

**CLOSURE OF
OPERATIONS:
ASSET RETIREMENT OBLIGATIONS**

Asset Retirement Obligations¹

The following is an excerpt from the [Grupo Mexico 2025 Annual Report for the Mexican Stock Exchange](#) presented in accordance with the general provisions applicable to securities issuers and other market participants for the fiscal year ended December 31, 2025 (full document in Spanish, but relevant and applicable pages are translated).

Critical Accounting Judgments and Key Sources of Uncertainty for Estimating Uncertainty

([page. 363 from document in spanish](#))

In applying the Entity's accounting policies, which are described in [Note 2 \(p. 338\)](#), Management must make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities in the consolidated financial statements. The estimates and assumptions are based on experience and other factors considered relevant. Actual results could differ from these estimates.

Estimates and assumptions are reviewed on a regular basis. Changes to accounting estimates are recognized in the period in which the change is made and in future periods if the change affects both the current period and future periods.

The critical accounting judgments and key sources of uncertainty in applying the estimates made as of the date of the consolidated financial statements, which have a significant risk of resulting in an adjustment to the carrying amounts of assets and liabilities during the next financial period, are described as follows:

(...)

H. Asset Retirement Obligations

([page. 366 from document in spanish](#))

The Entity requires Management to make estimates for each of its mining and infrastructure operations, considering the anticipated future costs to complete reclamation and remediation work required to comply with existing laws and regulations. The Entity maintains an estimate of the asset retirement obligation for its mining properties in Mexico, Peru, and the USA, as well as for its combined cycle plant, wind farms, and modular equipment in Mexico, in accordance with the laws of each country related to mine closure. The impact of this estimate is discussed in [Note 15 \(p. 385\)](#).

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¹ The actions described in this document are fully applicable to our subsidiary Southern Copper Corporation.

Asset Retirement Obligations (ARO)

[\(page. 393 from document in spanish\)](#)

Mining Division:

SCC

SCC maintains an asset retirement obligation for its mining properties in Peru, as required by the Peruvian Mining Closure Law. According to this law, SCC's closure plans were approved by the Ministry of Energy and Mines of Peru ("MINEM"). The recognized closure cost for this liability includes the cost, as described in its closure plans, of dismantling the concentrators at Toquepala and Cuajone, the Ilo smelting and refining facilities, and the warehouses and auxiliary facilities at the three units. As part of the closure plans, SCC must provide annual guarantees over the estimated life of the mines, based on a present value approach, and provide funds for the asset retirement obligation. This law requires a review of the closure plans every five years. Currently, SCC has pledged the value of its Lima office complex as collateral to cover 26% of this guarantee and maintains a letter of credit for the remaining 74% of this obligation. As of January 2026, SCC has provided guarantees totaling \$110.1 million.

On July 20, 2021, the Peruvian government published Law 31347, which requires companies in production to reserve additional guarantees for progressive closure of their operations. The resources backing these guarantees will be returned to the Company when activities cease and the regulatory body verifies that all closure measures have been satisfactorily completed. Under this Law, companies must include environmental remediation activities within the closure schedule and cover the costs associated with environmental impacts identified during audits. On March 19, 2025, the regulation attached to this Law was published. This new regulation establishes a three-year period to update the schedule of constitutional guarantees, including the main components of the progressive closure. The Company is initiating the corresponding actions to comply with this new requirement within the established timeframe, but does not expect this Law to have a material effect on its financial statements.

In April 2024, the Entity adjusted its estimate of the asset retirement obligation due to an update to the closure plan for its Ilo facility. The effect was a \$3.2 million decrease in the asset retirement obligation. Additionally, in December 2025, SCC updated the estimates for all of its facilities; the effect was a \$5.7 reduction in the asset retirement obligation and a \$2.6 reduction in the dismantling asset; the \$3.1 difference was recorded as a reduction in the cost of goods sold.

The Entity has recognized an estimated asset retirement obligation for its mining properties in Mexico as part of its environmental commitment. Although there is currently no law, statute, ordinance, written or oral contract requiring the Entity to carry out mine closure and environmental remediation activities, the Entity believes that an obligation currently exists based on historical government requirements for closing any facility. The overall recognized cost for mine closure in Mexico includes estimated costs for dismantling concentrators, smelting and refining plants, warehouses, and other facilities.

In December 2024 and 2025, the Entity adjusted its estimate of the asset retirement obligation for its operations in Mexico, primarily due to a detailed review of required closure activities and an update to the life-of-mine plans for the Buenavista operations. The effect of this change in 2025 was a reduction in the asset retirement obligation on the order of \$106.7 in asset retirement

obligation and a \$48.8 reduction in the dismantling asset; the \$57.9 difference was recorded as a reduction in the cost of goods sold. The effect in 2024 was a \$119.2 decrease in the asset retirement obligation and a \$53.9 reduction in the retirement asset; the \$65.3 difference was recorded as a reduction in the cost of goods sold. .

The information related to the total dismantling and soil remediation obligation as of December 31 for 2025, 2024, and 2023 is as follows:

	2025	2024	2023
Balance as January 1 st	\$ 531.3	\$ 616.4	\$ 591.9
Changes in estimates	(85.1)	(115.6)	(1.5)
Payments at closure	(1.0)	-	(0.3)
Additions	10.6	30.5	26.3
Balance as of December 31 st	<u>\$ 455.8</u>	<u>\$ 513.3</u>	<u>\$ 616.4</u>

Asarco

As of December 31, 2025, 2024, and 2023, Asarco has approximately \$8.8 million, \$8.5 million, and \$8.4 million, respectively, in restricted cash and committed investments to provide financial assurance to the Arizona Department of Environmental Quality (ADEQ) for final closure obligations. The financial assurance required by ADEQ does not reduce (or equal) the corresponding ARO liability recorded for final closure.

The information related to the total ARO obligations, in liabilities, as of December 31 for 2025, 2024, and 2023 is as follows:

	2025	2024	2023
Balance as January 1 st	\$ 87.5	\$ 75.7	\$ 69.1
Changes in estimates	8.6	11.8	(5.0)
Additions	-	-	11.6
Additions	<u>\$ 96.1</u>	<u>\$ 87.5</u>	<u>\$ 75.7</u>

Infrastructure Division:

CIEM decided to recognize a dismantling and soil remediation obligation as part of its environmental commitment. Although there is no legal obligation to recognize a provision, CIEM considers that the payment will arise when the operation of the combined cycle plants and the El Retiro and Fenicias wind farms ends.

The provision represents Management's best estimate, based on technical studies and known circumstances as of December 31 for 2025, 2024, and 2023.

The information related to the total dismantling and soil remediation obligation as of December 31 for 2025, 2024, and 2023 is as follows:

2025						
Provision	(Millions)	Expected future value	Discount rate	Year	Present value	
MGE	Ps. 250.9	\$ 14.6	5.5%	18	\$ 5.9	
ERSA	136.1	7.9	5.0	9	5.0	
FENICIAS	198.2	11.7	5.5	27	2.8	
CIPEME	1,495.4	83.2	9.5	22	11.1	
	Ps. 2,080.6	\$ 117.4			\$ 24.8	
2024						
Provision	(Millions)	Expected future value	Discount rate	Year	Present value	
MGE	Ps. 277.7	\$ 13.7	6.3%	19	\$ 4.8	
ERSA	127.7	6.3	6.0	10	3.9	
FENICIAS	223.0	11.0	6.4	28	2.0	
CIPEME	1,686.3	83.2	9.5	24	10.1	
	Ps. 2,314.7	\$ 114.2			\$ 20.8	
2023						
Provision	(Millions)	Expected future value	Discount rate	Year	Present value	
MGE	Ps. 214.5	\$ 12.7	4.1%	20	\$ 6.0	
ERSA	106.4	6.3	3.7	11	4.4	
FENICIAS	160.5	9.5	4.1	29	3.0	
CIPEME	1,611.0	83.2	9.5	25	9.2	
	Ps. 2,092.4	\$ 111.7			\$ 22.6	