shown below:

Assumptions Sensitivity Level	Discount rate		Future salary increases (NCPI)		Life expectancy of pensioners
	0.5% Increase	0.5% Decrease	0.5% increase	0.5% decrease	+ 1 Increase
Year ended 31 December 2024 (Decrease)/increase to the net defined benefit obligation (US\$ thousands)	(1,026)	1,101	270	(260)	167
Year ended 31 December 2023 (Decrease)/increase to the net defined benefit obligation (US\$ thousands)	(1,152)	1,243	215	(226)	289

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The pension plan is not sensitive to future changes in salaries other than in respect of inflation.

23. Trade and other payables

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Trade payables	110,891	118,110
Other payables to related parties (Note 27(a))	39,203	56,434
Accrued expenses	38,188	54,749
Other taxes and contributions	35,497	28,812
	223,779	258,105

Trade payables are mainly for the acquisition of materials, supplies and contractor services. These payables do not accrue interest and no guarantees have been granted. The fair value of trade and other payables approximate their book values.

Balances corresponding to Accrued expenses and Other taxes and contributions are not financial liabilities.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 31.

24. Commitments

A summary of capital expenditure commitments by operating mines and development project is as follows:

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Saucito	28,030	30,761
Fresnillo	20,324	26,503
San Julián	4,785	14,655
Juanicipio	21,776	12,246
Herradura	16,167	6,610
Ciénega	2,603	2,984
Noche Buena	–	206
Other ¹	657	4,040
	94,342	98,005

¹ Mainly corresponds to Minera el Bermejal, S. de R.L. de C.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. Leases

(a) The Group as lessee

The Group leases various offices, buildings, plant and equipment and IT equipment. The resulting lease liability is as follows:

	As at	
	31 December 2024 US\$ thousands	31 December 2023 US\$ thousands
IT equipment	5,925	10,387
Plant and equipment	3,123	3,501
Buildings	2,845	702
Total lease liability	11,893	14,590
Less – Current portion	4,312	4,813
Non-current portion	7,581	9,777

The total cash outflow for leases for the year ended 31 December 2024, except short term and low value leases, amounts to US\$7.0 million (2023: US\$7.3 million), including finance costs of US\$1.6 million (2023: US\$1.2 million). The table below details right-of-use assets included as property plant and equipment in Note 13.

Year ended 31 December 2024				
	US\$ thousands			
	Buildings	Computer equipment	Plant and Equipment	Total
Cost				
At 1 January 2024	5,035	19,279	4,056	28,370
Additions	942	1,329	83	2,354
Disposals	(70)	(4,820)	–	(4,890)
At 31 December 2024	5,907	15,788	4,139	25,834
Accumulated depreciation				
At 1 January 2024	(3,034)	(11,155)	(801)	(14,990)
Depreciation for the year	(763)	(3,926)	(589)	(5,278)
Disposals	68	4,780	–	4,848
At 31 December 2024	(3,729)	(10,301)	(1,390)	(15,420)
Net book amount at 31 December 2024	2,178	5,487	2,749	10,414

Year ended 31 December 2023				
	US\$ thousands			
	Buildings	Computer equipment	Plant and Equipment	Total
Cost				
At 1 January 2023	4,620	21,284	3,933	29,837
Additions	723	4,286	123	5,132
Disposals	(308)	(6,291)	–	(6,599)
At 31 December 2023	5,035	19,279	4,056	28,370
Accumulated depreciation				
At 1 January 2023	(2,585)	(12,394)	(234)	(15,213)
Depreciation for the year	(739)	(4,880)	(567)	(6,186)
Disposals	290	6,119	–	6,409
At 31 December 2023	(3,034)	(11,155)	(801)	(14,990)
Net book amount at 31 December 2023	2,001	8,124	3,255	13,380

Amounts recognised in profit and loss for the year, additional to depreciation of right-of-use assets, included US\$1.6 million (2023: US\$1.2 million) relating to interest expense, US\$62.1 million (2023: US\$73.7 million) on relating variable lease payments (Note 6) of which US\$2.9 million (2023: US\$4.2 million) were capitalised as a part of stripping cost, US\$0.3 million (2023: US\$0.9 million) relating to short-term leases and US\$2.7 million (2023: US\$2.9 million) relating to low-value assets.

(b) The Group as a lessor

Operating leases, in which the Group is the lessor, relate to mobile equipment owned by the Group with lease terms of between 12 to 36 months. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the equipment at the expiry of the lease period. The Group's leases as a lessor are not material.

26. Contingencies

As of 31 December 2024, the Group has the following contingencies:

- The Group is subject to various laws and regulations which, if not observed, could give rise to penalties.
- Tax periods remain open to review by the Mexican tax authorities (SAT, by its Spanish acronym) in respect of income taxes for five years following the date of the filing of corporate income tax returns, during which time the authorities have the right to raise additional tax assessments including penalties and interest. Under certain circumstances, the reviews may cover longer periods. As such, there is a risk that transactions, and in particular related party transactions, that have not been challenged in the past by the authorities, may be challenged by them in the future.

It is not practical to determine the amount of any potential claims or the likelihood of any unfavourable outcome arising from this or any future inspections that may be initiated. However, management believes that its interpretation of the relevant legislation is appropriate and that the Group has complied with all regulations and paid or accrued all taxes and withholding taxes that are applicable.

- On 8 May 2008, the Company and Peñoles entered into the Separation Agreement (the 'Separation Agreement'). This agreement relates to the separation of the Group and the Peñoles Group and governs certain aspects of the relationship between the Fresnillo Group and the Peñoles Group following the initial public offering in May 2008 ('Admission'). The Separation Agreement provides for cross-indemnities between the Company and Peñoles so that, in the case of Peñoles, it is held harmless against losses, claims and liabilities (including tax liabilities) properly attributable to the precious metals business of the Group and, in the case of the Company, it is held harmless by Peñoles against losses, claims and liabilities which are not properly attributable to the precious metals business. Save for any liability arising in connection with tax, the aggregate liability of either party under the indemnities shall not exceed US\$250 million in aggregate.
- In 2011, following a flooding in the Saucito mine, Group filed an insurance claim in respect of the damage caused (and in respect of business interruption). This insurance claim was rejected by the insurance provider. In early 2018, after the matter had been taken to mutually agreed arbitration, the insurance claim was declared valid; however, there is disagreement about the appropriate amount to be paid. In October 2018 the Group received US\$13.6 million in respect of the insurance claim, however this does not constitute a final settlement and management continues to pursue a higher insurance payment. Due to the fact that negotiations are on-going and there is uncertainty regarding the timing and amount involved in reaching a final settlement with the insurer, it is currently not practicable to determine the total amount expected to be recovered.
- On 4 July 2024, the SAT issued the tax assessment ruling regarding the 2016 tax audit of Comercializadora de Metales Fresnillo where it confirmed its findings on the tax treatment of the Silverstream premium payment amounting to US\$16.8 million, which includes the effect of time value of the money, penalties and surcharges. The Company filed an administrative appeal on 30 August 2024 to challenge the SAT assessment.

Regarding the 2017 tax audit of Comercializadora de Metales Fresnillo, findings were shared by the SAT on 21 March 2024, which mainly relate to the tax treatment of the Silverstream transaction. The Company responded on 19 April 2024 and began a Conclusive Agreement procedure before the Mexican tax ombudsman (PRODECON). The tax audit in respect of the Silverstream transaction for the year 2018 is ongoing, however management expects the SAT to also challenge the tax treatment of the Silverstream premium payment as in the case of the 2016 and 2017 tax audits. On 6 November 2024, the SAT initiated an audit of the income tax computation of Comercializadora de Metales Fresnillo for the year 2019. It is not practical to determine the amount of any potential claims or the likelihood of any unfavourable outcome arising from this or any future inspections that may be initiated.

The Directors and their external tax advisors consider Management's interpretation of the relevant legislation and assessment of taxation to be appropriate, that the Group has complied with all regulations and paid or accrued all taxes and withholdings that are applicable and that it is probable that the Group's tax position will be sustained.

- It is probable that interest income will be earned on the Group's outstanding income and value added tax receivable balances; however, there is no certainty that this interest will be realised until the underlying balance is recovered. Due to that uncertainty, it is also not practicable to estimate the amount of interest income earned but not recovered to date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

27. Related party balances and transactions

The Group had the following related party transactions during the years ended 31 December 2024 and 2023 and balances as at 31 December 2024 and 2023.

Related parties are those entities owned or controlled by the ultimate controlling party, as well as those who have a minority participation in Group companies and key management personnel of the Group.

(a) Related party balances

	Accounts receivable		Accounts payable	
	As at 31 December		As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands	2024 US\$ thousands	2023 US\$ thousands
Trade:				
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	548,760	306,668	6,622	5,840
Other:				
Industrias Peñoles, S.A.B. de C.V. ¹	16,516	5,050	–	–
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	322	261	1,791	739
Servicios Administrativos Peñoles, S.A. de C.V.	–	–	6,420	24,486
Servicios Especializados Peñoles, S.A. de C.V.	–	–	10,374	7,147
Fuentes de Energía Peñoles, S.A. de C.V.	–	–	6,373	6,239
Termoeléctrica Peñoles, S. de R.L. de C.V.	–	–	439	3,362
Peñoles Tecnología, S.A. de C.V.	–	–	1,640	1,261
Eólica de Coahuila S.A. de C.V.	–	–	2,693	2,986
Minera Capela, S.A. de C.V.	–	–	2	9
Grupo Nacional Provincial, S.A.B. de C.V. ²	357	5,715	–	–
Other	144	483	2,849	4,365
Sub-total	566,099	318,177	39,203	56,434
Less-current portion	566,099	318,177	39,203	56,434
Non-current portion	–	–	–	–

1 This balance corresponds to the cash receivable related to the Silverstream contract, see Note 14.

2 This balance corresponds to excess payments to the defined contribution plan which will be refunded.

Related party accounts receivable and payable will be settled in cash.

Other balances with related parties:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
<i>Silverstream contract:</i>		
Industrias Peñoles, S.A.B. de C.V.	258,641	482,340

The Silverstream contract can be settled in either silver or cash. Details of the Silverstream contract are provided in Note 14.

(b) Principal transactions with affiliates, including Industrias Peñoles S.A.B de C.V., the Company's parent, are as follows:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Income:		
<i>Sales:</i>		
Metalúrgica Met-Mex Peñoles, S.A. de C.V. ¹	3,481,650	2,704,452
<i>Insurance recovery</i>		
Grupo Nacional Provincial, S.A.B. de C.V.	8,317	241
<i>Other income</i>	4,678	4,012
Total income	3,494,645	2,708,705

1 Invoiced revenues are derived from the value of metal content which is determined by commodity market prices and adjusted for the treatment and refining charges to be incurred by the metallurgical complex (refer to Note 5(c)).

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Expenses:		
<i>Administrative services:</i>		
Servicios Administrativos Peñoles, S.A. de C.V. ¹	52,352	56,636
Servicios Especializados Peñoles, S.A. de C.V. ²	18,738	26,626
Peñoles Tecnología, S.A. de C.V.	4,970	5,343
	76,060	88,605
<i>Energy:</i>		
Termoeléctrica Peñoles, S. de R.L. de C.V.	7,295	28,454
Fuentes de Energía Peñoles, S.A. de C.V.	35,711	15,945
Eólica de Coahuila S.A. de C.V.	46,057	33,563
	89,063	77,962
<i>Operating materials and spare parts:</i>		
Wideco Inc	5,315	5,383
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	55,525	35,551
	60,840	40,934
<i>Equipment repair and administrative services:</i>		
Serviminas, S.A. de C.V.	2,760	10,068
<i>Insurance premiums:</i>		
Grupo Nacional Provincial, S.A.B. de C.V.	21,068	18,909
<i>Other expenses:</i>	2,755	3,960
Total expenses	252,546	240,438

1 Includes US\$0.9 million (2023: US\$0.6 million) corresponding to expenses reimbursed.

2 Includes US\$8.5 million (2023: US\$9.6 million) relating to engineering costs that were capitalised.

(c) Compensation of key management personnel of the Group

Key management personnel include the members of the Board of Directors and the Executive Committee.

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Salaries and bonuses	6,044	3,412
Post-employment benefits	395	290
Other benefits	342	435
Total compensation paid in respect of key management personnel	6,781	4,137
	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Accumulated accrued defined benefit pension entitlement	4,325	5,035

This compensation includes amounts paid to directors disclosed in the Directors' Remuneration Report.

The accumulated accrued defined pension entitlement represents benefits accrued at the time the benefits were frozen. There are no further benefits accruing under the defined benefit scheme in respect of current services.

28. Auditor's remuneration

Fees due by the Group to its auditor during the year ended 31 December 2024 and 2023 are as follows:

Class of services	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Fees payable to the Group's auditor for the audit of the Group's annual accounts	2,048	1,616
Fees payable to the Group's auditor and its associates for other services as follows:		
The audit of the Company's subsidiaries pursuant to legislation	975	650
Audit-related assurance services ¹	748	773
Total	3,771	3,039

1 Includes US\$0.6 million (2023: US\$0.6 million) for the limited review of the Half Yearly financial report, US\$0.2 (2023: US\$0.1 million) for the Mexican tax audit opinions and US\$0.1 million (2023: US\$0.1 million) for the limited assurance services over certain GHG's KPIs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

29. Notes to the consolidated statement of cash flows

	Notes	2024 US\$ thousands	2023 US\$ thousands
Reconciliation of profit for the year to net cash generated from operating activities			
Profit for the year		226,691	288,300
Adjustments to reconcile profit for the period to net cash inflows from operating activities:			
Depreciation and amortisation	13	620,867	498,469
Employee profit sharing	8	13,609	2,390
Deferred income tax expense/(credit)	11	264,111	(283,680)
Current income tax expense	11	253,100	109,398
Write-off of assets	9	1,704	1,920
Gain on the sale of property, plant and equipment and other assets		(1,004)	(882)
Net finance costs		25,131	36,974
Foreign exchange loss/(gain)		(2,200)	(1,142)
Difference between pension contributions paid and amounts recognised in the income statement		(63)	2,061
Non-cash movement on derivatives		(301)	(2)
Changes in fair value of Silverstream	14	182,276	(7,732)
Change in mine closure cost provision	9	8	3,226
Gain in sale of mining concessions	9	(24,149)	–
Other		–	38
Working capital adjustments			
Increase in trade and other receivables		(196,196)	(45,597)
Decrease in prepayments and other assets		10,741	10,396
Decrease in inventories		50,556	54,631
(Decrease)/increase in trade and other payables		(28,016)	1,196
Cash generated from operations			
		1,396,865	669,964
Income tax paid ¹		(94,957)	(233,060)
Employee profit sharing paid		(2,106)	(10,982)
Net cash from operating activities			
		1,299,802	425,922

¹ Income tax paid includes US\$72.1 million corresponding to corporate income tax (2023: US\$187.0 million) and US\$22.9 million corresponding to special mining right (2023: US\$46.0 million), for further information refer to Note 11.

30. Financial instruments

(a) Fair value category

As at 31 December 2024				
US\$ thousands				
Financial assets:	Amortised cost	Fair value through OCI	Fair value (hedging instruments)	Fair value through profit or loss
Trade and other receivables ¹	8,542	–	–	565,276
Equity instruments at FVOCI	–	139,968	–	–
Silverstream contract (Note 14)	–	–	–	258,641
Financial liabilities:				
	Amortised cost	Fair value (hedging instruments)	Fair value through profit or loss	
Interest-bearing loans (Note 20)	839,507	–	–	
Notes payable ²	2,055	–	–	
Trade and other payables (Note 23)	2,150,094	–	–	
Derivative financial instruments	–	189	–	

As at 31 December 2023

US\$ thousands

Financial assets:	Amortised cost	Fair value through OCI	Fair value (hedging instruments)	Fair value through profit or loss
Trade and other receivables ¹	9,894	–	–	311,718
Equity instruments at FVOCI	–	107,991	–	–
Silverstream contract (Note 14)	–	–	–	482,340
Derivative financial instruments	–	–	79	–
Financial liabilities:		Amortised cost	Fair value (hedging instruments)	Fair value through profit or loss
Interest-bearing loans (Note 20)		839,002	–	–
Notes payable ²		95,360	–	–
Trade and other payables (Note 23)		174,544	–	–

1 Trade and other receivables and embedded derivative within sales contracts are presented net in Trade and other receivables in the balance sheet.

2 Corresponds to interest-bearing notes payable received from Minera los Lagartos, S.A. de C.V. which holds a non-controlling interest in Juanicipio project. The notes are denominated in US Dollars and bear interest at a of 6.76% (2023: 6.72% to 7.36%) with a maturity of six months. (2023: nine to eighteen months US\$72.6 million short-term and US\$22.7 million long-term). During the year there were no proceeds and payments from these Notes amounted to US\$92.4 million (2023: proceeds amounted to US\$22.7 million, and payments amounted to US\$33.0 million). Interest paid amounted to US\$5.0 million (2023: US\$7.6 million).

(b) Fair value measurement

The value of financial assets and liabilities other than those measured at fair value are as follows:

As at 31 December

	Carrying amount		Fair value	
	2024 US\$ thousands	2023 US\$ thousands	2024 US\$ thousands	2023 US\$ thousands
Financial assets:				
Trade and other receivables	8,542	9,894	8,542	9,894
Financial liabilities:				
Interest-bearing loans ¹ (Note 20)	839,507	839,002	605,396	645,745
Trade and other payables	150,094	174,544	150,094	174,544
Notes payable	2,055	95,360	2,055	95,324

1 Interest-bearing loans are categorised in Level 1 of the fair value hierarchy.

The financial assets and liabilities measured at fair value are categorised into the fair value hierarchy as at 31 December as follows:

As of 31 December 2024

Fair value measure using

	Quoted prices in active markets Level 1	Significant observable Level 2	Significant unobservable Level 3	Total
	US\$ thousands	US\$ thousands	US\$ thousands	US\$ thousands
Financial assets:				
Trade receivables	–	–	548,760	548,760
Other receivables from related parties ¹	–	–	16,516	16,516
Derivative financial instruments:				
Option and forward foreign exchange contracts	–	–	–	–
Silverstream contract	–	–	258,641	258,641
Other financial assets:				
Equity instruments at FVOCI	139,968	–	–	139,968
	139,968	–	823,917	963,885

1 This balance corresponds to the cash receivable related to the Silverstream contract, see Note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30. Financial instruments continued

As of 31 December 2023				
Fair value measure using				
	Quoted prices in active markets Level 1 US\$ thousands	Significant observable Level 2 US\$ thousands	Significant unobservable Level 3 US\$ thousands	Total US\$ thousands
Financial assets:				
Trade receivables	–	–	306,668	306,668
Other receivables from related parties ¹	–	–	5,050	5,050
Derivative financial instruments:				
Option and forward foreign exchange contracts		79	–	79
Silverstream contract		–	482,340	482,340
Other financial assets:				
Equity instruments at FVOCI	107,991	–	–	107,991
	107,991	79	794,058	902,128

¹ This balance corresponds to the cash receivable related to the Silverstream contract, see Note 14.

There have been no transfers between Level 1 and Level 2 of the fair value hierarchy, and no transfers into and out of Level 3 fair value measurements.

A reconciliation of the opening balance to the closing balance for Level 3 financial instruments other than Silverstream (which is disclosed in Note 14) is shown below:

	2024 US\$ thousands	2023 US\$ thousands
Balance at 1 January:	306,668	275,844
Sales	3,503,662	2,706,292
Cash collection	(3,254,312)	(2,674,262)
Changes in fair value	32,638	27,034
Realised embedded derivatives during the year	(39,896)	(28,240)
Balance at 31 December	548,760	306,668

The fair value of financial assets and liabilities is included at reflects the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following valuation techniques were used to estimate the fair values:

Option and forward foreign exchange contracts

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The foreign currency forward (Level 2) contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. The foreign currency option contracts are valued using the Black Scholes model, the significant inputs to which include observable spot exchange rates, interest rates and the volatility of the currency.

Silverstream contract

Further information relating to the valuation techniques used to estimate the fair value of the Silverstream contract as well as the sensitivity of the valuation to the key inputs are disclosed in Note 14.

Equity investments:

The fair value of equity investments is derived from quoted market prices in active markets (Level 1). These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature. As of 31 December 2024, approximately 90.4% of the investments correspond to 9,314,877 shares (2023: 9,314,877 shares) of Mag Silver, Corp. for an amount of US\$126.5 million (2023: US\$96.9 million) and 7.3% of Endeavor Silver Corp. represented by 2,800,000 (2023: 2,800,000 shares) shares for an amount of US\$10.3 million (2023: US\$5.5 million). These equity investments are listed on the Toronto stock Exchange. The prices per share as 31 December 2024 were US\$13.58 (2023: US\$10.41) and US\$3.66 (2023: US\$1.96), respectively.

In August 2024 the Group purchased 500,000 shares of Osisko Mining Inc., a Canadian exploration company, for a total consideration of US\$1.5 million. In October 2024 the Group disposed its equity investment of 1,500,000 shares in Osisko Mining Inc. The shares sold had a fair value of US\$5.1 million and the Group realised a gain of US\$1.0 million which had already been included in OCI. This gain has been transferred to retained earnings, net of tax of US\$0.3 million.

Interest-bearing loans

The fair value of the Group's interest-bearing loan is derived from quoted market prices in active markets (Level 1).

Trade receivables:

Sales of concentrates, precipitates doré bars and activated carbon are 'provisionally priced' and revenue is initially recognised using this provisional price and the Group's best estimate of the contained metal. Revenue is subject to final price and metal content adjustments subsequent to the date of delivery (see Note 2 (o)). This price exposure is considered to be an embedded derivative and therefore the entire related trade receivable is measured at fair value.

At each reporting date, the provisionally priced metal content is revalued based on the forward selling price for the quotational period stipulated in the relevant sales contract. The selling price of metals can be reliably measured as these metals are actively traded on international exchanges but the estimated metal content is a non-observable input to this valuation.

31. Financial risk management**Overview**

The Group's principal financial assets and liabilities, other than derivatives, comprise trade and other receivables, cash, equity instruments at FVOCI, interest-bearing loans, notes payable and trade payables.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk, including foreign currency, commodity price, interest rate and equity price risks
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for assessing and managing risk. Further quantitative disclosures are included throughout the Financial Statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Fresnillo Audit Committee has responsibility for overseeing how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) Market risk

Market risk is the risk that changes in market factors, such as foreign exchange rates, commodity prices or interest rates will affect the Group's income or the value of its financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

In the following tables, the effect on equity excludes the changes in retained earnings as a direct result of changes in profit before tax.

Foreign currency risk

The Group has financial instruments that are denominated in Mexican peso and other foreign currencies which are exposed to foreign currency risk. Transactions in currencies other than the US dollar include the purchase of services, fixed assets, spare parts and the payment of dividends. As a result, the Group has financial assets and liabilities denominated in currencies other than functional currency and holds cash and cash equivalents in Mexican peso.

In order to manage the Group's exposure to foreign currency risk on expenditure denominated in currencies other than the US dollar, the Group has entered into certain forward and option derivative contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31. Financial risk management continued

The following table demonstrates the sensitivity of cash and cash equivalents, trade and other receivables, trade and other payables and derivatives financial instruments (excluding Silverstream which impact is disclosed in Note 14) to a reasonably possible change in the US dollar exchange rate compared to the Mexican peso, reflecting the impact on the Group's profit before tax and equity, with all other variables held constant. It is assumed that the same percentage change in exchange rates is applied to all applicable periods for the purposes of calculating the sensitivity with relation to derivative financial instruments.

Year ended 31 December	Strengthening/ (weakening) of US dollar	Effect on profit before tax: increase/ (decrease) US\$ thousands	Effect on equity: increase/ (decrease) US\$ thousands
2024	10% (5%)	955 (2,228)	(582) 582
2023	10% (5%)	(1,504) 871	(275) 276

The Group's exposure to reasonably possible changes in other currencies is not material.

Commodity risk

The Group has exposure to changes in metals prices (specifically silver, gold, lead and zinc) which have a significant effect on the Group's results. These prices are subject to global economic conditions and industry-related cycles.

The table below reflects the aggregate sensitivity of financial assets and liabilities (excluding Silverstream which impact is disclosed in Note 14) to a reasonably possible change in commodities prices, reflecting the impact on the Group's profit before tax with all other variables held constant.

The sensitivity shown in the table below relates to changes in fair value of commodity derivatives financial instruments contracts (excluding Silverstream) and embedded derivatives in sales.

Year ended 31 December	Increase/(decrease) in commodity prices				Effect on profit before tax: increase/ (decrease) US\$ thousands	Effect on equity: increase/ (decrease) US\$ thousands
	Gold	Silver	Zinc	Lead		
2024	10% (10%)	15% (15%)	10% (10%)	10% (10%)	38,509 (38,509)	— —
2023	10% (10%)	10% (10%)	10% (10%)	10% (10%)	26,375 (26,375)	— —

Interest rate risk

The Group is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments, principally relating to the cash balances and the Silverstream contract held at the balance sheet date as explained in Note 14. Interest-bearing loans and notes payable are at a fixed rate, therefore the possibility of a change in interest rate only impacts its fair value but not its carrying amount. Therefore, interest-bearing loans, notes payable and loans from related parties are excluded from the table below.

The following table demonstrates the sensitivity of financial assets and financial liabilities (excluding Silverstream which impact is disclosed in Note 14) to a reasonably possible change in interest rate applied to a full year from the balance sheet date. There is no impact on the Group's equity other than the equivalent change in retained earnings.

Year ended 31 December	Basis point increase/ (decrease) in interest rate	Effect on profit before tax: increase/ (decrease) US\$ thousands
2024¹	— (50)	— (6,556)
2023 ¹	— (75)	— (3,307)

The sensitivity shown in the table above primarily relates to the full year of interest on cash balances held as at the year end.

¹ Based on actual market conditions management considers an increase in interest rates is likely remote.

Equity price risk

The Group has exposure to changes in the price of equity instruments that it holds as equity investments at FVOCI.

The following table demonstrates the sensitivity of equity investments at FVOCI to a reasonably possible change in market price of these equity instruments, reflecting the effect on the Group's profit before tax and equity:

Year ended 31 December	Increase/ (decrease) in equity price	Effect on profit before tax: increase/ (decrease) (US\$ thousands)	Effect on equity: increase/ (decrease) US\$ thousands
2024	80% (20%)	– –	111,958 (27,989)
2023	40% (45%)	– –	43,196 (48,596)

(b) Credit risk

Exposure to credit risk arises as a result of transactions in the Group's ordinary course of business and is applicable to trade and other receivables, cash and cash equivalents, the Silverstream contract and derivative financial instruments.

The Group's policies are aimed at minimising losses as a result of counterparties' failure to honour their obligations. Individual exposures are monitored with customers subject to credit limits to ensure that the Group's exposure to bad debts is not significant. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counter party. The Group's financial assets are with counterparties with what the Group considers to have an appropriate credit rating. As disclosed in Note 27, the counterparties to a significant proportion of these financial assets are related parties. At each balance sheet date, the Group's financial assets were neither credit-impaired nor past due, other than 'Other receivables' as disclosed in Note 16. The Group's policies are aimed at minimising losses from foreign currency hedging contracts. The Company's foreign currency hedging contracts are entered into with large financial institutions with strong credit ratings.

The Group has a high concentration of trade receivables with one counterparty Met-Mex Peñoles, the Group's principal customer throughout 2024 and 2023. A further concentration of credit risk arises from the Silverstream contract. Both Met-Mex and the counterparty to the Silverstream contract are subsidiaries in the Peñoles group which currently owns 75 per cent of the shares of the Company and is considered by management to be of appropriate credit rating.

The Group's surplus funds are managed by Servicios Administrativos Fresnillo, S.A. de C.V., which manages cash and cash equivalents, including short-term investments investing in several financial institutions. Accordingly, on an ongoing basis the Group deposits surplus funds with a range of financial institutions, depending on market conditions. In order to minimise exposure to credit risk, the Group only deposits surplus funds with financial institutions with a credit rating of MX-1 (Moody's) and mxA-1+ (Standard and Poor's) and above. As at 31 December 2024, the Group had concentrations of credit risk as 22 percent of surplus funds were deposited with one financial institution of which the total investment was held in short term deposits.

The maximum credit exposure at the reporting date of each category of financial asset above is the carrying value as detailed in the relevant notes. See Note 17 for the maximum credit exposure to cash and cash equivalents and short-term investments, Note 16 for other receivables and Note 27 for related party trade and other receivables. The maximum credit exposure with relation to the Silverstream contract is the value of the derivative as at 31 December 2024, being US\$200.6 million (2023: US\$482.3 million).

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors its risk of a shortage of funds using projected cash flows from operations and by monitoring the maturity of both its financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	US\$ thousands				
	Within 1 year	2-3 years	3-5 years	> 5 years	Total
As at 31 December 2024					
Interest-bearing loans	37,986	75,973	75,973	1,647,713	1,837,645
Trade and other payables	150,094	–	–	–	150,094
Notes payable	2,055	–	–	–	2,055
Lease liabilities	4,994	6,092	2,604	–	13,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31. Financial risk management continued

	US\$ thousands				
	Within 1 year	2-3 years	3-5 years	> 5 years	Total
As at 31 December 2023					
Interest-bearing loans	37,986	75,973	75,973	1,685,699	1,875,631
Trade and other payables	180,565	–	–	–	180,565
Notes payable	72,634	22,726	–	–	95,360
Lease liabilities	5,944	7,502	2,829	494	16,769

The payments for financial derivative instruments are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding estimated inflows based on the contractual terms:

	US\$ thousands				
	Within 1 year	2-3 years	3-5 years	> 5 years	Total
As at 31 December 2024					
Inflows	13,191	–	–	–	13,191
Outflows	(12,403)	–	–	–	(12,403)
Net	788	–	–	–	788

	US\$ thousands				
	Within 1 year	2-3 years	3-5 years	> 5 years	Total
As at 31 December 2023					
Inflows	5,777	–	–	–	5,777
Outflows	(5,587)	–	–	–	(5,587)
Net	190	–	–	–	190

The above liquidity tables include expected inflows and outflows from currency option contracts which the Group expects to be exercised during 2025 as at 31 December 2024 and during 2024 as at 31 December 2023, either by the Group or counterparty.

Management considers that the Group has adequate current assets and forecast cash from operations to manage liquidity risks arising from current liabilities and non-current liabilities.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios that support its business and maximise shareholder value. Management considers capital to consist of equity and interest-bearing loans, excluding net unrealised gains or losses on revaluation of derivatives financial instruments and equity instruments at FVOCI. Refer to Notes 18, 20 and 30 respectively for a quantitative summary of these items.

In order to ensure an appropriate return for shareholders' capital invested in the Group, Management thoroughly evaluates all material projects and potential acquisitions and approves them at its Executive Committee before submission to the Board for ultimate approval, where applicable. The Group's dividend policy is based on the profitability of the business and underlying growth in earnings of the Group, as well as its capital requirements and cash flows, including cash flows from the Silverstream.

One of the Group's metrics of capital is cash and other liquid assets which in 2024 and 2023 consisted of only cash and cash equivalents, which details are disclosed in Note 17.

In January 2024 the Group entered into a syndicated revolving credit facility (the facility) with a term from January 2024 to January 2029. The maximum amount available under the facility is US\$350.0 million. The facility is unsecured and has an interest rate on drawn amounts of SOFR plus an interest margin of 1.15%. The terms of this facility include financial covenants related to leverage and interest cover ratios. No amounts have been drawn from the facility to date.