HOCHSCHILD

13 March 2024

Hochschild Mining PLC

Preliminary Results

Year ended 31 December 2023

RESULTS FOR YEAR ENDED 31 DECEMBER 2023

Eduardo Landin, Chief Executive Officer of Hochschild, commented:

"I am pleased to report a robust 2023 performance. We made strong progress at our new Mara Rosa mine in Brazil, which is now in production, on time and on budget. Furthermore, we obtained a crucial permit at Inmaculada in Peru, ensuring an exciting, long-term future for the operation. We remain confident of a strong year ahead as we continue to execute our stated strategy of driving long-term production growth whilst reducing costs."

2023 Robust financial performance

- Revenue of $693.7 million (2022: $735.6 million)[1]
- Adjusted EBITDA of $274.4 million (2022: $249.6 million)[2]
- Profit before income tax (pre-exceptional) of $53.5 million (2022: $24.3 million)
- Loss before income tax (post-exceptional) of $43.5 million (2022: $25.8 million profit)
- Basic earnings per share (pre-exceptional) of $0.02 (2022: $0.01)
- Basic loss per share (post-exceptional) of $0.10 (2022: earnings per share of $0.01)
- Cash and cash equivalent balance of $89.1 million as at 31 December 2023 (2022: $143.8 million)
- Net debt of $257.9 million as at 31 December 2023 (2022: $175.1 million)

2023 Revised guidance achieved[3]

- All-in sustaining costs (AISC)[2] from operations of $1,454 per gold equivalent ounce (2022: $1,448) or $17.5 per silver equivalent ounce (2022: $17.4) lower than revised full year cost guidance of $1,490-$1,580 per gold equivalent ounce ($18.0-$19.0 per silver equivalent ounce)
- Full year attributable production of 300,749 gold equivalent ounces (25.0 million silver equivalent ounces)

2023 Exploration & Project Highlights

- Mara Rosa project completed on time and on budget
  - First gold pour achieved on 20 February 2024
  - 5.5 million hours completed on the project without any loss time accidents
- Option recently agreed to acquire the Monte Do Carmo project in neighbouring Tocantins state, Brazil

2023 ESG KPIs

- Lost Time Injury Frequency Rate of 0.99 (2022: 1.37)[4]
- Accident Severity Index of 37 (2022: 93)[5]
- Water consumption of 163lt/person/day (2022: 171lt/person/day)
- Domestic waste generation of 0.93 kg/person/day (2022: 1.05kg/person/day)
- ECO score of 5.76 out of 6 (2022: 5.27)[6]

2024 Outlook

- New Mara Rosa mine set to produce 83,000-93,000 ounces of gold at AISC of $1,090-$1,120 per ounce
- Overall production target:
  - 343,000-360,000 gold equivalent ounces
- All-in sustaining costs target:
  - $1,510-$1,550 per gold equivalent ounce
- Total sustaining and development capital expenditure expected to be approximately $171-178 million

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[1] *Revenue presented in the financial statements is disclosed as net revenue and is calculated as gross revenue less commercial discounts plus services revenue*
[2] *Please see the Financial Review pages 15-18 for a definition and calculation of Adjusted EBITDA, net debt and AISC*
[3] *2023 and 2022 equivalent figures calculated using the gold/silver ratio of 83x.*
[4] *Calculated as total number of accidents per million labour hours*
[5] *Calculated as total number of days lost per million labour hours.*
[6] *The ECO Score is an internally designed Key Performance Indicator measuring environmental performance in one number and encompassing numerous fronts including management of waste water, outcome of regulatory inspections and sound environmental practices relating to water consumption and the recycling of materials.*

$000 unless stated	Year ended 31 Dec 2023	Year ended 31 Dec 2022	% change
Attributable silver production (koz)	9,517	11,003	(14)
Attributable gold production (koz)	186	206	(10)
Revenue	693,716	735,643	(6)
Adjusted EBITDA	274,370	249,605	10
Profit from continuing operations (pre-exceptional)	9,505	6,745	41
Profit (loss) from continuing operations (post-exceptional)	(60,033)	4,832	(1,342)
Basic earnings per share (pre-exceptional) $	0.02	0.01	100
Basic earnings (loss) per share (post-exceptional) $	(0.10)	0.01	(1,100)

A presentation will be held for analysts and investors at 9.30am (UK time) on Wednesday 13 March 2024 at the offices of Hudson Sandler, 25 Charterhouse Square, London, EC1M 6AE

The presentation and a link to the live audio webcast of the presentation can be found at the Hochschild website:
www.hochschildmining.com
or:
https://brrmedia.news/HOC_FY23

To join the event via conference call, please see dial in details below:
UK Toll-Free Number: 0808 109 0700
International Dial in: +44 (0)330 551 0200
US Toll-Free Number: 866 580 3963
Canada Toll Free: 1 866 378 3566
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Non-IFRS Financial Performance Measures
The Company has included certain non-IFRS measures in this news release. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardised meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

About Hochschild Mining PLC
Hochschild Mining PLC is a leading precious metals company listed on the London Stock Exchange (HOCM.L / HOC LN) and crosstrades on the OTCQX Best Market in the U.S. (HCHDF), with a primary focus on the exploration, mining, processing and sale of silver and gold. Hochschild has over fifty years' experience in the mining of precious metal epithermal vein deposits and operates two underground epithermal vein mines: Inmaculada, located in southern Peru; and San Jose in southern Argentina, and an open pit gold mine, Mara Rosa, located in the state of Goiás, Brazil. Hochschild also has numerous long-term projects throughout the Americas.

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CHAIR'S STATEMENT

2023 has proved to be a momentous year for Hochschild Mining. We are proud of the significant progress we have made in the execution of our strategy which has included securing Inmaculada's Modified Environmental Impact Assessment ("MEIA") in August and the recent completion of our first mine in Brazil. I am also delighted with the appointment of Eduardo Landin as our new CEO and believe we will be able to count on his experience and leadership qualities. We believe that the Company has reached an inflection point, with strong momentum in the business. Furthermore, this is supported by our ongoing drive to ensure our people feel safe, empowered and respected thereby creating a work environment where everyone can be at their best.

On the subject of making people feel safe, I am proud and humbled by the efforts of management and all across the business for achieving our best safety performance in the Company's history. Our key performance indicators objectively demonstrate that our safety initiatives – all implemented as part of our Safety Culture Transformation Plan, are successfully embedding a safety-first culture. We cannot use this as a reason to be complacent, and so we will continue to work on maintaining our focus on achieving our strategic goals without compromising the safety of our people.

The Company's commitment to managing its environmental impact has also been clearly evident during 2023. I am pleased to report that, during the year, Hochschild became the first mining company in Peru to secure a green loan. This innovative form of financing sees interest costs adjusted according to the Company's environmental performance on three ESG indicators: safety frequency index, fresh water consumption and waste disposal. It is therefore particularly gratifying to note that the Company's overall ECO Score for 2023 was the highest since its implementation in 2015 reflecting, most notably, our highest level of efficiency in terms of water consumption and waste production. The year also saw the setting of our 2030 ambitions in the area of ESG (Environmental, Social and Governance) and which, with respect to our greenhouse gas emissions, will see us on our way to achieving Net Zero by 2050.

In acknowledgement of our social licence to operate, our community programmes during the year focused on digital inclusion, health and nutrition, education and the promotion of socio-economic development. Examples of the education programmes organised by Hochschild include the delivery of technical skills' training through the digital centres established as part of the Future Connection initiative. In addition, we have held healthcare campaigns in conjunction with local authorities in remote communities close to the Inmaculada mine, as well as providing healthcare services as part of our "Always Healthy" programme. In seeking to promote socio-economic development, the Company has taken a varied approach, from contracting with local vegetable producers for catering supplies for the Inmaculada mine and providing training on creating digital content for female entrepreneurs in Perito Moreno, the town close to our San Jose operation. Further details on these programmes can be found in our Annual Report.

Strategically, Brazil has become an important jurisdiction for us with an attractive mix of economic stability, strong government support for mining, excellent infrastructure and a very experienced local talent pool. We recently achieved first gold pour at our new Mara Rosa mine which has been constructed on schedule and on budget, a rarity in the industry. We are very proud of the entire team in Goias and are confident that the ramp up period will progress smoothly. The mine will produce between 83,000 to 93,000 ounces of low-cost gold this year and we can look forward to increasing production and reducing costs in the next few years.

Our entry into Brazil is also yielding further business development opportunities. We recently announced that we have secured an option to acquire 100% of Cerrado Gold's Monte Do Carmo gold project in the state of Tocantins. This low-cost opportunity will build on the template established at Mara Rosa and, if exercised, provide the Company with a further leg of growth at a compelling cost profile in a mining-friendly jurisdiction. We plan to explore its geological potential, confirm the operational assumptions of the project and advance the permitting process. We will invest a limited sum before making a final acquisition decision in the next twelve months.

The brownfield team's exploration plans for 2023 were affected by the permitting delays at Inmaculada and consequently started later in the year in Peru. We have already had some encouraging drill results at high grade areas of Inmaculada but there is still work to be done there as well as at San Jose. We will update on the overall results during 2024. At Pallancata, work on the MEIA required for our exciting Royropata discovery was started during the year and has made good progress and we have also applied for the requisite exploration permit to drill for additional resources for the deposit. We expect this area to start yielding new low-cost production in 2027.

Our operational team had to respond to a degree of disruption during 2023 including local and national social disturbances in Peru at the start of the year and subsequently the ongoing impact from delays to the Inmaculada MEIA, which impacted exploration and mine development work. However, we are proud of the overall performance of all our teams during the remainder of the year and we were therefore able to meet our revised production and cost targets. In addition, with another year of strong precious metal prices, the business generated strong cashflow and was able to comfortably finance our capital commitments at Mara Rosa whilst maintaining a robust balance sheet position.

During the year, we saw changes in the composition of the Board with Eileen Kamerick and Nicolas Hochschild stepping down as Non-Executive Directors at the 2023 AGM and, as part of our Board succession plan, I am pleased that Joanna Pearson joined the Board on 1 October 2023. Given her extensive experience in public company reporting, Joanna will assume the Chair of the

Audit Committee at the conclusion of this year's AGM. I would like to thank Jill Gardiner for chairing the Audit Committee so diligently during this interim period.

Finally, I would like to take the opportunity to thank Ignacio Bustamante, who stepped down from the Board after having ensured a smooth succession to Eduardo Landin following his appointment in August. Ignacio has been with the Company for over 30 years and 13 years of that as CEO and we are very grateful to him for his strong leadership, and we wish him all the best for the future.

Outlook

In 2023, precious metal prices continued to experience volatility albeit within a fairly tight range. Gold fell to almost $1,800 per ounce in the first quarter of the year as unexpectedly strong US economic data propelled both yields and the US dollar higher. However, it then rebounded quickly and although there was another fall in September due to stronger US interest rate expectations, the price ended the year close to record highs of $2,100 per ounce. 2024 has so far continued the price strength, so we remain confident that when combined with the new low-cost ounces set to be delivered from Mara Rosa in the first half onwards, we will continue to generate good cash flow.

At this time, our financial targets include the reduction of our existing debt levels in the medium-term and for this reason, we have continued to take advantage of the gold price strength and executed a number of hedges for the next few years at Inmaculada and Mara Rosa. In addition, with that in mind, the Board has decided that it would be inappropriate to restore the final dividend at this stage but will reassess the potential for capital return at the interim results in August.

Let me end by thanking the new leadership team and the several thousand Hochschild employees, contractors and partners who delivered for our Company and its stakeholders during the year.

Eduardo Hochschild, Chairman
12 March 2024

CHIEF EXECUTIVE OFFICER'S STATEMENT

I was honoured to be appointed as CEO of Hochschild Mining PLC in August 2023 and believe that a relationship with our stakeholders should be based on trust and a thorough appreciation of our key strengths. We are dedicated to transparency and responsible business practices. Our core competencies drive success and our leadership team has recently outlined a renewed strategy based around brownfield exploration, operational efficiency and disciplined capital allocation which we believe will deliver profitable growth from our key Latin American mining jurisdictions. This is supported by a focus on consistent ESG performance and the capacity to continually learn from experience.

The first eight months of 2023 were challenging for Hochschild as we reached the final stages of securing Inmaculada's MEIA. The delay in securing the approval unfortunately impacted our operational and exploration strategy in the short-term and will have a knock-on effect for 2024. However, with the approval secured, the Company is now in a strong position to optimise the Inmaculada mine and unlock its impressive geological potential. The approval also reaffirms our commitment to our stakeholders in the Ayacucho region and its communities as well as to Peru overall.

We have also recently completed construction at Mara Rosa in Brazil and are now in the ramp-up phase, a testament to our proven development expertise. I am also excited by the potential at the new Royropata deposit which we believe will add significant additional growth to the Company in the next few years.

ESG

Our commitment to being a responsible mining company is unqualified, and so I am very proud of the breadth of progress made during the year in the key areas of ESG focus. It gives me great pleasure that we have brought our corporate culture of social responsibility to our new operation in Brazil. Examples of this include the Knowledge Trail at Mara Rosa which was given the Sustainable Goiás Award by the Goiás State Environment and Sustainable Development Department and our partnership to implement a solar energy project that, in time, will see the Mara Rosa operation supplied entirely by renewable energy. Finally, I would like to echo the Chair's comments on the Company's robust overall performances in the areas of safety and environmental performance.

Operations

Hochschild's output in 2023, although revised by the MEIA delay at Inmaculada, continued our strong track record of meeting annual guidance. Overall attributable production was 300,749 gold equivalent ounces (25.0 million silver equivalent ounces) which was only slightly lower than the original 2023 budgeted figure of between 301,000 and 314,000 gold equivalent ounce range. This was produced at an all-in sustaining cost of $1,454 per gold equivalent ounce ($17.5 per silver equivalent ounce) which was, as expected, slightly higher than 2022 reflecting the lower grades at the declining Pallancata mine and lower production at San Jose in Argentina. Pallancata was placed on temporary care and maintenance during the fourth quarter, and this will remain until we secure the permits to mine the new large, high-quality resources discovered in the Pallancata area at Royropata.

Despite a degree of disruption from the local and national protests in late 2022 and early 2023, in addition to the delays to the MEIA approval, the team at Inmaculada had another strong year producing 203,849 gold equivalent ounces (2022: 226,363 ounces) at $1,287 per gold equivalent ounce. At Pallancata, production in 2023 reflected a mining area that was almost depleted with output at 2.4 million silver equivalent ounces (2022: 3.3 million ounces) at a cost of $25.3 per silver equivalent ounce. In Argentina, the San Jose mine was impacted by lower resource grades but nevertheless production was only 6% below the 2022 figure at 11.1 million silver equivalent ounces (2022: 11.8 million ounces) with costs at $18.9 per silver equivalent ounce. These costs are expected to moderate in the next few months following the recent devaluation of the currency in Argentina.

Projects

At the Mara Rosa project in the state of Goias in Brazil, we have made excellent progress during the year and are proud to have recently achieved first gold pour at the new operation, having completed construction on time and within budget. We are currently in the ramp-up phase and expect to reach full production in June. The mine remains on track to produce between 83,000 and 93,000 ounces in 2024 at a low all-in sustaining cost of between $1,090 and $1,120 per ounce of gold.

I am also excited that our business development team has recently made steps to potentially add, in the medium-term, another low-cost project in Brazil to our pipeline. The option agreement we have executed with Cerrado Gold for their Monte Do Carmo project in Tocantins state delivers an opportunity to build on our emerging Brazilian platform by adding a significant increase in reserves with strong exploration upside in a mining-friendly jurisdiction. The transaction structure limits the upfront consideration to secure an advanced development project.

Exploration

As mentioned by our Chair above, the brownfield programme for 2023 was also affected by the MEIA delay and only started towards the end of the year at Inmaculada and San Jose. Plans for 2024 include adding high grade resources close to the mining area at Inmaculada at the Angela North East and nearby vein structures. At San Jose we will continue with our aim to increase the life-of-mine and there will also be directional and infill drilling at Pallancata and additional brownfield work close to Mara Rosa.

Financial position

With production remaining robust and a healthy price environment, the Company generated good cashflow with the result that liquidity remains strong. Cash and cash equivalents of $89.1 million at the end of December (2022: $143.8 million) reflect capital expenditure of $121 million at Mara Rosa during 2023. This, along with the draw-down of $60 million from the $200 million medium-term loan facility has led to a net debt position of $257.9 million at 31 December 2023 (31 December 2022: $175.1 million).

Financial results

Total Group production was 10% lower than 2022 and, although this was partially offset by a 10% rise in the gold price received and a 1% rise in the silver price, revenue decreased by 6% to $693.7 million (2022: $735.4 million). All-in sustaining costs were in line with revised guidance at $1,454 per gold equivalent ounce or $17.5 per silver equivalent ounce (2022: $1,448 per gold equivalent ounce or $17.4 per silver equivalent ounce). Adjusted EBITDA of $274.4 million (2022: $249.6 million) increased by 10% versus 2022 reflecting the price rises and a recent devaluation of the currency in Argentina. Pre-exceptional earnings per share of $0.02 (2022: $0.01 per share) includes the impact of a decrease in gross profit due to lower gold and silver production, lower exploration expenses mainly due to termination of the option over Snip project and an increase in income tax mainly due to the higher profitability and currency devaluation in Argentina impacting the deferred income tax. Post-exceptional loss per share of $0.10 (2020: $0.01 earnings per share) and includes the impairment losses at the Azuca and Crespo projects of $63.3 million and the San Jose mining unit of $17.4 million; the restructuring charges in Pallancata of $9.0 million resulting from placing the operation in care & maintenance; and the impairment of the investment in Aclara Resources Inc. of $7.2 million. The net after-tax effect of exceptional items is a loss of $69.5 million.

Outlook

We expect attributable production in 2024 of between 343,000-360,000 gold equivalent ounces. This will be driven by: 200,000-205,000 gold equivalent ounces from Inmaculada; an attributable contribution of 60,000 - 62,000 gold equivalent ounces from San Jose; and first production from the new Mara Rosa mine of between 83,000 and 93,000 ounces. All-in sustaining costs for operations are expected at between $1,510 and $1,550 per gold equivalent ounce. This forecast reflects $45 million of capital expenditure at Inmaculada which were previously deferred due to the MEIA delay which mostly consists of the expansion of the tailings dam and the construction of a reverse osmosis plant.

A project capex budget of $10 million has been assigned to complete the Mara Rosa project in the first few months of the year, whilst the budget for brownfield exploration has recently been set at approximately $33 million.

The construction of Mara Rosa and the approval of the Inmaculada MEIA have been key milestones for Hochschild during the year. Having been in the role of CEO for over 6 months, I believe we have a compelling investment case based around the next 20 years of our Inmaculada flagship mine, near-term growth from Brazil and Peru and a focus on capital discipline which includes debt repayment, replenishing our project pipeline and capital return. 2024 has started with a much calmer social situation in Peru and we welcome the government's initiatives to promote mining in Peru worldwide. A consistent execution of our strategy gives me great confidence in our ability to generate long-term value for our shareholders, partners and stakeholders. In my first Full Year reporting as CEO, I want to be clear: I believe Hochschild is a great company, and we will constantly aim to ensure we become a great investment in a responsible manner.

Eduardo Landin, Chief Executive Officer, 12 March 2024

OPERATING REVIEW

OPERATIONS

Note: 2023 and 2022 equivalent figures calculated assume the average gold/silver ratio for 2022 and 2023 of 83x.

Production

In 2023, Hochschild delivered attributable production of 300,749 gold equivalent ounces or 25.0 million silver equivalent ounces, in line with the upper end of the Company's revised guidance. Higher production from Inmaculada and Pallancata was partially offset by lower production in San Jose.

The overall attributable production target for 2024 is 343,000-360,000 gold equivalent ounces or 28.5-29.9 million silver equivalent ounces.

Total 2023 group production

	Year ended 31 Dec 2023	Year ended 31 Dec 2022
Silver production (koz)	**11,683**	13,596
Gold production (koz)	**225.77**	244.63
Total silver equivalent (koz)	**30,423**	33,900
Total gold equivalent (koz)	**366.54**	408.43
Silver sold (koz)	**11,547**	13,536
Gold sold (koz)	**221.40**	242.89

Total production includes 100% of all production, including production attributable to Hochschild's minority shareholder at San Jose.

Attributable 2023 group production

	Year ended 31 Dec 2023	Year ended 31 Dec 2022
Silver production (koz)	**9,517**	11,003
Gold production (koz)	**186.09**	206.01
Silver equivalent (koz)	**24,962**	28,102
Gold equivalent (koz)	**300.75**	338.57

Attributable production includes 100% of all production from Inmaculada, Pallancata and 51% from San Jose.

Attributable 2024 Production forecast split

Operation	Oz Au Eq	Moz Ag Eq
Inmaculada	200,000-205,000	16.6-17.0
Mara Rosa	83,000-93,000	6.9-7.7
San Jose	60,000-62,000	5.0-5.2
Total	343,000-360,000	28.5-29.9

Costs

All-in sustaining cost from operations in 2023 was $1,454 per gold equivalent ounce or $17.5 per silver equivalent ounce (2022: $1,448 per gold equivalent ounce or $17.4 per silver equivalent ounce), lower than revised guidance, but as anticipated, slightly higher than 2022 mainly as a result of: lower production in Inmaculada due to lower tonnage resulting from the MEIA delay; higher production costs due to a higher proportion of semi-mechanised mining methods; and higher mine development capex executed once the MEIA was approved in August. These effects were partially offset by lower costs at Pallancata as a result of lower capex and exploration expenses and lower costs in San Jose in line with the devaluation of the Argentinian peso.

The all-in sustaining cost from operations in 2024 is expected to be between $1,510 and $1,550 per gold equivalent ounce (or $18.2 and $18.7 per silver equivalent ounce).

2024 AISC forecast split

Operation	$/oz Au Eq	$/oz Ag Eq
Inmaculada	1,610-1,640	19.4-19.8
Mara Rosa	1,090-1,120	13.1-13.5
San Jose	1,670-1,730	20.1-20.8
Total from operations	**1,510-1,550**	**18.2-18.7**

Inmaculada

The 100% owned Inmaculada gold/silver underground operation is located in the Department of Ayacucho in southern Peru. It commenced operations in June 2015.

Inmaculada summary	Year ended 31 Dec 2023	Year ended 31 Dec 2022	% change
Ore production (tonnes)	1,137,109	1,329,177	(14)
Average silver grade (g/t)	177	156	13
Average gold grade (g/t)	4.09	3.81	7
Silver produced (koz)	5,515	5,936	(7)
Gold produced (koz)	137.40	154.85	(11)
Silver equivalent produced (koz)	16,919	18,788	(10)
Gold equivalent produced (koz)	203.85	226.36	(10)
Silver sold (koz)	5,488	5,918	(7)
Gold sold (koz)	136.66	154.93	(12)
Unit cost ($/t)	142.3	118.7	20
Total cash cost ($/oz Au co-product)	803	701	15
All-in sustaining cost ($/oz Au Eq)	1,287	1,109	16

Production
The Inmaculada mine delivered gold equivalent production of 203,849 ounces (2022: 226,363 ounces), higher than the revised forecast published in August 2023 and, as expected, lower than that 2022 mainly due to delayed MEIA approval impacting tonnage treated, and due to community road blockages during Q1 2023. These effects were partially offset by higher grades.

Costs
All-in sustaining cost was $1,287 per gold equivalent ounce (2022: $1,109 per ounce) with the increase versus 2022 explained by lower tonnage resulting from MEIA approval delay and by higher production costs due to the use of more semi-mechanised mining methods.

Pallancata

The 100% owned Pallancata silver/gold property is located in the Department of Ayacucho in southern Peru. Pallancata commenced production in 2007. Ore from Pallancata is transported 22 kilometres to the Selene plant for processing.

Pallancata summary	Year ended 31 Dec 2023	Year ended 31 Dec 2022	% change
Ore production (tonnes)	414,044	559,799	(26)
Average silver grade (g/t)	155	151	3
Average gold grade (g/t)	0.64	0.69	(7)
Silver produced (koz)	1,746	2,368	(26)
Gold produced (koz)	7.39	10.98	(33)
Silver equivalent produced (koz)	2,359	3,279	(28)
Gold equivalent produced (koz)	28.43	39.50	(28)
Silver sold (koz)	1,785	2,315	(23)
Gold sold (koz)	7.52	10.76	(30)
Unit cost ($/t)	122.9	131.9	(7)
Total cash cost ($/oz Ag co-product)	24.0	26.6	(10)
All-in sustaining cost ($/oz Ag Eq)	25.3	31.3	(19)

Production
In 2023, Pallancata produced 2.4 million silver equivalent ounces (2022: 3.3 million ounces), higher than the revised guidance, and as anticipated, lower than 2022 mainly due to lower tonnage, as a result of being placed on care and maintenance in November 2023.

Costs
All-in sustaining cost was $25.3 per silver equivalent ounce, lower than the revised guidance and significantly lower year-on-year (2022: $31.3 per ounce) due to lower exploration expenses, operating capex and lower production costs.

San Jose

The San Jose silver/gold mine is located in Argentina, in the province of Santa Cruz, 1,750 kilometres south west of Buenos Aires. San Jose commenced production in 2007. Hochschild holds a controlling interest of 51% and is the mine operator. The remaining 49% is owned by McEwen Mining Inc.

San Jose summary	Year ended 31 Dec 2023	Year ended 31 Dec 2022	% change
Ore production (tonnes)	563,013	507,189	11
Average silver grade (g/t)	270	369	(27)
Average gold grade (g/t)	5.03	5.55	(9)
Silver produced (koz)	4,422	5,292	(16)
Gold produced (koz)	80.99	78.80	3
Silver equivalent produced (koz)	11,144	11,833	(6)
Gold equivalent produced (koz)	134.26	142.57	(6)
Silver sold (koz)	4,274	5,303	(19)
Gold sold (koz)	77.23	77.20	-
Unit cost ($/t)	264.0	285.0	(11)
Total cash cost ($/oz Ag co-product)	15.9	14.4	10
All-in sustaining cost ($/oz Ag Eq)	18.9	20.1	(6)

Production
San Jose's production in 2023 totalled 11.1 million silver equivalent ounces (2022: 11.8 million ounces) with the decrease versus 2022 reflecting lower grades. This effect was partially offset by higher tonnage.

Costs
All-in sustaining costs were at $18.9 per silver equivalent ounce (2022: $20.1 per ounce) with the reduction versus 2022 mainly due to the devaluation of the peso although this was partially offset by lower grades.

MARA ROSA

The Mara Rosa project is progressing on schedule and budget with total project progress at 99.8% as of the end of February. On 20 February 2024, the team at the mine achieved the first gold pour with commercial production expected in June.

Health and Safety
Proactive corporate safety indicators are being monitored to ensure optimal working conditions for all personnel and the project has completed approximately five million hours without a loss time accident. Frequency and severity indices for 2023 were 0.54 and 2, respectively, both better than corporate goals.

Procurement
Main plant reagents and materials, including cyanide, balls for the mills, lime and activated carbon have been purchased and deliveries are on track to be in time for the start of operations.

Mine and Pre-Stripping
Total pre-stripping volume was 2,091 kt of which there is approximately 136.5 kt to guarantee availability of mineral for the ramp-up and operation. Waste dumps and ore stockpiles are completed and in operation.

Processing plant
The crushing and screening areas were commissioned during Q4 whilst commissioning began of the thickener and ball mill. Full project commissioning and the beginning of the project's ramp-up is expected during the first quarter.

Infrastructure
Construction of the dry stack was completed in December 2023 and the Pequi water reservoir is fully operational and filled to 95% capacity with the water required for 2024 operations.

The administrative buildings are fully operational including offices, cafeteria, first aid and nursery areas.

Permitting & Sustainability
The project received the Operating License from the environmental agency of Goiás SEMAD in February 2024.

The Company organised three festivities to celebrate Children's Day in Mara Rosa and Amaralina with over 3,100 participants and on 2 November, a meeting with the local communities from both towns was held with the objective of updating them on project progress and strengthening local relationships and dialogue.

DEVELOPMENT PROJECT: VOLCAN

On 10 August 2023, Hochschild issued an update on the Volcan Gold Project ("Volcan") which detailed a number of key milestones that have been achieved at the 100%-owned project (the "Project") located in the Maricunga Region of Chile:

- Created a new Canadian company, Tiernan Gold Corp ("Tiernan"), as a subsidiary of Hochschild Mine Holdings UK
- Restructured the Project to be owned by Tiernan
- Completed an updated Mineral Resource Estimate to Canadian NI 43-101 standards, which outlined:
  - 463.3 Mt of Measured and Indicated Resources at 0.66 g/t gold for 9.8 million ounces of gold contained
  - 75.0 Mt of Inferred Resources at 0.516 g/t gold for an additional 1.2 million ounces of gold contained
- Completed a positive Preliminary Economic Assessment to Canadian NI 43-101 standards, which highlighted:
  - 22mtpa open-pit, heap leach operation with a 14 year mine life
  - Average of 332,000 ounces per year of gold production for first 10 years of operations with 3.8 million ounces produced over the estimated mine life
  - Initial capital cost of $900 million, with life of mine sustaining capital an additional $276 million
  - Cash costs of $921/oz and All-in-Sustaining-Costs of $1,002/oz, life of mine
  - NPV (5%) = $826 million and IRR = 21% at $1,800/oz gold price, after-tax
- Executed an agreement for a $15 million financing with the sale of a new 1.5% NSR royalty on the Project to Franco-Nevada
- Engaged Canaccord Genuity to evaluate strategic alternatives for Tiernan

Further details can be found in the separate press release (14 August 2023) on the Company's website at hochschildmining.com

BROWNFIELD EXPLORATION

The brownfield programme for 2023 was delayed until the approval of the Inmaculada MEIA in August.

Inmaculada

In Q4 2023, the Company performed 900m of potential drilling, intercepting two new structures, Nicolas and Andrea, which will be further investigated in 2024.

Vein	Results (potential drilling)
Nicolas	IMS23-207: 1.8m @ 27.0g/t Au & 5,768g/t Ag
Andrea	IMS23-207: 3.3m @ 19.4g/t Au & 79g/t Ag
Saly	IMS23-207: 2.2m @ 3.2g/t Au & 90g/t Ag

San Jose

At San Jose, the brownfield team carried out 906m of potential drilling and 4,420m of resource drilling in the Suspiro, Sigmoid Molle, Guadaluoe veins with the key vein expected to be the Suspira quartz sulphide vein which has high silver grades.

Vein	Results (potential/resource drilling)
Suspira	SJD-2737: 1.2m @ 17.4g/t Au & 2,477g/t Ag
Tensiona EW	SJM-647: 1.0m @ 7.7g/t Au & 938g/t Ag
RML861V	SJD-2728: 1.1m @ 6.9g/t Au & 615g/t Ag
Sig Molle	SJM-647: 2.8m @ 5.7g/t Au & 656g/t Ag
RML861w	SJD-2731: 1.3m @ 5.5g/t Au & 8g/t Ag

The plan for the first quarter of 2024 is to perform 1,500m of potential drilling at San Jose in the Telken North and Cerro Saavedra areas.

FINANCIAL REVIEW

The reporting currency of Hochschild Mining PLC is U.S. dollars. In discussions of financial performance, the Group removes the effect of exceptional items, unless otherwise indicated, and in the income statement results are shown both pre and post such exceptional items. Exceptional items are those items, which due to their nature or the expected infrequency of the events giving rise to them, are disclosed separately on the face of the income statement to enable a better understanding of the financial performance of the Group and to facilitate comparison with prior years.

Revenue

Gross revenue [7]

Gross revenue decreased by 5% to $710.6 million in 2023 (2022: $751.3 million) due to lower silver and gold production. Output was mainly impacted by the delay in the approval of the MEIA at Inmaculada, scheduled lower production at Inmaculada and Pallancata, and lower grades in San Jose. This was partially offset by higher average realised gold and silver prices.

Gold

Gross revenue from gold in 2023 increased to $437.0 million (2022: $435.1 million) due to the 10% increase in the average realised gold price partially offset by lower gold produced at Inmaculada and Pallancata.

Silver

Gross revenue from silver decreased in 2023 to $273.0 million (2022: $315.5 million) mainly due to lower silver produced across all operations; partially offset by the 1% increase in the average realised silver price.

Gross average realised sales prices

The following table provides figures for average realised prices (before the deduction of commercial discounts) and ounces sold for 2023 and 2022:

Average realised prices	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022
Silver ounces sold (koz)	**11,547**	13,536
Avg. realised silver price ($/oz)	**23.6**	23.3
Gold ounces sold (koz)	**221.40**	242.89
Avg. realised gold price ($/oz)	**1,974**	1,791

29,250 gold ounces of 2023 production were hedged at $2,047 per ounce and 3.3 million silver ounces of 2023 production were hedged at $25 per ounce, boosting the realised price. On 12 April 2023, the Company hedged 27,600 ounces of 2024 gold production at $2,100 per ounce, on 19 June 2023 the Company hedged 150,000 ounces of 2025, 2026 and 2027 gold production (50,000 per year) at $2,117, $2,167 and $2,206 per ounce respectively, and on 14 December 2023 the Company hedged 100,000 ounces of 2024 gold production using gold collars with a strike put of $2,000 per ounce and a strike call of $2,252 per ounce.

Commercial discounts

Commercial discounts refer to refinery treatment charges, refining fees and payable deductions for processing concentrate, and are deducted from gross revenue on a per tonne basis (treatment charge), per ounce basis (refining fees) or as a percentage of gross revenue (payable deductions). In 2023, the Group recorded commercial discounts of $16.9 million (2022: $15.7 million). The ratio of commercial discounts to gross revenue in 2023 was 2%, in line with 2022.

Net revenue

Net revenue was $693.7 million (2022: $735.6 million), comprising net gold revenue of $429.9 million (2022: $429.8 million) and net silver revenue of $263.3 million (2022: $305.2 million). In 2023, gold accounted for 62% and silver 38% of the Company's consolidated net revenue (2022: gold 58% and silver 42%).

Reconciliation of gross revenue by mine to Group net revenue

$000	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022	**% change**
Silver revenue			
Inmaculada	**129,456**	137,033	(6)
Pallancata	**43,380**	62,986	(31)
San Jose	**100,212**	115,477	(13)
Commercial discounts	**(9,779)**	(10,334)	(5)
Net silver revenue	**263,269**	305,162	(14)
Gold revenue			
Inmaculada	**267,188**	276,895	(4)
Pallancata	**14,985**	19,459	(23)
San Jose	**154,832**	138,782	12
Commercial discounts	**(7,123)**	(5,335)	34
Net gold revenue	**429,882**	429,801	-
Other revenue	**565**	680	(17)
Net revenue	**693,716**	735,643	(6)

[7]Includes revenue from services. Gross revenue is the net revenue plus commercial discounts.

Cost of sales

Total cost of sales was $508.2 million in 2023 (2022: $527.6 million). The direct production cost excluding depreciation was lower at $363.0 million (2022: $384.2 million) mainly due to lower production in Inmaculada and Pallancata, partially offset by a scheduled higher proportion of conventional mining methods across all mining units. Depreciation in production cost increased to $144.8 million (2022: $137.7 million) mainly due to higher future capex depreciation in Pallancata (Royropata) and the impact on depreciation of the reversal in impairment loss at Pallancata of $15.5 million as at 31 December 2022, partially offset by lower depreciation in Inmaculada due to lower production. Fixed costs incurred during total or partial production stoppages were $3.0 million in 2023 (2022: $8.0 million).

$000	Year ended 31 Dec 2023	Year ended 31 Dec 2022	% change
Direct production cost excluding depreciation	**362,980**	384,183	(5)
Depreciation in production cost	**144,812**	137,747	5
Other items and workers profit sharing	**1,862**	3,321	(44)
Fixed costs during operational stoppages and reduced capacity	**3,314**	8,023	(59)
Change in inventories	**(4,754)**	(5,631)	(16)
Cost of sales	**508,214**	527,643	(4)

Fixed costs during operational stoppages and reduced capacity

$000	Year ended 31 Dec 2023	Year ended 31 Dec 2022	% Change
Personnel	**3,032**	4,498	(33)
Third party services	**865**	3,090	(72)
Supplies	**34**	146	(77)
Depreciation and amortisation	-	2	-
Others	**(617)**	287	(315)
Cost of sales	**3,314**	8,023	(59)

Unit cost per tonne

The Company reported unit cost per tonne at its operations of $171.1 per tonne in 2023, an 8% increase versus 2022 ($158.7 per tonne) resulting from lower treated tonnage in Inmaculada and Pallancata, and a scheduled higher proportion of conventional mining methods across all mining units.

Unit cost per tonne by operation (including royalties)[8]*:*

Operating unit ($/tonne)	Year ended 31 Dec 2023	Year ended 31 Dec 2022	% change
Peru	**137.0**	122.9	11
Inmaculada	**142.3**	118.7	20
Pallancata	**122.9**	131.9	(7)
Argentina			
San Jose	**264.0**	285.0	(7)
Total	**171.1**	158.7	8

Cash costs

Cash costs include cost of sales, commercial deductions and selling expenses before exceptional items, less depreciation included in cost of sales.

Cash cost reconciliation[9]

Year ended 31 Dec 2023

$000 unless otherwise indicated	Inmaculada	Pallancata	San Jose	Total
(+) Cost of sales[10]	234,627	72,118	197,399	504,144
(-) Depreciation and amortisation in cost of sales	(75,306)	(18,964)	(48,901)	(143,171)
(+) Selling expenses	533	461	13,868	14,862
(+) Commercial deductions[11]	3,057	4,319	12,923	20,299
Gold	*2,079*	*891*	*6,440*	*9,410*
Silver	*978*	*3,428*	*6,483*	*10,889*
Group cash cost	**162,911**	**57,934**	**175,289**	**396,134**
Gold	267,188	14,094	148,600	429,882
Silver	129,456	39,952	93,861	263,269
Revenue	**396,644**	**54,046**	**242,461**	**693,151**
Ounces sold				
Gold	136.7	7.5	77.2	221.4

[8]Unit cost per tonne is calculated by dividing mine and treatment production costs (excluding depreciation) by extracted and treated tonnage respectively
[9]Cash costs are calculated to include cost of sales, commercial discounts and selling expenses items less depreciation included in cost of sales
[10]Does not include Fixed costs during operational stoppages and reduced capacity of $3.0 million (2022: $8 million).
[11]Includes commercial discounts (from the sales of concentrate) and commercial discounts from the sale of dore

Silver	5,488	1,785	4,274	11,547
Group cash cost ($/oz)				
Co product Au	803	2,010	1,391	1,110
Co product Ag	9.7	24.0	15.9	13.0
By product Au	238	1,936	970	551
By product Ag	(19.4)	24.1	4.8	(3.7)

Year ended 31 Dec 2022

$000 unless otherwise indicated	Inmaculada	Pallancata	San Jose	Total
(+) Cost of sales[12]	239,277	83,926	193,840	517,043
(-) Depreciation and amortisation in cost of sales	(80,633)	(8,671)	(47,123)	(136,427)
(+) Selling expenses	796	622	12,614	14,032
(+) Commercial deductions[13]	2,957	4,879	11,254	19,090
Gold	*2,131*	*969*	*4,630*	*7,730*
Silver	*826*	*3,910*	*6,624*	*11,360*
Group cash cost	**162,397**	**80,756**	**170,585**	**413,738**
Gold	276,895	18,490	134,416	429,801
Silver	137,033	59,076	109,053	305,162
Revenue	**413,928**	**77,566**	**243,469**	**734,963**
Ounces sold				
Gold	154.9	10.8	77.2	242.9
Silver	5,918	2,315	5,303	13,536
Group cash cost ($/oz)				
Co product Au	701	1,789	1,220	996
Co product Ag	9.1	26.6	14.4	12.7
By product Au	158	1,652	711	400
By product Ag	(19.7)	26.5	6.0	(1.8)

Co-product cash cost per ounce is the cash cost allocated to the primary metal (allocation based on proportion of revenue), divided by the ounces sold of the primary metal. By-product cash cost per ounce is the total cash cost minus revenue and commercial discounts of the by-product divided by the ounces sold of the primary metal.

All-in sustaining cost reconciliation[14]

All-in sustaining cash costs per silver equivalent ounce

Year ended 31 Dec 2023

$000 unless otherwise indicated	Inmaculada	Pallancata	San Jose	Main operations	Corporate & others	Total
(+) Direct production cost excluding depreciation	162,570	49,940	150,470	362,980	-	362,980
(+) Other items and workers profit sharing in cost of sales	1,373	489	-	1,862	-	1,862
(+) Operating and exploration capex for units[15]	86,031	2,458	40,834	129,323	57	129,380
(+) Brownfield exploration expenses	1,371	1,070	8,233	10,674	3,171	13,845
(+) Administrative expenses (excl depreciation)	3,498	491	5,433	9,422	36,507	45,929
(+) Royalties and special mining tax[16]	3,978	542	-	4,520	2,278	6,798
Sub-total	**258,821**	**54,990**	**204,970**	**518,781**	**42,013**	**560,794**
Au ounces produced	137,399	7,390	80,985	225,774	-	225,774
Ag ounces produced (000s)	5,515	1,746	4,422	11,683	-	11,683
Ounces produced (Ag Eq 000s oz)	16,919	2,359	11,144	30,422	-	30,422
All-in sustaining costs per ounce produced ($/oz Ag Eq)	**15.3**	**23.3**	**18.4**	**17.1**	**1.4**	**18.4**
(+) Commercial deductions	3,057	4,319	12,923	20,299	-	20,299
(+) Other items[17]	-	-	-21,164	-21,164	-	-21,164
(+) Selling expenses	533	461	13,868	14,862	-	14,862
Sub-total	**3,590**	**4,780**	**5,627**	**13,997**	**-**	**13,997**
Au ounces sold	136,661	7,516	77,227	221,404	-	221,404
Ag ounces sold (000s)	5,488	1,785	4,274	11,547	-	11,547
Ounces sold (Ag Eq 000s oz)	16,831	2,409	10,684	29,924	-	29,924
Sub-total ($/oz Ag Eq)	**0.2**	**2.0**	**0.5**	**0.5**	**-**	**0.5**
All-in sustaining costs per ounce sold ($/oz Ag Eq)	**15.5**	**25.3**	**18.9**	**17.5**	**1.4**	**18.9**
All-in sustaining costs per ounce sold ($/oz Au Eq)	**1,287**	**2,099**	**1,570**	**1,454**	**115**	**1,569**

[12] *Does not include Fixed costs during operational stoppages and reduced capacity of $3.0 million (2022: $8 million)*
[13] *Includes commercial discounts (from the sales of concentrate) and commercial discounts from the sale of dore*
[14] *Calculated using a gold/silver ratio of 83:1*
[15] *Operating capex from San Jose does not include capitalised DD&A resulting from mine equipment utilised for mine developments*
[16] *Royalties arising from revised royalty tax schemes introduced in 2011 and included in income tax line*
[17] *Includes the impact of devaluation of the Argentine peso resulting from the Argentinian Government export programme to settle a portion of San Jose exports at the blue chip exchange rate during the last quarter of 2023 of $21.2 million*

Year ended 31 Dec 2022

$000 unless otherwise indicated	Inmaculada	Pallancata	San Jose	Main Operations	Corporate & others	Total
(+) Direct production cost excluding depreciation	156,551	75,472	152,160	384,183	-	384,183
(+) Other items and workers profit sharing in cost of sales	1,777	1,544	-	3,321	-	3,321
(+) Operating and exploration capex for units[18]	78,176	12,340	47,604	138,120	584	138,704
(+) Brownfield exploration expenses	2,946	6,000	7,700	16,646	2,537	19,183
(+) Administrative expenses (excl depreciation)	3,893	730	6,242	10,865	41,265	52,130
(+) Royalties and special mining tax[19]	4,032	756	-	4,788	2,658	7,446
Sub-total	**247,375**	**96,842**	**213,706**	**557,923**	**47,044**	**604,967**
Au ounces produced	154,846	10,977	78,802	244,625	-	244,625
Ag ounces produced (000s)	5,936	2,368	5,292	13,596		13,596
Ounces produced (Ag Eq 000s oz)	18,788	3,279	11,833	33,900	-	33,900
All-in sustaining costs per ounce produced ($/oz Ag Eq)	**13.2**	**29.5**	**18.1**	**16.5**	**1.4**	**17.8**
(+) Commercial deductions	2,957	4,879	11,254	19,090	-	19,090
(+) Selling expenses	796	622	12,614	14,032	-	14,032
Sub-total	**3,753**	**5,501**	**23,868**	**33,122**	**-**	**33,122**
Au ounces sold	154,930	10,759	77,204	242,893	-	242,893
Ag ounces sold (000s)	5,918	2,315	5,303	13,536	-	13,536
Ounces sold (Ag Eq 000s oz)	18,777	3,208	11,711	33,696	-	33,696
Sub-total ($/oz Ag Eq)	**0.2**	**1.7**	**2.0**	**1.0**	**-**	**1.0**
All-in sustaining costs per ounce sold ($/oz Ag Eq)	**13.4**	**31.1**	**20.1**	**17.4**	**1.4**	**18.8**
All-in sustaining costs per ounce sold ($/oz Au Eq)	**1,109**	**2,594**	**1,668**	**1,448**	**115**	**1,563**

Administrative expenses

Administrative expenses were lower at $47.2 million (2022: $54.2 million) mainly due to lower bonus provision and professional fees.

Exploration expenses

In 2023, exploration expenses decreased to $21.3 million (2022: $56.8 million) mainly due to lower exploration expenses at the Snip project of $2.2 million due to the termination of the option (2022: $19.6 million), lower exploration expenses at Pallancata of $1.1 million (2022: $6.0 million), lower personnel expenses of $5.5 million (2022: $10.6 million), lower prospects expenditure in USA of $0.1 million (2022: $4.3 million), and lower exploration expenses at Inmaculada of $1.4 million (2022: $2.9 million).

In 2022, the Group capitalised $0.7 million of its brownfield exploration, which mostly relates to costs incurred converting potential resources to the Inferred or Measured and Indicated categories (2023: $nil).

Selling expenses

Selling expenses increased slightly to $14.9 million (2022: $14.0 million) mainly due to higher gold prices.

Other income/expenses

Other income before exceptional items was higher at $30.3 million (2022: $3.3 million) principally due to: the impact of currency devaluation in Argentina resulting from the Argentinian Government export programme to settle a portion of San Jose exports at the blue chip exchange rate during the last quarter of 2023 of $21.2 million, the collection of a British Columbia tax credit of $3.2 million from the Snip project in 2023, and the insurance reimbursement received in 2023 in connection with damage to Inmaculada's machine belt in 2022 of $2.6 million.

Other expenses before exceptional items were higher at $47.6 million (2022: $39.3 million) mainly due to mine closure provision increases of $28.4 million (2022: $17.8 million).

Adjusted EBITDA

Adjusted EBITDA increased by 10% to $274.4 million (2022: $249.6 million) mainly due to the rise in metal prices, and the impact of local currency devaluation of the currency in Argentina. These were partially offset by the impact of lower gold and silver production.

Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs, foreign exchange losses and income tax plus non-cash items (depreciation and amortisation and changes in mine closure provisions) and exploration expenses other than personnel and other exploration related fixed expenses.

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[18] *Operating capex from San Jose does not include capitalised DD&A resulting from mine equipment utilised for mine developments*
[19] *Royalties arising from revised royalty tax schemes introduced in 2011 and included in income tax line*

$000 unless otherwise indicated	Year ended 31 Dec 2023	Year ended 31 Dec 2022	% change
Profit from continuing operations before exceptional items, net finance income/(cost), foreign exchange loss and income tax	82,128	45,190	82
Depreciation and amortisation in cost of sales	143,171	136,427	5
Depreciation and amortisation in administrative expenses and other expenses	2,075	2,135	(3)
Exploration expenses	21,297	56,826	(63)
Personnel and other exploration related fixed expenses	(5,397)	(10,602)	(49)
Other non-cash income, net [20]	31,096	19,629	58
Adjusted EBITDA	274,370	249,605	10
Adjusted EBITDA margin	*39%*	*34%*	*15*

Finance income

Finance income before exceptional items of $7.5 million increased from 2022 ($5.2 million) mainly due to higher interest on deposits of $4.6 million (2022: $2.4 million).

Finance costs

Finance costs before exceptional items decreased from $21.8 million in 2022 to $18.2 million in 2023 principally due to: the capitalisation of interest expenses of $19.4 million that are directly attributable to the construction of Mara Rosa (2022: $4.9 million); lower foreign exchange transaction costs in Argentina of $1.3 million (2022: $5.0 million); a loss on the sale of C3 Metals Inc. shares of $0.3 million in 2023 (2022: recorded a loss on the fair value of C3 Metals Inc. shares of $2.1 million). These effects were partially offset by higher interest expense on loans before capitalisation at $28.9 million (2022: $15.3 million) mainly due to higher interest rates and an additional $60 million medium-term debt facility drawn down in August 2023, and the loss on the unwinding of discount of the mine closure provision of $1.7 million (2022: gain of $1.9 million).

Foreign exchange (losses)/gains

The Group recognised a foreign exchange loss of $15.6 million (2022: $2.6 million) mainly due to the impact of the Argentinian local currency devaluation on monetary assets of $15.5 million.

Income tax

The Company's pre-exceptional income tax charge was $44.0 million (2022: $17.6 million). The increase in the charge is mainly explained by higher profitability versus 2022.

The effective tax rate (pre-exceptional) for the period was 82.2% (2022: 72.3%), compared to the weighted average statutory income tax rate of 31.8% (2022: 35.6%). The higher effective tax rate in 2023 versus the average statutory rate is mainly explained by: the effect of foreign exchange in Argentina and Brazil increasing the rate by 18.7%, the additions to the mine closure provision increasing the rate by 10.8%, non-deductible expenses increasing the rate by 9.9%, Royalties and the Special Mining Tax which increased the effective rate by 8.9%, and the impact of non-recognised tax losses in non-operating companies increasing the rate by 1.5%.

Exceptional items

Exceptional items in 2023 totalled a $69.5 million loss after tax (2022: $1.9 million loss after tax) related to impairment losses at the Azuca and Crespo projects of $63.3 million and the San Jose mining unit of $17.4 million; the restructuring charges in Pallancata of $9.0 million resulting from placing the operation in care & maintenance; and the impairment of the investment in Aclara Resources Inc. of $7.2 million.

The tax effect of these exceptional items was a $27.4 million tax gain (2022: $3.3 million tax loss). The net attributable loss of exceptional items was $64.0 million.

Cash flow and balance sheet review

Cash flow:

$000	Year ended 31 Dec 2023	Year ended 31 Dec 2022	Change
Net cash generated from operating activities	178,761	102,918	90,843
Net cash used in investing activities	(245,506)	(337,580)	77,074
Cash flows generated generated/(used in) from financing activities	22,769	(6,588)	29,357
Foreign exchange adjustment	(10,742)	(1,695)	(9,047)
Net increase in cash and cash equivalents during the year	(54,718)	(242,945)	188,227

[20] *Adjusted EBITDA has been presented before the effect of significant non-cash (income)/expenses related to changes in mine closure provisions which were $30.8 million in 2023 and $17.8 million in 2022, and the write-off of property, plant and equipment*

Net cash generated from operating activities increased from $102.9 million in 2022 to $178.8 million in 2023 mainly due to higher Adjusted EBITDA of $274.4 million (2022: $249.6 million), working capital changes, lower exploration expenses and lower taxes paid.

Net cash used in investing activities decreased from $337.6 million in 2022 to $245.5 million in 2023 mainly due the consideration paid for the acquisition of Amarillo Gold on 1 April 2022 of $123.4 million, partially offset by higher construction capex in Mara Rosa of $121.1 million (2022: $67.7 million).

Cash from financing activities increased to an inflow of $22.8 million from an outflow of $6.6 million in 2022, primarily due the draw-down of $60 million from the $200 million medium-term loan facility (2022: proceeds from Minera Santa Cruz stock market promissory notes of $14.5 million) and no dividends paid in 2023 (2022: $22.0 million); partially offset by the $25 million repayment of the $300 million medium-term loan facility, and the $10.2 million repayment of Minera Santa Cruz stock market promissory notes.

Working capital

$000	As at 31 December 2023	As at 31 December 2022
Trade and other receivables	80,456	85,408
Inventories	68,261	61,440
Derivative financial assets/(liabilities)	(344)	2,186
Income tax receivable, net	1,734	7,100
Trade and other payables	(135,839)	(144,102)
Provisions	(26,741)	(24,177)
Working capital	(12,473)	(12,145)

The Group's working capital position decreased by $0.4 million from $(12.1) million to $(12.5) million. The key drivers of the decrease were: lower income tax receivable, net of $5.4 million; lower trade and other receivables of $5.0 million; partially offset by lower trade and other payables of $8.3 million.

Net (debt)/cash

$000 unless otherwise indicated	As at 31 December 2023	As at 31 December 2022
Cash and cash equivalents	89,126	143,844
Non-current borrowings	(234,999)	(275,000)
Current borrowings[21]	(112,064)	(43,989)
Net cash / (net debt)	(257,937)	(175,145)

The Group's reported net debt position was $257.9 million as at 31 December 2023 (31 December 2022: $175.1 million). The increase is mainly explained by: capital expenditure of $121.1 million at Mara Rosa (2022: $67.7 million), partially offset by cash generated by the business. Borrowings increased mainly due to the draw-down of $60 million from the $200 million medium-term loan facility, net of the $25 million repayment of the $300 million medium-term loan facility.

Capital Expenditure

$000	Year ended 31 Dec 2023	Year ended 31 Dec 2022
Inmaculada	86,031	78,176
Pallancata	6,428	13,518
San Jose	47,682	50,112
Operations	140,141	141,806
Mara Rosa[22]	145,804	193,218
Aclara	-	-
Other	2,447	4,842
Total	288,392	339,866

2023 capital expenditure decreased from $339.9 million in 2022 to $288.4 million in 2023 mainly to the capex acquired in the acquisition of Amarillo Gold on 1 April 2022 of $122.5 million, partially offset by higher construction capex in Mara Rosa of $121.1 million (2022: $67.7 million), and higher capitalised interest expenses that are directly attributable to the construction of Mara Rosa of $18.7 million (2022: $3.0 million).

[21]Includes pre-shipment loans and short term interest payables
[22]2023 includes $3.5 million increase due to foreign exchange effect, and construction aggregates project of $2.5m.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Consolidated income statement

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 Before exceptional items US$000	Exceptional items (note 11) US$000	Total US$000	Year ended 31 December 2022 Before exceptional items US$000	Exceptional items (note 11) US$000	Total US$000
Revenue	5	693,716	–	693,716	735,643	–	735,643
Cost of sales	6	(508,214)	–	(508,214)	(527,643)	–	(527,643)
Gross profit		185,502	–	185,502	208,000	–	208,000
Administrative expenses	7	(47,192)	–	(47,192)	(54,158)	–	(54,158)
Exploration expenses	8	(21,297)	–	(21,297)	(56,826)	–	(56,826)
Selling expenses	9	(14,862)	–	(14,862)	(14,032)	–	(14,032)
Other income	12	30,261	–	30,261	3,340	–	3,340
Other expenses	12	(47,553)	(8,960)	(56,513)	(39,302)	–	(39,302)
(Impairment)/reversal of impairment and write-off of non-current assets, net		(2,731)	(80,843)	(83,574)	(1,832)	11,363	9,531
(Loss)/profit before net finance income/(cost), foreign exchange loss and income tax		82,128	(89,803)	(7,675)	45,190	11,363	56,553
Share of loss of an associate	19	(2,277)	(7,183)	(9,460)	(1,677)	(9,923)	(11,600)
Finance income	13	7,473	–	7,473	5,211	–	5,211
Finance costs	13	(18,199)	–	(18,199)	(21,776)	–	(21,776)
Foreign exchange loss, net	13	(15,620)	–	(15,620)	(2,622)	–	(2,622)
(Loss)/profit before income tax		53,505	(96,986)	(43,481)	24,326	1,440	25,766
Income tax (expense)/benefit	14	(44,000)	27,448	(16,552)	(17,581)	(3,353)	(20,934)
(Loss)/profit for the year		9,505	(69,538)	(60,033)	6,745	(1,913)	4,832
Attributable to:							
Equity shareholders of the Parent		8,991	(63,997)	(55,006)	4,874	(1,913)	2,961
Non-controlling interests		514	(5,541)	(5,027)	1,871	–	1,871
		9,505	(69,538)	(60,033)	6,745	(1,913)	4,832
Basic (loss)/earnings per ordinary share for the year (expressed in US dollars per share)	15	0.02	(0.12)	(0.10)	0.01	–	0.01
Diluted (loss)/earnings per ordinary share for the year (expressed in US dollars per share)	15	0.02	(0.12)	(0.10)	0.01	–	0.01

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 US$000	2022 US$000
(Loss)/profit for the year		(60,033)	4,832
Other comprehensive income that might be reclassified to profit or loss in subsequent periods, net of tax:			
Net loss on cash flow hedges	39(a)	(19,704)	(16,929)
Deferred tax benefit on cash flow hedges	39(e)	6,617	4,994
Exchange differences on translating foreign operations		17,722	(12,739)
Share of other comprehensive income of an associate	19	(855)	1,283
		3,780	(23,391)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax:			
Net loss on equity instruments at fair value through other comprehensive income ('OCI')	20	(49)	(152)
		(49)	(152)
Other comprehensive income/(loss) for the year, net of tax		3,731	(23,543)
Total comprehensive loss for the year		(56,302)	(18,711)
Total comprehensive loss attributable to:			
Equity shareholders of the Parent		(51,275)	(20,582)
Non-controlling interests		(5,027)	1,871
		(56,302)	(18,711)

Consolidated statement of financial position
As at 31 December 2023

	Notes	As at 31 December 2023 US$000	As at 31 December 2022 US$000
ASSETS			
Non-current assets			
Property, plant and equipment	16	1,018,853	926,913
Evaluation and exploration assets	17	67,322	123,462
Intangible assets	18	29,983	19,328
Investment in an associate	19	22,927	33,242
Financial assets at fair value through OCI	20	460	509
Financial assets at fair value through profit and loss	21	–	1,015
Trade and other receivables	22	12,438	6,498
Deferred income tax assets	31	763	4,213
		1,152,746	1,115,180
Current assets			
Inventories	23	68,261	61,440
Trade and other receivables	22	80,456	85,408
Derivative financial assets	39(a)	846	2,186
Income tax receivable	14	4,713	9,226
Other financial assets	24	2,264	–
Cash and cash equivalents	24	89,126	143,844
Assets held for sale	25	17,398	–
		263,064	302,104
Total assets		1,415,810	1,417,284
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Parent			
Equity share capital	30	9,068	9,061
Share premium	30	–	–
Other reserves		(234,837)	(238,800)
Retained earnings		834,231	886,980
		608,462	657,241
Non-controlling interests		60,122	65,475
Total equity		668,584	722,716
Non-current liabilities			
Trade and other payables	26	1,711	1,623
Derivative financial liabilities	39(a)	16,581	–
Borrowings	28	234,999	275,000
Provisions	29	147,372	123,506
Deferred income tax liabilities	31	67,039	80,045
		467,702	480,174
Current liabilities			
Trade and other payables	26	135,839	144,102
Derivative financial liabilities	39(aa)	1,190	–
Borrowings	28	112,064	43,989
Provisions	29	26,741	24,177
Income tax payable	14	2,979	2,126

Liabilities directly associated with assets held for sale	25	711	–
		279,524	214,394
Total liabilities		747,226	694,568
Total equity and liabilities		1,415,810	1,417,284

These financial statements were approved by the Board of Directors on 12 March 2024 and signed on its behalf by:

Eduardo Landin
Chief Executive Officer
12 March 2024

Consolidated statement of cash flows

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 US$000	2022 US$000
Cash flows from operating activities			
Cash generated from operations	35	217,016	144,271
Interest received		5,508	2,409
Interest paid	28	(24,839)	(12,962)
Payment of mine closure costs	29	(13,325)	(10,409)
Income tax, special mining tax and mining royalty paid[1]		(5,599)	(20,391)
Net cash generated from operating activities		178,761	102,918
Cash flows from investing activities			
Purchase of property, plant and equipment		(259,730)	(210,372)
Purchase of evaluation and exploration assets	17	(2,523)	(122,988)
Purchase of intangibles	18	(124)	(353)
Purchase of Argentinian bonds	13	–	(10,204)
Proceeds from sale of Argentinian bonds	13	–	5,248
Proceeds from sale of financial assets at fair value though profit and loss	21	723	–
Proceeds from sale of property, plant and equipment		1,148	1,089
Sale of royalty related to Volcan project		15,000	–
Net cash used in investing activities		(245,506)	(337,580)
Cash flows from financing activities			
Proceeds from borrowings	28	137,413	28,911
Repayment of borrowings	28	(111,980)	(11,557)
Payment of lease liabilities	27	(2,338)	(1,639)
Dividends paid to non-controlling interests	32	(326)	(286)
Dividends paid	32	–	(22,017)
Cash flows generated/(used in) from financing activities		22,769	(6,588)
Net decrease in cash and cash equivalents during the year		(43,976)	(241,250)
Exchange difference		(10,742)	(1,695)
Cash and cash equivalents at beginning of year		143,844	386,789
Cash and cash equivalents at end of year	24	89,126	143,844

1 Taxes paid have been offset with value added tax (VAT) credits of US$10,175,000 (2022:US$31,302,000).

Consolidated statement of changes in equity

For the year 31 December 2023

	Notes	Equity share capital US$000	Share premium US$000	Other reserves: Fair value reserve of financial assets at fair value through OCI US$000	Other reserves: Share of other comprehensive loss of an associate US$000	Other reserves: Dividends expired US$000	Other reserves: Cumulative translation adjustment US$000	Other reserves: Unrealised gain/ (loss) on hedges US$000	Other reserves: Merger reserve US$000	Other reserves: Share-based payment reserve US$000	Other reserves: Total other reserves US$000	Retained earnings US$000	Capital and reserves attributable to shareholders of the Parent US$000	Non-controlling interests US$000	Total equity US$000
Balance at 1 January 2022		226,506	438,041	74	(9)	99	(25,163)	13,476	(210,046)	3,912	(217,657)	248,664	695,554	63,890	759,444
Other comprehensive income/(expense)		–	–	(152)	1,283	–	(12,739)	(11,935)	–	–	(23,543)	–	(23,543)	–	(23,543)
Profit for the year		–	–	–	–	–	–	–	–	–	–	2,961	2,961	1,871	4,832
Total comprehensive income/ (expense) for the year		–	–	(152)	1,283	–	(12,739)	(11,935)	–	–	(23,543)	2,961	(20,582)	1,871	(18,711)
Dividends	32	–	–	–	–	–	–	–	–	–	–	(22,017)	(22,017)	–	(22,017)
Dividends paid to non – controlling interests	32	–	–	–	–	–	–	–	–	–	–	–	–	(286)	(286)
Issuance of deferred bonus shares	30	303,268	–	–	–	–	–	–	–	–	–	(303,268)	–	–	–
Cancelation of deferred bonus shares	30	(303,268)	–	–	–	–	–	–	–	–	–	303,268	–	–	–
Cancelation of share premium account	30	–	(438,041)	–	–	–	–	–	–	–	–	438,041	–	–	–
Nominal value reduction	30	(217,445)	–	–	–	–	–	–	–	–	–	217,445	–	–	–
Share-based payments	30(c)	–	–	–	–	–	–	–	–	4,286	4,286	–	4,286	–	4,286
Forfeiture of share options	30(c)	–	–	–	–	–	–	–	–	(1,886)	(1,886)	1,886	–	–	–
Balance at 31 December 2022		9,061	–	(78)	1,274	99	(37,902)	1,541	(210,046)	6,312	(238,800)	886,980	657,241	65,475	722,716
Other comprehensive income/(expense)		–	–	(49)	(855)	–	17,722	(13,087)	–	–	3,731	–	3,731	–	3,731
Loss for the year		–	–	–	–	–	–	–	–	–	–	(55,006)	(55,006)	(5,027)	(60,033)
Total comprehensive income/ (expense) for the year		–	–	(49)	(855)	–	17,722	(13,087)	–	–	3,731	(55,006)	(51,275)	(5,027)	(56,302)
Cancellation of dividends expired		–	–	–	–	(99)	–	–	–	–	(99)	152	53	–	53
Dividends to non – controlling interests	32	–	–	–		–	–	–	–	–	–	–	–	(326)	(326)
Exercise of share based payments	30(c)	7								(584)	(584)	577	–	–	–
Accrual of share-based payments	30(c)	–	–	–	–	–	–	–	–	2,443	2,443	–	2,443	–	2,443
Forfeiture of share options	30(c)	–	–	–	–	–	–	–	–	(1,528)	(1,528)	1,528	–	–	–
Balance at 31 December 2023		9,068	–	(127)	419	–	(20,180)	(11,546)	(210,046)	6,643	(234,837)	834,231	608,462	60,122	668,584

1 Corporate information

Hochschild Mining PLC (hereinafter "the Company") is a public limited company incorporated on 11 April 2006 under the Companies Act 1985 as a Limited Company and registered in England and Wales with registered number 05777693. The Company's registered office is located at 17 Cavendish Square, London W1G 0PH, United Kingdom.

The ultimate controlling party of the Company is Mr Eduardo Hochschild whose beneficial interest in the Company and its subsidiaries (together 'the Group' or 'Hochschild Mining Group') is 38.27% and it is held through Pelham Investment Corporation ("Pelham"), a Cayman Islands company.

On 8 November 2006, the Company's shares were admitted to the Official List of the UKLA (United Kingdom Listing Authority) and to trading on the London Stock Exchange.

The Group's principal business is the mining, processing and sale of silver and gold. At 31 December 2023, the Group has one operating mine (Inmaculada) located in southern Peru and one operating mine (San Jose) located in Argentina. The Group's previously operating Pallancata mine went into care and maintenance in November 2023. The Group also has a late-stage development project in Brazil, Mara Rosa, which is expected to be commissioned in the first half of 2024. The Group also has a portfolio of projects located across Peru, Argentina, United States, Canada, Brazil, and Chile, at various stages of development.
These consolidated financial statements were approved for issue by the Board of Directors on 12 March 2024.

The Group´s subsidiaries are as follows:

			Equity interest at 31 December	
Company	Principal activity	Country of incorporation	2023 %	2022 %
Hochschild Mining (Argentina) Corporation S.A.[1]	Holding company	Argentina	100	100
MH Argentina S.A.[2]	Exploration office	Argentina	100	100
Minera Santa Cruz S.A.[1 and 11]	Production of gold and silver	Argentina	51	51
Minera Hochschild Chile S.C.M.[3]	Exploration	Chile	100	100
Andina Minerals Chile SpA (formerly Andina Minerals Chile Ltd.)[3]	Exploration	Chile	100	100
Southwest Minerals (Yunnan) Inc.[4]	Exploration	China	100	100
Hochschild Mining Holdings Limited[5]	Holding company	England and Wales	100	100
Hochschild Mining Ares (UK) Limited[5]	Administrative office	England and Wales	100	100
Southwest Mining Inc.[4]	Exploration	Mauritius	100	100
Southwest Minerals Inc.[4]	Exploration	Mauritius	100	100
Minera Hochschild Mexico, S.A. de C.V.[6]	Exploration	Mexico	100	100
Hochschild Mining (Peru) S.A.[4]	Holding company	Peru	100	100
Compañía Minera Ares S.A.C.[4]	Production of gold and silver	Peru	100	100
Compañía Minera Arcata S.A.[4]	Production of gold and silver	Peru	99.1	99.1
Empresa de Transmisión Aymaraes S.A.C.[4]	Power transmission	Peru	100	100
Minera Antay S.A.C.[4 and 10]	Exploration	Peru	–	100
Compañía Minera Crespo S.A.C.[4]	Exploration	Peru	100	–
Hochschild Mining (US) Inc.[7]	Holding company	USA	100	100
Hochschild Mining Canada Corp[8]	Exploration	Canada	100	100
Hochschild Mining Brazil Holdings Corp. (formerly 1334940 BC)[8]	Holding company	Canada	100	100
Tiernan Gold Corp.[8]	Holding company	Canada	100	100
Amarillo Mineracao do Brasil Ltda.[9]	Exploration	Brazil	100	100

1 Registered address: Av. Santa Fe 2755, floor 9, Buenos Aires, Argentina.

2 Registered address: Sargento Cabral 124, Comodoro Rivadavia, Provincia de Chubut, Argentina.

3 Registered address: Av. Apoquindo 4775 of 1002, Comuna Las Condes, Santiago de Chile, Chile.

4 Registered address: La Colonia 180, Santiago de Surco, Lima, Peru.

5 Registered address: 17 Cavendish Square, London, W1G0PH, United Kingdom.

6 Registered address: Calle Aguila Real No 122, Colonia Carolco, Monterrey, Nuevo Leon, CP 64996, Mexico.

7 Registered address: 1025 Ridgeview Dr. 300, Reno, Nevada 89519, USA.

8 Registered address: Suite 1700, Park Place, 666 Burrard Street, Vancouver BC, V6C 2X8.

9 Registered address: Fazenda Invernada s/n, Zona Rural, Mara Rosa - Goiás – Brazil, CEP: 76.490-000.

10 The Company was liquidated on 22 February 2023.

11 The Group has a 51% interest in Minera Santa Cruz S.A. (Minera Santa Cruz), while the remaining 49% is held by a non-controlling interest. The significant financial information in respect of this subsidiary before intercompany eliminations as at and for the years ended 31 December 2023 and 2022 is as follows:

	As at 31 December	
	2023 US$000	2022 US$000
Non-current assets	136,098	159,703
Current assets	100,511	99,997
Non-current liabilities	(71,813)	(67,710)
Current liabilities	(44,965)	(61,230)
Equity	(119,831)	(130,760)
Cash and cash equivalents	22,182	15,473
Revenue	242,461	243,469
Depreciation and amortisation	(52,829)	(50,967)
Interest income	1,251	652
Interest expense	(4,090)	(4,364)
Income tax	(4,480)	7,761
Profit for the year and total comprehensive income	(10,269)	3,811
Net cash generated from operating activities	66,034	18,085
Net cash used in investing activities	(48,227)	(47,197)
Net cash (used in)/generated from financing activities	(11,098)	18,643

(Loss)/profit attributable to non-controlling interests in the consolidated income statement, non-controlling interest in the consolidated statement of financial position, and dividends declared to non-controlling interests in the consolidated statement of changes in equity are solely related to Minera Santa Cruz.

2 Material accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK adopted International Accounting Standards.

The basis of preparation and accounting policies used in preparing the consolidated financial statements for the years ended 31 December 2023 and 2022 are set out below. The consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period, as explained below. These accounting policies have been consistently applied, except for the effects of the adoption of new and amended accounting standard.

The consolidated financial information, presented in condensed form, has been abridged from the audited Hochschild Mining Plc Annual Report 2023 for which an unqualified audit report was given. This summary financial information does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The financial statements are presented in US dollars (US$) and all monetary amounts are rounded to the nearest thousand ($000) except when otherwise indicated.

Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022. Amendments and interpretations apply for the first time in 2023, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The Group does not foresee any tax implications from the implementation of this reform.

Standards, interpretations and amendments to existing standards that are not yet effective and have not been previously adopted by the Group

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2024 or later periods but which the Group has not previously adopted. These have not been listed as they are not expected to impact the Group.

(b) Judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimates is contained in the accounting policies and/or the notes to the financial statements.

Significant areas of estimation uncertainty and critical judgements made by management in preparing the consolidated financial statements include:

Significant estimates:

- *Useful lives of assets for depreciation and amortisation purposes – note 2(f).*

Estimates are required to be made by management as to the useful lives of assets. For depreciation calculated under the unit of-production method, estimated recoverable reserves and resources are used in determining the depreciation and/or amortisation of mine-specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves and resources of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and resources. Changes are accounted for prospectively.

- *Ore reserves and resources – note 2(h).*

There are numerous uncertainties inherent in estimating ore reserves and resources. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and resources and may, ultimately, result in the reserves and resources being updated.

- *Recoverable values of mining assets – notes 2(k), 16, 17 and 18.*

The values of the Group's mining assets are sensitive to a range of characteristics unique to each mine unit. Key sources of estimation for all assets include uncertainty around ore reserve estimates and cash flow projections. In performing impairment reviews, the Group assesses the recoverable amount of its operating assets principally with reference to fair value less costs of disposal, assessed using discounted cash flow models.

In performing impairment reviews, the Group assesses the recoverable amount of its operating assets principally with reference to fair value less costs of disposal, assessed using discounted cash flow models. The recoverable values of the CGUs and advanced exploration projects are determined using a FVLCD methodology. FVLCD for CGUs was determined using a combination of level 2 and level 3 inputs. The FVLCD of the producing and developing stage mine assets is determined using a discounted cash flow model (note 16) and for the advanced exploration projects is determined using a discounted cash flow model or a the value-in-situ methodology, which applies a realisable 'enterprise value' to unprocessed mineral resources per ounce of resources, to estimate the amount that would be paid by a willing third party in an arm's length transaction (notes 17 and 18(2)).

For the CGU´s discounted cash flow model, the Group uses two approaches, depending on the circumstances: (i) the traditional approach, which uses a single cash flow projection, and (ii) the expected cash flow approach, which uses multiple, probability-weighted cash flow projections. As at 31 December 2023, the impairment reviews for the Group´s operating assets were performed using a traditional approach.

There is judgement involved in determining the assumptions that are considered to be reasonable and consistent with those that would be applied by market participants. Significant estimates used include future gold and silver prices, future capital requirements, reserves and resources volumes, production costs and the application of discount rates which reflect the macro-economic risk in Peru and Argentina, as applicable. Judgement is also required in determining the risk factor that will be applied by market participants to take into account the water restrictions imposed by the Chilean government over the Volcan cash-generating unit. Changes in these assumptions will affect the recoverable amount of the property, plant and equipment, evaluation and exploration assets, and intangibles.

- *Mine closure costs – notes 2(o) and 29(1).*

The Group assesses its mine closure cost provision annually. Significant estimates and assumptions are made in determining the provision for mine closure cost as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, mine life and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the balance sheet date represents management's best estimate of the present value of the future closure costs required. In July 2021, the mine closure law for the province of Santa Cruz in Argentina was published, establishing a period of 180 business days to present the Mine Closure Plan. The regulation has not been published as of the date of the financial statements. The Group considers the mine closure provision in San Jose to be largely aligned with Argentina´s new law, subject to further review once regulation is published.

- *Valuation of financial instruments – note 39*

The valuation of certain Group assets and liabilities reflects the changes to certain assumptions used in the determination of their value, such as future gold and silver prices (note 39).

- *Non market performance conditions on LTIP 2021, LTIP 2022 and LTIP 2023– note 30(c)*

There are two parts to the performance conditions attached to LTIP awards: 50% is subject to the Company's TSR ranking relative to a tailored peer group of mining companies, 50% is subject to internal KPIs split equally between: (i) 3-year growth of the Company´s Measured and Indicated Resources (MIR) per share (calculated on an enterprise value basis), and (ii) average outcome of the annual bonus scorecard in respect of 2021, 2022 and 2023, regarding LTIP 2021; 2022, 2023 and 2024, regarding LTIP 2022; and 2023, 2024 and 2025, regarding LTIP 2023, calculated as the simple mean of the three scorecard outcomes.

Critical judgements:

- *Income tax – notes 2(t), 2(u), 14, 31 and 37(a).*

Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the balance sheet date could be impacted. The Group analyses the possibility of generating profit in all the companies and determines the recognition of deferred tax. No deferred tax asset is recognised in the holding and exploration entities as they are not expected to generate any profit to settle the temporary difference (refer to note 31).

Judgement is also required when determining the recognition of tax liabilities as the tax treatment of some transactions cannot be finally determined until a formal resolution has been reached by the tax authorities. Tax liabilities are also recorded for uncertain exposures which can have an impact on both deferred and current tax. Tax benefits are not recognised unless it is probable that the benefit will be obtained and tax liabilities are recognised if it is probable that a liability will arise (refer to note 37(a)). The final resolution of these transactions may give rise to material adjustments to the income statement and/or cashflow in future periods. The Group reviews each significant tax liability or benefit each period to assess the appropriate accounting treatment.

- Life of mine ("LOM").

There are several aspects which are determined by the life of mine, such as ore reserves and resources, recoverable values of mining assets, mine rehabilitation provision and depreciation. The life of mine for an operation is specified in the relevant Environmental Impact Assessment ("EIA") which is amended from time to time as more resources at the mine are identified. EIAs are permits which are granted in the ordinary course of business to the mining industry. While the processing of such permits may be subject to delays, the Group has never had an EIA denied. A crucial element of Peru's legal framework is the principle of predictability which, in essence, means that if the legal requirements for any given permit have been satisfied, the State cannot unlawfawlly deny the granting of the permit. Taking this into consideration, as well as the Group's operational experience, the Group believes that permits will be secured such that operations can continue without interruption. In the unlikely scenario that this does not occur, there could be material changes to those items in the financial statements that are determined by the life of mine.

- *Determination of functional currencies – note 2(e).*

The determination of functional currency requires management judgement, particularly where there may be several currencies in which transactions are undertaken and which impact the economic environment in which the entity operates. In Argentina, the exchange control restrictions limit the companies to hold US$ dollars but do not restrict carrying out transactions in US dollar.

- *Recognition of evaluation and exploration assets and transfer to development costs – notes 2(g), 16 and 17.*

Judgement is required in determining when the future economic benefit of a project can reasonably be regarded as assured, at which point evaluation and exploration expenses are capitalised. This includes the assessment of whether there is sufficient evidence of the probability of the existence of economically recoverable minerals to justify the commencement of capitalisation of costs; the timing of the end of the exploration phase, the start of the development phase; and the commencement of the production phase. For this purpose, the future economic benefit of the project can reasonably be regarded as assured when the Board authorises management to conduct a feasibility study, mine-site exploration is being conducted to convert resources to reserves, or mine-site exploration is being conducted to confirm resources, all of which are based on supporting geological information.

- *Pandemic expenses*

The Group analyses the effect of pandemics in its operations and accounting treatment, because they generate stoppages, low capacity production and incremental costs. In the case of COVID -19, the fixed "normal" production costs during stoppages are recognised as expenses and are not considered as costs of the inventories produced. In the Income Statement these fixed costs are classified as "Pre-Exceptional.

To determine whether the incremental Covid-related costs should be recognised as exceptional expenses, consideration has been made as to whether they meet the criteria as set out in the Group´s accounting policy (note 2(z)), in particular regarding the expected infrequency of the events that have given rise to them.

The pandemic can be considered a single protracted globally pervasive event with a financial impact over a number of reporting periods. Management initial expectation was that these cost would ceased to be incurred at the end of 2020 or early 2021, and whilst the majority of the costs have reduced over time as a result of the efficiencies made to the health protocols and logistics required to operate throughout the pandemic, some residual costs continue to be incurred to date. In order to provide the users of the financial statements with a better understanding of the financial performance of the Group in the year, and to facilitate comparison with the prior period, we have considered it appropriate to continue to disclose separately as exceptional these incremental Covid-related cost up to December 2021.

Following the outbreak of the Omicron variant, the virus appears to have shifted into an endemic phase. Consequently, these costs will no longer be presented as exceptional items from 2022 and will form part of the underlying profits.

- *Climate change*
  - General

The Group is in the process of completing a climate change risk assessment and strategy and developing an action plan to continually reduce operational energy, GHG emissions and water consumption, with the ultimate aim of reaching net zero GHG emissions. As a result, the Group is currently unable to determine the full future economic impact of this strategy on their business model and operational plans and therefore the potential impacts are not fully incorporated in these financial statements.

In addition, societal expectations are driving government action that may impose further requirements and cost on companies in the future. Therefore risks associated with climate change could, over time impose changes that may potentially impact (among other things) capital expenditure, mine closure provisions and production costs. However, currently the financial statements cannot capture such possible future outcomes as these are not yet known. With regards to the calculation of those items in the financial statements that rely on life of mine calculations (such as impairments, deferred tax and depreciation), it should be highlighted that as an underground mining company, Hochschild Mining's operating assets have much lower lives than conventional open-pit mining companies. As such, by virtue of the longer-term time horizon of the physical risks of climate change, the financial impact on such items will be less pronounced than may otherwise be expected.

The adoption of the Group's climate change strategy and the implementation of climate-change regulations in the countries where the Group operates may impact the Group's significant judgements and key estimates and could result in material changes to financial results and the carrying values of certain assets and liabilities in future reporting periods.

- Physical risks

As previously stated, the Group is progressing work to assess the potential impact of physical risks of climate change. Given the ongoing nature of the Group's physical risk assessment process, reflecting adaptation risk in the Group's operating plans, and associated asset valuations, is currently limited. As the Group progresses its adaptation strategy, the identification of additional risks or the detailed development of the Group's response may result in material changes to financial results and the carrying values of assets and liabilities in future reporting periods.

- *Acquiring a subsidiary or a group of assets – note 4(a).*

In identifying a business combination (note 2(c)) or acquisition of assets the Group considers the underlying inputs, processes and outputs acquired as a part of the transaction. For an acquired set of activities and assets to be considered a business there must be at least some inputs and processes that have the capability to achieve the purposes of the Group. Where significant inputs and processes have not been acquired, a transaction is considered to be the purchase of assets. For the assets and assumed liabilities acquired the Group allocates the total consideration paid (including directly attributable transaction costs) based on the relative fair values of the underlying items. On 1 April 2022 the Group acquired the control of the Amarillo Gold Group (note 4(a)). The transaction was accounted as a purchase of assets as no systems, processes or outputs were acquired, with the main asset acquired being the Mara Rosa project which is in a development stage.

(c) Basis of consolidation

The consolidated financial statements set out the Group's financial position, performance and cash flows as at 31 December 2023 and 31 December 2022 and for the years then ended, respectively.

Subsidiaries are those entities controlled by the Group regardless of the amount of shares owned by the Group. Control is achieved when the Group is exposed, 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. Non-controlling interests' rights to safeguard their interest are fully considered in assessing whether the Group controls a subsidiary. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Basis of consolidation

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction, affecting retained earnings. If the Group loses control over a subsidiary, it (i) derecognises the assets (including goodwill) and liabilities of the subsidiary; (ii) derecognises the carrying amount of any non-controlling interest ('NCI'); (iii) derecognises the cumulative translation differences, recorded in equity; (iv) recognises the fair value of the consideration received; (v) recognises the fair value of any investment retained; (vi) recognises any surplus or deficit in profit or loss; and (vii) reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

An NCI represents the equity in a subsidiary not attributable, directly and indirectly, to the parent company and is presented separately within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent.

Losses within a subsidiary are attributable to the NCI even if that results in a deficit balance.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. The choice of measurement of NCI, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for the NCI, and any interest previously held, over the net identifiable assets acquired and the liabilities assumed. Assets acquired and liabilities assumed in transactions separate to the business combinations, such as the settlement of pre existing relationships or post-acquisition remuneration arrangements, are accounted for separately from the business combination in accordance with their nature and applicable IFRSs. Identifiable intangible assets meeting either the contractual-legal or the separability criteria are recognised separately from goodwill. Contingent liabilities representing a present obligation are recognised if the acquisition date fair value can be measured reliably.

(d) Going concern

Directors' assessment
The Directors have reviewed Group liquidity, including cash resources and borrowings (refer to note XX on details of the US$300 million and US$200 million medium-term loans) and related covenant forecasts to assess whether the Group is able to continue in operation for the period to 30 April 2025 (the 'Going Concern Period') which is at least 12 months from the date of these financial statements. In line with their usual practice, the Directors also considered the impact of a downside scenario on the Group's future cash flows and liquidity position as well as debt covenant compliance. In this scenario, consideration was given to the potential combined impact of a three-month delay in Mara Rosa commencing commercial production, Group-wide operational disruption, unforeseen social-related costs and capital expenditure, and lower precious metal prices ("the Downside Assumptions").
More specifically, the scenarios reviewed by the Directors included a base case (the 'Base Scenario'), reflecting (among other things) budgeted production for 2024, 2025 life-of-mine plans for Inmaculada, San Jose and Mara Rosa, and average precious metal prices of $1,869/oz for gold and $23.7/oz for silver, being the average analysts' consensus for the next 13 months. The Directors also considered a 'Severe' scenario which took into account the combined impact of the Downside Assumptions, the occurrence of which are considered by the Directors to be unlikely. Even in this Severe scenario it has been assumed that all employees remain on full pay and that mitigating actions, while available, would not be necessary to maintain a comfortable level of liquidity.

Under the Base Scenario and the Severe Scenario, the Group's liquid resources remained more than adequate for the Group's forecast expenditure with sufficient headroom maintained to comply with debt covenants. The results of reverse stress tests were also considered.
Conclusion

After their review, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence during the Going Concern Period. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(e) Currency translation

The functional currency for each entity in the Group is determined by the currency of the primary economic environment in which it operates. For the holding companies and operating entities this currency is US dollars and for the other entities it is the local currency of the country in which it operates. The Group's financial information is presented in US dollars, which is the Company's functional currency. Transactions denominated in currencies other than the functional currency of the entity are initially recorded in the functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at the exchange rate prevailing at the statement of financial position date. Exchange gains and losses on settlement of foreign currency transactions which are translated at the rate prevailing at the date of the transactions, or on the translation of monetary assets and liabilities which are translated at period-end exchange rates, are taken to the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at the foreign exchange rate prevailing at the date of the transaction. Exchange differences arising from monetary items that are part of a net investment in a foreign operation are recognised in equity and transferred to income on disposal of such net investment.

Subsidiary financial statements expressed in their corresponding functional currencies are translated into US dollars by applying the exchange rate at period-end for assets and liabilities and the transaction date exchange rate for income statement items. The resulting difference on consolidation is included as a cumulative translation adjustment in equity. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

(f) Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost comprises its purchase price and directly attributable costs of acquisition or construction required to bring the asset to the condition necessary for the asset to be capable of operating in the manner intended by management. Economical and physical conditions of assets have not changed substantially over this period.

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

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within other income/expenses, in the income statement.

The expected useful lives under the straight-line method are as follows:

Years	
Buildings	3 to 33
Plant and equipment	5 to 10
Vehicles	5

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to be ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed where incurred. For borrowings associated with a specific asset, the actual rate on that borrowing is used. Otherwise, a weighted average cost of borrowing is used. The Group capitalises the borrowing costs related to qualifying assets with a value of US$1,000,000 or more, considering that the substantial period of time to be ready is six or more months.

Mining properties and development costs

Purchased mining properties are recognised as assets at their cost of acquisition or at fair value if purchased as part of a business combination. Costs associated with developments of mining properties are capitalised.

Mine development costs are, upon commencement of commercial production, depreciated using the units of production method based on the estimated economically recoverable reserves and resources to which they relate.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. In addition, the revenue generated from the sale of the inventory produced during the pre-operating stage is recognised as a deduction of the costs capitalised for this project.

Construction in progress and capital advances

Assets in the course of construction are capitalised as a separate component of property, plant and equipment. Once the asset moves into the production phase, the cost of construction is transferred to the appropriate category. Construction in progress is not depreciated. Capital advances to suppliers related to the purchase of property, plant and equipment are disclosed in construction in progress.

Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment is capitalised separately with the carrying amount of the component being written-off. Other subsequent expenditure is capitalised if future economic benefits will arise from the expenditure. All other expenditure including repairs and maintenance expenditures are recognised in the income statement as incurred.

(g) Evaluation and exploration assets

Evaluation and exploration expenses are capitalised when the future economic benefit of the project can reasonably be regarded as assured. Exploration and evaluation costs related to projects in the development phase are capitalised as assets from the date that the Board authorises management to conduct a feasibility study.

Expenditure is transferred to mine development costs once the work completed to date supports the future development of the property and such development receives appropriate approval.

Costs incurred in converting inferred resources to indicated and measured resources (of which reserves are a component) are capitalised as incurred. Costs incurred in identifying inferred resources are expensed as incurred.

(h) Determination of ore reserves and resources

The Group estimates its ore reserves and mineral resources based on information compiled by internal competent persons. Reports to support these estimates are prepared each year and are stated in conformity with the 2012 Joint Ore Reserves Committee (JORC) code.

It is the Group's policy to have the report audited annually by a Competent Person. Reserves and resources are used in the units of production calculation for depreciation as well as the determination of the timing of mine closure cost and impairment analysis.

(i) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.
The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(j) Intangible assets

Right to use energy of transmission line

Transmission line costs represent the investment made by the Group to construct the transmission line on behalf of the government to be granted the right to use it. This is an asset with a finite useful life equal to that of the mine to which it relates and that is amortised applying the units of production method for that mine.

Water permits

Water permits are recorded at cost and allow the Group to withdraw a specified amount of water from the ground for reasonable, beneficial uses. This is an asset with an indefinite useful life (note 18(2)).

Legal rights

Legal rights correspond to expenditures required to give the Group the right to use a property for the surface exploration work, development and production. This is an asset with a finite useful life equal to that of the mine to which it relates and that is amortised applying the units of production method for that mine.

Other intangible assets

Other intangible assets are primarily computer software which are capitalised at cost and are amortised on a straight-line basis over their useful life of three years.

(k) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.
The carrying amounts of property, plant and equipment and evaluation and exploration assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, and then the review is undertaken at the cash-generating unit level.

The assessment requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, reserves and resources volumes (reflected in the production volume). Changes in these assumptions will affect the recoverable amount of the property, plant and equipment and evaluation and exploration assets.

If the carrying amount of an asset or its cash-generating unit (CGU) exceeds the recoverable amount, an impairment provision is recorded to reflect the asset at the lower amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their value in use (VIU) and fair value less costs of disposal (FVLCD) to sell. FVLCD is based on an estimate of the amount that the Group may obtain in a sale transaction on an arm's length basis. VIU is based on estimated future cash flows discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In performing impairment reviews, the Group assesses the recoverable amount of its operating assets principally with reference to fair value less costs of disposal, assessed using discounted cash flow models. The recoverable values of the CGUs and advanced exploration projects are determined using a FVLCD methodology. FVLCD for CGUs was determined using a combination of level 2 and level 3 inputs. The FVLCD of the producing and developing stage mine assets is determined using a discounted cash flow model (note 16) and for the advanced exploration projects is determined using a discounted cash flow model or a the value-in-situ methodology, which applies a realisable 'enterprise value' to unprocessed mineral resources per ounce of resources to estimate the amount that would be paid by a willing third party in an arm's length transaction (notes 17 and 18(2)).

For the CGU´s discounted cash flow model, the Group uses two approaches, depending on the circumstances: (i) the traditional approach, which uses a single cash flow projection, and (ii) the expected cash flow approach, which uses multiple, probability-weighted cash flow projections. As at 31 December 2023, the impairment reviews for the Group´s operating assets were performed using a traditional approach.

Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined using the weighted average method.

The cost of work in progress and finished goods (ore inventories) is based on the cost of production. For this purpose, the costs of production include:

- costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- depreciation of property, plant and equipment used in the extraction and processing of ore; and

- related production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(m) Trade and other receivables

Current trade receivables are carried at the original invoice amount less provision made for impairment of these receivables. Non current receivables are stated at amortised cost. A provision for impairment of trade receivables is established using the expected credit loss impairment model according IFRS 9. The amount of the provision is the difference between the carrying amount and the recoverable amount and this difference is recognised in the income statement. The revaluation of provisionally priced contracts stated in 2(q) is recorded as trade receivables.

(n) Share capital

Ordinary shares are classified as equity. Any excess above the par value of shares received upon issuance of those shares is classified as share premium. In the case the excess above par value is available for distribution, it is classified as merger reserve and then transferred to retained earnings. The Group had the merger reserve available for distribution within retained earnings.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation (note 28). If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Mine closure cost

Provisions for mine closure costs are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalised and is depreciated over future production from the mine to which it relates. The provision is reviewed on an annual basis for changes in cost estimates, discount rates and operating lives of the mines.

Changes to estimated future costs are recognised in the statement of financial position by adjusting the mine closure cost liability and the related asset originally recognised. If, for mature mines, the related mine assets net of mine closure cost provisions exceed the recoverable value, that portion of the increase is charged directly to the income statement. Similarly, if reductions to the estimated costs exceed the carrying value of the mine asset, that portion of the decrease is credited directly to the income statement. For closed sites, changes to estimated costs are recognised immediately in the income statement.

Workers' profit sharing and other employee benefits

In accordance with Peruvian legislation, companies in Peru must provide for workers' profit sharing equivalent to 8% of taxable income in each year. This amount is charged to the income statement within personnel expenses (note 10) and is considered deductible for income tax purposes. The Group has no pension or retirement benefit schemes.

Other

Other provisions are accounted for when the Group has a legal or constructive obligation for which it is probable there will be an outflow of resources for which the amount can be reliably estimated.

(p) Share-based payments

Cash-settled transactions

The fair value of cash-settled share plans is recognised as a liability over the vesting period of the awards. Movements in that liability between reporting dates are recognised as personnel expenses. The fair value of the awards is taken to be the market value of the shares at the date of award adjusted by a factor for anticipated relative Total Shareholder Return (TSR) performance. Fair values are subsequently remeasured at each reporting date to reflect the number of awards expected to vest based on the current and anticipated TSR performance.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model and is recognised, together with a corresponding increase in other reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that vest. The income statement expense for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in personnel expenses (note 10).

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

(q) Revenue recognition

The Group is involved in the production and sale of gold and silver from dore and concentrate containing both gold and silver. Dore bars are either sold directly to customers or are sent to a third-party for further refining into gold and silver before they are sold. Concentrate is sold directly to customers.

Revenue from contracts with costumers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue excludes any applicable sales taxes.

The revenue is subject to adjustment based on inspection of the product by the customer. Revenue is initially recognised on a provisional basis using the Group's best estimate of contained gold and silver. Any subsequent adjustments to the initial estimate of metal content are recorded in revenue once they have been determined.

In addition, certain sales are 'provisionally priced' where the selling price is subject to final adjustment at the end of a period, normally ranging from 15 to 120 days after the start of the delivery process to the customer, based on the market price at the relevant quotation point stipulated in the contract. Revenue is initially recognised when the conditions set out above have been met, using market prices at that date. The price exposure is considered to be an adjustment and hence separated from the sales contract at each reporting date. The provisionally priced metal is revalued based on the forward selling price for the quotational period stipulated in the contract until the quotational period ends. The selling price of gold and silver can be measured reliably as these metals are actively traded on international exchanges. The revaluation of provisionally priced contracts is recorded as revenue.

Commercial discounts related to the refining, recovery and treatment of minerals are presented netted from sales.

A proportion of the Group's sales are sold under CIF Incoterms, whereby the Group is responsible for providing freight/shipping services (as principal) after the date that the Group transfers control of the metal in concentrate to its customers. The Group, therefore, has separate performance obligations for freight/shipping services which are provided solely to facilitate sale of the commodities it produces.

Other Incoterms commonly used by the Group are FOB, where the Group has no responsibility for freight or insurance once control of the products has passed at the loading port, and Delivered at Place (DAP) where control of the goods passes when the product is delivered to the agreed destination. For arrangements which have these Incoterms, the only performance obligations are the provision of the product at the point where control passes.

For CIF arrangements, the transaction price (as determined above) is allocated to the metal in concentrate and freight/shipping services using the relative stand-alone selling price method. Under these arrangements, a portion of consideration may be received from the customer in cash at, or around, the date of shipment under a provisional invoice. Therefore, some of the upfront consideration that relates to the freight/shipping services yet to be provided, is deferred. It is then recognised as revenue over time using an output method (being days of shipping/transportation elapsed) to measure progress towards complete satisfaction of the service as this best represents the Group's performance. This is on the basis that the customer simultaneously receives and consumes the benefits provided by the Group as the services are being provided. The costs associated with these freight/shipping services are also recognised over the same period of time as incurred.

Income from services provided to related parties (note 33) is recognised in revenue when services are provided.

Deferred revenue results when cash is received in advance of revenue being earned. Deferred revenue is recorded as a liability until it is earned. Once earned, the liability is reduced and revenue is recorded. The Group analyses when revenue is earned or deferred.

(r) Contingencies

A contingent liability is a possible obligation depending on whether some uncertain future event occurs, or a present obligation where payment is not probable or the amount cannot be measured reliably. Contingent liabilities are not recognised in the financial statements and are disclosed in notes to the financial statements unless their occurrence is remote (note 37).
A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised in the financial statements, but are disclosed in the notes if their recovery is deemed probable (note 37).

(s) Finance income and costs

Finance income and costs comprise interest expense on borrowings, the accumulation of interest on provisions, interest income on funds invested, unwind of discount, and gains and losses from the change in fair value of derivative instruments.

Interest income is recognised as it accrues, taking into account the effective yield on the asset.

(t) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items charged or credited directly to equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, with the following exceptions:

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Uncertain tax positions

An estimated tax liability is recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The liability is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account risks and uncertainties surrounding the obligation. Separate liabilities for interest and penalties are also recorded if appropriate.

Movements in interest and penalty amounts in respect of tax liability are not included in the tax charge, but are disclosed in the income statement. Tax liabilities are based on management's interpretation of country-specific tax law and the likelihood of settlement. This involves a significant amount of judgement as tax legislation can be complex and open to different interpretation. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks. Where actual tax liabilities differ from the liabilities, adjustments are made which can have a material impact on the Group's profits for the year. Refer to note 37(a) for specific tax contingencies.

(v) Leases

Right-of-use assets (note 27)

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest, and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below US$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(w) Financial instruments

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.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.
On July 2023, the Group purchased AL41 bonds, which are sovereign bonds denominated in USD that were paid with Argentine pesos and that pay income in US dollars in local accounts. They are national public securities issued in dollars with a fixed rate of 3.50% per year with a maturity date of 9 July 20241. Its technical value is 100.56 dollars with a residual value of 100.00%.

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised 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, and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

- Financial assets designated at fair value through OCI (equity instruments)

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

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

The Group has listed and non-listed equity investments under this category.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, 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 solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group has listed equity investments and embedded derivatives under this category. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:
• The rights to receive cash flows from the asset have expired, or
• The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

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

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

- Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

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

Derivative financial instruments and hedge accounting
In 2021 and 2023, the Group signed silver and gold forward agreements, respectively.The silver and gold forward is being used to hedge the exposure to changes in the cashflows of the silver and gold commodity prices. Consequently, the Group has opted to apply hedge accounting under the requirements of IFRS 9 Financial Instruments.

Initial recognition and subsequent measurement
These derivative financial instruments were initially recognised at fair value on the date on which the derivative contract was entered into and were subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

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

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

Changes in the fair value of derivatives designated as cash flow hedges are recognised in other components of equity until changes in the fair value of the hedged item are recognised in profit or loss. However, the ineffective portion of the changes in the fair value of such derivatives is recognised in profit or loss. The Group uses cash flow hedges for hedging the exposure to variability in silver prices.

The amounts that have been recognised in other components of equity relating to such hedging instruments are reclassified to profit or loss when the hedged transaction affects profit or loss.

(x) Dividend distribution

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

(y) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of financial position, cash and cash equivalents comprise cash on hand and deposits held with banks that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents, as defined above, are shown net of outstanding bank overdrafts.

Liquidity funds are classified as cash equivalents if the amount of cash that will be received is known at the time of the initial investment and the risk of changes in value is considered insignificant.

(z) Exceptional items

Exceptional items are those significant items which, due to their nature or the expected infrequency of the events giving rise to them, need to be disclosed separately on the face of the income statement to enable a better understanding of the financial performance of the Group and facilitate comparison with prior years.
Exceptional items mainly include:

- impairments or write-offs of assets, property, plant and equipment and evaluation and exploration assets;
- incremental cost due to pandemics which are not expected to be recurring;
- gains or losses arising on the disposal of subsidiaries, investments or property, plant and equipment;
- any gain or loss resulting from restructuring within the Group;
- the impact of infrequent labour action related to work stoppages in mine units;
- the penalties generated by the early termination of agreements with providers or lenders of the Group;
- the reversal of an accumulation of prior year's tax expenses that resulted from an agreement with the government; and
- the related tax impact of the above items.

(aa) Fair value measurement

The Group measures financial instruments, such as derivatives, at each statement of financial position date.

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described in note 39(e).

For assets and liabilities that are recognised in the financial statements on a recurring basis at fair value, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

The Group determines the policies and procedures for both recurring fair value measurement and unquoted financial assets, and for non-recurring measurement.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group, in conjunction with its external valuers where applicable, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group 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.

(ab) Export incentive programme

On 3 October 2023 the Argentinian Government approved that exporters of crude oil, gas and derivatives, who meet certain conditions, may receive 25% of the funds received from exports through negotiable securities acquired in foreign currency and settled in local currency.
On 23 October 2023 the export incentive programme was approved increasing the percentage to 30%. On 20 November 2023 the percentage increased to 50% and since 13 December 2023 changed to 20%. As at 31 December 2023 the Group recognised a benefit from the programme of US$21,164,000, disclosed as other income (refer to note 12).

3 Segment reporting

The Group's activities are principally related to mining operations which involve the exploration, production and sale of gold and silver. Products are subject to the same risks and returns and are sold through similar distribution channels. The Group undertakes a number of activities solely to support mining operations including power generation and services. Transfer prices between segments are set at an arm's length basis in a manner similar to that used for third parties. Segment revenue, segment expense and segment results include transfers between segments at market prices. Those transfers are eliminated on consolidation.

For internal reporting purposes, management takes decisions and assesses the performance of the Group through consideration of the following reporting segments:

- Operating unit – San Jose, which generates revenue from the sale of gold and silver (dore and concentrate).
- Operating unit – Pallancata, which generates revenue from the sale of gold and silver (concentrate). The Pallancata mine unit was put into care and maintenance on November 2023.
- Operating unit – Inmaculada, which generates revenue from the sale of gold and silver (dore).
- Exploration, which explores and evaluates areas of interest in brownfield and greenfield sites with the aim of extending the life of mine of existing operations and to assess the feasibility of new mines. The exploration segment includes costs charged to the profit and loss and capitalised as assets.
- Other – includes the profit or loss generated by Empresa de Transmisión Aymaraes S.A.C.

The Group's administration, financing, other activities (including other income and expense), and income taxes are managed at a corporate level and are not allocated to operating segments.

Segment information is consistent with the accounting policies adopted by the Group. Management evaluates the financial information based on the adopted IFRS accounting policies in the financial statements.

The Group measures the performance of its operating units by the segment profit or loss that comprises gross profit, selling expenses and exploration expenses.

Segment assets include items that could be allocated directly to the segment.

(a) Reportable segment information

	Inmaculada US$000	San Jose US$000	Pallancata US$000	Exploration US$000	Other[1] US$000	Adjustment and eliminations US$000	Total US$000
Year ended 31 December 2023							
Revenue from external customers	396,499	241,301	54,177	–	565		**692,542**
Inter segment revenue	–	–	–	–	9,609	(9,609)	–
Total revenue from customers	396,499	241,301	54,177	–	10,174	(9,609)	**692,542**
Provisional pricing adjustment	145	1,160	(131)	–	–	–	**1,174**
Total revenue	396,644	242,461	54,046	–	10,174	(9,609)	**693,716**
Segment profit/(loss)	152,208	30,340	(19,484)	(21,485)	8,026	(262)	**149,343**
Others[2]							**(192,824)**
Profit from operations before income tax							**(43,481)**
Other segment information							
Depreciation[3]	(74,955)	(52,241)	(19,477)	(553)	(5,492)	–	**(152,718)**
Amortisation	(72)	(588)	–	(7)	(135)	–	**(802)**
Impairment and write-off of assets, net	(1,738)	(17,398)	(859)	(63,495)	(84)	–	**(83,574)**
Assets							
Capital expenditure	86,031	47,682	6,428	148,124	127	–	**288,392**
Current assets	23,703	63,795	4,125	16,714	4,325	–	**112,662**
Other non-current assets	524,504	135,680	10,325	410,070	35,579	–	**1,116,158**
Total segment assets	548,207	199,475	14,450	426,784	39,904	–	**1,228,820**
Not reportable assets[4]	–	–	–	–	186,990	–	**186,990**
Total assets	548,207	199,475	14,450	426,784	226,894	–	**1,415,810**

1 'Other' revenue relates to revenues earned by Empresa de Transmisión Aymaraes S.A.C.

2 Comprised of administrative expenses of US$47,192,000, other income of US$30,261,000, other expenses of US$56,513,000, write-off of assets (net) of US$2,731,000, impairment of non-current assets of US$80,843,000, share of losses of an associate of US$9,460,000, finance income of US$7,473,000, finance expense of US$18,199,000, and foreign exchange loss of US$15,620,000.

3 Includes depreciation capitalised in the Crespo project (US$334,000), San Jose unit (US$3,025,000), Mara Rosa project (US$194,000), products in process (US$316,000) and recognised against the mine rehabilitation provision (US$2,712,000).

4 Not reportable assets are comprised of financial assets at fair value through OCI of US$460,000, other receivables of US$63,473,000, income tax receivable of US$4,713,000, deferred income tax asset of US$763,000, investment in associates US$22,927,000, derivative financial assets of US$846,000, other financial assets of US$2,264,000, assets held for sale of US$2,418,000, and cash and cash equivalents of US$89,126,000.

	Inmaculada US$000	San Jose US$000	Pallancata US$000	Exploration US$000	Other[1] US$000	Adjustment and eliminations US$000	Total US$000
Year ended 31 December 2022							
Revenue from external customers	413,899	243,958	78,429	–	680		**736,966**
Inter segment revenue	–	–	–	–	9,872	(9,872)	–
Total revenue from customers	413,899	243,958	78,429	–	10,552	(9,872)	**736,966**
Provisional pricing adjustment	29	(489)	(863)	–	–	–	**(1,323)**
Total revenue	413,928	243,469	77,566	–	10,552	(9,872)	**735,643**
Segment profit/(loss)	163,509	31,512	(8,789)	(57,798)	8,323	385	**137,142**
Others[2]							**(111,376)**
Profit from operations before income tax							**25,766**
Other segment information							
Depreciation[3]	(78,553)	(50,243)	(9,046)	(380)	(4,264)	–	**(142,486)**
Amortisation	(86)	(724)	–	39	(199)	–	**(970)**
Reversal of impairment/(impairment) and write-off of assets, net	(1)	–	15,476	(5,346)	(598)	–	**9,531**
Assets							
Capital expenditure	78,176	50,112	13,518	196,792	1,268	–	**339,866**
Current assets	19,872	62,796	16,965	–	4,171	–	**103,804**
Other non-current assets	508,768	159,617	21,345	337,654	42,319	–	**1,069,703**
Total segment assets	528,640	222,413	38,310	337,654	46,490	–	**1,173,507**
Not reportable assets[4]	–	–	–	–	243,777	–	**243,777**
Total assets	528,640	222,413	38,310	337,654	290,267	–	**1,417,284**

1 'Other' revenue relates to revenues earned by Empresa de Transmisión Aymaraes S.A.C.
2 Comprised of administrative expenses of US$54,158,000, other income of US$3,340,000, other expenses of US$39,302,000, write-off of assets (net) of US$1,832,000, reversal of impairment of non-current assets net of US$11,363,000, share of losses of an associate of US$11,600,000, finance income of US$5,211,000, finance expense of US$21,776,000, and foreign exchange loss of US$2,622,000.
3 Includes depreciation capitalised in the Crespo project (US$284,000), San Jose unit (US$2,508,000), Mara Rosa project (US$39,000), products in process (-US$403,000) and recognised against the mine rehabilitation provision (US$970,000).
4 Not reportable assets are comprised of financial assets at fair value through OCI of US$509,000, financial assets at fair value through profit and loss of US$1,015,000, other receivables of US$49,542,000, income tax receivable of US$9,226,000, deferred income tax asset of US$4,213,000, investment in associates US$33,242,000, derivative financial assets of US$2,186,000 and cash and cash equivalents of US$143,844,000.

(b) Geographical information

The revenue for the period based on the country in which the customer is located is as follows:

	Year ended 31 December	
	2023 US$000	2022 US$000
External customer		
Switzerland	278,076	350,898
Canada	157,131	143,216
South Korea	101,331	126,321
Germany	74,220	51,033
Japan	8	14,490
Chile	–	(88)
United Kingdom	7,846	20,428

Finland	3,128	–
USA	50,036	27,481
China	–	1,167
Peru	21,940	697
Total	693,716	735,643
Inter-segment		
Peru	9,609	9,872
Total	703,325	745,515

In the periods set out below, certain customers accounted for greater than 10% of the Group's total revenues as detailed in the following table:

	Year ended 31 December 2023			Year ended 31 December 2022		
	US$000	% Revenue	Segment	US$000	% Revenue	Segment
Argor Heraus	157,580	23%	Inmaculada and San Jose	195,148	27%	Inmaculada and San Jose
Asahi Refining Canada	157,149	23%	Inmaculada and San Jose	135,563	18%	Inmaculada
LS MnM (formerly LS Nikko)	97,020	14%	Pallancata and San Jose	126,321	17%	Pallancata and San Jose
Aurubis AG	74,220	11%	Pallancata and San Jose	47,856	7%	Pallancata and San Jose
MKS Switzerland S.A.	120,496	17%	Inmaculada	155,750	21%	Inmaculada

Non-current assets, excluding financial instruments and deferred income tax assets, were allocated to the geographical areas in which the assets are located as follows:

	As at 31 December	
	2023 US$000	2022 US$000
Peru	589,133	668,353
Brazil	349,920	184,811
Argentina	135,680	159,617
Chile	41,425	56,867
Canada	–	55
Total non-current segment assets	1,116,158	1,069,703
Financial assets at fair value through OCI	460	509
Financial assets at fair value through profit and loss	–	1,015
Investment in associates	22,927	33,242
Trade and other receivables	12,438	6,498
Deferred income tax assets	763	4,213
Total non-current assets	1,152,746	1,115,180

4 Acquisitions and disposals

(a) Acquisition of Amarillo Gold Group ("Amarillo")

On 1 April 2022, the Group acquired a 100% interest in Amarillo Gold Corporation (Amarillo) flagship Mara Rosa ("Mara Rosa") project located in Goiás State, Brazil, which included the construction stage Posse gold project as well as certain early-stage exploration targets.

The Group has applied its judgement to weigh the characteristics of Amarillo´s acquisition and conclude whether it constitutes the acquisition of a business or a set of assets and activities. Since there are no outputs acquired, the Group based its conclusion on the fact that the processes acquired are not critical to the ability to develop or convert the actual inputs into outputs. In this context, and in application of IFRS 3, the Group concluded that the acquisition of Amarillo does not constitute the acquisition of a business but the acquisition of a set of assets.

The consideration paid for the transaction amounted to C$154,429,478 (US$123,420,039), and transaction costs amounted to US$4,830,000. In addition, a 2 per cent net smelter revenue royalty on certain exploration properties owned by Amarillo that are separate from Posse was granted.

Amarillo consolidates its financial information with the Group from 1 April 2022, being the date on which the Group obtained control.

The fair value of assets acquired and liabilities assumed as at 1 April 2022 comprise the following:

	US$000
Cash and cash equivalents	4,246
Other receivables	968
Intangibles	21
Evaluation and exploration assets (note 17)	107,362
Property, plant and equipment (note 16)	15,078
Deferred income tax asset	3,775
Income tax receivable	36
Total assets	131,486
Accounts payable and other liabilities	(3,236)
Total liabilities	(3,236)
Net assets acquired	128,250

Consideration for the acquisition of Amarillo Gold Canada shares	123,420
Transaction costs	4,830
Total consideration	128,250

Cash paid	128,250
Less cash acquired with the subsidiary	(4,246)
Net cash flow on acquisition	124,004

The Group recognises individual identifiable assets (and liabilities) by allocating the cost of acquisition on the basis of the relative fair values at the date of purchase:
Step 1: Identify assets and liabilities acquired, adjusting them to the Group´s accounting policies and presentation;
Step 2: Determine the purchase consideration; and
Step 3: Purchase Price Allocation: The consideration paid is allocated to the fair value of the identifiable assets and liabilities assumed with the remainder allocated to the mineral property acquired.

The fair value at the time of acquisition is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

5 Revenue

	Year ended 31 December 2023					Year ended 31 December 2022				
	Revenue from customers[1]					Revenue from customers[1]				
	Goods sold US$000	Shipping services US$000	Total US$000	Provisional pricing US$000	Total US$000	Goods sold US$000	Shipping services US$000	Total US$000	Provisional pricing US$000	Total US$000
Gold (from dore bars)	321,974	738	322,712	129	322,841	337,847	915	338,762	(11)	338,751
Silver (from dore bars)	166,596	499	167,095	41	167,136	183,381	696	184,077	57	184,134
Gold (from concentrates)	102,200	3,697	105,897	1,144	107,041	89,991	2,687	92,678	(1,628)	91,050
Silver (from concentrates)	93,353	2,920	96,273	(140)	96,133	117,534	3,235	120,769	259	121,028
Services	565	–	565	–	565	680	–	680	–	680
Total	**684,688**	**7,854**	**692,542**	**1,174**	**693,716**	**729,433**	**7,533**	**736,966**	**(1,323)**	**735,643**

1 Includes commercial discounts (refinery treatment charges, refining fees and payable deductions for processing concentrate), and are deducted from gross revenue on a per tonne basis (treatment charge), per ounce basis (refining fees) or as a percentage of gross revenue (payable deductions). In 2023, the Group recorded commercial discounts of US$20,299,000 (2022: US$19,090,000).

6 Cost of sales before exceptional items

Cost of sales comprises:

	Year ended 31 December	
	2023 US$000	2022 US$000
Direct production costs excluding depreciation and amortisation	362,980	384,183
Depreciation and amortisation in production costs	144,812	137,747

Other items and workers profit sharing	1,862	3,321
Fixed costs during operational stoppages and reduced capacity	3,314	8,023
Change in inventories	(4,754)	(5,631)
Cost of sales	**508,214**	**527,643**

The main components included in cost of sales are:

	Year ended 31 December	
	2023 US$000	2022 US$000
Depreciation and amortisation in cost of sales[1]	143,171	136,427
Personnel expenses (note 10)[2]	121,938	121,203
Mining royalty (note 38)	6,267	6,307
Change in products in process and finished goods	(4,754)	(5,631)
Fixed costs at the operations during stoppages, reduced capacity and excess absenteeism[3]	3,314	8,023

1 The depreciation and amortisation in production cost is US$144,812,000 (2022: US$137,747,000).

2 Includes workers profit sharing of US$1,862,000 (2022: US$3,321,000) and excludes personnel expenses of US$3,032,000 (2022: US$4,498,000) included within unallocated fixed cost at the operations (see below).

3 Corresponds to the unallocated fixed cost accumulated as a result of excess absenteeism and idle capacity. These costs mainly include personnel expenses of US$3,032,000 (2022: US$4,498,000), third party services of US$865,000 (2022: US$3,090,000), supplies of US$34,000 (2022: US$146,000), depreciation and amortisation of US$nil (2022: US$2,000) and other costs of -US$617,000 (2022: US$287,000).

7 Administrative expenses

	Year ended 31 December	
	2023 US$000	2022 US$000
Personnel expenses (note 10)	25,633	30,478
Professional fees[1]	7,946	9,206
Donations	1,075	445
Lease rentals	1,399	1,218
Third party services	948	630
Communications	128	479
Indirect taxes	2,085	2,077
Depreciation and amortisation	1,716	1,844
Depreciation of rights of use	167	184
Technology and systems	822	1,391
Security	858	821
Other[2]	4,415	5,385
Total	47,192	54,158

1 Corresponds to audit fees of US$1,768,000 (2022 US$1,813,000), legal fees of US$914,000 (2022: US$1,733,000), tax and advisory fees of US$2,507,000 (2022: US$3,954,000), and other professional fees of US$2,757,000 (2022: US$1,706,000).

2 Predominantly relates to advertising costs of US$289,000 (2022: US$376,000), insurance fees of US$548,000 (2022: US$888,000), repair and maintenance of US$344,000 (2022: US$489,000), supplies costs of US$109,000 (2022: US$237,000), tax penalties of US$2,000 (2022: -US$660,000), travel expenses of US$1,065,000 (2022: US$822,000) and personnel transportation of US$127,000 (2022: US$165,000).

8 Exploration expenses

	Year ended 31 December	
	2023 US$000	2022 US$000
Mine site exploration[1]		
Arcata	63	877
Ares	407	366
Inmaculada	1,371	2,946

Pallancata	1,070	6,000
San Jose	8,233	7,700
Mara Rosa	5	–
	11,149	17,889
Prospects[2]		
Peru	143	772
USA	63	4,337
Chile	(62)	(77)
Canada[4]	2,176	19,632
Brazil	–	1
	2,320	24,665
Generative[3]		
Peru	456	783
USA	1	97
Mexico	7	313
Brazil	1,916	2,301
Chile	(1)	–
	2,379	3,494
Personnel (note 10)	4,759	7,535
Others	638	3,067
Depreciation right-of-use assets	52	176
Total	21,297	56,826

1 Mine-site exploration is performed with the purpose of identifying potential minerals within an existing mine-site, with the goal of maintaining or extending the mine's life.
2 Prospects expenditure relates to detailed geological evaluations in order to determine zones which have mineralisation potential that is economically viable for exploration. Exploration expenses are generally incurred in the following areas: mapping, sampling, geophysics, identification of local targets and reconnaissance drilling.
3 Generative expenditure is early stage exploration expenditure related to the basic evaluation of the region to identify prospects areas that have the geological conditions necessary to contain mineral deposits. Related activities include regional and field reconnaissance, satellite images, compilation of public information and identification of exploration targets.
4 Corresponds to the SNIP project managed by Hochschild Mining Canada Corp.

The Group determines the cash flows which relate to the exploration activities of the companies engaged only in exploration. Exploration activities incurred by Group operating companies are not included since it is not practicable to separate the liabilities related to the exploration activities of these companies from their operating liabilities. Cash outflows on exploration activities were US$7,244,000 in 2023 (2022: US$26,318,000).

9 Selling expenses

	Year ended 31 December	
	2023 US$000	2022 US$000
Personnel expenses (note 10)	165	482
Warehouse services	1,614	1,328
Taxes[1]	11,227	10,344
Other[2]	1,856	1,878
Total	14,862	14,032

1 Corresponds to the export duties in Argentina.
2 Mainly corresponds to insurance expenses of US$250,000 (2022: US$337,000), other professional fees of US$514,000 (2022: US$460,000), analysis services of US$457,000 (2022: US$516,000), and consumption of supplies of US$293,000 (2022: US$221,000).

10 Personnel expenses

	Year ended 31 December	
	2023 US$000	2022 US$000
Salaries and wages	119,621	121,999
Workers' profit sharing (note 29)	3,207	4,733
Other legal contributions	27,808	27,866

Statutory holiday payments	8,832	7,413
Long Term Incentive Plan	2,675	3,002
Termination benefits[1]	10,991	5,468
Other[2]	1,074	1,568
Total	174,208	172,049

1 Includes exceptional personnel expenses amounting to US$8,960,000 (2022: US$nil) (refer to note 11(1)). The Group's previously operating Pallancata mine went into care and maintenance in November 2023 and consequently 463 employees were terminated in 2023.

2 Mainly includes training expenses of US$725,000 (2022: US$1,219,000).

Personnel expenses are distributed as follows:

	Year ended 31 December	
	2023 US$000	2022 US$000
Cost of sales[1]	124,970	125,701
Administrative expenses	25,633	30,478
Exploration expenses	4,759	7,535
Selling expenses	165	482
Other expenses[2]	13,194	5,802
Capitalised as property, plant and equipment	5,487	2,051
Total	174,208	172,049

1 Personnel expenses related to unallocated fixed cost accumulated as a result of excess absenteeism and idle capacity included in cost of sales amount to US$3,032,000 (2022:US$4,498,000). Exceptional personnel expenses included in cost of sales amount to US$nil (2022: US$nil).
2 Exceptional personnel expenses included in other expenses amount to US$8,960,000 (2022: US$nil).

The average number of employees for 2023 and 2022 were as follows:

	Year ended 31 December	
	2023	2022
Peru	1,915	2,177
Argentina	1,432	1,407
Chile	3	4
Brazil	127	88
Canada	2	13
United Kingdom	12	11
Total	3,491	3,700

11 Exceptional items

Exceptional items are those significant items which, due to their nature or the expected infrequency of the events giving rise to them, need to be disclosed separately on the face of the income statement to enable a better understanding of the financial performance of the Group and facilitate comparison with prior years. Unless stated, exceptional items do not correspond to a reporting segment of the Group.

	Year ended 31 December 2023 US$000	Year ended 31 December 2022 US$000
Other expenses		
Restructuring of the Pallancata mine unit [1]	(8,960)	–
Total	(8,960)	–
(Impairment)/impairment reversal of non-financial assets, net		
Impairment of non-financial assets[2]	(80,843)	(4,199)
Reversal of impairment of non-financial assets[3]	–	15,562
Total	(80,843)	11,363

Share of loss on an associate		
Impairment of Aclara Resources Inc.[4]	(7,183)	(9,923)
Total	(7,183)	(9,923)
Income tax benefit/(charge)[5]	27,448	(3,353)
Total	27,448	(3,353)

The exceptional items for the year ended 31 December 2023 and 2022 correspond to:

1 Corresponds to the restructuring charges in Pallancata mine unit resulting from placing the operation in care and maintenance.

2 Corresponds to the impairment related to the Azuca project of US$16,673,000, the impairment of the Crespo project of US$46,772,000 and the San José mine unit of US$17,398,000 (2022: corresponds to the impairment related to the Azuca project of US$4,199,000) (refer to notes 16, 17 and 18).

3 Reversals of impairment related to the Pallancata mine unit (refer to notes 16 and 17).

4 Corresponds to the impairment charge of US$7,183,000 (2022: US$9,923,000) based on the updated valuation of the investment in Aclara Resources Inc. as at 31 December 2023 (refer to note 19).

5 The current tax credit generated by the restructuring of the Pallancata mine unit of US$2,643,000 (2022: US$nil) and the deferred tax credit generated by the impairment of the Azuca project of US$4,918,000 (2022: US$1,238,000), the impairment of the Crespo project of US$13,798,000 (2022: US$nil), and the impairment of the San José mine unit of US$6,089,000 (2022: US$nil); net in 2022 of the deferred tax charge generated by the reversal of the impairment of the Pallancata mine unit of US$4,591,000).

12 Other income and other expenses before exceptional items

	Year ended 31 December 2023 Before exceptional items US$000	Year ended 31 December 2022 Before exceptional items US$000
Other income		
Gain on sale of property, plant and equipment	142	294
Logistic services	1,704	218
Income on recovery of expenses	2,064	337
Recovery of previously written off account receivable	–	546
Sale of mine concessions	1,150	–
Tax benefit in Canada[1]	3,190	–
Income from export programme in Argentina[2]	21,164	–
Other[3]	847	1,945
Total	30,261	3,340
Other expenses		
Increase in provision for mine closure (note 29(1))	(28,365)	(17,797)
Provision of obsolescence of supplies (note 23)	(1,586)	(422)
Write off of value added tax	(184)	(159)
Corporate social responsibility contribution in Argentina[4]	(3,637)	(3,360)
Care and maintenance expenses of Ares mine unit	(2,788)	(3,291)
Care and maintenance expenses of Arcata mine unit	(3,178)	(4,207)
Care and maintenance expenses of Pallancata mine unit	(2,463)	–
Care and maintenance expenses of Selene mine unit	(202)	–
Voluntary retirement plan in Argentina[5]	–	(1,329)
Damage Inmaculada machine belt	–	(1,321)
Depreciation right-of-use assets	(192)	(105)
Contingency[6]	(817)	(3,098)
Other[7]	(4,141)	(4,213)
Total	(47,553)	(39,302)

1 British Columbia exploration tax credit generated in Hochschild Mining Canada, a Canadian subsidiary of the Group.

2 Benefit arising from being able to access the Argentina government's Export Incentive Programme, allowing certain companies to translate a certain proportion of US dollar sales at a preferential market exchange rate.

3 Mainly corresponds to the gain on sale of supplies of US$201,000 (2022: gain on sale of supplies of US$480,000).

4 Relates to a contribution in Argentina to the Santa Cruz province calculated as a proportion of sales.

5 Related to payments made and the provision recognised under voluntary retirement plan in Minera Santa Cruz.

6 Mainly related to contingencies in Minera Santa Cruz related to labour lawsuits.

7 Mainly corresponds to the expenses due to penalties in CMA of US$2,428,000 (2022: US$1,530,000), insurance of Minera Santa Cruz of US$nil (2022: US$941,000), termination benefits in Pallancata mine unit of US$nil (2022: US$987,000).

13 Finance income, finance costs and foreign exchange loss

	Year ended 31 December 2023	Year ended 31 December 2022
	US$000	US$000
Finance income		
Interest on deposits and liquidity funds[1]	4,892	2,553
Interest income	4,892	2,553
Unwind of discount on mine rehabilitation (note 29)	–	1,931
Other	2,581	727
Total	7,473	5,211
Finance costs		
Interest on secured bank loans (note 28)	(9,520)	(10,360)
Other interest	(2,701)	(1,551)
Interest expense	(12,221)	(11,911)
Loss on discount of other receivables[2]	(893)	(779)
Loss from changes in the fair value of financial instruments[3]	(1,821)	(7,096)
Unwind of discount on mine rehabilitation (note 29)	(1,703)	–
Other	(1,561)	(1,990)
Total	(18,199)	(21,776)
Foreign exchange loss		
Argentina[4]	(16,020)	(1,032)
Peru	81	(2,490)
Others	319	900
Total	(15,620)	(2,622)

1 Interest on deposits and liquidity funds of US$471,000 m(2022: US$1,838,000) that is directly attributable to the construction of Mara Rosa has been recognised in property, plant and equipment as a reduction to construction in progress and capital advances and mining properties and development costs, and evaluation and exploration assets.
2 Mainly related to the effect of the discount of tax credits in Argentina and Peru.
3 Represents the loss on sale of the C3 Metals Inc shares of US$292,000 (note 21) (2022: fair value change of US$2,140,000 on the C3 Metals Inc shares) and the foreign exchange effect of US$1,529,000 related to the bonds in San José (2022: the foreign exchange transaction costs of US$4,956,000 to acquire US$5,248,000 dollars through the sale of bonds in Argentina).
4 Increase of foreign exchange loss in Argentina due to the devaluation at the end of 2023.

14 Income tax expense

	Year ended 31 December 2023			Year ended 31 December 2022		
	Before exceptional items US$000	Exceptional items US$000	Total US$000	Before exceptional items US$000	Exceptional items US$000	Total US$000
Current corporate income tax						
Corporate income tax expense	16,319	(2,643)	13,676	18,253	–	18,253
Prior year adjustment in Minera Santa Cruz	–	–	–	(2,353)		(2,353)
Withholding tax	609	–	609	276	–	276
	16,928	(2,643)	14,285	16,176	–	16,176
Deferred taxation						
Origination and reversal of temporary differences (note 31)	20,245	(24,805)	(4,560)	(5,376)	3,353	(2,023)
Prior year adjustment in Amarillo	–	–	–	(664)	–	(664)

	20,245	(24,805)	(4,560)	(6,040)	3,353	(2,687)
Corporate income tax	37,173	(27,448)	9,725	10,136	3,353	13,489
Current mining royalties						
Mining royalty charge (note 38)	4,520	–	4,520	4,787	–	4,787
Special mining tax charge (note 38)	2,307	–	2,307	2,658	–	2,658
Total current mining royalties	6,827	–	6,827	7,445	–	7,445
Total taxation expense/(benefit) in the income statement	44,000	(27,448)	16,552	17,581	3,353	20,934

The weighted average statutory income tax rate was 27.2% for 2023 and 39.2% for 2022. This is calculated as the average of the statutory tax rates applicable in the countries in which the Group operates, weighted by the profit/(loss) before tax of the Group companies in their respective countries as included in the consolidated financial statements.

The change in the weighted average statutory income tax rate is due to a change in the weighting of profit/(loss) before tax in the various jurisdictions in which the Group operates.

There were tax charges in relation to the cash flow hedge losses (2022: charges) recognised in equity during the year ended 31 December 2023 of US$6,617,000 (2022: US$4,994,000).

The total taxation charge on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the consolidated profits of the Group companies as follows:

	As at 31 December	
	2023 US$000	2022 US$000
Profit from operations before income tax	(43,481)	25,766
At average statutory income tax rate of 27.2% (2022: 39.2%)	(11,818)	10,088
Expenses not deductible for tax purposes	2,987	2,239
Taxable income on local currency (pesos) related to AL41 Bond Argentina	961	–
Deferred tax recognised on special investment regime[1]	(1,567)	(2,412)
Movement in unrecognised deferred tax[2]	10,249	14,047
Special mining tax and mining royalty deductible for corporate income tax	(2,014)	(2,196)
Current income tax adjustment in Minera Santa Cruz	–	(2,353)
Tax credit adjustment from Amarillo	(315)	(664)
Other	1,567	446
Corporate income tax at average effective income tax rate of -0.1% (2022: 74.5%) before foreign exchange effect and withholding tax	50	19,195
Foreign exchange rate effect[4]	9,066	(5,982)
Corporate income tax at average effective income tax rate of -21.0% (2022: 51.3%) before withholding tax	9,116	13,213
Special mining tax and mining royalty[3]	6,827	7,445
Corporate income tax and mining royalties at average effective income tax rate of -36.7% (2022: 80.2%) before withholding tax	15,943	20,658
Withholding tax	609	276
Total taxation charge in the income statement at average effective tax rate -38.1% (2022: 81.2%) from operations	16,552	20,934

1 Argentina benefits from a special investment regime that allows for a super (double) deduction in calculating its taxable profits for all costs relating to prospecting, exploration and metallurgical analysis, pilot plants and other expenses incurred in the preparation of feasibility studies for mining projects.

2 Includes the income tax charge on mine closure provision of US$5,742,000 (2022: US$282,000), the tax charge related to the Inmaculada mine unit depreciation of US$2,361,000 (2022: US$787,000), and the effect of not recognised tax losses of US$2,146,000 (2022: US$10,811,000).

3 Corresponds to the impact of a mining royalty and special mining tax in Peru (note 38).

4 The foreign exchange effect is composed of US$7,107,000 loss (2022: US$2,847,000 profit) from Argentina and a profit of US$948,000 (2022: US$1,816,000 profit) from Peru and a loss of US$2,914,000 (2022: US$1,315,000 profit) from Brazil. This mainly corresponds to the foreign exchange effect of converting tax bases and monetary items from local currency to the corresponding functional currency. The main contributor of the foreign exchange effect on the tax charge in 2023 is the devaluation of the Argentinian pesos (2022: Argentinian pesos).

The amounts after offset, as presented on the face of the statement of financial position, are as follows:

As at 31 December

	2023 US$000	2022 US$000
Income tax receivable[1]	4,713	9,226
Income tax payable[2]	(2,979)	(2,126)
Total	1,734	7,100

1 Mainly corresponds to the tax credit of Compañia Minera Ares of US$4,280,000 and Minera Santa Cruz of US$118,000 (2022: Mainly corresponds to the tax credit of Compañia Minera Ares of US$5,643,000, Minera Santa Cruz of US$3,124,000 and Empresa de Transmisión Aymaraes S.A.C. of US$422,000).
2 Mainly corresponds to the mining royalties payables of Compañia Minera Ares of US$2,479,000 (2022: Mainly corresponds to the mining royalties payables of Compañia Minera Ares of US$2,079,000).

15 Basic and diluted earnings per share

Earnings per share ('EPS') is calculated by dividing profit for the year attributable to equity shareholders of the Parent by the weighted average number of ordinary shares issued during the year.

The Company has antidilutive potential ordinary shares as at 31 December 2023.

As at 31 December 2023 and 2022, EPS has been calculated as follows:

	As at 31 December	
	2023	2022
Basic earnings per share		
Before exceptional items (US$)	0.02	0.01
Exceptional items (US$)	(0.12)	–
Total for the year (US$)	(0.10)	0.01
Diluted earnings per share		
Before exceptional items (US$)	0.02	0.01
Exceptional items (US$)	(0.12)	–
Total for the year (US$)	(0.10)	0.01

Profit before exceptional items and attributable to equity holders of the Parent is derived as follows:

	As at 31 December	
	2023	2022
Profit attributable to equity holders of the Parent (US$000)	(55,006)	2,961
Exceptional items after tax – attributable to equity holders of the Parent (US$000)	63,997	1,913
Profit before exceptional items attributable to equity holders of the Parent (US$000)	8,991	4,874
Profit before exceptional items attributable to equity holders of the Parent for the purpose of diluted earnings per share (US$000)	8,991	4,874

The following reflects the share data used in the basic and diluted earnings per share computations:

	As at 31 December	
	2023	2022
Basic weighted average number of ordinary shares in issue (thousands)	514,264	513,876
Effect of dilutive potential ordinary shares related to contingently issuable shares (thousands)	–	8,387
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share (thousands)	514,264	522,263

16 Property, plant and equipment

	Mining properties and development costs[3] US$000	Land and buildings US$000	Plant and equipment[1 and 7] US$000	Vehicles[4] US$000	Mine closure asset US$000	Construction in progress and capital advances[3 and 5] US$000	Total US$000
Year ended 31 December 2023							
Cost							
At 1 January 2023	1,823,207	563,782	651,098	12,302	104,860	76,854	3,232,103
Additions	162,569	962	16,422	(330)	–	106,122	285,745
Change in discount rate (note 29(1))	–	–	–	–	(1,535)	–	(1,535)
Change in mine closure estimate (note 29(1))	–	–	–	–	13,931	–	13,931
Disposals	(91)	–	(1,218)	(302)	–	–	(1,611)
Write-offs[6]	(518)	–	(14,849)	(131)	–	(958)	(16,456)
Foreign exchange effect	9,273	498	125	8	323	4,672	14,899
Transfers and other movements[2]	(59,334)	(5,107)	(4,996)	693	(692)	(19,395)	(88,831)
At 31 December 2023	1,935,106	560,135	646,582	12,240	116,887	167,295	3,438,245
Accumulated depreciation and impairment							
At 1 January 2023	1,383,600	397,531	433,720	7,460	81,722	1,157	2,305,190
Depreciation for the year	97,821	22,594	28,032	2,038	2,233	–	152,718
Disposals	–	–	(128)	(321)	–	–	(449)
Write-offs[6]	–	–	(13,673)	(52)	–	–	(13,725)
Impairment	28,119	3,669	12,941	129	258	775	45,891
Foreign exchange effect	–	8	(4)	1	–	–	5
Transfers and other movements[2]	(55,003)	(7,017)	(5,848)	52	(510)	(1,912)	(70,238)
At 31 December 2023	1,454,537	416,785	455,040	9,307	83,703	20	2,419,392
Net book value at 31 December 2023	480,569	143,350	191,542	2,933	33,184	167,275	1,018,853

1 Within plant and equipment, costs of US$442,677,000 are subject to depreciation on a unit of production basis in line with accounting policy on note 2(f) for which the accumulated depreciation is US$309,409,000 and depreciation charge for the year is US$11,021,000.
2 Mainly includes the transfer of US$2,499,000from evaluation and exploration assets (Inmaculada of US$2,092,000 and San José of US$407,000) (note 17) as they are related to conversion of resources in to reserves, the transfer to assets held for sale of US$9,415,000 related to the Crespo mine unit (refer to note 25), and the transfer to intangibles of the transmission line of Amarillo of US$11,801,000.
3 There were borrowing costs capitalised in property, plant and equipment amounting to US$18,790,000
4 Vehicles include US$1,091,000 of right of use assets (note 27).
5 Within construction in progress and capital advances there are capital advances amounting to US$8,825,000, mainly related to Mara Rosa project of US$8,080,000.
6 Corresponds to the write-off of property, plant and equipment as they will no longer be used in the Group due to obsolescence.7 Plant and equipment include US$3,093,000 of right of use assets (note 27).

	Mining properties and development costs[1 and 4] US$000	Land and buildings US$000	Plant and equipment[1 and 2] US$000	Vehicles[5] US$000	Mine closure asset US$000	Construction in progress and capital advances[4 and 7] US$000	Total US$000
Year ended 31 December 2022							
Cost							
At 1 January 2022	1,605,319	555,532	635,076	11,997	106,382	11,841	2,926,147
Additions	113,127	1,211	19,815	–	–	67,294	201,447
Change in discount rate (note 29(1))	–	–	–	–	(13,490)	–	(13,490)
Change in mine closure estimate (note 29(1))	–	–	–	–	7,554	–	7,554
Disposals	–	–	(1,143)	(198)	–	(1)	(1,342)
Write-offs[8]	(1,524)	(10)	(9,805)	–	–	(122)	(11,461)
Acquisition of assets (note 4 (a))	–	2,849	108	37	–	12,084	15,078
Foreign exchange effect	3,670	(293)	(13)	(4)	–	(1,725)	1,635
Transfers and other movements[3]	102,615	4,493	7,060	470	–	(12,517)	102,121

Initial recognition[6 and note 29]	–	–	–	–	4,414	–	**4,414**
At 31 December 2022	**1,823,207**	**563,782**	**651,098**	**12,302**	**104,860**	**76,854**	**3,232,103**
Accumulated depreciation and impairment							
At 1 January 2022	**1,300,392**	**377,712**	**421,067**	**6,713**	**80,901**	**1,243**	**2,188,028**
Depreciation for the year	93,518	20,005	26,053	1,760	1,150	–	**142,486**
Disposals	–	–	(350)	(197)	–	–	**(547)**
Write-offs[8]	(376)	(10)	(9,243)	–	–	–	**(9,629)**
Impairment/(reversal of impairment) net	(9,942)	(262)	(3,774)	(838)	(329)	–	**(15,145)**
Foreign exchange effect	–	–	(10)	–	–	–	**(10)**
Transfers and other movements[3]	8	86	(23)	22	–	(86)	**7**
At 31 December 2022	**1,383,600**	**397,531**	**433,720**	**7,460**	**81,722**	**1,157**	**2,305,190**
Net book value at 31 December 2022	**439,607**	**166,251**	**217,378**	**4,842**	**23,138**	**75,697**	**926,913**

1 Within mining properties and development costs and plant and equipment there are US$29,259,000 and US$6,741,000 related to the Crespo CGU that is not currently being depreciated as the unit is not operating pending the feasibility of the project and considering that the depreciation method is units of production.
2 Within plant and equipment, costs of US$394,746,000 are subject to depreciation on a unit of production basis in line with accounting policy on note 2(f) for which the accumulated depreciation is US$255,508,000 and depreciation charge for the year is US$11,622,000.
3 Transfers and other movements include US$102,119,000 that was transferred from evaluation and exploration assets (Mara Rosa of US$101,897,000 and San José of US$222,000) (note 17) as they are related to conversion of resources in to reserves.
4 There were borrowing costs capitalised in property, plant and equipment amounting to US$1,974,000
5 Vehicles include US$2,900,000 of right of use assets (note 27).
6 Recognition of the mine closure provision of the Mara Rosa project located in Brazil upon acquisition (note 29).
7Within construction in progress and capital advances there are capital advances amounting to US$33,466,000, mainly related to Mara Rosa project of US$31,889,000.
8 Corresponds to the write-off of property, plant and equipment as they will no longer be used in the Group due to obsolescence.

2023

In June 2023, management determined that there was a trigger of impairment in the San Jose mine unit due to the increase in the discount rate from 19.8% to 21.7% mainly explained by the rise in country risk premium in Argentina, and higher costs than expected due to local inflation. The impairment test performed over the San Jose CGU resulted in an impairment recognised as at 30 June 2023 of US$17,398,000 (US$16,588,000 in property, plant and equipment, US$376,000 in evaluation and exploration assets and US$434,000 in intangibles).

The Group is conducting a sales process for its Azuca and Crespo projects. This decision to evaluate the sale of these assets is part of the Group´s strategy to focus its capital on larger-scale projects.

As at 30 June 2023, based on preliminary discussions with interested parties on the investment and costs required for these projects, given their operational capabilities, management determined that there were triggers of impairment in both the Azuca and Crespo projects. An impairment test was carried out, adjusting the key inputs used to determine the projects recoverable value, resulting in an impairment charge of US$42,321,000 (US$15,898,000 in property, plant and equipment, US$26,420,000 in evaluation and exploration assets and US$3,000 in intangibles) for Azuca, and Crespo.

The recoverable value of the San Jose, CGU, and the Crespo and Azuca assets was determined using a fair value less costs of disposal (FVLCD) methodology.

The key assumptions on which management has based its determination of FVLCD and the associated recoverable values calculated for the San Jose CGU and Crespo assets are gold and silver prices, future capital requirements, production costs, reserves and resources volumes (reflected in the production volume), and the discount rate.

Real prices US$ per oz.	2024	2025	2026	2027	Long-term
Gold	1,850	1,735	1,582	1,557	1,600
Silver	24.3	22.6	21.4	21.8	22.0

	San Jose	Crespo
Discount rate (post-tax)	21.7%	6.0%

The period of 7 years and 9 years was used to prepare the cash flow projections of San Jose mine unit and Crespo, respectively, which were in line with their respective life of mines.

With respect to Azuca, given its early stage, the Group applied a value-in-situ methodology, which applies a realisable ´enterprise value´ to unprocessed mineral resources. The methodology is used to determine the fair value less costs of disposal of the Azuca assets. The enterprise value used in the calculation performed as at 30 June 2023 was $0.095 per silver equivalent ounce of resources. The enterprise value figure is based on observable external market information.

On 28 December 2023, the Group entered into an agreement with a third party whereby the third party acquired the assets and liabilities of the Crespo project from Compañia Minera Ares (refer to note 25). The closing of the transaction is expected to take place in March 2024, and the assets and liabilities were transferred to assets and liabilities related to assets held for sale, respectively. The Group recognised an additional impairment of US$21,124,000 (US$13,405,000 in property, plant and equipment, US$7,718,000 in evaluation and exploration assets and US$1,000 in intangibles). The recoverable amount of Crespo project was determined using a fair value less costs of disposal (FVLCD) methodology, based on the economic terms of the sale agreement.

As at 31 December 2023, Azuca does not meet the conditions to be classified as an asset held-for sale under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

No indicators of impairment or reversal of impairment were identified in the other CGUs, which includes other exploration projects.
The estimated recoverable values of the Group's CGUs are equal to, or not materially different than, their carrying values.

Sensitivity analysis

Other than as disclosed below, management believes that no reasonably possible change in any of the key assumptions above would cause the carrying value of any of its cash generating units to exceed its recoverable amount.

A change in any of the key assumptions would have the following impact:

US$000	San Jose
Gold and silver prices (decrease by 10%)	(45,500)
Gold and silver prices (increase by 10%)	43,900
Production costs (increase by 10%)	(23,500)
Production costs (decrease by 10%)	23,300
Production volume (decrease by 10%)	(39,700)
Production volume (increase by 10%)	38,900
Post tax discount rate (increase by 3%)[1]	(4,100)
Post tax discount rate (decrease by 3%)[1]	4,400
Capital expenditure (increase by 10%)	(5,700)
Capital expenditure (decrease by 10%)	5,700

Management believed that a 3% change was a reasonably possible change in the post-tax discount rate in Argentina. However, changes in the perception of Argentina arising from political, social and financial disruption may give rise to significant movement in the discount rate used in the assessment of the San Jose CGU.

2022

The delay on the government decision on Inmaculada MEIA constituted a trigger for impairment as at 31 December 2022.

The Company used an expected cash flow approach, assigning probabilities to the following possible scenarios regarding the government decision on Inmaculada´s MEIA: (i) MEIA is approved, (ii) MEIA is denied, reapplication is needed and consequently Inmaculada is placed in care and maintenance by end of 2023, resuming operations in H2 2026. Management considers scenario (i) as the most likely one, and scenario (ii) to have a probability of less than 25% of occurrence. The valuation test performed over Inmaculada CGU, using a probability weighted approach, resulted in no impairment. If the probability of occurrence of scenario (ii) was higher than 25%, an impairment charge would be required for Inmaculada.

The recoverable value of the Inmaculada CGU was determined using a fair value less costs of disposal (FVLCD) methodology. FVLCD was determined using a combination of level 2 and level 3 inputs, which result in fair value measurements categorised in its entirety as level 3 in the fair value hierarchy, to construct a discounted cash flow model to estimate the amount that would be paid by a willing third party in an arm's length transaction.

Real prices US$ per oz.	2023	2024	2025	2026	2027	2028-2038
Gold	1,716	1,711	1,603	1,545	1,466	1,561
Silver	20.3	20.7	19.6	20.6	23.3	20.8

	Inmaculada
Discount rate (post-tax)	5.2%

31 December 2022 (US$000)	Inmaculada
Current carrying value of CGU, net of deferred tax	443,447

Sensitivity analysis

Other than as disclosed below, management believes that no reasonably possible change in any of the key assumptions above would cause the carrying value of any of its cash generating units to exceed its recoverable amount.

A change in any of the key assumptions would have the following impact:

US$000	Inmaculada	San Jose
Gold and silver prices (decrease by 10%)	(175,112)	(53,746)
Gold and silver prices (increase by 10%)	171,794	54,557
Production costs (increase by 10%)	(96,669)	(49,831)
Production costs (decrease by 10%)	94,693	49,831
Production volume (decrease by 10%)	(73,298)	(78,936)
Production volume (increase by 10%)	73,099	78,941
Post tax discount rate (increase by 3%)	(69,003)	(7,749)
Post tax discount rate (decrease by 3%)	91,717	8,793
Capital expenditure (increase by 10%)	(35,584)	(11,608)
Capital expenditure (decrease by 10%)	35,582	11,608

As at 31 December 2022, management determined that the newly discovered area Royropata, west of current operations at Pallancata, was a trigger for reversal of impairment. The new area is estimated to contain 51.2 million silver equivalent ("Ag Eq") ounces. These new resources, constitute a significant change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised as at 31 December 2021.

The valuation test performed over the Pallancata GCU resulted in a reversal of impairment recognised as at December 31, 2022 of US$15,145,000 in property, plant and equipment, and US$417,000 in evaluation and exploration assets).

The recoverable value of the Pallancata CGU was determined using a fair value less costs of disposal (FVLCD) methodology. FVLCD was determined using a combination of level 2 and level 3 inputs, which result in fair value measurements categorised in its entirety as level 3 in the fair value hierarchy, to construct a discounted cash flow model to estimate the amount that would be paid by a willing third party in an arm's length transaction.

Real prices US$ per oz.	2026	2027	2028
Gold	1,545	1,466	1,561
Silver	20.6	23.3	20.8

	Pallancata
Discount rate (post-tax)	5.1%

31 December 2022 (US$000)	Pallancata
Current carrying value of CGU, net of deferred tax	21,345

Sensitivity analysis

Given that Pallancata´s recoverable value is significantly higher than the reversal of impairment amount recognised, there is no reasonably possible change in any of the key assumptions that would decrease the reversal of impairment amount recognised.

17 Evaluation and exploration assets

	Azuca US$000	Crespo US$000	Mara Rosa US$000	Volcan US$000	Others US$000	Total US$000
Cost						
Balance at 1 January 2022	**83,844**	**31,347**	**–**	**81,251**	**25,014**	**221,456**
Additions	506	1,086	11,733	1,607	694	**15,626**
Acquisition (note 4 b)	–	–	107,362	–	–	**107,362**
Foreign exchange effect	–	–	(14,492)	(992)	–	**(15,484)**
Transfers to property plant and equipment (note 16)	–	–	(101,897)	–	(230)	**(102,127)**
Transfer to intangibles	–	–	(1,927)	–	–	**(1,927)**
Balance at 31 December 2022	**84,350**	**32,433**	**779**	**81,866**	**25,478**	**224,906**
Additions	367	594	566	996	–	**2,523**
Foreign exchange effect	–	–	77	(2,043)	–	**(1,966)**
Transfers to property plant and equipment (note 16)	–	–	–	–	(2,571)	**(2,571)**
Other transfers and adjustments[1]	–	(33,027)	–	(15,000)	–	**(48,027)**
Balance at 31 December 2023	**84,717**	**–**	**1,422**	**65,819**	**22,907**	**174,865**
Accumulated impairment						
Balance at 1 January 2022	**45,876**	**9,878**	**–**	**36,874**	**5,524**	**98,152**
Impairment/(reversal of impairment) net	4,199	–	–	–	(417)	**3,782**
Foreign exchange effect	–	–	–	(482)	–	**(482)**
Transfers to property, plant and equipment (note 16)					(8)	**(8)**
Balance at 31 December 2022	**50,075**	**9,878**	**–**	**36,392**	**5,099**	**101,444**
Impairment	16,554	17,584	–	–	376	**34,514**
Foreign exchange effect	–	–	–	(881)	–	**(881)**
Transfers to property, plant and equipment (note 16)	–	–	–	–	(72)	**(72)**
Other transfers and adjustments[1]	–	(27,462)	–	–	–	**(27,462)**
Balance at 31 December 2023	**66,629**	**–**	**–**	**35,511**	**5,403**	**107,543**
Net book value as at 31 December 2022	**34,275**	**22,555**	**779**	**45,474**	**20,379**	**123,462**
Net book value as at 31 December 2023	**18,088**	**–**	**1,422**	**30,308**	**17,504**	**67,322**

1 Corresponds to the transfer to assets held for sale of the Crespo project (Cost of US$33,027,000 net of the amortisation of US$27,462,000) (refer to note 25), and the adjustment of the cost of US$15,000,000 related to the Volcan project due to the royalty agreement with Franco Nevada.

At 31 December 2023, the Group has recorded an impairment with respect to evaluation and exploration assets of the San Jose mine unit of US$376,000, the Crespo project of US$17,584,000 and the Azuca project of US$16,554,000 (2022: reversal of impairment with respect to evaluation and exploration assets of the Pallancata mine unit of US$417,000 and an impairment of the Azuca project of US$4,199,000). The calculation of the recoverable values of the Pallancata mine unit is detailed in note 16.

There were borrowing costs capitalised in evaluation and exploration assets of US$95,000 (2022: US$1,087,000).

18 Intangible assets

	Transmission line[1] US$000	Water permits[2] US$000	Software licences US$000	Legal rights[3] US$000	Total US$000
Cost					
Balance at 1 January 2022	22,157	22,084	1,889	8,580	54,710
Foreign exchange effect	–	(289)	–	71	(218)
Additions	–	–	353	–	353
Transfers	–	–	6	1,927	1,933
Balance at 31 December 2022	22,157	21,795	2,248	10,578	56,778
Foreign exchange effect	984	(528)	–	156	612
Additions	124	–	–	–	124
Transfers	10,907[5]	–	–	(5,507)[6]	5,400
Balance at 31 December 2023	34,172	21,267	2,248	5,227	62,914
Accumulated amortisation and impairment					
Balance at 1 January 2022	17,551	10,539	1,881	6,645	36,616
Amortisation for the year[4]	719	–	164	87	970
Transfers	–	–	1	–	1
Foreign exchange effect	–	(137)	–	–	(137)
Balance at 31 December 2022	18,270	10,402	2,046	6,732	37,450
Amortisation for the year[4]	584	–	109	109	802
Transfers	–	–	–	(5,507)[6]	(5,507)
Impairment	434	–	–	4	438
Foreign exchange effect	–	(252)	–	–	(252)
Balance at 31 December 2023	19,288	10,150	2,155	1,338	32,931
Net book value as at 31 December 2022	3,887	11,393	202	3,846	19,328
Net book value as at 31 December 2023	14,884	11,117	93	3,889	29,983

1 The transmission line in San Jose is amortised using the units of production method. At 31 December 2023 the remaining amortisation period is approximately 6 years (2022: 7 years) in line with the life of the mine. The transmission line in Mara Rosa is amortised using the units of production method. At 31 December 2023 the Mara Rosa unit hasn't started amortisation.
2 Corresponds to the acquisition of water permits of Andina Minerals Group ("Andina"). These permits have an indefinite life according to Chilean law. The Group used a discounted cash flow approach to determine the fair value less costs of disposal. The model is based on the Preliminary Economic Assessment (PEA).
3 Legal rights correspond to expenditures required to give the Group the right to use a property for the surface exploration work, development and production. At 31 December 2023 the remaining amortisation period is 14 years (2022: 2 to 14 years).
4 The amortisation for the period is included in cost of sales and administrative expenses in the income statement.
5 Mainly due to the transfer from property, plant and equipment of the transmission line in Mara Rosa of US$11,031,000.
6 Corresponds to the transfer to assets held for sale of the Crespo mine unit (refer to note 25).

The carrying amount of the Volcan CGU, which includes the water permits, is reviewed annually to determine whether it is in excess of its recoverable amount. No impairments were recognised in 2023 and 2022. The estimated recoverable amount is not materially different than its carrying value.

US$000	2023	2022
Current carrying value Volcan CGU	41,425	56,867

Sensitivity analysis

Management believes that no reasonably possible change in any of the key assumptions above would cause the carrying value exceed its recoverable amount.

19 Investment in an associate

The Group retains a 20.0% interest in Aclara Resources Inc. ("Aclara"), a listed company involved in the exploration of rare-earth metals in Chile. The company was incorporated under the laws of British Columbia, Canada, where the principal executive offices are located. The operations are conducted through one wholly-owned subsidiary named REE UNO SpA, located in Chile.

Upon Aclara´s Initial Public Offering ('IPO') on 10 December 2021, HM Holdings retained 20% of Aclara shares. The investment was recorded at initial recognition at fair value, based on the IPO´offering price, and is accounted for using the equity method in the consolidated financial statements.

The following table summarises the financial information of the Group's investment in Aclara Resources Inc:

	As at 31 December 2023 US$000	As at 31 December 2022 US$000
Current assets	34,945	67,291
Non-current assets	112,064	90,271
Current liabilities	(6,048)	(3,674)
Non-current liabilities	(2,600)	(1)
Equity	138,361	153,887
Group's share in equity (20%)	27,672	30,777
Fair value adjustment allocated to the evaluation and exploration assets on initial recognition[1]	12,361	12,388
Impairment[2]	(17,106)	(9,923)
Group´s carrying amount of the investment 20%	22,927	33,242
Summarised consolidated statement of profit and loss		
Revenue	–	–
Administrative expenses	(6,815)	(5,261)
Exploration expenses	(6,991)	(3,642)
Other income	59	–
Finance income	2,338	648
Finance cost	(59)	(18)
Foreign exchange gain/(loss)	85	(111)
Loss from operations for the year	(11,383)	(8,384)
Group's share of loss for the year	(2,277)	(1,677)
Other comprehensive profit that may be reclassified to profit or loss in subsequent periods, net of tax		
Exchange differences on translating foreign operations	(4,273)	6,417
Total comprehensive profit/(loss) for the year	(4,273)	6,417
Group´s share of comprehensive profit/(loss) for the year	(855)	1,283

1. This represents the 20% of the fair value adjustment, estimated by the Group, to Aclara's exploration and evaluation assets on initial recognition, representing US$61,805,000 (2022: US$61,940,000).
2. This represents the 20% share in the total impairment, estimated by the Group, of Aclara´s exploration and evaluation assets of US$85,530,000 (US$7,183,000 impairment in 2023 and US$9,923,000 in 2022) (2022: US$49,615,000, impairment in 2022 of US$9,923,000).

The movement of investment in associate is as follows:

	Year ended 31 December	
	2023 US$000	2022 US$000
Beginning balance	33,242	43,559
Impairment	(7,183)	(9,923)
Share of loss for the period	(2,277)	(1,677)
Share of comprehensive profit/(loss) for the period	(855)	1,283
Ending balance	**22,927**	**33,242**

On 4 July 2023, Aclara announced the receipt of a notice from the Environmental Service Assessment in Chile of its decision to terminate the review of Aclara´s application for an environmental impact assessment of the Penco Module due to the finding of trees considered as ´vulnerable species´ in the area of the project. Aclara is currently working to refile a revised application.

Aclara´s announcement and the impact that it could have in the first production date of Penco project, were considered as indicators of impairment. Therefore, in compliance with IAS 36, the Group has performed a valuation on Aclara, and determined an impairment charge of US$7,183,000.

The recoverable value of Aclara was determined using a value-in-use methodology. The key assumptions on which management has based its valuation of Aclara´s shares are the independent technical report of Penco module issued in September 2021, adjusted by: a 3-year delay in the first production date, local inflation and additional risk impacting costs; latest forecast prices; and a discount rate of 9.6%.

Sensitivity analysis
An increase of 1% in the discount rate and a delay of one additional year in the first production date would have the following impact in the Group´s investment in Aclara:

	US$000
Discount rate (increase by 1%)	(3,578)
Delay in first production date (1 additional year)	(2,551)

In December 2022, the decrease in the fair value of Aclara's shares, and Aclara's withdrawal of the application for an environmental impact assessment ("EIA") of its flagship project "Penco", which is expected to result in a two-year delay to anticipated first production date, were considered indications of impairment. Therefore, in compliance with IAS 36, the Group performed a valuation on Aclara, and determined an impairment charge of US$9,923,000.

The recoverable value of Aclara was determined using a value in use methodology. The key assumptions on which management has based its valuation of Aclara´s shares are the independent technical report of Penco Module issued in September 2021, forecast prices, a discount rate of 8.5%, and a 2-year delay in the first production date due to the withdrawal of the application for the EIA.

Sensitivity analysis
An increase of 1% in the discount rate and a delay of 1 additional year in the first production date would have the following impact in the Group´s investment in Aclara:

	US$000
Discount rate (increase by 1%)	(2,549)
Delay in first production date (1 additional year)	(3,682)

The carrying amount of the investment recognised the changes in the Group's share of net assets of the associate since the acquisition date. The balance as at 31 December 2023, after recognising the changes in the Group´s share of net assets of the associate and the impairment charge is US$22,927,000 (31 December 2022: US$33,242,000).

The fair value of Aclara shares as at 31 December 2023 amounted to US$12,296,000 (31 December 2022: US$7,679,000).

No dividends were received from the associate during 2023 and 2022.

The associate had no contingent liabilities or capital commitments as at 31 December 2023 and 31 December 2022.

20 Financial assets at fair value through OCI

	Year ended 31 December	
	2023 US$000	2022 US$000
Beginning balance	509	661
Fair value change recorded in OCI	(49)	(152)
Ending balance	460	509

The Group made the election at initial recognition to measure the below equity investments at fair value through OCI as they are not held for trading. The fair value at 31 December 2023 and 31 December 2022 is as follows:

	US$000	
	2023	2022
Listed equity investments:		
Power Group Projects Corp (formerly Cobalt Power Group)	6	6
Austral Gold	1	1

Skeena Resources Limited	147	160
Empire Petroleum Corp.	306	342
Total listed equity investments	460	509
Total non-listed equity investments	–	–
Total	460	509

Fair value of the listed shares is determined by reference to published price quotations in an active market and they are categorised as level 1. The fair value of non-listed equity investments is determined based on financial information available of the companies and they are categorised as level 3.

21 Financial assets at fair value through profit and loss

	Year ended 31 December	
	2023 US$000	2022 US$000
Beginning balance	1,015	3,155
Fair value change recorded in profit and loss (note 13(3))	(292)	(2,140)
Disposals[1]	(723)	–
Ending balance	–	1,015

1 During 2023, the Group sold 25,001,540 shares of C3 Metals Inc., classified as financial assets at fair value through profit and loss, with a fair value at the date of the sale of US$723,000, generating a loss on disposal of US$292,000 which was recognised within finance costs.

The below equity investments are classified at fair value through profit and loss as they are held for trading. The fair value at 31 December 2023 and 31 December 2022 is as follows:

	US$000	
	2023	2022
Listed equity investments:		
C3 Metals Inc.	–	1,015
	–	1,015

Fair value of the listed shares is determined by reference to published price quotations in an active market and they are categorised as level 1.

22 Trade and other receivables

	As at 31 December			
	2023		2022	
	Non-current US$000	Current US$000	Non-current US$000	Current US$000
Trade receivables[1]	–	28,051	–	41,031
Advances to suppliers	–	2,577	–	2,242
Duties recoverable from exports of Minera Santa Cruz[2]	234	–	224	–
Receivables from related parties (note 33(a))	–	127	–	774
Loans to employees	358	194	502	215
Interest receivable	–	93	–	238
Receivable from Kaupthing, Singer and Friedlander Bank[3]	–	–	–	–
Tax claims	1	10,399	130	6,442
Other[4]	452	12,791	1,520	11,294
Assets classified as receivables	1,045	54,232	2,376	62,236
Prepaid expenses	1,210	6,569	764	4,309
Value Added Tax (VAT)[5]	10,183	19,655	3,358	18,863
Total	12,438	80,456	6,498	85,408

The fair values of trade and other receivables approximate their book value.

1 Net of a provision for impairment of trade receivables from customers in Peru of US$1,370,000 (2022: US$1,333,000).

2 Relates to export benefits through the Patagonian Port and silver refunds in Minera Santa Cruz, discounted over 18 months (2022: 18 months) at a rate of 23.10% (2022: 26.58%) for dollars denominated amounts and 185.15% (2022: 68.50%) for Argentinian pesos. The loss on the unwinding of the discount is recognised within finance expense (2022: finance expense).

3 Net of a provision for impairment of receivables of US$186,000 (2022: US$176,000).

4 Mainly corresponds to account receivables from contractors for the sale of supplies of US$1,973,000 (2022: US$2,311,000), loan to third parties of US$719,000 (2022: US$772,000), and claim receivable of US$345,000 (2022: US$1,242,000), net of a provision for impairment of receivables of US$1,033,000 (2022: US$1,004,000).

5 Primarily relates to US$7,607,000 (2022: US$12,672,000) of VAT receivable related to the San Jose project that will be recovered through future sales of gold and silver and also through the sale of these credits to third-parties by Minera Santa Cruz. It also includes the VAT of Minera Ares of US$5,672,000 (2022: US$4,875,000), and Amarillo Mineracao do Brasil of US$15,814,000 (2022: US$3,360,000). The VAT is valued at its recoverable amount.

Movements in the provision for impairment of receivables:

	Individually impaired US$000
At 1 January 2022	**2,421**
Change for the year	35
Foreign exchange effect	57
At 31 December 2022	**2,513**
Change for the year	3
Foreign exchange effect	73
At 31 December 2023	**2,589**

As at 31 December 2023 and 2022, none of the financial assets classified as receivables (net of impairment) were past due.

23 Inventories

	As at 31 December	
	2023 US$000	2022 US$000
Finished goods valued at cost	4,203	446
Products in process valued at cost	10,998	8,952
Products in process accrual valued at cost	5,930	7,272
Supplies and spare parts[1]	51,305	47,358
	72,436	64,028
Provision for obsolescence of supplies	(4,175)	(2,588)
Total	68,261	61,440

1 Includes in transit inventory of US$1,485,000 (2022: US$1,594,000).

Finished goods include concentrate and dore. Products in process include stockpile and precipitates (2022: stockpile and concentrate).

The Group either sells dore bars as a finished product or if it is commercially advantageous to do so, delivers the bars for refining into gold and silver ounces which are then sold. In the latter scenario, the dore bars are classified as products in process. At 31 December 2023 and 2022 the Group had no dore on hand included in products in process.

Concentrate is sold to smelters, but in addition could be used as a product in process to produce dore.

Products in process accrual valued at cost include stockpile (2022: stockpile).

As part of the Group's short-term financing policies, it acquires pre-shipment loans which are guaranteed by the sales contracts. The Group has contracts as at 31 December 2023 of US$3,977,000 (2022: US$2,161,000) (refer to note 28).

The amount of expense recognised in profit and loss related to the consumption of inventory of supplies, spare parts and raw materials is US$110,752,000 (2022: US$118,520,000).

Movements in the provision for obsolescence comprise an increase in the provision of US$1,586,000 (2022: US$422,000) and the reversal of US$nil related to supplies and spare parts, that had been provided for (2022: US$nil).

24 Cash and cash equivalents and other financial assets

Cash and cash equivalents	As at 31 December 2023 US$000	As at 31 December 2022 US$000
Cash in hand	782	922
Current demand deposit accounts[1]	40,311	53,697
Time deposits[2]	37,184	89,225
Mutual funds[3]	10,849	–
Cash and cash equivalents considered for the statement of cash flows (note 2(y))	89,126	143,844

Cash and cash equivalents comprise cash on hand and deposits held with banks that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

The fair value of cash and cash equivalents approximates their book value. The Group has US$140,000,000 of undrawn medium-term debt facility (note 28).

1 Relates to bank accounts which are freely available and bear interest. The balance has checks in transit.
2 These deposits have an average maturity of 9 days (2022: average of 18 days).
3 Corresponds to common investment funds that are assets that are formed with the contributions made by the Group, consequently, becoming beneficiary of the fund in which they decide to invest. As at 31 December 2023 the balance of US$10,849,000 are deposited in Banco Santander and BBVA in Argentina.

Other financial assets	As at 31 December 2023 US$000	As at 31 December 2022 US$000
Bonds in Minera Santa Cruz	2,264	–

25 Assets held for sale

On 28 December 2023, the Group entered into an agreement with a third party whereby the third party will acquire the assets and liabilities of the Crespo project from Compañia Minera Ares. Under the terms of this agreement, the Group will receive US$15,000,000 as a non-refundable cash payment at closing, and a 1.5% Royalty Net Smelter Return (NSR) over the Crespo project. The third party will also assume the environmental liabilities of the project of $711,000.

The closing of the transaction is expected to take place in March 2024, and in consequence, as the sale is highly probable to be completed within the twelve months of the year-end, the assets and liabilities were transferred to assets and liabilities related to asset held for sale, respectively.

Prior to classifying Crespo´s disposal group as assets and liabilities related to asset held for sale, the Group recognised an impairment of $21,124,000. The recoverable amount of Crespo project was determined using a fair value less costs of disposal (FVLCD) methodology, based on the economic terms of the sale agreement (refer to note 16).
The major classes of assets and liabilities classified as assets held for sale as at 31 December 2023 are as follows:

	US$000
Assets	
Transfer from evaluation and exploration assets, net of impairment	5,565
Transfer from property, plant and equipment	9,415
Transfer from deferred tax asset	2,418
Total non-current assets	**17,398**
Liabilities	
Transfer from provision for mine closure (note 29)	(711)
Total liabilities directly associated with assets held for sale	**(711)**
Net assets directly associated with assets held for sale	**16,687**

26 Trade and other payables

	As at 31 December			
	2023		2022	
	Non-current US$000	Current US$000	Non-current US$000	Current US$000
Trade payables[1]	–	83,418	–	88,817
Salaries and wages payable[2]	–	23,476	–	28,755
Dividends payable	–	–	–	32
Taxes and contributions	55	9,295	–	10,287
Guarantee deposits[3]	–	7,842	–	8,623
Mining royalties (note 38)	–	1,446	–	1,211
Accounts payable to related parties (note 33(a))	–	397	–	622
Lease liabilities (note 27)	1,379	2,714	1,239	1,637
Other[4]	277	7,251	384	4,118
Total	1,711	135,839	1,623	144,102

The fair value of trade and other payables approximate their book values.

1 Trade payables relate mainly to the acquisition of materials, supplies and contractors' services. These payables do not accrue interest and no guarantees have been granted.
2 Salaries and wages payable relates to remuneration payable. At 31 December 2023, there were Board members remuneration payable of US$67,000 (2022: US$69,000) and no long-term incentive plan payable (2022: US$nil).
3 Guarantee deposits made by the contractors of the Group to guarantee the fulfilment of their tasks. The guarantee will be returned to the contractor at the end of the service and when it is verified that it has been completed correctly.
4 Mainly due to the accrual of the 6 days of production from 26 to 31 December 2023.

27 Leases

The Group has lease contracts for vehicles used in its operations and administrative offices. Leases of motor vehicles generally have lease terms of three years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of assets with lease terms of twelve months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

The following are the amounts recognised in profit or loss related to the leases according IFRS 16 and the other leases that the Group has not capitalised:

	As at 31 December	
	2023 US$000	2022 US$000
Depreciation expense for right-of-use assets(included in cost of sales, administrative, exploration and other expenses)	(2,199)	(1,112)
Interest expense on lease liabilities (included in finance expenses)	(62)	(104)
Expense relating to short-term leases (included in cost of sales, administrative, exploration and other expenses)	(866)	(1,679)
Expense relating to leases of low-value assets (included in cost of sales, administrative, exploration and other expenses)	(743)	(1,355)
Variable lease payments (included in cost of sales and exploration expenses)	(11,422)	(7,643)
Total amount recognised in profit or loss	(15,292)	(11,893)

The Group had total cash outflows for leases of US$15,369,000 in 2023 (2022: US$12,316,000). There were additions to right-of-use assets and lease liabilities during the year of US$3,493,000 (2022: US$nil). The future cash outflows relating to leases that have not yet commenced are US$4,777,000 (2022: US$2,950,000). Short-term leases, leases of low-value assets and variable lease payments are included in the operating cash flows.

The movement in IFRS 16 lease liabilities in the years 2023 and 2022 is as follows:

	As at 1 January 2023 US$000	Additions US$000	Repayments US$000	Interest expense US$000	As at 31 December 2023 US$000
Lease liabilities	2,876	3,493	(2,338)	62	4,093
Less: current balance	(1,637)				(2,714)
Non-current balance	1,239				1,379

	As at 1 January 2022 US$000	Additions US$000	Repayments US$000	Interest expense US$000	As at 31 December 2022 US$000
Lease liabilities	4,411	–	(1,639)	104	2,876
Less: current balance	(1,597)				(1,637)
Non-current balance	2,814				1,239

28 Borrowings

	As at 31 December					
	2023			2022		
	Effective interest rate	Non-current US$000	Current US$000	Effective interest rate	Non-current US$000	Current US$000
Secured bank loans (a)						
• Pre-shipment loans in Minera Santa Cruz (note 23)	12% to 15%	–	3,977	47.25% and 48.00%	–	2,161
• Medium-term Bank loans	8.91% and 9.09%	234,999	106,087	7.74%	275,000	27,328
Other loans (b)						
• Stock market promissory note in Minera Santa Cruz	–	–	2,000	–	–	14,500
Total		**234,999**	**112,064**		**275,000**	**43,989**

(a) Secured bank loans:

Pre-shipment loans in Minera Santa Cruz:
- As at 31 December 2023, Minera Santa Cruz has seven loans with Citibank amounting to US$2,815,000 plus interests of US$82,000, one loan with ICBC amounting to US$447,000 plus interests of US$16,000, and one loan with Santander of US$608,000 plus interests of US$9,000 (31 December 2022: two loans with Citibank amounting to US$1,693,000 plus interests of US$468,000).

Medium-term bank loans:
- In December 2019, a five-year credit agreement was signed between Minera Ares and Scotiabank Peru S.A.A., The Bank of Nova Scotia and BBVA Securities Inc, with Hochschild Mining PLC as guarantor. The US$200,000,000 medium term loan was payable in equal quarterly instalments from the second anniversary of the loan with an interest rate of 3-month USD Libor plus 1.15% payable quarterly until maturity on 13 December 2024. In September 2021, the Group negotiated with the same counterpart a US $ 200,000,000 loan to replace the original loan, plus an additional US $ 100,000,000 optional loan. US $ 200,000,000 was withdrawn on 21 September 2021, and the optional US $ 100,000,000 loan was withdrawn on 1 December 2021. The maturity was extended until September 2026, and the interest rate increased to 3-month USD Libor plus a spread of 1.65%. A structuring fee of US$900,000 was paid to the lender and additional US$193,000 was incurred as transaction costs. In addition, a commitment fee of US$120,000 was paid for the period that the optional US $100,000,000 loan remained undrawn. This was considered a substantial modification to the terms of the loan, and consequently, it was treated as an extinguishment of the loan which resulted in the derecognition of the existing liability and recognition of a new liability. The associated costs and fees incurred have been recognised as part of the loss on the extinguishment. From 18 September 2023 the Libor was replaced by the 3-month SOFR plus a spread of 1.91%. The Group repaid US$25,000,000 of the loan on 18 December 2023. Financial covenants under the agreement are: (i) Consolidated Leverage Ratio <= 3 and (ii) Consolidated Interest Coverage Ratio ≥ 4.00.

- In December 2022, a credit agreement for up to $200,000,000 was signed between Amarillo Mineracao do Brasil Ltd and The Bank of Nova Scotia and BBVA Securities Inc, with Hochschild Mining PLC as guarantor. The medium-term facility can be withdrawn until December 2024, and is payable in equal quarterly instalments from February 2025 through November 2027, with an interest rate of 3-month SOFR plus a spread of 2.05%. US$60,000,000 was withdrawn on 9 August 2023 (refer to note 39 (h)), and the remaining balance of US$140,000,000 was undrawn as at 31

December 2023. Financial covenants under the agreement are: (i) Consolidated Leverage Ratio <= 3 and (ii) Consolidated Interest Coverage Ratio ≥ 4.00.

(b) Other loans:

Stock market promissory note:
From January to May 2023 Minera Santa Cruz signed 4 stock market promissory notes with Max Capital, a finance advisory company located in Argentina, amounting to US$3,907,000,000. The expiration date of the notes is from July 2023 to August 2024. During the year 2023 the Group repaid US$16,407,000. The balance as at 31 December 2023 is US$2,000,000 (From August to November 2022 Minera Santa Cruz signed 15 stock market promissory notes with Max Capital, amounting to US$15,500,000. The expiration date of the notes is from December 2022 to November 2023. During the year 2022 the Group repaid US$1,000,000. The balance as at 31 December 2022 was US$14,500,000).

(c) Capitalised borrowing costs:
Interest expense of US$19,357,000 that is directly attributable to the construction of Mara Rosa (US$19,178,000) and Compañía Minera Ares S.A.C. (US$179,000) has been capitalised and is included in property, plant and equipment within construction in progress and capital advances (US$8,267,000) and mining property and development costs (US$10,992,000), and exploration and evaluation assets (US$98,000) (2022: Interest expense of US$4,899,000 that is directly attributable to the construction of Mara Rosa (US$4,786,000) and Compañía Minera Ares S.A.C. (US$113,000) has been capitalised and is included in property, plant and equipment within construction in progress and capital advances (US$1,140,000) and mining property and development costs (US$1,804,000), and exploration and evaluation assets (US$1,955,000)).

The carrying value including accrued interest payable of the medium-term bank loans as at 31 December 2023 is US$341,086,000 (2022: US$302,328,000). The maturity of non-current borrowings is as follows:

	As at 31 December	
	2023 US$000	2022 US$000
Between 1 and 2 years	120,001	100,000
Between 2 and 5 years	114,998	175,000
Over 5 years	–	–
Total	**234,999**	**275,000**

The carrying amount of the pre-shipment loans approximates their fair value. The carrying amount and fair value of the medium-term bank loans are as follows:

	Carrying amount as at 31 December		Fair value as at 31 December	
	2023 US$000	2022 US$000	2023 US$000	2022 US$000
Medium-term Bank loans	341,086	302,328	335,899	283,677
Total	341,086	302,328	335,899	283,677

The movement in borrowings during the years 2023 and 2022 are as follows:

	As at 1 January 2023 US$000	Additions US$000	Repayments US$000	Reclassifications and others[1] US$000	As at 31 December 2023 US$000
Current					
Pre-shipment loans	1,693	13,506	(10,573)	(756)	3,870
Medium-term Bank loans	25,000	60,000	(85,000)	100,001	100,001
Stock market promissory note	14,500	3,907	(16,407)	–	2,000
	41,193	**77,413**	**(111,980)**	**99,245**	**105,871**
Non-current					
Medium-term Bank loans	275,000	60,000	–	(100,001)	234,999
	275,000	**60,000**	–	**(100,001)**	**234,999**
Total current and non-current borrowings	**316,193**	**137,413**	**(111,980)**	**(756)**	**340,870**
Accrued interest	**2,796**	**9,520**	**(24,839)**	**18,716**	**6,193**

1 Reclassification and others from non-current of (US$100,001,000) includes transfer from non-current to current borrowings of (US$100,001,000). Current reclassifications and other of US$99,245,000 includes transfer from non-current borrowings of US$100,001,000 and foreign exchange effect of US$(756,000). Reclassifications and others of accrued interests includes transfer of recognition of transaction costs of (US$234,000), capitalisation of interests of US$19,357,000 (28(c)), and foreign exchange effect of (US$407,000).

	As at 1 January 2022 US$000	Additions US$000	Repayments US$000	Reclassifications and others US$000	As at 31 December 2022 US$000
Current					
Pre-shipment loans	–	13,411	(10,557)	(1,161)	1,693
Medium-term Bank loan	–	–	–	25,000	25,000
Stock market promissory note	–	15,500	(1,000)	–	14,500
	–	**28,911**	**(11,557)**	**23,839**	**41,193**
Non-current					
Bank loans	300,000	–	–	(25,000)	275,000
	300,000	–	–	**(25,000)**	**275,000**
Total current and non-current borrowings	**300,000**	**28,911**	**(11,557)**	**(1,161)**	**316,193**
Accrued interest	–	**10,360**	**(12,962)**	**4,899**	**2,796**

29 Provisions

	Provision for mine closure[1] US$000	Long Term Incentive Plan[2] US$000	Workers profit sharing US$000	Contingencies[3] US$000	Total US$000
At 1 January 2022	**134,035**	**467**	**10,892**	**3,499**	**148,893**
Additions	–	(467)	4,733	1,813	6,079
Accretion (note 13)	(1,931)	–	–	–	(1,931)
Change in discount rate	(17,849)	–	–	–	(17,849)
Change in estimates	34,124	–	–	–	34,124
Foreign exchange effect	–	–	322	434	756
Utilisation	(970)	–	–	–	(970)
Payments	(10,409)	–	(11,000)	(10)	(21,419)
At 31 December 2022	**137,000**	–	**4,947**	**5,736**	**147,683**
Less: current portion	(17,668)	–	(4,947)	(1,562)	(24,177)
Non-current portion	119,332	–	–	4,174	123,506
At 1 January 2023	**137,000**	–	**4,947**	**5,736**	**147,683**
Additions	–	–	3,207	3,655	6,862
Accretion (note 13)	1,703	–	–	–	1,703
Change in discount rate	(2,543)	–	–	–	(2,543)
Change in estimates	43,304	–	–	–	43,304
Foreign exchange effect	–	–	77	(916)	(839)
Transfers to assets held for sale (note 25)	(711)	–	–	–	(711)
Utilisation	(2,712)	–	–	–	(2,712)
Payments	(13,325)	–	(4,805)	(504)	(18,634)
At 31 December 2023	**162,716**	–	**3,426**	**7,971**	**174,113**
Less: current portion	(19,056)	–	(3,426)	(4,259)	(26,741)
Non-current portion	143,660	–	–	3,712	147,372

1 The provision represents the discounted values of the estimated cost to decommission and rehabilitate the mines at the expected date of closure of each of the mines. The present value of the provision has been calculated using a real pre-tax annual discount rate, based on a US Treasury bond of an appropriate tenure adjusted for the impact of inflation as at 31 December 2023 and 2022 respectively, and the cash flows have been adjusted to reflect the risk attached to these cash flows. Uncertainties on the timing for use of this provision include changes in the future that could impact the time of closing the mines, as new resources and reserves are discovered, technological changes, regulatory changes, cost increases, changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The discount rate used was 1.84% (2022: 0.95%). Expected cash flows will be over a period from one to 21 years (2022: over a period from one to 21 years).

Based on the internal and external reviews of mine rehabilitation estimates, the provision for mine closure increased by US$43,304,000 due to increase in the Ares mine unit of US$20,297,000, the Matarani unit of US$21,000, the Azuca project of US$1,000, the Pallancata mine unit of US$2,465,000, the Selene mine unit of US$9,345,000, the Mara Rosa project of USS$4,591,000, the Inmaculada mine unit of US$7,691,000 and the Sipan mine unit of US$52,000, net of the decrease in the Arcata mine unit of US$321,000, the San Jose mine unit of US$835,000, and the Crespo project of US$3,000 (2022: increase by US$34,124,000 due to increase in the Ares mine unit of US$10,509,000, the Arcata mine unit of US$1,671,000, the San Jose mine unit of US$7,901,000, the Matarani unit of US$19,000, the Azuca project of US$1,000, the Crespo project of US$5,000, the Pallancata mine unit of US$58,000 and the Sipan mine unit of US$12,858,000, net of the decrease in the Selene mine unit of US$2,882,000 and the Inmaculada mine unit of US$430,000, and the initial recognition of the Mara Rosa project of USS$4,414,000).

A net charge of US$28,365,000 related to changes in estimates (US$29,373,000) and discount rates (-US$1,008,000) for mines already closed were recognised directly in the income statement (2022: net charge of US$17,797,000 related to changes in estimates (US$22,156,000) and discount rates (-US$4,359,000) for mines already closed were recognised directly in the income statement).

A net charge of US$12,396,000 related to changes in estimates (US$13,931,000) and discount rates (-US$1,535,000) for mines, projects and units that are not already closed were recognised directly in the property, plant and equipment in the statement of financial position (2022: net credit of US$5,936,000 related to changes in estimates (US$7,554,000) and discount rates (-US$13,490,000) for mines, projects and units that are not already closed were recognised directly in the property, plant and equipment in the statement of financial position).

Utilisation for the year corresponds to depreciation of certain assets which are used as part of mine rehabilitation. This has been recognised against the mine rehabilitation provision.

The decrease in the accretion from 2022 (US$1,931,000) to 2023 (US$1,703,000) is explained because the Group is closer to the budget execution periods and the discount rates used for 2022 were lower than those of 2023.

A change in any of the following key assumptions used to determine the provision would have the following impact:

As at 31 December 2023

	US$000
Closure costs (increase by 10%) increase of provision	16,300
Discount rate (increase by 0.5%) (decrease of provision)	(10,051)

As at 31 December 2022:

	US$000
Closure costs (increase by 10%) increase of provision	13,700
Discount rate (increase by 0.5%) (decrease of provision)	(8,137)

An element of mine closure planning can be water management which relates to the treatment of contact water. The cost of this water processing could continue for a number of years after closure activities have been completed and is therefore, potentially, exposed to long-term climate change. Mine planning for Hochschild's operating assets takes into account mine-closure activities. In the case of the now-closed Sipan mine, due to the specific characteristics of the closed mine components, contact water treatment is ongoing. According to our most recent approved Mine Closure Plan (July 2021), Sipan will be the subject of ongoing treatment until 2030 or until baseline water quality conditions have been met. As at the date of approval of these financial statements, the impact of climate change on Sipan's mine closure planning is not expected to be material.

2 Corresponds to the provision related to awards granted under the Long-Term Incentive Plan ('LTIP') to designated personnel of the Group. Includes the 2020 awards, granted in February 2020, payable in February 2023, as 50% in cash (refer to note 29(c)). Only employees who remain in the Group's employment on the vesting date will be entitled to vested awards, subject to exceptions approved by the Remuneration Committee of the Board. There are two parts to the performance conditions attached to LTIP awards: 70% is subject to the Company's TSR ranking relative to a tailored peer group of mining companies, and 30% is subject to the Company's TSR ranking relative to the constituents of the FTSE 350 mining index. The liability for the LTIP paid in cash is measured, initially and at the end of each reporting period until settled, at the fair value of the awards, by applying the Monte Carlo pricing model, taking into account the terms and conditions on which the awards were granted, and the extent to which the employees have rendered services to date. The net decrease to the provision of US$nil (2022: US$467,000 net decrease) have been recorded as administrative expenses -US$nil (2022: -US$442,000) and exploration expenses -US$nil (2022: -US$25,000). The final result of the benefit was nil.

The following tables list the inputs to the last Monte Carlo model used for the LTIPs as at 31 December 2021:

	LTIP 2020
For the period ended	31 December 2021 US$000
Dividend yield (%)	2.37
Expected volatility (%)	3.70
Risk–free interest rate (%)	0.02
Expected life (years)	1
Weighted average share price (pence £)	179.61

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the awards and is indicative of future trends, which may not necessarily be the actual outcome. The outcome of the LTIP 2020 as at 31 December 2022 was US$nil.

3 The non-current balance of US$3,712,000 corresponds to labour lawsuits in Minera Santa Cruz that the Group expect to solve in a period higher than one year. Current contingencies mainly represents the balance of Ares of US$4,180,000. The main contingency in Ares is related to the OEFA, and the Group is expecting to solve the claims between June and October 2024..

30 Equity

(a) Share capital and share premium

Issued share capital
The issued share capital of the Company as at 31 December 2023 is as follows:

	Issued	
Class of shares	Number	Amount
Ordinary shares (1 pence per share)	514,458,432	£5,144,584

The issued share capital of the Company as at 31 December 2022 is as follows:

	Issued	
Class of shares	Number	Amount
Ordinary shares (1 pence per share)	513,875,563	£5,138,756

At 31 December 2023 and 2022, all issued shares with a par value of 1 pence were fully paid (2023: weighted average of US$0.018 per share, 2022: weighted average of US$0.018 per share).

The movement in share capital of the Company from 1 January 2022 to 31 December 2023 is as follows:

	Number of ordinary shares	Share capital US$000	Share premium US$000
Shares issued as at 1 January 2022	513,875,563	226,506	438,041
Deferred bonus shares issued on 20 June 2022	513,875,563	303,268	–
Cancelation of deferred bonus shares on 22 June 2022	(513,875,563)	(303,268)	–
Cancelation of share premium account on 24 June 2022	–	–	(438,041)
Reduction of nominal value to 1 pence on 24 June 2022	–	(217,445)	–
Shares issued as at 31 December 2022	**513,875,563**	**9,061**	–
Issuance of shares for bonus payment on 12 May 2023	582,869	7	–
Shares issued as at 31 December 2023	**514,458,432**	**9,068**	–

Following the passing of certain special resolutions at an Extraordinary General Meeting of shareholders held on 26th May 2022, the Company capitalised the Company's distributable merger reserve, within retained earnings, by applying its balance to the issuance of 513,875,563 bonus shares with a nominal value of US$0.59 each (the "Bonus Shares").

Subsequently, the Company obtained, on 21 June 2022, the approval of the High Courts of Justice of England and Wales (the Companies Court (Ch D) of the Business and Property Courts) to:

- **(a)** the cancellation of the Bonus Shares with the sum arising on the cancellation being credited to the Company's retained earnings reserve;
- **(b)** the reduction of the Company's share premium account to nil and crediting the corresponding amount to the Company's retained earnings reserve; and
- **(c)** the reduction in the nominal value of the Ordinary Shares from 25 pence per Ordinary Share to 1 pence per Ordinary Share,
- **(d)** (both (ii) and (iii) above collectively referred to as "the Reductions").

The Reductions were effective on registration of the relevant court order by the Registrar of Companies, which took place on 24th June 2022.

Rights attached to ordinary shares
At general meetings of the Company, on a show of hands and on a poll, every member who is present in person or subject to the below, by proxy, has one vote for every share of which they are the holder/proxy. However, in the case of a vote on a show of hands where a proxy has been appointed by more than one member, the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution.

(b) Treasury shares
Treasury shares represent the cost of Hochschild Mining PLC shares purchased in the market and held by the trustee of the Hochschild Mining Employee Share Trust to satisfy the award of conditional shares under the Group's Enhanced Long Term Incentive Plan granted to the CEO (note 2(o)).

The movement in treasury shares are as follows:

- On 30 March 2020, the Group purchased 182,941 shares for a total consideration of £234,000 (equivalent to US$292,000).
- On 30 March 2020, 182,941 Treasury shares with a value of US$292,000 (being the cost incurred to acquire the shares) were transferred to the CEO of the Group with respect to the Enhanced Long term Incentive Plan.

At 31 December 2023 and 31 December 2022 the balance of treasury shares is nil.

(c) Other reserves

Fair value reserve of financial assets at fair value through OCI
In accordance with IFRS 9, the Group made the decision to classify its investments in listed and unlisted companies as financial assets at fair value through OCI. The increase/decrease in the fair value, net of the related deferred tax liability, is taken directly to this account where it will remain until disposal, when the cumulative unrealised gains and losses are recycled through retained earnings.

Cumulative translation adjustment
The cumulative translation adjustment account is used to record exchange differences arising from the translation of the financial statements of subsidiaries with a functional currency different to the reporting currency of the Group.

Merger reserve
The merger reserve represents the difference between the value of the net assets of the Cayman Holding Companies (Ardsley, Garrison, Larchmont and Hochschild Mining (Peru)) acquired under the Share Exchange Agreement and the nominal value of the shares issued in consideration of such acquisition. In addition a merger reserve was generated by certain share placing transactions made by the Group after the IPO. The merger reserve available for distribution is disclosed within retained earnings.

Cash flow hedges
Changes in the fair value of derivatives designated as cash flow hedges, which are held to hedge the exposure to variability in cash flows of the hedged items, are recognised in other components of equity until changes in the fair value of the hedged item are recognised in profit or loss. The Group uses cash flow hedges for hedging the exposure to variability in gold and silver prices.

Share-based payment reserve
The share-based payment reserve is used to recognise the value of equity-settled share-based payment transactions provided to employees, as a part of their remuneration.

(i) Long term incentive plan ('LTIP')
On 19 February 2020 the Group approved the grant of 2020 LTIP awards, on 26 May 2021 the Group approved the grant of 2021 LTIP awards, on 23 February 2022 the Group approved the grant of 2022 LTIP awards and on 20 April 2023 the Group approved the grant of 2023 LTIP awards. The 2020 awards give a right to receive a cash payment equivalent to the 50% of the amount (cash-settled transaction) (refer to note 29(2)), and the other 50% will be used to acquire shares of the Company (equity-settled transaction).

The vesting of the 2021 LTIP, 2022 LTIP and 2023 LTIP awards are subject to the following performance conditions: 50% on Hochschild's 3-year total shareholder return ("TSR") and 50% on Internal Key Performance Indicators (KPIs) measured during the same period. The performance period will be from 1 January 2021 to 31 December 2023, 1 January 2022 to 31 December 2024, and 1 January 2023 to 31 December 2025 respectively. The awards will vest in May 2024, in February 2025 and April 2026 respectively.

The whole of any vested LTIP award will be deferred in the Company shares for two years. The award will lapse if the beneficiary ceases to be an employee of the Group other than as a good leaver or on death.

Further details on the design of the LTIP award are included in the Directors' Remuneration Report.

The fair value of the option based on the TSR was determined using the Monte Carlo model. The following tables list the inputs to the Monte Carlo model used for the 2020 LTIP, 2021 LTIP, 2022 LTIP and 2023 LTIP:

	LTIP 2023	LTIP 2022	LTIP 2021	LTIP 2020
Dividend yield (%)	2.28	5.73	2.37	0.87
Expected volatility (%)	2.82	3.97	3.71	3.19
Risk–free interest rate (%)	3.96	4.13	0.23	0.51
Expected life (years)	2.4	2.3	2	2.5
Weighted average share price (pence £)	63.90	141.46	221.99	179.61

The 50% subject to internal KPIs is split equally between:

i) 3-year growth of the Company´s Measured and Indicated Resources (MIR) per share (excluding Volcan), The 3-year MIR growth was projected using a normal distribution based on historical data, and factoring in the additional growth expected from acquisitions, and

ii) average outcome of the annual bonus scorecard in respect of 2021, 2022 and 2023 for 2021 LTIP, 2022, 2023 and 2024 for 2022 LTIP, and 2023, 2024 and 2025 for 2023 LTIP calculated as the simple mean of the three scorecard outcomes. Probabilities assigned to each possible outcome, based on historical data and management judgement.

The remaining contract life is nil years (2022: 0.1 years), 0.4 years (2022: 1.4 years), 1.2 years (2022: 2.2 years) and 2.3 years for the 2020 LTIP, 2021 LTIP, 2022 LTIP and 2023 LTIP respectively.
The movement in other reserves is as follows:

	LTIP 2019 US$000	LTIP 2020 US$000	LTIP 2021 US$000	LTIP 2022 US$000	LTIP 2023 US$000
Balance at 1 January 2022	1,798	947	1,167	–	–
Expense recognised in the period	88	509	1,478	1,395	–
Forfeiture of share options	(1,886)	–	–	–	–
Balance at 31 December 2022	–	1,456	2,645	1,395	–
Expense recognised in the period	–	72	588	1,011	1,004
Forfeiture of share options	–	(1,528)	–	–	–
Balance at 31 December 2023	–	–	3,233	2,406	1,004

No shares vested during the period (2022: nil).

(ii) 2022 bonus of employees

The Group agreed to partially pay the 2022 bonus by an issuance of shares. The total amount that was paid in shares was with a value of US$584,000.

31 Deferred income tax

The net deferred income tax assets/(liabilities) are as follows:

	As at 31 December	
	2023 US$000	2022 US$000
Beginning of the year	(75,832)	(86,744)
Income statement benefit/(expense) (note 14)	4,560	2,687
Equity credit/(charge)	7,414	8,167
Deferred tax recognised for payment	-	58
Deferred tax recognised in assets held for sale	(2,418)	-
End of the year	(66,276)	(75,832)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to the same fiscal authority.

The movement in deferred income tax assets and liabilities before offset during the year is as follows:

	Differences in cost of PP&E US$000	Mine development US$000	Provisional pricing adjustment US$000	Others US$000	Total US$000
Deferred income tax liabilities					
At 1 January 2022	**45,629**	**84,885**	**(56)**	**3,152**	**133,610**
Income statement expense	1,281	4,630	359	1,627	7,897
Equity charge	362	-	-	-	362
At 31 December 2022	**47,272**	**89,515**	**303**	**4,779**	**141,869**
Income statement (expense)/benefit	(108)	(8,248)	(303)	3,673	(4,986)
Recognised in assets held for sale	(52)	(2,840)	-	-	(2,892)
At 31 December 2023	**47,112**	**78,427**	**-**	**8,452**	**133,991**

	Differences in cost of PP&E US$000	Provision for mine closure US$000	Mine development US$000	Tax losses US$000	Others[1] US$000	Total US$000
Deferred income tax assets						
At 1 January 2022	**12,797**	**30,466**	**365**	-	**3,238**	**46,866**
Income statement benefit/(expense)	1,747	1,048	(1,021)	2,483	5,780	10,037
Equity credit	-	-	1,377	1,855	5,902	9,134
At 31 December 2022	**14,544**	**31,514**	**721**	4,338	**14,920**	**66,037**
Income statement benefit/(expense)	8,045	3,260	(8,818)	3,064	(5,977)	(426)

Recognised in assets held for sale	(5,310)	-	-	-	-	(5,310)
Equity credit	-	-	-	-	7,414	7,414
At 31 December 2023	**17,279**	**34,774**	**(8,097)**	**7,402**	**16,357**	**67,715**

1 Credit/(charge) in the year mainly related to silver forward of US$5,908,000 (2022: silver forward of US$645,000), statutory holiday provision of US$943,000 (2022: US$1,157,000) and long term incentive plan of US$1,909,000 (2022: US$1,512,000).

The amounts after offset, as presented on the face of the statement of financial position, are as follows:

	As at 31 December	
	2023 US$000	2022 US$000
Deferred income tax assets	763	4,213
Deferred income tax liabilities	(67,039)	(80,045)
Total	(66,276)	(75,832)

Unrecognised tax losses expire in the following years:

	As at 31 December	
	2023 US$000	2022 US$000
Recognised		
Expire after four years	19,651	12,759
	19,651	12,759
Unrecognised		
Expire in one year	97	-
Expire in two years	1,040	97
Expire in three years	766	1,040
Expire in four years	1,196	766
Expire after four years	191,764	189,148
	194,863	191,051
Total	214,514	203,810

Other unrecognised deferred income tax assets comprise (gross amounts):

	As at 31 December	
	2023 US$000	2022 US$000
Provision for mine closure[1]	10,990	8,191

1 This relates to provision for mine closure expenditure which is expected to be incurred in periods in which taxable profits are not expected to be available to offset the expenditure.

Unrecognised deferred tax liability on retained earnings

At 31 December 2023 and 2022, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the intention is that these amounts are permanently reinvested.

32 Dividends

	2023 US$000	2022 US$000
Dividends paid and proposed during the year		
Equity dividends on ordinary shares:		
Final dividend for 2022: nil US cents per share (2021: 2.335 US cents per share)	-	11,998
Interim dividend for 2023: nil US cents per share (2022: 1.95 US cents per share)	-	10,019
Total dividends paid in cash	-	22,017
Total dividends paid on ordinary shares	-	22,017
Proposed dividends on ordinary shares:		
Final dividend for 2023: nil US cents per share (2022: nil US cents per share)	-	-

Dividends declared to non-controlling interests: 0.002 US$ per share (2022: 0.002 US$ per share)	326	286
Total dividends declared to non-controlling interests	326	286

Dividends paid in 2023 to non-controlling interests amounted to US$326,000 (2022: US$286,000).

Dividends per share
There was no interim dividend paid during 2023. There is no proposed final dividend in respect of the year ending 31 December 2023.

33 Related-party balances and transactions

(a) Related-party accounts receivable and payable
The Group had the following related-party balances and transactions during the years ended 31 December 2023 and 2022. The related parties are companies owned or controlled by the main shareholder of the Parent company or associates.

	Accounts receivable as at 31 December		Accounts payable as at 31 December	
	2023 US$000	2022 US$000	2023 US$000	2022 US$000
Current related party balances				
Cementos Pacasmayo S.A.A.[1]	114	733	80	249
Tecsup[2]	–	–	315	352
Universidad UTEC[2]	–	–	–	5
REE UNO SpA[3]	–	30	2	–
Aclara Resources Inc[3]	13	9	–	–
Aclara Resources Peru S.A.C.[3]	–	2	–	16
Total	127	774	397	622

1 The account receivable relates to reimbursement of expenses paid by the Group on behalf of Cementos Pacasmayo S.A.A, an entity controlled by Eduardo Hochschild. The account payable relates to the payment of rentals.
2 Peruvian not-for-profit educational institutions controlled by Eduardo Hochschild.
3 Associated companies of the Aclara Group (refer to note 19).

As at 31 December 2023 and 2022, all accounts are, or were, non-interest bearing.

No security has been granted or guarantees given by the Group in respect of these related party balances.

Principal transactions between affiliates are as follows:

	Year ended	
	2023 US$000	2022 US$000
Expenses		
Expense recognised for the rental paid to Cementos Pacasmayo S.A.A.	(376)	(376)
Expense technical services from Tecsup	(11)	(418)
Income from reimbursement of expenses of Cementos Pacasmayo S.A.A.	541	494
Income from administrative services to REE UNO SpA	42	248

Transactions between the Group and these companies are at an arm's length basis.

(b) Compensation of key management personnel of the Group

	Year ended 31 December	
Compensation of key management personnel (including Directors)	2023 US$000	2022 US$000
Short-term employee benefits	6,259	7,121
Long Term Incentive Plans	1,157	1,174
Total compensation paid to key management personnel	7,416	8,295

This amount includes the remuneration paid to the Directors of the Parent Company of the Group of US$3,555,000 (2022: US$4,228,000).

34 Auditor's remuneration

The auditor's remuneration for services provided to the Group during the years ended 31 December 2023 and 2022 is as follows:

	Amounts paid to Ernst & Young in the year ended 31 December	
	2023 US$000	2022 US$000
Audit fees pursuant to legislation[1]	1,342	1,181
Audit-related assurance services	145	95
Total	1,487	1,276

1 The total fee includes statutory audit fee of US$390,000 in respect of local statutory audits of subsidiaries (2022: US$416,000)

In 2023 and 2022, all fees are included in administrative expenses.

35 Notes to the statement of cash flows

	As at 31 December	
	2023 US$000	2022 US$000
Reconciliation of loss for the year to net cash generated from operating activities		
(Loss)/profit for the year	(60,033)	4,832
Adjustments to reconcile Group loss to net cash inflows from operating activities		
Depreciation (note 3(a))	146,137	139,088
Amortisation of intangibles (note 18)	802	970
Write-off of assets (note 16)	2,731	1,832
Provision of doubtful receivable	3	35
Impairment /(reversal of impairment) of assets (note 11)	80,843	(11,363)
Gain on demerger of Aclara		
Loss from changes in the fair value of financial assets at fair value through profit and loss (note 21)	292	2,140
Share of post-tax losses of associates and impairment (note 19)	9,460	11,600
Gain on sale of property, plant and equipment (note 12)	(142)	(294)
Provision and recovery for obsolescence of supplies (note 12 and 23)	1,586	422
Increase of provision for mine closure (note 12)	28,365	17,797
Finance income (note 13)	(7,473)	(5,211)
Finance costs (note 13)	18,199	21,776
Income tax expense (note 14)	16,552	20,934
Other	(3,342)	12,507
Increase/(decrease) of cash flows from operations due to changes in assets and liabilities		
Trade and other receivables	(8,520)	(52,972)
Income tax receivable	2,624	(5)
Other financial assets and liabilities	(2,856)	4,956
Inventories	(8,091)	(13,081)
Trade and other payables	1,877	(6,632)
Provisions	(1,998)	(5,060)
Cash generated from operations	217,016	144,271

36 Commitments

(a) Mining rights purchase options

During the ordinary course of business, the Group enters into agreements to carry out exploration under concessions held by third parties. Generally, under the terms of these agreements, the Group has the option to acquire the concession or invest in the entity holding the concession. In order to exercise these options the Group must satisfy certain financial and other obligations during the term of the agreement. The options lapse in the event that the Group does not meet its financial obligations. At any point in time, the Group may cancel the agreements without penalty, except where specified below. These agreements are not under non-cancellable/irrevocable clauses.

The Group continually reviews its requirements under the agreements and determines, on an annual basis, whether to proceed with its financial commitment. Based on management's current intention regarding these projects, the commitments at the statement of financial position date are as follows:

	As at 31 December	
	2023 US$000	2022 US$000
Commitment for the subsequent twelve months	–	–
More than one year	–	4,747

(b) Capital commitments

	For the year ended 31 December	
	2023 US$000	2022 US$000
Peru	25,911	1,563
Argentina	1,049	3,687
Brazil	16,000	13,412
	42,960	18,662

37 Contingencies

As at 31 December 2023 the Group is subject to various claims which arise in the ordinary course of business. No provision has been made in the financial statements and none of these claims are currently expected to result in any material loss to the Group.

(a) Taxation

Fiscal periods remain open to review by the tax authorities for four years in Peru, five years in Argentina and Mexico, ten years in Brazil and three years in Chile, preceding the year of review. During this time the authorities have the right to raise additional tax assessments including penalties and interest. Under certain circumstances, reviews may cover longer periods.

Because a number of fiscal periods remain open to review by the tax authorities, coupled with the complexity of the Group and the transactions undertaken by it, there remains a risk that significant additional tax liabilities may arise. As at 31 December 2023, the Group had exposures totalling US$19,885,000 (2022: US$20,713,000).

When the Tax authority challenges the deductibility of certain expenses the Group reassess the case internally and externally, with the support of a third-party professional to determine the probability of success and, depending on the result, makes the decision whether or not to continue with the claim. Notwithstanding this risk, the Directors believe that management's interpretation of the relevant legislation and assessment of taxation is appropriate and that it is probable that the Group's tax and customs positions will be sustained in the event of a challenge by the tax authorities. Consequently, the Directors consider that no tax liability is required to be recognised in respect of these claims or risks.

(a) Guarantees

The Group is required to provide guarantees in Peru in respect of environmental restoration and decommissioning obligations. The Group has provided for the estimated cost of these activities (see note 29(1)).

38 Mining royalties

Peru

In accordance with Peruvian legislation, owners of mining concessions must pay a mining royalty for the exploitation of metallic and non-metallic resources. Mining royalties have been calculated with rates ranging from 1% to 3% of the value of mineral concentrate or equivalent sold, based on quoted market prices.

In October 2011 changes came into effect for mining companies, with the following features:

a)Introduction of a Special Mining Tax ('SMT'), levied on mining companies at the stage of exploiting mineral resources. The additional tax is calculated by applying a progressive scale of rates ranging from 2% to 8.4%, of the quarterly operating profit.

b)Modification of the mining royalty calculation, which consists of applying a progressive scale of rates ranging from 1% to 12%, of the quarterly operating profit. The former royalty was calculated on the basis of monthly sales value of mineral concentrates. The SMT and modified mining royalty are accounted for as an income tax in accordance with IAS 12 "Income Taxes".

c)For companies that have mining projects benefiting from tax stability regimes, mining royalties are calculated and recorded as they were previously, applying an additional new special charge on mining that is calculated using progressive scale rates, ranging from 4% to 13.12% of quarterly operating profit.

As at 31 December 2023, the amount payable as under the new mining royalty and the SMT amounted to US$1,298,000 (2022: US$1,234,000) and US$1,181,000 (2022: US$845,000) respectively. The new mining royalty and SMT are reported as 'Income tax payable' in the Statement of Financial Position. The amount recorded in the income statement was US$4,520,000 (2022: US$4,787,000) of new mining royalty and US$2,307,000 (2022: US$2,658,000) of SMT, both classified as income tax.

Argentina

In accordance with Argentinian legislation, Provinces (being the legal owners of the mineral resources) are entitled to collect royalties from mine operators. For San Jose, the mining royalty applicable to dore and concentrate is 3% of the pit-head value. As at 31 December 2023, the amount payable as mining royalties amounted to US$1,446,000 (2022: US$1,211,000). The amount recorded in the income statement as cost of sales was US$6,499,000 (2022: US$6,307,000).

39 Financial risk management

The Group is exposed to a variety of risks and uncertainties which may have a financial impact on the Group and which also impact the achievement of social, economic and environmental objectives. These risks include strategic, commercial, operational and financial risks and are further categorised into risk areas to facilitate consolidated risk reporting across the Group.

The Group has made significant developments in the management of the Group's risk environment which seeks to identify and, where appropriate, implement the controls to mitigate the impact of the Group's significant risks. This effort is supported by a Risk Committee with the participation of the CEO, the Vice Presidents, and the head of the internal audit function. The Risk Committee is responsible for implementing the Group's policy on risk management and internal control in support of the Company's business objectives, and monitoring the effectiveness of risk management within the organisation.

(a) Commodity price risk

Silver and gold prices have a material impact on the Group's results of operations. Prices are significantly affected by changes in global economic conditions and related industry cycles. Generally, producers of silver and gold are unable to influence prices directly; therefore, the Group's profitability is ensured through the control of its cost base and the efficiency of its operations.

The Group´s policy is generally to remain hedge-free. However, management continuously monitors silver and gold prices and reserves the right to take the necessary action, where appropriate and within Board approved parameters, to mitigate the impact of this risk.

Derivative financial assets – Silver and gold forwards

On 8 February 2021, the Group signed agreements with JP Morgan to hedge the sale of 4,000,000 ounces of silver at US$27.10 per ounce for 2021 and a further 4,000,000 ounces of silver at US$26.86 per ounce for 2022.

On 10 November 2021, the Group signed agreements with JP Morgan to hedge the sale of 3,300,000 ounces of silver at US$25.0 per ounce for 2023.

On 12 April 2023, the Group signed agreements with Citibank to hedge the sale of 27,600 ounces of gold at US$2,100 per ounce for 2024.

On 20 April 2023, the Group signed agreements with JP Morgan to hedge the sale of 29,250 ounces of gold at US$2,047 per ounce for 2023.

On 19 June 2023, the Group signed agreements with Citibank to hedge the sale of 150,000 ounces of gold (50,000 ounces per year) at US$2,117.05, US$2,166.65 and US$2,205.50 per ounce in 2025, 2026 and 2027 respectively.

On 14 December 2023, the Group signed a gold collar agreement with JP Morgan of 99,999.96 ounces of gold at strike put of US$2,000 and strike call of US$2,252 per ounce for 2024.

The gold and silver forwards are being used to hedge exposure to changes in cash flows from gold and silver commodity prices. There is an economic relationship between the hedged item and the hedging instruments due to a common underlying. In accordance with IFRS 9, the derivative instruments are categorised as cash flow hedges at the inception of the hedging relationship and, on an ongoing basis, the Group assesses whether a hedging relationship meets the hedge effectiveness requirements. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the silver and gold forwards is identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the gold and silver forwards against the changes in fair value of the hedged item attributable to the hedged risk. That said, it is observed that the effectiveness tests comply with the requirements of IFRS 9 and that the hedging strategy is highly effective.

The fair values of the gold and silver forwards were calculated using a discounted cash flow model applying a combination of level 1 (USD quoted market commodity prices) and level 2 inputs. The models used to value the commodity forward contracts are standard models that calculate the present value of the fixed-legs (the fixed gold and silver leg) and compare them with the present value of the expected cash flows of the flowing legs (the London metal exchange "LME" gold and silver fixing). In the case of the commodity forward contracts, the models use the LME AU and AG forward curve and the US LIBOR swap curve for discounting.

This approach results in the fair value measurement categorised in its entirety as level 2 in the fair value hierarchy. The fair values of the silver forwards as at 31 December 2023 and 31 December 2022 are as follows:

31 December 2023

	US$000
Current assets	846
Current liabilities	(1,190)
Non-current liabilities	(16,581)
	(16,925)

The effect recorded is as follows:

	US$000
Income statement – revenue	7,846
Income statement – finance income	593
Equity - Unrealised loss on hedges	19,704

31 December 2022

	US$000
Current assets	2,186
Non-current assets	—
	2,186

The effect recorded is as follows:

	US$000
Income statement – revenue	20,428
Equity - Unrealised loss on hedges	16,929

The sensitivity of the fair value of the current hedges outstanding at 31 December 2023 to a reasonable movement in the commodity prices, with all other variables held constant, determined as a +/-10% change in prices -US$48,225,000/ US$49,819,000 effect on OCI.

The Group has price adjustments arising from the sale of concentrate and dore which were provisionally priced at the time the sale was recorded (refer to note 5). The sensitivity of the fair value to an immediate 10% favourable or adverse change in the price of gold and silver (assuming all other variables remain constant), is as follows:

Year	Increase/ decrease in price of ounces of:	Effect on profit before tax US$000
2023	**Gold +/-10%**	**+/-127**
	Silver+/-10%	**+/-45**
2022	Gold +/-10%	+/-165
	Silver+/-10%	+/-138

(b) Foreign currency risk
The Group produces silver and gold which are typically priced in US dollars. A proportion of the Group's costs are incurred in Peruvian nuevos soles, Argentinian pesos, Brazilian reais, sterling pounds, Canadian dollars, Chilean pesos, and Mexican pesos. Accordingly, the Group's financial results may be affected by exchange rate fluctuations between the US dollar and the local currency. The long-term relationship between commodity prices and currencies in the countries in which the Group operates provides a certain degree of natural protection. The Group does not use derivative instruments to manage its foreign currency risks.

The following table demonstrates the sensitivity of financial assets and liabilities, at the reporting date, denominated in their respective currencies, to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

Year	Increase/ decrease in US$/other currencies' rate	Effect on profit before tax US$000	Effect on equity US$000
2023			
Pounds sterling	+/-10%	-/+93	–
Argentinian pesos	+/-10%	-/+2,206	–
Mexican pesos	+/-10%	+/-1,843	–
Peruvian nuevos soles	+/-10%	-/+19,384	–
Reais	+/-10%	-/+21,718	–
Canadian dollars	+/-10%	-/+450	+/-16
Chilean pesos	+/-10%	+/-70	–
2022			
Pounds sterling	+/-10%	-/+155	–
Argentinian pesos	+/-10%	-/+3,775	–
Mexican pesos	+/-10%	+/-1,821	–
Peruvian nuevos soles	+/-10%	-/+15,326	–
Reais	+/-10%	-/+7,230	–
Canadian dollars	+/-10%	-/+461	+/-17
Chilean pesos	+/-10%	+/-763	–

(c) Credit risk

Credit risk arises from debtors' inability to make payment of their obligations to the Group as they become due (without taking into account the fair value of any guarantee or pledged assets). The Group is primarily exposed to credit risk as a result of commercial activities and non-compliance, by counterparties, in transactions in cash which are primarily limited to cash balances deposited in banks and accounts receivable at the statement of financial position date.

Counterparty credit exposure based on commercial activities, including trade and other receivables, embedded derivatives, hedge instruments and cash balances in banks as at 31 December 2023 and 31 December 2022:

Summary commercial partners	As at 31 December 2023 US$000	% collected as at 11 March 2024 US$000	As at 31 December 2022 US$000	% collected as at 19 April 2023 US$000
Trade receivables	29,421	72%	42,364	73%

Other receivables include advances to suppliers and receivables from contractors for the sale of supplies. There is no credit risk on these amounts as the Group can withhold the balances that it owes the suppliers or contractors for their services.

Cash and cash equivalents - Credit rating[1]	As at 31 December 2023 US$000	As at 31 December 2022 US$000
A+	40,759	55,847
A	–	1,066
A-	12,955	2,436
A2	27,205	42,091
AA2	–	8
Aa3	–	8,000
Baa1	–	109
BB-	–	10,505
BBB+	–	60
BBB	–	5,210
BBB-	5,172	4,419

Caa1	–	1
NA	3,035	14,092
Total	**89,126**	143,844

1 Represents the long-term credit rating as at 3 January 2024 (2022: 3 January 2023).

As at 31 December 2023, the credit rating of the counterparty of the gold forward hedges is A- and A+ (31 December 2022 is A-).

To manage the credit risk associated with commercial activities, the Group took the following steps:
- Active use of prepayment/advance clauses in sales contracts.
- Delaying delivery of title and/or requiring advance payments to reduce exposure timeframe (potential delay in sales recognition).
- Maintaining as diversified a portfolio of clients as possible.

To manage credit risk associated with cash balances deposited in banks, the Group took the following steps:
- Increasing banking relationships with large, established and well-capitalised institutions in order to secure access to credit and to diversify credit risk.
- Limiting exposure to financial counterparties according to Board approved limits.
- Investing cash in short-term, highly liquid and low risk instruments (term deposits mainly).
- Increase the utilisation of UK bank accounts.

Receivable balances are monitored on an ongoing basis and the result of the Group's exposure to bad debts is recognised in the consolidated income statement. The maximum exposure is the carrying amount as disclosed in notes 22, 24 and 39(e).

The Group's risk assessment procedures includes customer analysis and reviewing financial counterparties. For further details refer to the Commentary section of the Commercial Counterparty risk in the Risk management and Viability Report.

(d) Equity risk on financial instruments

The Group acquires financial instruments in connection with strategic alliances with third parties. The Group constantly monitors the fair value of these instruments in order to decide whether or not it is convenient to dispose of these investments. The disposal decision is also based on management's intention to continue with the strategic alliance, the tax implications and changes in the share price of the investee.

At 31 December 2023 the sensitivity to reasonable movements in the share price of financial assets at fair value through OCI of +/- 25% with all other variables held constant is +/-US$115,000 (2022: +/-US$127,000) recognised in equity. The sensitivity to reasonable movements in the share price of financial assets at fair value through profit and loss of +/- 25% with all other variables held constant is +/-US$nil (2021: +/-US$254,000) recognised in the consolidated statement of profit and loss.

(e) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2023 and 2022, the Group held the following financial instruments measured at fair value:

	31 December 2023 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Assets and liabilities measured at fair value				
Equity shares (notes 20 and 21)	460	460		
Trade receivables (note 22)	29,421			29,421
Derivative financial assets	846		846	
Derivative financial liabilities	(17,771)		(17,771)	

	31 December 2022 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Assets measured at fair value				
Equity shares (notes 20 and 21)	1,524	1,524		
Trade receivables (note 22)	42,364			42,364
Derivative financial assets	2,186		2,186	

During the period ending 31 December 2023 and 2022, there were no transfers between these levels.

The reconciliation of the financial instruments categorised as level 3 is as follows:

	Trade receivables/ price adjustments US$000

Balance at 1 January 2021	**27,773**
Net change in trade receivables from goods sold	8,063
Changes in fair value of price adjustments (note 5)	(1,323)
Realised price adjustments during the year	7,851
Balance at 31 December 2022	**42,364**
Net change in trade receivables from goods sold	(8,644)
Changes in fair value of price adjustments (note 5)	1,174
Realised price adjustments during the year	(5,473)
Balance at 31 December 2023	**29,421**

The impact of the hedging instrument and hedge item on the statement of financial position is, as follows:

	ounces	Average price US$/ounce	Line item in the statement of financial position	Carrying amount of hedging instrument US$000	Change in fair value of hedging instrument used for measuring ineffectiveness for the period US$000	Change in fair value of hedged item used for measuring ineffectiveness for the period US$000
2023						
Gold forward contracts	277,599.96	From 2,100 to 2,252	Derivative financial assets and liabilities	(16,925)	(11,546)	(11,546)
2022						
Silver forward contracts	3.3 million	25.00	Derivative financial asset	2,186	1,541	1,541

The hedging gain recognised in OCI before tax on silver and gold forward hedges is equal to the change in fair value of the hedged item attributable to the hedged risk used for measuring effectiveness. There is no ineffectiveness recognised in profit or loss.

Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

	Gold forward US$000	Silver forward US$000	Total US$000
Balance at 1 January 2022		13,476	13,476
Reclassification adjustments for items included in the income statement on realisation:			
Transfer to sales (revenue)	–	(20,428)	(20,428)
Revaluation arising on the year	–	3,499	3,499
Movement in deferred tax	–	4,994	4,994
Balance at 31 December 2022	–	1,541	1,541
Reclassification adjustments for items included in the income statement on realisation:			
Transfer to sales (revenue)	(2,522)	(5,324)	(7,846)
Revaluation arising on the year	(14,996)	3,138	(11,858)
Movement in deferred tax	5,972	645	6,617
Balance at 31 December 2023	(11,546)	–	(11,546)

(f) Liquidity risk

Liquidity risk arises from the Group's inability to obtain the funds it requires to comply with its commitments, including the inability to sell a financial asset quickly enough and at a price close to its fair value. Management constantly monitors the Group's level of short- and medium-term liquidity, and their access to credit lines, in order to ensure appropriate financing is available for its operations.

The table below categorises the undiscounted cash flows of Group's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position to the contractual maturity date. Interest cash flows have been calculated using the spot rate at year end.

	Less than 1 year US$000	Between 1 and 2 years US$000	Between 2 and 5 years US$000	Over 5 years US$000	Total US$000
At 31 December 2023					
Trade and other payables	118,702	1,656	–	–	120,358
Derivative financial liabilities	1,190	16,581	–	–	17,771
Borrowings	130,946	138,875	126,303	–	396,124
Total	**250,838**	**157,112**	**126,303**	–	**534,253**
At 31 December 2022					
Trade and other payables	125,192	1,623	–	–	126,815
Borrowings	61,133	116,729	193,885	–	371,747
Total	**186,325**	**118,352**	**193,885**	–	**498,562**

1 The interest rate swap settles the difference between the fixed and floating interest rate on a net basis on a quarterly basis.

(g) Interest rate risk

The Group has financial assets and liabilities which are exposed to interest rate risk. Changes in interest rates primarily impact loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). The Group does not have a formal policy of determining how much of its exposure should be at fixed or at variable rates. However, at the time of taking new loans or borrowings, management applies its judgement to decide whether it believes that a fixed or variable rate borrowing would be more favourable to the Group over the expected period until maturity.

	As at 31 December 2023				
	Within 1 year US$000	Between 1 and 2 years US$000	Between 2 and 5 years US$000	Over 5 years US$000	Total US$000
Fixed rate					
Assets	37,184	–	–	–	37,184
Liabilities	(5,870)	–	–	–	(5,870)
Floating rate					
Liabilities	(106,087)	(120,001)	(114,998)	–	(341,086)

	As at 31 December 2022				
	Within 1 year US$000	Between 1 and 2 years US$000	Between 2 and 5 years US$000	Over 5 years US$000	Total US$000
Fixed rate					
Assets	89,225	–	–	–	89,225
Liabilities	(16,661)	–	–	–	(16,661)
Floating rate					
Liabilities	(27,328)	(100,00)	(175,000)	–	(302,328)

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

The sensitivity to a reasonable movement in the interest rate, with all other variables held constant, of the financial instruments with a floating rate, determined as a +/-20bps change in interest rates has a -/+US$658,000 effect on profit before tax (2022: -/+US$600,000). The Group is exposed to fluctuations in market interest rates.

This assumes that the amount remains unchanged from that in place at 31 December 2023 and 2022 and that the change in interest rates is effective from the beginning of the year. In reality, the floating rate will fluctuate over the year and interest rates will change accordingly.

(h) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. Management considers as part of its capital, the financial sources of funding from shareholders and third parties (notes 28 and 30).

In 2023 the Group received proceeds from borrowings of US$137,413,000 (2022: US$28,911,000) whilst US$111,980,000 (2022: US$11,557,000) was repaid. In 2022 the Group closed a US$200,000,000 medium term committed debt facility with Scotiabank and BBVA and used US$60,000,000 in 2023.

Management also retains the right to fund operations (fully owned and with joint venture partners) with a mix of equity and joint venture partners' debt.

40 Subsequent events

(a) Hedges

In February 2024, the Group hedged 60,000 ounces of 2025 gold production at strike put of $2,000 per ounce and a strike call of $2,485 per ounce to increase cash flow certainty for the repayment of the medium-term facilities.

(b) Loan facility

In February 2024 the Group drew down an additional US$20,000,000 and in March 2024 an additional US$15,000,000, from the US$200,000,000 medium-term debt facility signed in 2022 with the Bank of Nova Scotia and BBVA Securities Inc.

(c) Option to acquire Monte Do Carmo project, Brazil

The Group, through its wholly-owned subsidiary Amarillo Mineração do Brasil Ltda. has entered into an option agreement and certain ancillary agreements with Cerrado Gold Inc. pursuant to which Cerrado has granted Amarillo Mineração the option to acquire a 100% interest in Cerrado's Monte Do Carmo project located in the mining-friendly state of Tocantins, Brazil.

In consideration for entering into the option, Amarillo Mineração has agreed to advance to Cerrado an amount equal to $15 million by way of 10% interest-bearing secured loan and has committed to incur a minimum of $5 million in exploration expenditures at the project during a 12.5-month period ending on 19 March 2025.

At any time during the Option Period, Amarillo Mineração may, at its sole discretion, elect to exercise the option to acquire a 100% interest in the project by deemed repayment of the secured loan, and by making further cash payments to Cerrado totalling $45 million in the aggregate, in multiple instalments over the next three years.

Further details can be found in the separate press release (5 March 2024) on the Company's website at hochschildmining.com.

Profit by operation[1]

(Segment report reconciliation) as at 31 December 2023

Group (US$000)	Inmaculada	San Jose	Pallancata	Consolidation adjustment and others	Total/HOC
Revenue	**396,644**	**242,461**	**54,046**	**565**	**693,716**
Cost of sales (pre consolidation)	(243,903)	(198,253)	(73,069)	7,011	**(508,214)**
Consolidation adjustment	7,065	(173)	119	(7,011)	–
Cost of sales (post consolidation)	**(236,838)**	**(198,426)**	**(72,950)**	–	**(508,214)**
Production cost excluding depreciation	(162,570)	(150,470)	(49,940)	–	**(362,980)**
Depreciation in production cost	(75,810)	(49,324)	(19,678)	–	**(144,812)**
Workers profit sharing	(1,373)	–	(489)	–	**(1,862)**
Other items	(2,211)	(271)	(832)	–	**(3,314)**
Change in inventories	5,126	1,639	(2,011)	–	**4,754**
Gross profit	**152,741**	**44,208**	**(19,023)**	**7,576**	**185,502**
Administrative expenses	–	–	–	(47,192)	**(47,192)**
Exploration expenses	–	–	–	(21,297)	**(21,297)**
Selling expenses	(533)	(13,868)	(461)	–	**(14,862)**
Other income/(expenses)	–	–	–	(26,252)	**(26,252)**
Operating profit before impairment	**152,208**	**30,340**	**(19,484)**	**(87,165)**	**75,899**
Impairment and write-off of non-current assets, net	–	–	–	(83,574)	**(83,574)**
Share of post-tax losses from associate	–	–	–	(9,460)	**(9,460)**
Finance income	–	–	–	7,473	**7,473**
Finance costs	–	–	–	(18,199)	**(18,199)**
Foreign exchange loss	–	–	–	(15,620)	**(15,620)**
Profit/(loss) from operations before income tax	**152,208**	**30,340**	**(19,484)**	**(206,545)**	**(43,481)**
Income tax expense	–	–	–	(16,552)	**(16,552)**
Profit/(loss) for the year from operations	**152,208**	**30,340**	**(19,484)**	**(223,097)**	**(60,033)**

1 On a post-exceptional basis.

RESERVES AND RESOURCES

Ore reserves and mineral resources estimates

Hochschild Mining PLC reports its mineral resources and reserves estimates in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition ("the JORC Code"). This establishes minimum standards, recommendations and guidelines for the public reporting of exploration results and mineral resources and reserves estimates. In doing so it emphasises the importance of principles of transparency, materiality and confidence. The information on ore reserves and mineral resources on pages 89 to 91 were prepared by or under the supervision of Competent Persons (as defined in the JORC Code). Competent Persons are required to have sufficient relevant experience and understanding of the style of mineralisation, types of deposits and mining methods in the area of activity for which they are qualified as a Competent Person under the JORC Code. The Competent Person must sign off their respective estimates of the original mineral resource and ore reserve statements for the various operations and consent to the inclusion of that information in this report, as well as the form and context in which it appears.

Hochschild Mining PLC employs its own Competent Person who has audited all the estimates set out in this report. Hochschild Mining Group companies are subject to a comprehensive programme of audits which aim to provide assurance in respect of ore reserve and mineral resource estimates. These audits are conducted by Competent Persons provided by independent consultants. The frequency and depth of an audit depends on the risks and/or uncertainties associated with that particular ore reserve and mineral resource, the overall value thereof and the time that has lapsed since the previous independent third-party audit.

The JORC Code requires the use of reasonable economic assumptions. These include long-term commodity price forecasts (which, in the Group's case, are prepared by ex-house specialists largely using estimates of future supply and demand and long-term economic outlooks).

Ore reserve estimates are dynamic and are influenced by changing economic conditions, technical issues, environmental regulations and any other relevant new information and therefore these can vary from year-to-year. Mineral resource estimates can also change and tend to be influenced mostly by new information pertaining to the understanding of the deposit and secondly the conversion to ore reserves.

The estimates of ore reserves and mineral resources are shown as at 31 December 2023, unless otherwise stated. Mineral resources that are reported include those mineral resources that have been modified to produce ore reserves. All tonnage and grade information has been rounded to reflect the relative uncertainty in the estimates; there may therefore be small differences. The prices used for the reserves calculation were: Au Price: US$1,650 per ounce and Ag Price: US$22.0 per ounce.

ATTRIBUTABLE METAL RESERVES AS AT 31 DECEMBER 2023

Reserve category	Proved and probable (t)	Ag (g/t)	Au (g/t)	Ag (moz)	Au (koz)	Ag Eq (moz)
OPERATIONS						
Inmaculada						
Proved	1,425,933	177	4.1	8.1	188.0	22.2
Probable	3,304,970	116	2.9	12.4	306.4	35.3
Total	**4,730,903**	**135**	**3.3**	**20.5**	**494.4**	**57.6**
San Jose						
Proved	300,006	283	5.1	2.7	49.0	6.4
Probable	237,883	312	5.7	2.4	43.7	5.7
Total	**537,889**	**296**	**5.4**	**5.1**	**92.7**	**12.1**
Mara Rosa						
Proved	11,791,000	-	1.2	-	455.8	34.2
Probable	12,014,000	-	1.2	-	446.2	33.4
Total	**23,805,000**	-	**1.2**	-	**902.0**	**67.6**
GRAND TOTAL						
Proved	**13,516,939**	**25**	**1.6**	**10.9**	**692.9**	**62.8**
Probable	**15,556,854**	**29**	**1.6**	**14.7**	**796.1**	**74.4**
TOTAL	**29,073,792**	**27**	**1.6**	**25.6**	**1,489.0**	**137.3**

Note: Where reserves are attributable to a joint venture partner, reserve figures reflect the Company's ownership only. Includes discounts for ore loss and dilution.

ATTRIBUTABLE METAL RESOURCES AS AT 31 DECEMBER 2023[1,2]

Resource category	Tonnes (t)	Ag (g/t)	Au (g/t)	Ag Eq (g/t)	Ag (moz)	Au (koz)	Ag Eq (moz)
OPERATIONS							
Inmaculada							
Measured	2,455,000	187	4.45	520	14.7	351.3	41.1
Indicated	5,236,000	132	3.22	374	22.2	542.4	62.9
Total	**7,691,000**	**149**	**3.61**	**421**	**37.0**	**893.7**	**104.0**
Inferred	8,533,000	107	2.78	316	29.3	763.8	86.6
Pallancata							
Measured	1,196,000	306	1.39	410	11.8	53.5	15.8
Indicated	592,000	236	1.10	318	4.5	20.9	6.1
Total	**1,788,000**	**283**	**1.29**	**380**	**16.3**	**74.4**	**21.8**
Inferred	3,372,000	481	1.81	617	52.1	196.7	66.8
San Jose							
Measured	818,040	450	7.52	1,014	11.8	197.7	26.7
Indicated	497,250	360	6.16	822	5.8	98.4	13.1
Total	**1,315,290**	**416**	**7.00**	**941**	**17.6**	**296.1**	**39.8**
Inferred	899,640	329	5.04	707	9.5	145.7	20.5
Mara Rosa							
Measured	13,600,000	-	1.20	90	-	510.0	38.3
Indicated	18,700,000	-	1.10	83	-	640.0	48.0
Total	**32,300,000**	**-**	**1.10**	**83**	**-**	**1,150.0**	**86.3**
Inferred	100,000	-	0.52	39	-	1.7	0.1
GROWTH PROJECTS							
Crespo							
Measured	5,211,000	47	0.47	82	7.9	78.6	13.8
Indicated	17,298,000	38	0.40	68	20.9	222.5	37.6
Total	22,509,000	40	0.42	71	28.8	301.0	51.4
Inferred	775,000	46	0.57	88	1.1	14.2	2.2
Azuca							
Measured	191,000	244	0.77	302	1.5	4.7	1.9
Indicated	6,859,000	187	0.77	244	41.2	168.8	53.8
Total	**7,050,000**	**188**	**0.77**	**246**	**42.7**	**173.5**	**55.7**
Inferred	6,946,000	170	0.89	237	37.9	199.5	52.9
Volcan							
Measured	123,979,000	-	0.700	53	-	2,792.0	209.4
Indicated	339,274,000	-	0.643	48	-	7,013.0	526.0
Total	**463,253,000**	**-**	**0.658**	**49**	**-**	**9,804.0**	**735.3**
Inferred	75,018,000	-	0.516	39	-	1,246.0	93.5
Arcata							
Measured	834,000	438	1.35	539	11.7	36.1	14.4
Indicated	1,304,000	411	1.36	512	17.2	56.9	21.5
Total	**2,138,000**	**421**	**1.35**	**523**	**29.0**	**93.0**	**35.9**
Inferred	3,533,000	371	1.26	465	42.1	142.6	52.8
GRAND TOTAL							
Measured	**148,284,040**	**12**	**0.85**	**76**	**59.5**	**4,023.9**	**361.3**
Indicated	**389,760,250**	**9**	**0.70**	**62**	**111.8**	**8,762.9**	**769.0**
Total	**538,044,290**	**10**	**0.74**	**65**	**171.3**	**12,785.7**	**1,130.2**
Inferred	**99,176,640**	**54**	**0.85**	**118**	**172.1**	**2,710.1**	**375.4**

1 Prices used for resources calculation: Au: $1,800/oz and Ag: $24.0/oz and Ag/Au ratio of 75x.
2 Tables represents 100 % of the Mineral Resource. Resources are inclusive of Reserves.

CHANGE IN ATTRIBUTABLE RESERVES AND RESOURCES

Ag equivalent content (million ounces)	Category	Percentage attributable December 2022	December 2022 Att.[1]	December 2023 Att.[1]	Net difference	% change
Inmaculada	Resource	100%	214.8	190.6	(24.2)	(11.3%)
	Reserve		71.7	57.6	(14.1)	(19.7%)
Pallancata	Resource	100%	94.3	88.7	(5.6)	(5.9%)
	Reserve		3.4	-	(3.4)	(100.0%)
San Jose	Resource	51%	66.7	60.3	(6.4)	(9.6%)
	Reserve		12.6	12.1	(0.6)	(4.5%)
Mara Rosa	Resource	100%	86.4	86.4	-	-
	Reserve		67.6	67.6	-	-
Crespo	Resource	100%	53.6	53.6	-	-
	Reserve		-	-	-	-
Azuca	Resource	100%	108.6	108.6	-	-
	Reserve		-	-	-	-
Volcan	Resource	100%	828.8	828.8	-	-
	Reserve		-	-	-	-
Arcata	Resource	100%	88.7	88.7	-	-
	Reserve		-	-	-	-
Total	**Resource**		**1,541.9**	**1,505.6**	**(36.2)**	**(2.4%)**
	Reserve		**155.4**	**137.3**	**(18.1)**	**(11.6%)**

1 Attributable reserves and resources based on the Group's percentage ownership of its joint venture projects.

SHAREHOLDER INFORMATION

Company website

Hochschild Mining PLC Interim and Annual Reports and results announcements are available via the internet on our website at www.hochschildmining.com. Shareholders can also access the latest information about the Company and press announcements as they are released, together with details of future events and how to obtain further information.

Registrars

The Registrars can be contacted as follows for information about the AGM, shareholdings, and dividends and to report changes in personal details:

BY POST
Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

BY TELEPHONE
If calling from the UK: 0371 664 0300 (calls cost 12p per minute plus your phone company's access charge. Lines are open 9.00am-5.30pm Mon to Fri excluding public holidays in England and Wales).

If calling from overseas: +44 371 664 0300 (Calls charged at the applicable international rate).

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