

SERROTE PARTICIPAÇÕES S.A.

Independent auditor's report

Consolidated financial statements
As at December 31, 2024 and 2023

SERROTE PARTICIPAÇÕES S.A.

Consolidated financial statements
As at December 31, 2024 and 2023

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To the Officers and Shareholders of
Serrote Participações S.A.
Belo Horizonte - MG

Opinion

We have audited the consolidated financial statements of Serrote Participações S.A. (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the respective consolidated statements of profit or loss, of comprehensive income, changes in equity and of cash flows for the year then ended, as well as the corresponding notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) as issued by the *International Accounting Standards Board* (IASB).

Basis for opinion

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

Other Matters

Audit for Prior Period Amounts

The consolidated financial statements of the Group for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on May 6, 2024.

Responsibilities of the officers and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Belo Horizonte, April 17, 2025.

Serrote Participações S.A.
Consolidated statements of financial position
As at December 31, 2024 and 2023
(In thousands of US\$)

	Note	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	5	27,451	40,945
Short-term investments	6	13,654	7,219
Trade receivable	7	2,225	4,381
Inventories	8	36,673	40,386
Related parties receivable	16	65	63
Recoverable taxes	10	5,130	4,900
Derivatives	9	7,971	474
Other assets		1,550	1,842
Total current assets		94,719	100,210
Non-current assets			
Deferred taxes	11	15,592	13,197
Recoverable taxes	10	4,599	6,610
Derivatives		3,207	-
Other assets		1,604	303
Property, plant and equipment	12	92,990	115,209
Mineral properties	13	75,881	102,754
Intangible assets		382	590
Total non-current assets		194,255	238,663
Total assets		288,974	338,873
LIABILITIES			
Current liabilities			
Trade payable	14	8,807	15,145
Labor and social obligations		2,299	3,229
Borrowings	15	25,824	12,255
Taxes payable		6,339	5,228
Royalties payable	17	485	2,108
Derivatives	9	2,986	-
Accounts payable to related parties	16	787	577
Dividends payable	19	2,051	-
Other liabilities		218	276
Total current liabilities		49,796	38,818
Non-current liabilities			
Borrowings	15	42,726	68,984
Derivatives	9	225	-
Accounts payable to related parties	16	50,095	53,909
Deferred taxes	11	2,235	3,244
Notes payable	25	13,219	12,432
Provisions	18	3,910	8,029
Other liabilities		190	-
Total non-current liabilities		112,600	146,598
Total liabilities		162,396	185,416
EQUITY			
Share capital	19	104,590	104,570
Legal reserve	19	432	-
Retained earnings	19	74,065	66,630
Currency translation adjustment	19	(52,509)	(17,743)
Total equity		126,578	153,457

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

Serrote Participações S.A.
Consolidated statements of profit or loss
For the years ended December 31, 2024 and 2023
(In thousands of US\$)

	Note	2024	2023
Revenue	20	176,537	214,793
Cost of products sold	21	(94,283)	(99,259)
Gross profit		<u>82,254</u>	<u>115,534</u>
General and administrative expenses	21	(17,116)	(25,222)
Other (expenses) income, net	21	(14,566)	(7,920)
Operating income		<u>50,572</u>	<u>82,392</u>
Net finance costs	22	(42,786)	(2,082)
Profit before taxation		<u>7,786</u>	<u>80,310</u>
Income tax	11	2,132	(10,509)
Net profit for the financial year		<u>9,918</u>	<u>69,801</u>

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

Serrote Participações S.A.
Consolidated statements of comprehensive income
For the years ended December 31, 2024 and 2023
(In thousands of US\$)

	<u>2024</u>	<u>2023</u>
Net profit for the financial year	9,918	69,801
Currency translation adjustments	(34,766)	8,095
Total comprehensive income	<u>(24,848)</u>	<u>77,896</u>

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

Serrote Participações S.A.

Consolidated statements of changes in equity
For the years ended December 31, 2024 and 2023
(In thousands of US\$)

	Share capital	Legal reserve	Accumulated profit/(deficit)	Translation adjustments	Retained earnings	Total
At 31 December 2022	104,558	-	(3,171)	(25,838)	-	75,549
Capital increase	12	-	-	-	-	12
Net profit for the financial year	-	-	-	-	69,801	69,801
Allocation of profit for the period						
Undistributed retained earnings			69,801	-	(69,801)	-
Currency translation adjustments	-	-	-	8,095	-	8,095
At 31 December 2023	104,570	-	66,630	(17,743)	-	153,457
Capital increase	20	-	-	-	-	20
Net profit for the financial year	-	-	-	-	9,918	9,918
Allocation of profit for the period						
Legal reserve	-	432	-	-	(432)	-
Minimum mandatory dividends	-	-	-	-	(2,051)	(2,051)
Undistributed retained earnings	-	-	7,435	-	(7,435)	-
Currency translation adjustments	-	-	-	(34,766)	-	(34,766)
At 31 December 2024	104,590	432	74,065	(52,509)	-	126,578

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

Serrote Participações S.A.

Consolidated statements of cash flows

For the years ended December 31, 2024 and 2023

(In thousands of US\$)

	Note	2024	2023
Operating activities			
Income before income taxes		7,786	80,310
Adjustments to reconcile the income (loss) of the year			
Depreciation and amortization	21	19,926	16,933
Net foreign exchange	22	26,472	(11,640)
Interest expenses	22	15,755	19,354
Impairment of VAT credit	10	5,319	3,196
Net change in fair value of derivative instruments	9, 23	(2,283)	(7,766)
Changes in provision for obsolescence of supplies	8	4,785	2,312
Changes in environmental and legal proceedings provisions	18	270	855
Net (gain) loss on disposal of property, plant and equipment		212	92
Changes in assets and liabilities			
Trade receivable		4,238	14,169
Inventories		(18,317)	(369)
Recoverable taxes		(8,291)	(2,150)
Other assets		(2,474)	(664)
Trade payable		(1,033)	2,009
Related parties accounts payable		515	(140)
Other liabilities		(548)	(2,454)
Income taxes paid		-	(1,296)
Net cash flows from operating activities		52,332	112,751
Investing activities			
Acquisition of property, plant and equipment	12	(12,007)	(15,453)
Proceeds from sales of property, plant and equipment		245	-
Acquisition of intangibles assets		(102)	(157)
Acquisition of mineral properties	13	(8,648)	(11,367)
Short-term investments		(11,106)	(6,494)
Net cash flows used in investing activities		(31,618)	(33,471)
Financing activities			
Increase in share capital	19	20	12
Payment of principal of borrowings with third parties	23	(13,628)	(40,683)
Payment of interest of borrowings with third parties	23	(7,829)	(11,224)
Payment of principal of borrowings with related parties	23	(10,599)	-
Payment of derivatives	9, 23	(7,994)	-
Receipts from derivatives	9, 23	1,553	8,656
Net cash flows used in financing activities		(38,477)	(43,239)
Net increase (decrease) in cash and cash equivalents		(17,763)	36,041
Cash and cash equivalents at the beginning of the period	5	40,945	5,518
Effect of exchange rate changes on cash and cash equivalents		4,269	(614)
Cash and cash equivalents at the end of the period	5	27,451	40,945
Increase (decrease) in cash and cash equivalents		(17,763)	36,041

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

Serrote Participações S.A.

Notes to the consolidated financial statements

As at December 31, 2024 and 2023 and for the years ended December 31, 2024 and 2023
(In thousands of US\$)

1. Corporate information

The consolidated financial statements consist of Serrote Participações S.A. and its subsidiary (collectively, the Company) as at and for the years ended December 31, 2024 and 2023. Serrote Participações S.A. ("Serrote") started its activities on March 20, 2018 in the form of a Private Limited Company. The registered office is located at São Paulo state - Brazil.

Serrote acquired 100% of the shares of Mineração Vale Verde do Brasil Ltda. ("MVV") on March 21, 2018, holding control and no change in interest over MVV since that date. MVV is a private company properly organized and constituted under the laws of the Federative Republic of Brazil. MVV was created on January 26, 2007 and started its activities on April 19, 2007.

Until March 2018, MVV was controlled by the Canadian group Aura Minerals Inc., and was later acquired by the fund managed by Appian Natural Resources Fund LP ("Appian"), through its wholly owned subsidiary Serrote Participações S.A. Appian is a private equity fund that invests exclusively in companies related to mining, assets and management teams in certain regions and commodities.

On April 1, 2025, Baiyin Precious Metals Investment Ltd., a wholly-owned subsidiary of Baiyin Nonferrous Group Co. Ltd. ("Baiyin") acquired 100% of Serrote Participações S.A., resulting in a change in control. AMH 2 (Jersey) Limited, another Appian's entity, was also fully acquired by Baiyin and also became a part of Baiyin's group.

Baiyin operates in mining, smelting, processing, and trading of various non-ferrous metals in China, where they own and operate mines and smelters, and overseas.

Serrote Project

MVV holds a 100% interest in the Serrote Project ("Project"), a copper-gold ore project located in the Municipality of Craíbas, Alagoas, with an Installation License issued by Institute of Environment of the State of Alagoas.

In June 2021, MVV completed the construction of its processing plant and started operations. During the second half of 2021, the Company's operations increased, leveraging its mineral production and improving its ore processing efficiency. In November 2021, MVV made its first ore sale through export by sea of copper concentrate. Since then, the Company's sales and operations have proceeded regularly.

The consolidated financial statements as at and for the year ended December 31, 2024 was authorized for issue in accordance with a resolution of the Officers of the Company on April 17, 2025.

2. Significant accounting policies

2.1. Basis for preparation of the consolidated financial statements

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Serrote Participações S.A.

Notes to the consolidated financial statements

As at December 31, 2024 and 2023 and for the years ended December 31, 2024 and 2023

(In thousands of US\$)

The consolidated financial statements have been prepared on a going concern basis using historical cost, except for those assets and liabilities that have been measured at fair value, which includes derivatives.

Functional and presentation currency

The consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company and its subsidiary operate ("functional currency"), which is the Brazilian real ("R\$"). For presentation purposes, these consolidated financial statements are presented in United States dollars ("US\$") as the Company believes that it provides meaningful information for the shareholders.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the consolidated statements of profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction.

The results and financial position of the Company from the functional currency (R\$) are translated into the presentation currency (US\$) as follows: the assets and liabilities and fair value adjustments arising on the acquisition, are translated into US\$ at foreign exchange rates ruling at the consolidated statement of financial position dates; and the income and expenses of the Company are translated into US\$ at average exchange rates unless these do not approximate to the foreign exchange rates ruling at the dates of the transactions in which case income and expenses are translated at the dates of the transactions; all resulting exchange differences are recognized in other comprehensive income as currency translation adjustment ("CTA").

2.2. Basis for consolidation

The consolidated financial statements comprise the financial statements of the Company, and its subsidiary over which it has control. All intercompany balances, transactions, income, expenses, profit and losses, including unrealized gains and losses have been eliminated on consolidation.

The Company consolidates the financial information of MVV, given it controls MVV. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial information of the acquired subsidiary is included in the Company's consolidated financial statements beginning on the respective acquisition date. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Serrote Participações S.A.

Notes to the consolidated financial statements

As at December 31, 2024 and 2023 and for the years ended December 31, 2024 and 2023

(In thousands of US\$)

2.3. Summary of material accounting policies

a) Segment information

Segment information is presented consistently with the internal reports provided to the Company's Chief Executive Officer (CEO), which is the chief operating decision maker ("CODM"), and is responsible for allocating resources, assessing the performance of the Company's operating segment, and making the Company's strategic decisions.

The Company has one reportable segment, where the activities of the Company are the exploration and development of resources and the production and sale of copper concentrate and by-products (recovered from the milling process); those activities are not controlled nor managed independently and results are monitored and evaluated as a single business. The CODM does not make strategic decisions or evaluate performance based on geographic regions.

b) Current versus non-current classification

The Company presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current.

c) Fair value measurement

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: (i) in the principal market for the asset or liability; or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

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.

Serrote Participações S.A.

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(In thousands of US\$)

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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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 recognized in the consolidated financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (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 Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

d) Financial instruments - initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

The Company measures derivative financial instruments at fair value at each consolidated statement of financial position date.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, are measured at the transaction price determined under IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). The Company's financial assets at amortized cost include other receivables. Refer below to 'Financial assets at fair value through profit or loss' for a discussion of trade receivables that are subject to provisional pricing.

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Notes to the consolidated financial statements

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(In thousands of US\$)

Subsequent measurement

For purposes of subsequent measurement, financial assets held by the Company are classified as: (i) financial assets at amortized cost; or (ii) financial assets at FVPL or FVOCI.

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding; and
- Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognized in the consolidated statements of profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost include accounts receivable and due from related party.

Financial assets at fair value through profit or loss

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

As IFRS 9 has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at FVPL in its entirety. This is applicable to the Company's trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant quotational period stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at FVPL from the date of recognition of the corresponding sale, with subsequent movements being recognized in "revenue" in the consolidated statement of profit or loss.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss. The Company's financial assets at FVPL category includes derivative instruments, trade receivable subject to provisional pricing and cash and cash equivalent instruments. The Company does not have financial assets at Fair Value through Other Comprehensive Income ("FVOCI").

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Notes to the consolidated financial statements

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(In thousands of US\$)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or financial liabilities at FVPL, when such financial liabilities meet the definition of held for trading and are designated at fair value. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

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

The Company's financial liabilities at amortized cost include trade accounts payable, lease liabilities and related parties liabilities. The Company does not have financial liabilities through profit and loss.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Gains or losses on liabilities at FVPL are recognized in the consolidated statements of profit or loss.

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(In thousands of US\$)

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortized cost

After initial recognition, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance expenses in the consolidated statements of profit or loss.

This category generally applies to trade accounts payable, loans and borrowings and related party transactions.

Derecognition

A financial liability is derecognized 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 recognized in the consolidated statements of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, and to realize the assets and settle the liabilities simultaneously.

e) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand, and short-term financial investments with a remaining maturity at acquisition of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short-term financial investments, as they are considered an integral part of the Company's cash management.

f) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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Notes to the consolidated financial statements

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(In thousands of US\$)

Depreciation

Property, plant and equipment items are depreciated using the straight line method in the consolidated statements of profit or loss for the period based on the estimated useful lives of each component, as below. Land is not depreciated. Property, plant and equipment items are depreciated from the date on which the assets are operating under the conditions intended by management.

Description	Depreciation rate per year	Depreciation method
Machinery and equipment	10%	Straight line
Furniture and fixtures	10%	Straight line
IT equipment	20%	Straight line
Vehicles	20%	Straight line
Leasehold improvements	10%	Straight line

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

g) Mineral properties

Mineral properties

The cost of mineral properties includes the fair value attributable to proven and probable mineral reserves and mineral resources acquired in a business combination, deferred stripping and capitalized exploration and evaluation costs. If a mineable ore body is discovered, such costs are amortized when commercial production commences, using the units-of-production ("UOP") method, based on estimated proven and probable mineral reserves included in the current life of mine plan. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined that the property has no future economic value. Cost components of a specific project that are included in the capital cost of the asset include salaries and wages directly attributable to the project, supplies and materials used in the project, and incremental overhead costs that can be directly attributable to the project.

Stripping (waste) costs

As part of its mining operations, the Company incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using a UOP method. The capitalization of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

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Where production stripping activity both produces inventory and improves access to ore in future periods the associated costs of waste removal are allocated between the two elements:

- The portion that benefits future ore extraction is capitalized within 'Mineral properties' as a mine in production. This is classified as additions of mineral properties within investing cash flows. The amount to be capitalized is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. This determination is dependent on an individual mine's design and life of mine plan and therefore changes to the design or life of mine plan will result in changes to these estimates.
- Identification of the components of a mine's orebody is made by reference to the life of mine plan. The assessment depends on a range of factors including each mine's specific operational features (such as mining sequence, investment decision and orebodies used in extraction) and materiality.

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

The stripping activity asset is initially measured at cost, which is 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.

Where stripping constitutes waste removal activity on a non-production area, the corresponding stripping cost is not capitalized, instead being expensed in the period in which it is incurred.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being a mining asset, and is presented as part of 'Mineral properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Exploration and evaluation expenditures

Exploration and evaluation expenditures are costs incurred in the initial search for mineral deposits with economic potential, or in the process of obtaining more information about existing mineral deposits. Exploration expenditure typically includes costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition.

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Exploration expenditure is expensed as incurred.

Evaluation expenditure is expensed as incurred, unless it is associated with a project that has been identified as having economic potential. When it is determined that a project can generate future economic benefit the costs are capitalized as mineral properties.

The exploration and evaluation phase ends when the technical feasibility and commercial viability of extracting the mineral is demonstrable.

Mine in development

When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation and amortization commences.

Amortization

Amortization is calculated based on the cost of an asset less the residual value.

Amortization is recognized in the consolidated statement of profit or loss based on the straight-line method in relation to the estimated useful lives of mineral properties from the date they are available for use. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

h) Impairment of non-financial assets

In accordance with its accounting policies and processes, each asset or cash-generating unit ("CGU") is evaluated at each reporting period, to determine whether there are any indications of impairment. If any such indicators of impairment exist, management determines the extent to which an impairment is required. The assessment of impairment indicators considers both internal and external sources, including, analysis of potential long-term decline in prices of products, increase in production costs, reduction of production levels and also reserves and resources estimates.

In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal ("FVLCD") and value in use ("VIU"). Given the nature of the Company's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the FVLCD for each CGU is estimated based on discounted future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the CGUs using market-based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, including any expansion projects, and its eventual disposal, based on the CGU latest life of mine ("LOM") plans. These cash flows were discounted using a real post-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

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Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements and sourced from out planning process, including the LOM plans, one-year budgets and CGU-specific studies.

The determination of FVLCD for the CGU constitutes a Level 3 fair value measurement, as it is derived from valuation techniques that include inputs that are not based on observable market data. The Company considers the inputs and the valuation approach to be consistent with the approach taken by market participants. Impairment losses of continuing operations are recognized in the consolidated statements of profit or loss.

i) Inventories

Inventories consist of ore stockpiles ("work-in-progress"), concentrates and supplies. Inventories are carried at the lower of cost and net realizable value ("NRV"). Cost is determined using the weighted average basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories includes direct costs of materials and labour related directly to mining and processing activities, including production phase stripping costs, amortization of property, plant and mineral properties directly involved in the related mining and production process, amortization of any stripping costs previously capitalized and directly attributable overhead costs. When interruptions to production occur, an adjustment is made to the costs included in inventories, such that they reflect normal capacity. Abnormal costs are expensed in the period they are incurred.

NRV is estimated by calculating the net selling price less costs to be incurred in converting the relevant inventories to saleable product and delivering it to a customer. Costs to complete are based on management's best estimate as at the consolidated balance sheet date. An NRV impairment may be reversed in a subsequent period if the circumstances that triggered the impairment no longer exist.

Provision for obsolescence of supplies is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence according to the following parameters:

- 100% provision for items without movement in the last 24 months;
- 50% provision for items that haven't moved in the last 18 months but did within the last 24 months;
- No provision is recorded for items that moved in the last 18 months.

j) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the consolidated statements of profit or loss, net of any reimbursement, when applicable.

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Asset retirement obligation and environmental provision

The provision for asset retirement obligation ("ARO") includes estimated costs for closing operations and restoring the area used, which include the costs of dismantling and demolishing infrastructure, removing residual material and rehabilitating areas degraded by the operation. Provisions are recognized when the environmental change occurs.

The provision is the best estimate, at the statement of financial position date, of the present value of future cash flows necessary to settle the restoration obligation, based on current legal standards and available technology. Annually, at the end of each the year, future restoration costs are reviewed and all changes are reflected in the present value of the ARO, discounted at the risk-free Brazil rate. The risk-free rate applied by the Company was determined based on SELIC (Special System for Settlement and Custody or Sistema Especial de Liquidação e Custódia), which is the Brazilian federal funds rate.

The amount of the ARO and eventual changes in the cost estimates to cover it are capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine, being amortized over the useful life of the mine. The effects of discount rates used to update the provision are recognized as a finance expense.

k) Revenue from contracts with customers

The Company is primarily engaged in the business of production of copper concentrate. For most sales of copper concentrate and secondary metals (metal in concentrate), the enforceable contract is each purchase order, which is an individual short-term contract. For cases in which the sale agreement terms provide for price definition based on a survey of the products (such as a sample for mineral content) contained in the concentrate, recognition of sales revenue is based on the value of the most recent analysis available in order to determine the specifications of the concentrate.

Revenue from metal in concentrate is recognized when control is transferred to the customer, which occurs at a certain point in time, usually upon delivery of the concentrate to the port of shipment. The Entity has concluded that it is the principal in its revenue contracts, since it controls the goods before transferring them to the customer. The Entity is also usually responsible for shipping and insurance services after the date on which control of the goods is transferred to the customer at the port of shipment in relation to its sales under CIF Incoterms. This means that the Company is responsible (acts as principal) for the provision of these services. Therefore, the Company has separate performance obligations for freight and insurance services that are provided solely to facilitate the sale of the commodities it produces, which are deferred and recognized over time as this obligation is satisfied, along with the associated costs.

Revenue is measured at the amount to which the Company expects to be entitled, which is the estimate of the price expected to be received at the end of the Quotational Period (QP), that is, the forward price, and the corresponding trade receivable is recognized.

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The sale price of the metals contained in the concentrate is calculated at the date of sale on a temporary basis. Subsequently, sales price adjustments are made based on the fluctuation in the price of these metals in the market up to the final pricing date. These are called provisional price contracts and the corresponding adjustments to sales prices are based on the spot prices prevailing at a specified future date after shipment to the customer. Sales price adjustments are based on changes in quoted market prices up to the end of the QP. The period between provisional pricing and final pricing is typically around two to four months. Revenue balances referring to provisional billing are recognized based on estimated fair value of the total amount receivable. The revenue adjustment method, which is embodied in sales arrangements that set out provisional prices, is of a commodities' embedded derivative nature.

Therefore, the fair value of the final selling price adjustment is estimated at the end of each period and any changes in fair value are recognized in the statement of profit or loss for each period as part of revenue. In all cases, fair value is estimated to reflect market prices. Such amounts are then presented separately in the Note about revenue from contracts with customers as "Revenue from unrealized price adjustments".

l) Employee benefits

Labour and social obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

m) Taxes

Tax expense comprises both current and deferred tax expense for the period. Tax expense is recognized in the consolidated statements of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Current income tax expense is the tax expected to be payable on the taxable income for the year calculated using rates (and laws) that have been enacted or substantively enacted at the consolidated statement of financial position dates. It includes adjustments for tax expected to be payable or recoverable in respect of previous periods. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Income tax expense includes the cost of special mining taxes payable to governments that are calculated based on a percentage of adjusted taxable profit whereby taxable profit represents net income adjusted for certain items defined in the applicable legislation.

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Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the consolidated statement of financial position dates and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that they will be realized in the future. 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 income tax levied by the same taxation authority.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecasts from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management activities). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

2.4. New standards and interpretations

In 2024, the Company applied amendments and new interpretations to the IFRS, issued by the IASB, which are mandatory for accounting periods beginning on or after January 1, 2024. The main amendments were as follows:

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Pronouncement	Description	Mandatory date
IFRS 16: Lease Liabilities in a Sale and Leaseback Transaction	In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising from a sale and leaseback transaction, in order to ensure that the seller-lessee does not recognize any amount of gain or loss that relates to the right of use that it holds. The changes did not impact the Company's Financial Statements.	January 1, 2024
IAS 1: Classification of Liabilities as Current or Non-Current	In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 (equivalent to CPC 26 (R1) - Presentation of financial statements) to specify the requirements for classifying liabilities as current or non-current. The changes clarify: i) What is meant by the right to postpone settlement; ii) That the right to postpone must exist at the end of the financial reporting period; iii) That the classification is not affected by the likelihood of the entity exercising its right to postpone; and iv) That only if a derivative embedded in a convertible liability is itself an equity instrument will the terms of a liability not affect its classification. Furthermore, a disclosure requirement has been introduced when a liability arising under a loan agreement is classified as non-current and the entity's right to postpone settlement depends on compliance with future covenants within twelve months. The changes did not impact the Company's Financial Statements.	January 1, 2024
IAS/IFRS 7: Supplier financing agreements	In May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to clarify the characteristics of supplier financing agreements and require additional disclosures of these agreements. The disclosure requirements in the amendments are intended to help users of financial statements understand the effects of financing arrangements with suppliers on an entity's obligations, cash flows and liquidity risk exposure. The changes had no impact on the Company's Financial Statements.	January 1, 2024
Changes to IFRS 10/ CPC 36 (R3): (Consolidated statements)	In July 2024, the IASB (International Accounting Standards Board) issued the document "Annual Improvements in IFRS Accounting Standards - Volume 11", which included minor changes to IFRS 10 (Consolidated Statements). These changes are part of the continuous cycle of annual improvements, with the aim of clarifying or correcting specific issues in accounting standards. Main changes to IFRS 10 in "Volume 11": The changes to **IFRS 10** are small revisions, but with a relevant impact on the application of the standard and the interpretation of control for consolidation purposes. i) Clarification on loss of control: The IASB made a clarification on how companies should treat the loss of control of a subsidiary. The standard now makes it clearer when exactly control is considered lost. This is especially important for transactions involving the sale of subsidiaries or a change in control of a subsidiary. A detailed review of the steps that must be followed to assess whether control has truly been lost, focusing on the data in which control ceases to exist. ii). Assessment of control when there are external influences: The review also addresses situations in which control of a holding may be affected by external influences, such as agreements with other entities or shareholders. The changes did not impact the Company's Financial Statements.	January 1, 2024

Amendments and new interpretations to the IFRS, issued by the IASB, which are mandatory for accounting periods beginning on or after January 1, 2025 were not adopted early by the Company. The Company intends to adopt these standards and interpretations, if applicable, when they come into force. The main amendments and mandatory dates were as follows:

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Pronouncement	Description	Mandatory date
Amendments to IAS 21/CPC 02: The Effects of Changes in Exchange Rates entitled Lack of Convertibility	<p>The amendments specify how to assess whether a currency is convertible, and how to determine the exchange rate when it is not. The amendments state that a currency is convertible into another currency when the entity can obtain the other currency within a period that allows for normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.</p> <p>The entity assesses whether the currency is convertible into another currency on the measurement date and for a specific purpose. If the entity can obtain only an insignificant value of the other currency at the measurement date for the specific purpose, the currency is not convertible into another currency.</p> <p>The assessment of whether a currency is convertible into another currency depends on the entity's ability to obtain the other currency and not on its intention or decision to do so.</p> <p>When the currency is not convertible to another currency on the measurement date, the entity must estimate the spot exchange rate on that date. The entity's objective in estimating the spot exchange rate is to reflect the rate at which an organized foreign exchange transaction would occur on the measurement date between market participants under prevailing economic conditions.</p> <p>The changes do not specify how the entity estimates the spot exchange rate to meet this objective.</p> <p>The entity may use an unadjusted observable exchange rate or other estimation technique.</p> <p>Additionally, the IASB made important changes to IFRS 1 - Initial Adoption of International Financial Reporting Standards to align with and reference the revised IAS 21 for the purposes of assessing convertibility.</p> <p>The Company expects that the application of these changes will not have an impact on the financial statements.</p>	January 1, 2025
IFRS 18 - Presentation and Disclosures in Financial Statements	<p>IFRS 18 replaces IAS 1 - Presentation of Financial Statements and introduced new requirements for:</p> <ul style="list-style-type: none"> i) present specific categories and subtotals defined in the income statement ii) present disclosures about performance measures defined by management (MPMs) in the explanatory notes to the financial statements iii) improvements linked to information aggregation and disaggregation requirements <p>The Company expects that the application of these changes will have an impact on the financial statements.</p>	January 1, 2027
IFRS 7 and 9: Financial Instruments:	<p>In May 2024, the IASB issued changes to the classification and measurement requirements of IFRS 9 and disclosure of IFRS 7. The changes aim to:</p> <ul style="list-style-type: none"> (i) clarify that a financial liability is derecognized on the settlement date, that is, when the related obligation is settled or canceled or the liability otherwise qualifies for derecognition expires; (ii) introduce an accounting policy option to derecognize financial liabilities settled through an electronic payment system, before the settlement date; (iii) clarify how to evaluate the contractual cash flow characteristics of financial assets that include environmental, social and governance characteristics and other similar contingent characteristics; (iv) clarify the treatment of non-recourse assets and contractually linked instruments; (v) require additional disclosures for financial assets and liabilities with contractual terms that reference a contingent event, including those that are linked to ESG, and equity instruments classified at fair value through other comprehensive income. <p>The Company expects that the application of these changes will not have a significant impact on the financial statements.</p>	January 1, 2026

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3. Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, the accompanying disclosures, and the disclosure at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

In particular, the Company has identified a number of areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described and highlighted separately with the associated accounting policy note within the related qualitative and quantitative note, as described below.

These include:

Judgements:

- Stripping (waste) cost (2.3 (g))
- Functional currency (2.1)

Estimates and assumptions:

- Ore reserve and mineral resource estimates (3.1)
- Asset retirement obligation (2.3 (j))
- Recoverability of non-financial assets (2.3 (h))
- Deferred tax assets (2.3 (m))
- Fair value measurement (2.3 (c))
- Provisional price (2.3 (k))
- Derivatives (2.3 (d))

3.1. Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Ore reserve and mineral resource estimates

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. Such reserves and mineral resource estimates and changes to them may impact the Company's reported financial position and results, in the following way:

- The carrying value of mineral properties, property, plant and equipment may be affected due to variations in estimated future cash flows;

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- Depreciation and amortization charges in the consolidated statements of profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change;
- Capitalized stripping costs recognized in the consolidated statements of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios;
- Provisions for ARO may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities; and
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Company 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. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body. As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of ore reserves and mineral resources may change.

4. Correction of immaterial errors

During 2024, the Company discovered immaterial errors due to its Project Finance's funding costs being erroneously understated in its financial statements since 2021. These immaterial errors have been corrected by restating line items from prior periods. The following tables summarize the impacts on the Company's financial statements.

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(In thousands of US\$)

Statements of financial position

	As previously reported	Adjustment	As corrected
ASSETS			
Deferred taxes assets	13,067	130	13,197
Other assets	325,676	-	325,676
Total assets	<u>338,743</u>	<u>130</u>	<u>338,873</u>
LIABILITIES			
Taxes payable	5,287	(59)	5,228
Borrowings - current	12,553	(298)	12,255
Borrowings - non-current	67,417	1,567	68,984
Other liabilities	98,949	-	98,949
Total liabilities	<u>184,206</u>	<u>1,210</u>	<u>185,416</u>
EQUITY			
Accumulated profit	67,647	(1,017)	66,630
Currency translation adjustment - Equity	(17,680)	(63)	(17,743)
Other equity	104,570	-	104,570
Total equity	<u>154,537</u>	<u>(1,080)</u>	<u>153,457</u>

Statements of profit or loss

	As previously reported	Adjustment	As corrected
Operating income	82,392	-	82,392
Net finance income	(1,707)	(375)	(2,082)
Profit before taxation	<u>80,685</u>	<u>(375)</u>	<u>80,310</u>
Income tax	(10,565)	56	(10,509)
Net profit for the financial year	<u>70,120</u>	<u>(319)</u>	<u>69,801</u>
Currency translation adjustments	8,158	(63)	8,095
Total comprehensive income	<u>78,278</u>	<u>(382)</u>	<u>77,896</u>

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Statements of changes in equity

	Share capital	Accumulated profit/(deficit)	Translation adjustments	Total
At January 1, 2023	104,558	(2,473)	(25,838)	76,247
Correction of immaterial erros	-	(698)	-	(698)
At January 1, 2023	104,558	(3,171)	(25,838)	75,549
Capital increase	12	-	-	12
Net profit for the financial year	-	69,801	-	69,801
Currency translation adjustments	-	-	8,095	8,095
At December 31, 2023	104,570	66,630	(17,743)	153,457

There were no impacts on operating, investing or financing cash flows.

The adjustments made were deemed immaterial by the Company's management and do not result in significant changes to the ratios analyzed by the users of the financial statements.

5. Cash and cash equivalents

Cash and cash equivalents include balances in bank checking account:

	2024	2023
Cash at banks and on hand	2,139	1,709
Short-term deposits in US\$	25,312	39,236
Total cash and cash equivalents	27,451	40,945

Short-term deposits in US\$ are bank deposits in foreign countries. In 2024 and 2023, there was no interest rate for these deposits.

6. Short-term investments

	2024	2023
Restricted cash in US\$	13,654	7,219
Total short-term investments	13,654	7,219

Short-term investments in US\$ comprise of restricted-liquidity debt service reserve account (DSRA) held to liquidate borrowings. Contractual requirements to maintain such balances were triggered in 2024. There was no interest rate for such investments in 2024 and 2023.

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7. Trade accounts receivable

	2024	2023
Receivables from exports	2,225	4,381
Total trade receivables	2,225	4,381

Trade receivables are initially recognized at the time of sales on a provisional basis and subsequently adjusted based on changes in market prices until the date of completion of the final sale invoice. The market markup of trade receivables is recorded as an adjustment to sales revenue. In accordance with the sales agreements, the customer may elect, for a certain period, to suspend the provisional pricing and during this period the sales are based on the price at sale of concentrate without subsequent change in price.

The general terms of the receivables are as follows:

- Initial 95% of the sales price of the invoices are receivable between 5 and 20 days after the date of the Bill of Lading ("BL");
- Remaining 5% of the invoices are receivable in 3 business days from the presentation of the final invoice of the quotational period (usually issued 3 to 6 months after the month of the sale). Changes in commodity prices may have an impact on the final sales price.

8. Inventories

	2024	2023
Finished product - Copper concentrate	2,939	8,168
Work-in-progress (i)	7,140	2,790
Consumable stores (ii)	30,848	31,475
Provision for obsolescence of supplies	(6,031)	(2,385)
Imports in transit	1,777	338
Total inventories	36,673	40,386

(i) Work-in-progress - refers to mined ore piles.

(ii) Consumable stores - refers to warehouse, comprise items of raw material, maintenance, fuels, lubricants, consumables and reagents, and other similar items.

Changes in provisions for obsolescence of supplies are as follows:

	2024	2023
Balance as at January 1	(2,385)	-
Provisions	(4,785)	(2,312)
Translation adjustments	1,139	(73)
Balance as at December 31	(6,031)	(2,385)

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9. Derivatives

The movements in derivatives are shown below:

	Copper NDFs (i)	Gold NDFs (ii)	FX NDF (iii)	Total
Net balance as at December 31, 2022	-	-	1,291	1,291
Cash effect of operations with derivatives	(4,192)	-	(4,464)	(8,656)
Change in the fair value	4,651	-	3,115	7,766
Translation adjustments	15	-	58	73
Net balance as at December 31, 2023	474	-	-	474
Cash effect of operations with derivatives	(289)	347	6,383	6,441
Change in the fair value	12,701	(1,391)	(9,027)	2,283
Translation adjustments	(1,708)	135	342	(1,231)
Net balance as at December 31, 2024	11,178	(909)	(2,302)	7,967

	2024	2023
Current assets	7,971	474
Non-current assets	3,207	-
Current liabilities	(2,986)	-
Non-current liabilities	(225)	-

The Company has different types of derivative financial instruments, as shown below:

(i) Copper NDF:

The Company enters into derivative financial instrument transactions to reduce its exposure to copper prices through Non-deliverable Forward Contracts ("NDFs"). The Company did not apply hedge accounting to these derivative transactions.

As at December 31, 2024, the outstanding balance recorded at fair value was an asset of US\$11,178 (US\$474 in 2023), comprising tranches with maturities until July 2026, for a notional amount of US\$108,873 (US\$6,200 in 2023).

See below the summary of the main contract details:

Product	Total volume (t)	Average strike price (USD/t)	Average future market price assumption (USD/t)	Fair value
Copper	10,971	10,308	8,900	11,179

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(ii) Gold NDF:

The Company enters into derivative financial instrument transactions to reduce its exposure to gold prices through Non-deliverable Forward Contracts ("NDFs"). The Company did not apply hedge accounting to these derivative transactions.

As at December 31, 2024, the outstanding balance recorded at fair value was a liability of US\$ 909 (Nil in 2023). It comprises tranches with maturities until May 2026, for a notional amount of US\$9,503 (Nil in 2023).

See below the summary of the main contract details:

Product	Total volume (ozt)	Average strike price (USD/ozt)	Average future market price assumption (USD/ozt)	Fair value
Gold PM	3,874	2,461	2,700	(909)

(iii) FX NDF:

The Company enters into derivative financial instrument transactions to reduce its exposure to the US dollar through Non-deliverable Forwards Contracts ("NDFs"). The Company did not apply hedge accounting to these derivative transactions.

As at December 31, 2024, the outstanding balance recorded at fair value was a liability of US\$2,302 (Nil in 2023), comprising tranches with maturities until February 2025, for a notional amount of US\$9,443 (Nil in 2023).

See below the summary of the main contract details:

Product	Total volume (USD)	Average strike price	Average future market price assumption	Fair value
Dollar	11,850,283	4.93	5.01	2,302

10. Recoverable taxes

State value added tax - ICMS (tax on services and circulation of goods)

ICMS is a state tax and refers to the credit balance found in current input purchase transactions and also those arising from the acquisition of fixed assets.

The Company's management has been assessing opportunities offered by the legislation and alternative solutions for realizing these credits.

Federal value added tax - PIS (Contribution to the Social Integration Plan) and COFINS (Contribution for Social Security Financing)

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As at December 31, 2024 and 2023 and for the years ended December 31, 2024 and 2023
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PIS and COFINS are federal indirect taxes. The balances consist of VAT credits from purchase transactions and also those arising from the acquisition of fixed assets.

The Company may request the offsetting or reimbursement of PIS and COFINS from the Federal Revenue Service of Brazil.

	2024	2023
State value added tax - ICMS	11,243	8,456
(-) Impairment of ICMS credit (i)	(11,243)	(8,456)
Net state value added tax - ICMS	-	-
Federal value added tax - PIS and COFINS credit	9,277	11,400
Other recoverable taxes	452	110
Total recoverable taxes	9,729	11,510
Expected to be realized within the next 12 months	5,130	4,900
Not expected to be realized within the next 12 months	4,599	6,610

(i) The Company accumulates ICMS VAT credits as result of its focus on exports. The Company's management has been evaluating opportunities in the legislation and alternative solutions aiming at the recover such amounts, including purchases of machinery and tax credit sales, as allowed by current legislation. A provision has been recorded for the portion of its recoverability is not probable.

Changes in the impairment of recoverable taxes are as follows:

	ICMS
Balance as at December 31, 2022	(4,786)
Reversal of provision/(provision recognised)	(3,196)
Translation adjustments	(474)
Balance as at December 31, 2023	(8,456)
Reversal of provision/(provision recognised)	(5,319)
Translation adjustments	2,532
Balance as at December 31, 2024	(11,243)

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As at December 31, 2024 and 2023 and for the years ended December 31, 2024 and 2023
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11. Income taxes

The deferred tax balances as at December 31, 2024 and 2023 relate to the following:

	2024	2023
Accumulated corporate income tax losses (i)	7,267	14,964
Unrealized foreign exchange losses (ii)	5,796	(5,014)
Property, plant and equipment and mineral properties ("fixed assets") (iii)	(2,235)	(3,244)
Derivatives	(2,727)	(185)
Other temporary differences	5,256	3,432
Total deferred tax assets	<u>13,357</u>	<u>9,953</u>
Non-current assets	15,592	13,197
Non-current liabilities	(2,235)	(3,244)

(i) In accordance with tax legislation in Brazil the tax losses do not expire.

(ii) The unrealized foreign exchange losses are driven by related party and third-party borrowings, which are deducted for tax purposes upon settlement.

The movements in deferred income tax assets and liabilities are demonstrated below:

	2024	2023
Balance as at January 1	9,953	12,808
Accumulated corporate income tax losses	(5,090)	(8,985)
Unrealized foreign exchange losses	11,159	3,269
Property, plant and equipment and mineral properties ("fixed assets")	346	309
Derivatives	(2,966)	279
Other temporary differences	2,955	1,395
Translation adjustments	(3,000)	878
Balance as at December 31	<u>13,357</u>	<u>9,953</u>

Income tax for the period

A reconciliation between tax expense and accounting profit multiplied by the nominal tax rate for the years ended 31 December 2024 and 2023 is shown below:

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(In thousands of US\$)

	2024	2023
Profit (loss) before taxation	7,786	80,310
Brazilian statutory income taxes rate - %	34%	34%
Income taxes at statutory rates	(2,647)	(27,305)
Reconciliation adjustments:		
Tax benefit from Sudene (i)	7,209	12,593
Recognized (unrecognized) deferred tax assets	(1,107)	5,669
Excess capitalization of related party borrowing	(351)	(483)
Permanent adjustments	(972)	(983)
Income tax	2,132	(10,509)
Effective rate	-27%	13%
Current income tax (expense)	(4,272)	(6,776)
Deferred income tax income/(expense)	6,404	(3,733)

(i) The tax benefit from the Superintendency for the Development of the Northeast (Sudene) refers to a government grant for the areas where Sudene operates, granting the right to a 75% reduction in income tax, including the surcharge, on profit from tax incentive activities ("lucro da exploração") in the area entitled to the incentive.

In 2024, the Company has recognized net deferred tax assets on carry forward tax losses and temporary differences of US\$6,404 (utilized US\$3,733 in 2023).

The assessment of deferred tax assets recoverability is based on reserves and mineral resources, together with economic factors such as commodity prices, exchange rates and production costs.

The Company completed construction in 2021. Following ramp-up phases, it became fully operational in 2023. Management assessed the potential utilisation of brought-forward tax losses and temporary differences and concluded that based on the current life-of-mine plans, it is probable that taxable profits will be available in the future against which the unused tax losses/credits can be utilised.

During 2024, the Company utilized US\$5,090 of tax losses carry forward (US\$5,985 in 2023). Furthermore, the current and forward copper prices are expected to remain at levels that would enable MVV to generate future taxable profits, supporting the recognition of these tax losses and temporary differences as deferred income tax assets, being recovered in two years, whilst the life-of-mine goes until 2034.

Key estimates

The assessment of deferred tax assets recoverability is based on:

- Production volumes: The production profiles used were based on the reserves and resource volumes approved as part of the Company's process. The production volumes incorporated into the recoverability test are based on detailed life-of-mine plans and take into account development plans for the mines agreed by management as part of the long-term planning process. Production volumes are dependent on a number of variables, such as: the recoverable quantities; the production profile; the cost of the development of the infrastructure necessary to extract the reserves and the production costs. As each producing mine has specific reserve characteristics and economic circumstances, the projections are computed using appropriate individual economic models and key assumptions established by management.

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As at December 31, 2024 and 2023 and for the years ended December 31, 2024 and 2023
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- Commodity prices: Forecast commodity prices are based on management's estimates and are derived from forward price curves and long-term views of global supply and demand in a changing environment and consistent with external sources. These prices were adjusted to arrive at appropriate consistent price assumptions for the different qualities and type of commodities, or, where appropriate, contracted prices were applied. The commodity prices are demonstrated below:

Assumptions	2024	2025	2026	2027	2028	2029 onwards
Copper price - US\$/lb	\$4.20	\$4.15	\$4.05	\$4.05	\$4.05	\$4.05

- Exchange rates: Foreign exchange rates are estimated with reference to external market forecasts. The rates applied for the first five years of the valuation are based on observable market data. The assumed long-term US dollar/Brazilian Real exchange rate is estimated to range between US\$/R\$ 5.50 to R\$5.55.

The modelling was based on management's forecast, which demonstrated that the deferred tax assets are recoverable.

12. Property, plant and equipment

	2024					Closing balance
	Opening balance	Additions	Write-off	Transfers	Translation adjustments	
Cost						
Lands	17.775	2.437	-	-	(4.193)	16.019
Buildings	23.362	3.690	(79)	1.127	(5.710)	22.390
Machinery and equipment	46.875	3.712	-	-	(10.707)	39.880
Facilities	41.332	1.125	-	-	(9.163)	33.294
AUC	1.577	-	(275)	(1.141)	(161)	-
Other	3.711	1.042	(336)	14	(902)	3.529
Total cost	134.632	12.007	(690)	-	(30.837)	115.112
Accumulated depreciation						
(-) Lands	-	-	-	-	-	-
(-) Buildings	(3.198)	(1.941)	4	-	947	(4.188)
(-) Machinery and equipment	(7.586)	(3.081)	-	-	2.054	(8.613)
(-) Facilities	(7.377)	(2.793)	-	-	1.970	(8.200)
(-) AUC	-	-	-	-	-	-
(-) Other	(1.262)	(384)	229	-	295	(1.122)
Total accumulated depreciation	(19.423)	(8.200)	233	-	5.267	(22.123)
Net book value	115.209	3.807	(458)	-	(25.568)	92.990

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	2023					Closing balance
	Opening balance	Additions	Write-off	Transfers	Translation adjustments	
Cost						
Lands	15.250	1.295	-	-	1.230	17.775
Buildings	14.116	6.523	-	1.374	1.349	23.362
Machinery and equipment	39.454	4.324	(104)	-	3.201	46.875
Facilities	37.382	1.012	-	-	2.938	41.332
AUC	278	1.238	-	-	61	1.577
Other	3.745	1.061	-	(1.374)	279	3.711
Total cost	110.225	15.453	(104)	-	9.058	134.632
Accumulated depreciation						
(-) Lands	-	-	-	-	-	-
(-) Buildings	(1.504)	(1.339)	-	(187)	(168)	(3.198)
(-) Machinery and equipment	(4.133)	(3.048)	12	-	(417)	(7.586)
(-) Facilities	(3.998)	(2.974)	-	(2)	(403)	(7.377)
(-) AUC	-	-	-	-	-	-
(-) Other	(995)	(372)	-	189	(84)	(1.262)
Total accumulated depreciation	(10.630)	(7.733)	12	-	(1.072)	(19.423)
Net book value	99.595	7.720	(92)	-	7.986	115.209

- (i) Buildings: comprise administrative and operational buildings, supply warehouses, laboratory, dispatch shed, water intake, electrical substation, explosives warehouse, cafeteria, infirmary, workshop, concierge, among others.
- (ii) Machinery and equipment: comprise machinery and equipment used in the transport and production processes of crushing, grinding, flotation, decanting and drying.
- (iii) Facilities: comprise facilities used in the administrative and operational facilities of the Group's buildings in Craíbas and Belo Horizonte.
- (iv) Assets under construction: assets that are in the assembly phase, not depreciable.
- (v) Other: comprise vehicles, leasehold improvements, IT equipment, furniture and components for vehicles and machines.

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13. Mineral properties

Cost	Mine in production (i)	Mine in rights	Others (ii)	Total
As at 1 January 2023	87,933	14,384	722	103,039
Additions	11,367	-	-	11,367
Changes in ARO	1,533	-	-	1,533
Translation adjustments	7,247	1,118	56	8,421
As at 31 December 2023	108,080	15,502	778	124,360
Amortization				
As at 1 January 2023	(10,256)	(1,355)	(76)	(11,687)
Additions	(7,823)	(907)	(3)	(8,733)
Translation adjustments	(1,045)	(135)	(6)	(1,186)
As at 31 December 2023	(19,124)	(2,397)	(85)	(21,606)
Net book value as at 31 December 2023	88,956	13,105	693	102,754
Cost	Mine in production (i)	Mineral rights	Others (ii)	Total
As at 1 January 2024	108,080	15,502	778	124,360
Additions	8,648	-	-	8,648
Changes in ARO	(2,478)	-	-	(2,478)
Translation adjustments	(24,377)	(3,382)	(170)	(27,929)
As at 31 December 2024	89,873	12,120	608	102,601
Amortization				
As at 1 January 2024	(19,124)	(2,397)	(85)	(21,606)
Additions	(10,192)	(1,019)	(75)	(11,286)
Translation adjustments	5,489	655	28	6,172
As at 31 December 2024	(23,827)	(2,761)	(132)	(26,720)
Net book value as at 31 December 2024	66,046	9,359	476	75,881

(i) Mine in production: includes mine stripping assets of US\$10,651 in 2024 (US\$11,033 in 2023).

(ii) Other: comprise environmental licencing fees.

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14. Trade payables

	2024	2023
Trade payables - internal market	3,346	9,972
Trade payables - imports	35	400
Accruals	5,426	4,773
Total	8,807	15,145

The Company's exposure to currency and liquidity risks related to trade payable to suppliers and other accounts payable is disclosed in Note 23.

15. Borrowings

This note provides information on the terms of interest-bearing borrowing agreements, which are stated at amortized cost. For further information on the Company's exposure to interest rate, foreign currency and liquidity risks, see Note 23.

	Annual effective interest rate	Maturity	2024	2023
Project Finance	5% + SOFR	2028	68,550	81,239
Total borrowings			68,550	81,239
Current			25,824	12,255
Non-current			42,726	68,984

In February 2021, the Company successfully obtained senior financing to be used to start its operations. The amount totaled USD140 million, at an average interest rate of 5% plus LIBOR. Due to LIBOR's discontinuance, the index rate was substituted to SOFR without significant change to its spread. The maturities are divided into 25 instalments commencing on September 2022 through to September 2028. Borrowings changes and movements and maturity analysis are shown in Note 23.

The Project Finance has financial covenants that are constantly assessed by the Company. Since inception, all covenants have met its requirements under the agreement conditions. To acquire the debt, the company Serrote Participações S.A. was pledged as collateral.

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16. Related parties transactions

Related parties transactions include borrowing agreements and other trade payables/receivable, as shown below:

	2024	2023
Accounts receivable	65	63
Total assets	65	63
Borrowings – ANRH Coöperatief UA (i)	-	(11,197)
Borrowings – AMH 2 (Jersey) Limited (ii)	(50,095)	(42,712)
Other liabilities	(787)	(577)
Total liabilities	(50,882)	(54,486)
Current liabilities	(787)	(577)
Non-current liabilities	(50,095)	(53,909)

(i) Borrowings ANRH Coöperatief UA

The Group obtained funds with ANRH Coöperatief UA in order to complete the construction of the production plant and/or for working capital purposes. The amount was initially obtained for short term purposes and thus initially classified as current liability with no interest charge. During 2023, an amendment to the agreement was made deferring its maturity for May 2027. During 2024, the balance was fully settled in advance. Changes in related party payables are shown in Note 23.

(ii) Borrowings AMH 2 (Jersey) Limited

In the year ended December 31, 2021, the Company entered into another related party US\$-denominated borrowing agreement with of AMH (Jersey) 2 Limited for up to US\$20,000, which was increased to up to US\$30,000 in 2023. The maturity of this contract is linked to the repayment of project finance advanced, followed by future gold revenues and then the Company's cash availability. The interest rate applicable to this contract is fixed at 16% per year. For further information on the Company's exposure to interest rate, foreign currency and liquidity risks, see Note 23.

Remuneration of key management personnel

For the year ended December 31, 2024, the remuneration of the Company's key management personnel (officers) totaled US\$756 (US\$1,053 in 2023).

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17. Royalties payable

These refer to the chargers, base on the Company's revenues, by National Mining Agency (ANM), and ther former owners of land acquired by the Company, which are recorded as costs in the consolidated statement of profit or loss, as shown below:

	2024	2023
Landowners royalties payable	129	1,708
ANM royalties payable	356	400
Total royalties payable	485	2,108

Financial Compensation for Mineral Resources Exploration ("CFEM"), which are due to ANM, are determined at a rate of 2% calculated on billed revenue.

18. Provisions

	2024	2023
Tax, civil and labour	34	732
ARO	3,876	7,297
Total provisions	3,910	8,029
Non-current liabilities	3,910	8,029

Changes in provisions are as follows:

	Tax, Civil and Labour	ARO	Total
As at December 31, 2022	80	5,120	5,200
Additions	709	-	709
Unwinding effects	-	191	191
Change in estimates	-	1,533	1,533
Reversal	(45)	-	(45)
Settlements	(39)	-	(39)
Translation adjustments	27	453	480
As at December 31, 2023	732	7,297	8,029
Additions	542	-	542
Unwinding effects	-	377	377
Change in estimates	-	(2,478)	(2,478)
Reversal	(649)	-	(649)
Settlements	(511)	-	(511)
Translation adjustments	(80)	(1,320)	(1,400)
As at December 31, 2024	34	3,876	3,910

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(i) Provisions for legal proceedings

The Company is a party to legal proceedings generally deriving from its implementation phase activities or originating in the normal course of business, mainly involving the Company's secondary liability in labour claims and civil matters related to its operating assets.

Management, based on the information and assessments of its legal advisors, internal and external, recognized a provision for legal claims in the amount of US\$709 on December 31, 2024 (US\$542 on December 31, 2023).

As at December 31, 2024, contingencies, of which no provision was recorded, given the likelihood of loss is possible, amounted to approximately US\$1,606 (US\$ 208 in 2023).

(ii) ARO

As at December 31, 2024, the amount recorded for this provision is US\$3,876 (US\$7,297 as at December 31, 2023). The ARO provision represents the present value of costs relating to mine sites, which are expected to be incurred the following year after the producing mine cease its operations. The provision has been based on the Company's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future copper prices, which are inherently uncertain. Changes in ARO provision estimates during the period reflect changes in cash flow estimates as well as assumptions including discount and inflation rates. The discount rate used in the calculation of the provision as at December 31, 2024 equaled 12.2% (8.4% in 2023).

19. Equity

Share capital

On December 31, 2024, the subscribed capital is US\$104,590 (US\$104,570 on December 31, 2023). The share capital and common shares are described below:

	Share Capital	Common Shares
2023	104,570	405,574,740
2024	104,590	405,674,740

Legal reserve

The constitution of the legal reserve is mandatory, up to the limits established by law, and its purpose is to ensure the integrity of the share capital, conditional on its use to absorb losses or increase the share capital.

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For the year ended on December 31, 2024, the Company recognized legal reserves in the amount of US\$432 (Nil in 2023).

Dividends

Under the Company's Bylaws and the Brazilian Corporate Law, shareholders are entitled to receive dividends and other distributions related to the Company shares, proportionally to their interests in capital. Shareholders are entitled to an annual mandatory minimum dividend of no less than 25% (twenty five percent) of profit, after the amount to be allocated to the legal reserve.

For the year ended on December 31, 2024, the Company recognized minimum mandatory dividends in the amount of US\$2,051 (Nil in 2023).

Other comprehensive loss

Refers to the currency translation adjustments from the Company's functional currency (R\$) into the presentation currency (US\$). The amount will not be reclassified to the consolidated statements of loss and other comprehensive loss.

20. Revenue from contracts with customers

Revenue from contracts with customers comprise the sale of copper concentrate, containing copper and gold according to the quotation of the commodities on the LME (London Metal Exchange). The Company's revenue is concentrated in one customer. The transaction price is determined by the prevailing commodity price discounted by onward treatment and refining, given the Company is not responsible for such services:

	2024	2023
Revenue from contracts with customers		
Revenue from sale of copper	165,024	203,954
Revenue from sale of gold	20,687	20,710
Unrealized price adjustments	140	1,731
(-) Cost of treatment and refinement deductible on sales (i)	(9,314)	(11,602)
	<u>176,537</u>	<u>214,793</u>
Net revenue from contract with customers	<u>176,537</u>	<u>214,793</u>

(i) This refers to the deductions from revenue in the invoices issued to customers in accordance with the contract, providing for changes in the amounts billed and subsequently received. The cost of treatment and refinement comprises a common formula in transactions involving ore concentrates, in which there is a deduction in the invoice amounts, given that the product sold is not the metal in its total purity.

All revenue from concentrate is recognised at a point in time when control transfers (see Note 2.3.k for further details).

The period between provisional invoicing and the end of the Quotational Period may range up to four months.

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Revenue from the provision of services is recognised over time but does not represent a significant proportion of total revenue and is included with the respective revenue for disclosure purposes.

Revenues from external customers are based on the locations of the customers as shown below:

	2024	2023
China	137,731	149,038
Finland	19,509	43,385
India	19,297	-
Taiwan	-	22,370
	<u>176,537</u>	<u>214,793</u>

21. Costs and expenses by nature

Costs, general and administrative expenses, tax expenses and other operating expenses, presented in the Company's statement of profit or loss, are classified according to their nature.

	2024	2023
Mine operations services	(20,633)	(18,709)
Depreciation and amortization	(19,926)	(16,933)
Raw materials, consumables, repairs and maintenance	(32,210)	(32,106)
Royalties	(5,705)	(6,745)
Shipping and other freight costs	(9,975)	(11,887)
Employment costs	(14,453)	(14,184)
Services	(13,554)	(17,735)
Impairment for VAT credit (i)	(5,319)	(3,196)
Decrease/(increase) in finished goods and work in progress	1,736	(4,889)
Other costs and expenses (ii)	(5,926)	(6,017)
	<u>(125,965)</u>	<u>(132,401)</u>
	2024	2023
Cost of products sold	(94,283)	(99,259)
General and administrative expenses	(17,116)	(25,222)
Other (expenses) income, net	(14,566)	(7,920)
	<u>(125,965)</u>	<u>(132,401)</u>

(i) Impairment of VAT credit

As described in Note 10, the Company recorded impairment for state VAT (ICMS) for which the recoverability is not probable.

(ii) Other costs and expenses

Other costs and expense comprise for example of non-recurring expenses, short-term leases and inventory adjustments.

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(In thousands of US\$)

22. Net finance costs

Net finance costs mainly refers to expenses arising from borrowings and financing (with related companies and financial institutions), in addition to foreign exchange variations on their contracts in currencies other than the R\$.

	2024	2023
Finance income		
Interest on tax credits	58	8
Other finance income	64	89
Total finance income	122	97
Finance costs		
Bank expenses	(105)	(189)
Commission on borrowings	(1,256)	(1,499)
Interest on related party borrowings	(7,402)	(6,784)
Interest on borrowings	(7,541)	(11,391)
Interest on notes payable	(812)	(1,179)
Other finance expenses	(1,603)	(544)
Total finance costs	(18,719)	(21,586)
Other net financing gains/(losses)		
Foreign exchange gains/(losses) on bank deposits accounts, trade receivable and payable	4,568	(782)
Foreign exchange gains/(losses) on borrowings	(31,040)	12,422
Change in fair value of derivative instruments	2,283	7,767
Other net financing gains/(losses)	(24,189)	19,407
Net finance costs	(42,786)	(2,082)

23. Financial instruments

The Company is exposed to the following risks arising from the use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk;
- Currency risk; and
- Interest rate risk

This note brings information on the Company's exposure to each of the foregoing risks, as well as its objectives, policies and processes for measuring and managing such risks, as well as capital management. Additional quantitative disclosures are included in the notes.

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Risk management framework

Local officers together with the parent company's corporate management are in charge of setting up and supervising the Company's risk management framework. These officers are in charge of developing and monitoring the Company's risk management policies.

The Company's risk management policies are established in order to identify and assess the risks faced by the Company, to set appropriate limits and risk controls, and to monitor risks and adherence to limits. Risk management policies and systems are frequently reviewed in order to reflect changes in market conditions and the Company's activities. The purpose of the Company's training and management standards and procedures is to develop a disciplined and constructive environment in which all employees understand their roles and obligations. The Company's management ensures compliance with risk management policies and procedures and reviews the adequacy of the risk management framework for addressing the risks faced by the Company. Management is also in charge of regularly supervising and reviewing internal controls and risk management procedures, whose results are reported to other officers in their regular meetings.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises mainly from trade receivable and investment securities.

Credit risk exposure	Carrying amount as at	
	2024	December 31, 2023
Cash and cash equivalents	27,451	40,945
Short-term investments	13,654	7,219
Trade receivable	2,225	4,381
Related parties receivable	65	63
Derivatives	7,971	474
Total credit exposure	51,366	53,082

Cash and cash equivalents

The Company has cash and cash equivalents held in banks and financial institutions that have credit ratings between AA and AAA, which are considered to have a good financial structure and soundness in the market.

Short term investments

The Company has short term investments held in banks and financial institutions that have AAA credit ratings, which are considered to have a good financial structure and soundness in the market.

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Trade receivables

Trade receivables are due from the Company's sole customer, which is considered to have a good financial structure and soundness in the market. There is no track record of losses.

Derivatives

The Company has derivatives held in banks and financial institutions that have credit ratings AAA, which are considered to have a good financial structure and soundness in the market.

Liquidity risk

Liquidity risk is the risk that the Company will face difficulties in complying with obligations associated with financial liabilities that are settled with cash payments or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, sufficient liquidity to meet its obligations when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Below are the financial liabilities according to their related contractual maturities, including estimated interest payments and excluding possible netting arrangements:

In 2024	Carrying amount	Total cash flows	Within 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years
Related parties borrowings	50,095	55,908	787	-	-	55,121	-
Accounts payable to related parties	787	787	787	-	-	-	-
Borrowings	68,550	80,161	11,930	14,643	32,940	20,648	-
Notes payable	13,219	18,573	-	-	-	18,573	-
Trade payables	8,807	8,807	8,807	-	-	-	-
Derivatives	3,211	3,211	2,715	271	225	-	-
Total liquidity risk	144,669	167,447	25,026	14,914	33,165	94,342	-

In 2023	Carrying amount	Total cash flows	Within 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years
Related parties borrowings	53,909	72,352	649	-	-	-	71,703
Accounts payable to related parties	577	577	577	-	-	-	-
Borrowings	81,239	107,462	7,298	6,049	28,348	65,767	-
Notes payable	12,432	19,881	-	-	-	19,881	-
Trade payables	15,145	15,145	15,145	-	-	-	-
Total liquidity risk	163,302	215,417	23,669	6,049	28,348	85,648	71,703

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Market risk

Market risk is the risk that changes in market conditions, such as commodity prices and currency and interest rates, may impact the Company's gains or the amount of its financial instruments. Market risk management consists of the monitoring and control of market risk exposures within acceptable parameters in order to optimize returns.

The Entity is exposed to fluctuations in metal prices, fluctuations in foreign currency and interest rates. The Entity's sales within the quotational period were measured at fair value and were exposed to fluctuations in metal prices.

The Entity continuously monitors the prices of commodities and foreign currency fluctuations.

Assuming that expected metal production and sales are achieved, that tax rates are unchanged, and giving no effect to potential hedging programs, metal price sensitivity factors would indicate the following change in profit or loss resulting from metal price changes. The impact of a 10% increase or decrease in copper prices is shown below:

	<u>Copper</u>
Change in metal price (in percentage)	10%
Annual change in gross margin	198

Currency risk

The Company is subject to currency risk on Cash and Cash Equivalents, Short-term investments, sales, purchases, Notes payable, Borrowings and Accounts payable to related parties that are denominated in a currency other than the Company's functional currency (R\$). The currency in which these transactions primarily are denominated is US\$.

Interest on Notes payable, borrowings with third parties and with related parties are denominated in the currency of the borrowing. In general, borrowings are denominated in currencies that are equivalent to the cash flows generated from the Company's basic operations, especially in US\$. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

The following tables show the sensitivity analysis of the balance of assets and liabilities from third parties and related parties in a currency different from the Company's functional currency (R\$) outstanding as at December 31, 2024.

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US\$ operations transactions	Exposure balance		
US\$ rate x R\$ rate	6.19		
Bank deposits in US\$	25,312		
Restricted cash in US\$	13,654		
Trade accounts receivable in US\$	2,225		
Trade accounts payable in US\$	(35)		
Related parties transactions in US\$	50,095		
Borrowings in US\$	(68,550)		
Notes payable in US\$	(13,219)		
Net exposure	9,482		
US\$ operations transactions	5% (increase)	25% (increase)	50% (increase)
Increase in foreign exchange expenses	474	2,371	4,741

Interest rate risk

The Company's Borrowings are subject to fluctuations in the Secured Overnight Financing Rate ("SOFR") rate. The Company calculated interest differences for each of the estimated scenarios according to the balances of exposed amounts and assuming that they remain constant.

When valuing the amounts exposed to the interest rate risk, the Company considered the risks only for financial statements, i.e., the transactions subject to fixed-rate interest were not included.

The probable scenario is based on the Company's expectations for each of the variables, and negative and positive fluctuations of 25% and 50% were applied to the rates in effect on the consolidated financial statement reporting date.

Instruments	Risk factor	Amount exposed	Probable scenario	25% (*)	50% (*)
Borrowings	SOFR	(68,550)	(3,078)	(3,847)	(4,617)

(*) Positive and negative variations of 25% and 50% were applied to the rates in effect as at December 31, 2024.

Capital management

Capital management consists of having a strong capital base to keep the confidence of investors, creditors and the market, and to support future business development, monitoring the returns on invested capital.

Management seeks to strike an appropriate balance between the highest possible yields with the most appropriate levels of borrowing and the advantages and security afforded by a sound capital position.

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In 2024, the Company was engaged in transactions involving financial instruments. These instruments are managed through operational strategies and internal controls aiming at ensuring liquidity, profitability and safety. Financial instruments are used view of the risk exposure management intends to cover.

The control policy consists of continuously monitoring the agreed upon conditions versus the conditions prevailing in the market.

The Company does not make any speculative investments in derivatives or in other risky assets.

The results obtained from these transactions are consistent with the policies and strategies defined by Company management.

The Company monitors capital using a gearing ratio, which is net debt divided by the aggregate of equity and net debt.

Fair value and Classification

The Company considers fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy as at December 31, 2024 and 2023. The Company's evaluation of the significance of certain information is subjective and may affect the valuation of assets and liabilities at fair value and their measurements in the different levels of the fair value hierarchy.

Financial instruments	Note	Classification of financial instrument	Hierarchy Level	2024		2023	
				Carrying amount	Fair value	Carrying amount	Fair value
Trade receivable	7	FVTPL	2	2,225	2,225	4,381	4,381
Derivatives	9	FVTPL	2	7,967	7,967	474	474
Notes payable	23	Amortized cost	2	(13,219)	(15,752)	(12,432)	(15,497)
Borrowings	15	Amortized cost	2	(68,550)	(68,550)	(81,239)	(81,239)
Related parties' borrowings	16	Amortized cost	2	(50,095)	(93,776)	(53,909)	(84,385)

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The Company assessed that the fair values of cash and cash equivalents, short-term investments, trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments. Changes in liabilities arising from financing activities are as follows:

	January 1, 2024	Payments	Interest	Foreign exchange	Other	Translation adjustments	December 31, 2024
Borrowings	(81,239)	21,457	(7,541)	(18,716)	(981)	18,470	(68,550)
Related parties' borrowings	(53,909)	10,599	(7,402)	(12,324)	-	12,941	(50,095)
Derivatives	474	6,441	-	-	2,283	(1,231)	7,967
Notes payable	(12,432)	-	(812)	(3,206)	-	3,231	(13,219)
Total	(147,106)	38,497	(15,755)	(34,246)	1,302	33,411	(123,897)
	January 1, 2023	Payments	Interest	Foreign exchange	Other	Translation adjustments	December 31, 2023
Borrowings	(121,351)	51,907	(11,391)	8,647	(1,144)	(7,907)	(81,239)
Related parties' borrowings	(47,139)	-	(6,784)	3,776	-	(3,762)	(53,909)
Derivatives	1,291	(8,656)	-	-	7,766	73	474
Notes payable	(11,238)	-	(1,179)	869	-	(884)	(12,432)
Total	(178,437)	43,251	(19,354)	13,292	6,622	(12,480)	(147,106)

24. Non-cash transactions

During the years ended December 31, 2024 and 2023, the Company carried out non-cash transactions which are not reflected in the consolidated statements of cash flows. The main non-cash transactions were:

	2024	2023
Change in decommissioning of assets and environmental restoration and impact to mineral properties arising from capitalization	(2,478)	1,533

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25. Commitments

This note provides information on the terms of notes payable to be paid, as part of the contingent consideration to transferred in relation to the acquisition of MVV. The commitment considers an interest accrual grace period until the first date upon which interest is payable under the senior financing, which occurred in February 2021. For further information on the Company's exposure to foreign currency and liquidity risks, see Note 23.

	Annual effective interest rate	Maturity	2024	2023
Clearwater Holdings Fund LLC	10%	2028	13,219	12,432
Total borrowings			13,219	12,432
Current			-	-
Non-current			13,219	12,432

26. Subsequent events

As part of the Baiyin's acquisition of Serrote, mentioned on Note 1, the transactions below have been executed:

On March 27, 2025, the Company settled in advance US\$17,069 of related parties' borrowings with AMH 2 (Jersey) Limited.

On April 1, 2025, the Company paid Promissory Notes to Aura Minerals in the amount of US\$14,084.

On April 1, 2025, an amendment to the Company's Project Finance was signed in which AMH 2 (Jersey) Limited settled the outstanding balance of the Project Finance and became the new owner of its credit rights. There were no other changes to the conditions of the borrowing.

On April 2, 2025, the Company received US\$773 due to the early termination of its gold and copper NDF derivatives contracts. This amount includes a gain of US\$1,147 with derivatives and a deduction of US\$373 as fees paid.

On April 17, 2025, the shareholders of the Company deliberated on the reversal of previously recognized dividends on the amount of US\$2,051 to be allocated on retained profit reserves account.