17 August 2022

Hochschild Mining PLC

Interim Results

Six months ended 30 June 2022

PRODUCTION AND COSTS ON TRACK WITH FULL YEAR GUIDANCE UNCHANGED
STRONG PROGRESS AT KEY GROWTH PROJECTS

Financial Highlights

- Revenue of $347.8 million (H1 2021: $394.8 million)[1]
- Adjusted EBITDA of $130.5 million (H1 2021: $198.5 million)[2]
- Profit before income tax (pre-exceptional) of $15.3 million (H1 2021: $97.8 million)
- Profit before income tax (post-exceptional) of $5.4 million (H1 2021: $83.8 million)
- Basic earnings per share (pre-exceptional) of $0.01 (H1 2021: $0.08)
- Basic loss per share (post-exceptional) of $(0.01) (H1 2021: $0.07)
- Cash and cash equivalent balance of $204.3 million as at 30 June 2022 (31 December 2021: $386.8 million) following completion of the Amarillo acquisition on 1 April
- Net debt of $109.3 million as at 30 June 2022 (31 December 2021: net cash of $86.3 million)
- Interim dividend of 1.95 cents per share totalling $10.0 million (H1 2021: 1.95 cents per share totalling $10.0 million)

Operational Highlights[3]

- All-in sustaining costs (AISC) from operations of $1,371 per gold equivalent ounce (H1 2021: $1,055) or $19.0 per silver equivalent ounce (H1 2021: $14.7)[4], in line with guidance
- H1 2022 attributable production of 166,708 gold equivalent ounces or 12.0 million silver equivalent ounces (H1 2021: 188,509 gold equivalent ounces or 13.6 million silver equivalent ounces)

Project & Exploration Highlights

- Mara Rosa project in Brazil is advancing on schedule - total project progress to date is 9% with a key environmental authorisation announced on 10 August and first production on track for H1 2024
- Drilling commenced at Snip with encouraging results, pre-feasibility study to be completed by end of 2022
- Brownfield programme conducted in the surrounding areas of all three mines
  - Pallancata medium-term drill programme delivering positive results - continuing to test short-term targets
  - Exploration commenced at Ciclon project in Santa Cruz, Argentina

2022 outlook

- On track to deliver overall 2022 production target of 360,000-375,000 gold equivalent ounces or 26.0-27.0 million silver equivalent ounces
- 2022 AISC on track to meet guidance of $1,330 - $1,370 per gold equivalent ounce or $18.5-$19.0 per silver equivalent ounce

ESG highlights

- 2021 Sustainability Report recently published
- Lost Time Injury Frequency Rate of 1.28 (FY 2021: 1.26)[5]
- Accident Severity Index of 72 (FY 2021: 676)[6]
- Water consumption of 175lt/person/day (FY 2021: 193lt/person/day)
- Domestic waste generation of 1.01 kg/person/day (FY 2021: 1.00kg/person/day)
- ECO score of 5.35 out of 6 (FY 2021: 5.29)[7]

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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 on page 14 for a definition of Adjusted EBITDA*
[3] *All equivalent figures calculated using the Company's 2022 average gold/silver ratio of 72:1.*
[4] *All-in sustaining cost per (AISC) silver equivalent ounce: Calculated before exceptional items and includes production cost excluding depreciation, other items and workers profit sharing in cost of sales, administrative expenses (excl. depreciation), brownfield exploration, operating and exploration capex and royalties and special mining tax (presented with income tax) divided by silver or gold equivalent ounces produced, plus commercial deductions and selling expenses divided by silver or gold equivalent ounces sold using a gold/silver ratio of 72:1. Excludes non-recurrent COVID-19 expenses of $2.4 million in H1 2022..*
[5] *Calculated as total number of accidents per million labour hours.*
[6] *Calculated as total number of days lost per million labour hours.*
[7] *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	Six months to 30 June 2022	Six months to 30 June 2021	% change
Attributable silver production (koz)	**5,065**	5,922	(14)
Attributable gold production (koz)	**96**	106	(9)
Revenue	**347,781**	394,750	(12)
Adjusted EBITDA	**130,525**	198,504	(34)
Profit/(loss) from continuing operations (pre-exceptional)	**9,503**	38,065	(75)
Profit/(loss) from continuing operations (post-exceptional)	**(420)**	28,594	(101)
Basic earnings/(loss) per share (pre-exceptional) $	**0.01**	0.08	(88)
Basic earnings/(loss) per share (post-exceptional) $	**(0.01)**	0.07	(114)

A live conference call and audio webcast will be held at 2.00pm (London time) on Wednesday 17 August 2022 for analysts and investors. For a live webcast of the presentation please click on the link below:

https://stream.brrmedia.co.uk/broadcast/62cf10ef287bf548a3b8d1d2

Conference call dial in details:
UK: +44 (0)330 165 4012
UK Toll Free: 0800 279 6877
US/Canada Toll Free: 800-289-0720
Pin: **8806529**

Investor Meets Company presentation
Hochschild will provide a live presentation relating to the Interim Results via the Investor Meet Company platform today at 4.00PM (BST).

The presentation is open to all existing and potential shareholders. Questions can be submitted via the Investor Meet Company platform at any time during the live presentation.

Investors can sign up to Investor Meets Company for free and add to meet Hochschild Mining PLC via the following link. Investors who already follow the Company on the Investor Meet Company platform will automatically be invited.

https://www.investormeetcompany.com/hochschild-mining-plc/register-investor

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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 currently operates three underground epithermal vein mines, two located in southern Peru and one in southern Argentina. Hochschild also owns the Mara Rosa Advanced Project in Brazil as well as numerous long-term projects throughout the Americas

IGNACIO BUSTAMANTE, CHIEF EXECUTIVE OFFICER SAID:

In the first half of 2022, we have once again seen a period of global turmoil which has significantly impacted both commodity markets and the local political and economic environments in which Hochschild operates. The response from our teams has been highly commendable and we remain well positioned to meet all our 2022 priorities. These include delivering on our production and cost targets, investment in our Mara Rosa project in Brazil and meeting our ESG commitments which are focused on the wellbeing of our employees, the environment and the communities in our areas of influence.

Following the Russian invasion of Ukraine in late February, all commodities rose strongly in response to expected supply deficits or as stores of value with gold passing $2,000 per ounce in early March. But since then, with inflation increasing substantially and the resulting steep interest rate rises likely to lead to dollar strength and global recession, we have seen a major pullback in our underlying commodities with gold and silver prices falling substantially from their recent peaks. This volatile market environment has presented challenges for our business but we can look forward to a busy second half with opportunities for value accretive investment in exploration and project development across our portfolio.

ESG

We have made further good progress on our ESG performance in the first-half. On the subject of safety, the implementation of the second iteration of our Safety Culture Transformation Plan, was extended to our new locations in Brazil and Canada whilst, in Peru, we commenced a risk perception training programme focussing on the subject of workplace accidents. I am happy to report that our historically low safety KPIs (as at 30th June) are indicative of the success of this and other safety-related initiatives.

The Company has also had a busy six months with regards to environmental management. As at 30 June, we have achieved an excellent ECO score of 5.35 out of 6 (FY 2022 Target: 5.0), with two of our operations achieving a perfect score to date. In addition, we have made considerable progress on our environmental culture transformation programme. This seeks to embed an environmentally conscious culture across all areas of our business. Meanwhile, we continue to work to achieve a positive impact in the local communities surrounding our operations involving collaboration with full respect for local customs and social dynamics. Our efforts have been focussed on: local employment; procurement of local goods and services; investments in education, connectivity, health and nutrition and socio-economic development; and supporting local governments.

Following the publication of a Global Industry Standard on Tailings Management by the International Council on Mining and Metals last year, we commenced a review of the governance of our Tailings Storage Facilities ("TSFs"). This led to the adoption, by the Board, of a Tailings Management Policy which has initiated several workstreams including the allocation of responsibilities for internal and external oversight of our TSFs. Finally, I am delighted that following the appointment of our first Sustainability Director, we continue to progress with our reporting on overall ESG matters with the recent publication of our 2021 Sustainability Report. Our next key milestone will be the publication of our roadmap to achieving Net Zero by 2050.

Operations

Hochschild's production in the first half was in line with our expectations. This was achieved despite more disruption at San Jose from Covid as well as a fire in the mine's crushing area which temporarily affected operations but did not impact our full-year production forecasts. Attributable production was 166,708 gold equivalent ounces (12.0 million silver equivalent ounces), which was lower than the first half of 2021 due to declining grades at Pallancata, scheduled lower grades at Inmaculada, and the stoppages at San Jose. This was delivered at an all-in sustaining cost ("AISC") of $1,371 per gold equivalent ounce ($19.0 per silver equivalent ounce). Inmaculada had another solid half with production of 111,766 gold equivalent ounces (H1 2021: 117,975 ounces) and AISC in line with expectations at $1,015 per gold equivalent ounce (H1 2021: $890 per ounce). Although costs are in line with guidance, the Company has started a cost optimisation plan to contend with inflationary pressures and commodity price volatility.

Pallancata's current mining area is almost depleted, and grades have been declining for several quarters with the result that the Company has updated the mine plan for 2022 and is considering all geological options with regards to the mine's future. Output reflected the declining grades and was 1.6 million silver equivalent ounces (H1 2021: 2.5 million ounces) with the mine's AISC unsurprisingly higher at $33.1 per silver equivalent ounce (H1 2021: $18.0 per ounce). In Argentina, the above-mentioned Covid and operational issues led to production of 4.7 million silver equivalent ounces in the first half (H1 2021: 5.0 million ounces) and also affected AISC which were at $22.9 per silver equivalent ounce (H1 2021: $16.9 per ounce).

Projects

The Hochschild project pipeline has been transformed in the last year with the purchase of Amarillo Gold in Brazil, which we completed on 1 April, and the commencement of earning-in 60% of Skeena Resource's interest in the Snip Gold project in British Columbia, Canada. Both projects deliver the prospect of near to medium-term growth and are expected to be highly value accretive additions to our portfolio with strong geological upside.

At the Mara Rosa project in the state of Goias in Brazil, we have made strong progress in the second quarter since taking control. We are now at 9% total completion with many long lead-time items already purchased and site preparation well advanced. A key remaining permit has recently been granted which will enable the team to start construction of the processing plant and other site infrastructure. We remain on track for first production at this low-cost project in the first half of 2024 and will provide regular progress updates over the next few quarters.

The first half was also one of solid progress at the Snip project. Work on a pre-feasibility study began and included metallurgical work, processing plant designs and resource model updates. A drill campaign also commenced and has already delivered some encouraging intercepts with assay results expected through to the end of the year when we expect to complete the overall study.

Exploration

Our brownfield exploration programme started in the first half in the surrounding areas of all three of our mines. We have seen a good set of drilling results at Pallancata which, although outside the current permitted area, could represent the medium-term future for the mine. We will also continue to test our short-term targets close to the current mining operations for the remainder of the year. At San Jose, exploration also continued in the area surrounding the mine but in addition we began drilling the Ciclon project which is further away from the San Jose district and is one of a number of greenfield projects we control in the wider Santa Cruz province. Finally, at Inmaculada, we have decided to slow the brownfield exploration programme given that the resources added in the last few years have taken the mine-life to well over ten years and it is currently a strategic priority to allocate cash for capital expenditure requirements at our Mara Rosa advanced project.

Financial results

Both silver and gold production were lower, as guided, versus H1 2021 and consequently, when combined with a 10% fall in the average silver price achieved (partially offset by a 6% rise in the average gold price achieved), revenue decreased by 12% to $347.8 million (H1 2021: $394.8 million). AISC was $1,371 per gold equivalent ounce (H1 2021: $1,055 per ounce) with the rise reflecting the scheduled decreased production at Inmaculada and Pallancata, and the stoppages at San Jose. Adjusted EBITDA of $130.5 million (H1 2021: $198.5 million) mostly reflects the decreased production levels and increased costs whilst pre-exceptional earnings per share were $0.01 (H1 2021: $0.08 per share). Post-exceptional earnings per share were also lower at ($0.01) (H1 2021: $0.07), and include an impairment of $9.9 million in the investment in Aclara Resources Inc.

Financial position

Our balance sheet remains in a good position to fund our future capital requirements following the completion of the Amarillo Gold acquisition on 1 April 2022 ($123.4 million), with cash and cash equivalents of $204.3 million at the end of June (31 December 2021: $386.8 million) and net debt of $109.3 million (31 December 2021: net cash $86.3 million).

Outlook

Political, social and economic risks in Latin America as a whole remain elevated. Consequently, we are closely monitoring any new legislative, regulatory and local initiatives which could impact our exploration and operational activities. Nonetheless, we look forward to the second half which will feature further investment in our exciting Mara Rosa project as well as a pre-feasibility study at the Snip project. In addition, in Peru we can expect the completion of the modified Environmental Impact Study for Inmaculada and further brownfield exploration at Pallancata which aims to secure the medium-term future of the mine whilst we assess the short-term geological viability of the current mining area.

In such a complex world, our strategic direction remains firm, and we are sticking to our purpose – responsible and innovative mining committed to a better world. I am grateful to all our stakeholders for their continued support. The past year has shown our ability to operate through challenging times and we are confident that Hochschild has the experience and expertise to deliver on our ambitious strategic initiatives going forward. The Board is pleased to declare an interim dividend of 1.95 cents per share ($10.0 million).

OPERATING REVIEW

OPERATIONS

Note: All 2022 and 2021 silver/gold equivalent production figures assume a gold/silver ratio of 72:1.

Production

In H1 2022, Hochschild delivered attributable production of 166,708 gold equivalent ounces or 12.0 million silver equivalent ounces (on an attributable basis) with the decrease versus the same period of 2021 resulting from planned lower production at Inmaculada and Pallancata, as well as the impact of stoppages at San Jose in the first quarter.

Total group production

	Six months to 30 June 2022	Six months to 30 June 2021
Silver production (koz)	6,105	7,021
Gold production (koz)	113.94	125.07
Total silver equivalent (koz)	14,309	16,027
Total gold equivalent (koz)	198.74	222.59
Silver sold (koz)	6,045	7,005
Gold sold (koz)	112.70	124.32

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

Attributable group production

	Six months to 30 June 2022	Six months to 30 June 2021
Silver production (koz)	5,065	5,922
Gold production (koz)	96.36	106.26
Silver equivalent (koz)	12,003	13,573
Gold equivalent (koz)	166.71	188.51

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

The Company remains on track to meet its overall attributable production target for 2022 of 360,000-375,000 gold equivalent ounces or 26.0-27.0 million silver equivalent ounces. Grades at Inmaculada are expected to rise in the second half of the year, although this will be offset by Pallancata's lower-than-budgeted grades throughout 2022 and therefore the Company has modified the full year production split as follows:

Revised attributable 2022 Production forecast split

Operation	Oz Au Eq	Moz Ag Eq
Inmaculada	233,000-239,000	16.8-17.2
Pallancata	47,000-51,000	3.4-3.6
San Jose	80,000-85,000	5.8-6.2
Total	**360,000-375,000**	**26.0-27.0**

Costs

AISC from operations in H1 2022 was $1,371 per gold equivalent ounce or $19.0 per silver equivalent ounce (H1 2021: $1,055 per gold equivalent ounce or $14.7 per silver equivalent ounce), higher than H1 2021 mainly due to lower average grades and higher costs and capex. In light of the revised 2022 production split detailed above, the following is a revised AISC split by operation:

Revised 2022 AISC forecast split

Operation	$/oz Au Eq	$/oz Ag Eq
Inmaculada	1,070-1,100	14.8-15.3
Pallancata	2,130-2,170	29.6-30.1
San Jose	1,500-1,540	20.8-21.4
Total from operations	**1,330-1,370**	**18.5-19.0**

Inmaculada

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

Inmaculada summary	Six months to 30 June 2022	Six months to 30 June 2021	% change
Ore production (tonnes)	657,202	672,137	(2)
Average silver grade (g/t)	145	160	(9)
Average gold grade (g/t)	3.61	3.92	(8)
Silver produced (koz)	2,815	2,777	1
Gold produced (koz)	72.67	79.40	(8)
Silver equivalent produced (koz)	8,047	8,494	(5)
Gold equivalent produced (koz)	111.77	117.98	(5)
Silver sold (koz)	2,805	2,769	1
Gold sold (koz)	72.72	79.49	(9)
Unit cost ($/t)	111.8	93.6	19
Total cash cost ($/oz Au co-product)	679	547	24
All-in sustaining cost ($/oz Au Eq)	1,015	890	14

Production
In the first half of 2022, Inmaculada produced 111,766 gold equivalent ounces (H1 2021: 117,975 ounces). As expected, grades were lower than H1 2021 although this was partially offset by higher recoveries. Overall, H1 2022 production was better than expected.

The Company is currently in the final stages of the permitting process of Inmaculada's modified Environmental Impact Study with completion expected during H2.

Costs
AISC was $1,015 per gold equivalent ounce (H1 2021: $890 per ounce). The increase is mainly explained by industry inflation affecting fuel, reagents, and supplies. In addition, there was a lower proportion of mechanised mining. Finally, the comparison was affected by capital expenditure deferrals in H1 2021, mainly mine development.

Pallancata

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

Pallancata summary	Six months to 30 June 2022	Six months to 30 June 2021	% change
Ore production (tonnes)	259,058	289,002	(10)
Average silver grade (g/t)	159	237	(33)
Average gold grade (g/t)	0.72	0.86	(16)
Silver produced (koz)	1,167	2,000	(42)
Gold produced (koz)	5.39	7.28	(26)
Silver equivalent produced (koz)	1,556	2,525	(38)
Gold equivalent produced (koz)	21.60	35.06	(38)
Silver sold (koz)	1,160	2,000	(42)
Gold sold (koz)	5.36	7.29	(26)
Unit cost ($/t)	137.4	106.0	30
Total cash cost ($/oz Ag co-product)	24.0	15.6	54
All-in sustaining cost ($/oz Ag Eq)	33.1	18.0	84

Production
In H1 2022, Pallancata produced 1.6 million silver equivalent ounces (H1 2021: 2.5 million ounces). Grades have been lower than expected throughout the first half and consequently, with the rapid fall in the silver price in the period, the Company has updated the mine plan for 2022 and is considering all geological options with regards to future ore production from the Pallancata mining area.

Costs
AISC was $33.1 per silver equivalent ounce (H1 2021: $18.0 per ounce). Costs were increased versus H1 2021 mainly due to lower grades, inflation, and a higher proportion of conventional mining resulting in higher personnel expenses.

San Jose

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

San Jose summary	Six months to 30 June 2022	Six months to 30 June 2021	% change
Ore production (tonnes)	**205,359**	246,194	(17)
Average silver grade (g/t)	**365**	321	14
Average gold grade (g/t)	**6.19**	5.45	14
Silver produced (koz)	**2,123**	2,244	(5)
Gold produced (koz)	**35.88**	38.40	(7)
Silver equivalent produced (koz)	**4,706**	5,008	(6)
Gold equivalent produced (koz)	**65.37**	69.56	(6)
Silver sold (koz)	**2,080**	2,236	(7)
Gold sold (koz)	**34.62**	37.54	(8)
Unit cost ($/t)	**309.6**	208.6	48
Total cash cost ($/oz Ag co-product)	**13.6**	12.6	8
All-in sustaining cost ($/oz Au Eq)	**1,649**	1,214	36

Production
The first half at San Jose in Argentina is traditionally a shorter operational period due to the scheduled hourly workers' holiday which was taken during January this year. However, in the first quarter the operation also continued to be impacted by Covid-related employee absences and also by a fire in the crushing area, which temporarily affected operations but without any impact on full year production forecasts or costs (which are expected to be covered by insurance). Tonnage was consequently lower than expected although gold grades were higher than forecast resulting in production of 4.7 million silver equivalent ounces (H1 2021: 5.0 million ounces).

Costs
AISC was $1,649 per gold equivalent ounce (H1 2021: $1,214 per ounce), higher versus H1 2021 due to inflation affecting production costs, higher mine development capital expenditure and lower production. This was partially offset by local currency devaluation. The company has started a cost optimisation plan to mitigate inflationary pressures and commodity price volatility.

ADVANCED PROJECT: MARA ROSA

On 22 March 2022, the Company announced that it had received shareholder approval for the acquisition of Amarillo Gold Inc. in Brazil with completion occurring on 1 April 2022.

The Mara Rosa project is progressing according to schedule with the following key highlights:

- Total project progress currently 9%
- Detailed engineering 80% complete
- Long lead time equipment (e.g. ball mills and filters) purchased
- Metso 3-stage crusher being delivered to site
- Construction earthworks ongoing (B1 Water Reservoir, waste storage facilities)
- Mining pre-stripping contracts progressing
- Project powerline construction ongoing

On 10 August, the Company announced that the Goiás state's environmental authority, the State Secretariat for the Environment and Sustainable Development (SEMAD), had granted the key permit to enable the Company to start construction of the processing plant. It also allows all the required site infrastructure for progressing the project's critical paths. Capital expenditure for 2022 has been revised from $120 million to a range of between $90 million and $110 million.

DEVELOPMENT PROJECT: SNIP

Exploration recommenced during the first quarter of 2022, with approximately 2,500m drilled from underground. Work also began this half on the Pre-Feasibility Study, which was awarded to Ausenco Engineering Canada. This included metallurgical test work, an evaluation of ARD potential in waste samples, and a flowsheet trade-off study which were all completed. Processing plant designs and an updated resources model are expected to conclude in Q3. The full study remains on track for completion at the end of the year. In addition, a new 2-year Environmental Baseline program was approved and data collection began.

A Communications and Engagement Agreement with the Tahltan Central Government was signed at the beginning of the year with constructive discussions between the two parties continuing.

The Company issued an updated mineral resource estimate on 1 March 2022. Indicated mineral resources more than tripled to 840,000 ounces and inferred resources almost doubled to 723,000 ounces (compared to the previous 2020 estimate) as a result of approximately 28,000m of drilling and the application of Hochschild's standard approach to resource evaluation.

Assays were received from Skeena Resources for 34 drill holes drilled in 2021, with potential resource additions from the following intercepts:

Hole	From (m)	To (m)	Length (m)	Au (g/t)
S21-125	46.7	48.8	2.1	14.5
S21-126	25.0	27.0	2.0	41.4
S21-135	155.5	158.0	2.5	15.6
S21-142	13.5	14.8	1.3	24.2
S21-142	19.7	21.8	2.1	12.2
S21-151	25.4	26.6	1.2	12.5

Possible new veins were identified with the following results:

Hole	From (m)	To (m)	Length (m)	Au (g/t)
S21-125	65.8	66.9	1.1	56.3
S21-137	446.0	447.1	1.1	13.5
S21-139	249.0	252.0	3.0	48.8
S21-139	217.4	218.0	0.6	48.9
S21-155	201.5	204.0	2.5	15.1

During the second quarter, approximately 7,300m was drilled by Hochschild from underground, with all "twin" holes completed by the end of the quarter. Work in the third quarter will be focused on finishing the "infill" and "potential" holes in the programme and logging the resultant core. Assay results are expected through to the end of the year.

Assay results were received during the period, with the following highlights:

Vein	Results (Twin hole)
215	UG22-297: 2.3m @ 9.5g/t Au & 11g/t Ag
215	UG22-289: 8.0m @ 20.2g/t Au & 10g/t Ag
221	UG22-291: 3.8m @ 11.8g/t Au & 13g/t Ag
226	UG22-289: 8.7m @ 5.8g/t Au & 6g/t Ag
233	UG22-297: 4.6m @ 35.0g/t Au & 11g/t Ag
246	UG22-293: 2.3m @ 18.8g/t Au & 8g/t Ag

The Company has increased the 2022 budget from $9 million to $19 million with the increase mostly reflecting the addition of work on the baseline study.

DEVELOPMENT PROJECT: VOLCAN

In early 2022, the Company restructured its 100% ownership of the Volcan project in Chile under a newly-established Canadian company, Tiernan Gold Corp. The Company is currently evaluating strategic alternatives for Tiernan.

During the half, work continued to advance the Volcan project. This included updating the Mineral Resource Estimate as well as developing an optimised mine and project development plan. During the third quarter, the Company expects to advance several trade-off studies aimed at creating additional project value. The results of the engineering work are expected to be outlined in a new technical report for Volcan.

BROWNFIELD EXPLORATION

Inmaculada
In the first half, most of the drilling at Inmaculada was in the second quarter with potential drilling at the Huarmapata area and resource drilling in the Josefa vein and the Union Shakira vein. Drilling totalled 4,200m with the best result below from the Josefa vein:

Vein	Results (potential/resource drilling)
Josefa	IMM22-139: 2.8m @ 1.9g/t Au & 43g/t Ag

During Q3, the plan is to carry out 6,000m of further drilling in the Josefa vein.

Pallancata

At Pallancata, the year started with 3,139m of potential drilling in the Ranichico, Pallancata and Pablo zones and also 6,135m of resource drilling in the Laura-Demian and Miriam structures, with drilling intercepting quartz sulphide veins and grades of 250-300 silver equivalent grammes per tonne.

Subsequently, 12,500m of resource drilling was executed in the second quarter at Laura-Demian, Royropata and Miriam. Whilst the results are encouraging, the structures are outside the current permitted area and will require new permits before they can be brought into the mine plan. Quartz-sulfide veins were intercepted with grades of between 250 and 1,600 silver equivalent grams per tonne. Selected results from H1 are below:

Vein	Results (potential/resource drilling)
Miriam	DHLMIR-A13: 1.8m @ 1.5g/t Au & 261g/t Ag DHLMIR-A14: 0.8m @ 1.9g/t Au & 371g/t Ag DHMIR-A16: 1.3m @ 1.0g/t Au & 155g/t Ag
Rina	DHLRI-A187: 0.8m @ 11.6g/t Au & 47g/t Ag
Virgen de Carmen	DHLRI-A187: 2.0m @ 1.6g/t Au & 303g/t Ag
Demian	DLDE-A02: 2.5m @ 0.9g/t Au & 303g/t Ag DLDE-A03: 3.8m @ 0.8g/t Au & 184g/t Ag DLRY-A08: 1.1m @ 4.1g/t Au & 820g/t Ag
Laura	DLDE-A04: 6.1m @ 0.8g/t Au & 251g/t Ag DLLAU-A08: 1.3m @ 0.5g/t Au & 274g/t Ag DLLAU-A09: 0.9m @ 4.7g/t Au & 286g/t Ag DLLAU-A11: 1.9m @ 0.9g/t Au & 298g/t Ag
Royropata	DLDE-A06: 4.2m @ 0.6g/t Au & 224g/t Ag DLRY-A08: 1.5m @ 1.1g/t Au & 345g/t Ag
Royropata 2	DLDE-A06: 1.3m @ 3.0g/t Au & 1,039g/t Ag DLRY-A08: 3.0m @ 1.8g/t Au & 596g/t Ag
Royropata 4	DLDE-A06: 17.8m @ 1.2g/t Au & 384g/t Ag DLRY-A08: 5.1m @ 2.3g/t Au & 647g/t Ag
Royropata 5	DLDE-A06: 2.3m @ 3.0g/t Au & 1,446g/t Ag

During Q3, there will be 2,000m of further drilling in the vein structures in the Royropata system.

San Jose

In H1 2022, 5,600 of potential drilling was executed around the mine area and in the Saavedra area and also 2,000m of resource drilling in the Olivia and Celina veins, as well starting to explore the Ciclon project (700m of drilling) further away in the Santa Cruz province. Selected results from H1 are below:

Vein	Results (potential/resource drilling)
Celina	SJD-2451: 1.5m @ 6.0g/t Au & 236g/t Ag SJD-2453: 1.2m @ 8.3g/t Au & 561g/t Ag
Celina Piso	SJD-2453: 1.1m @ 2.8g/t Au & 546g/t Ag
Jimena	SJD-2463: 5.2m @ 1.6g/t Au & 47g/t Ag SJD-2465: 2.4m @ 2.8g/t Au & 48g/t Ag
Agostina	SJD-2468: 4.1m @ 7.5g/t Au & 84g/t Ag SJD-2469: 5.4m @ 3.3g/t Au & 29g/t Ag SJD-2471: 1.9m @ 1.6g/t Au & 68g/t Ag
Ayelen SE	SJM-594: 1.5m @ 6.9g/t Au & 648g/t Ag
Ciclon	DCE22-02: 2.9m @ 1.0g/t Au & 615g/t Ag

During Q3, 2,000m of potential drilling will be carried out on the Ayelen SE to find new resources.

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, 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 to facilitate comparison with prior periods.

Revenue

Gross revenue[8]

Gross revenue from continuing operations decreased by 12% to $354.7 million in H1 2022 (H1 2021: $404.4 million) due to the lower average realised silver prices, and lower silver and gold production. Output was mainly impacted by lower grades in Pallancata, and lower treated tonnage in San Jose due to Covid-related employee absences and a fire in the crushing area which temporarily affected operations. These were partially offset by a higher average realised gold price.

In February 2021, the Company hedged 4 million ounces of 2021 silver production at $27.10 per ounce and 4 million ounces of 2022 silver production at $26.86 per ounce. As of June 2022, 2.00 million silver ounces (H1 2021: 1.82 million) were priced at $26.86 (H1 2021: $27.10) per ounce, boosting the realised price.

Gold

Gross revenue from gold in H1 2022 decreased to $211.3 million (H1 2021: $220.3 million) due to lower gold produced across all operations. This was partially offset by a 6% increase in the average realised gold price.

Silver

Gross revenue decreased in H1 2022 to $143.4 million (H1 2021: $184.1 million) mainly due to a 10% decrease in the average realised silver price and lower silver production at Pallancata due to lower tonnage treated and grades.

Gross average realised sales prices

The following table provides figures for average realised prices (before the deduction of commercial discounts) and ounces sold for H1 2022 and H1 2021:

Average realised prices	Six months to 30 June 2022	Six months to 30 June 2021
Gold ounces sold (koz)	112.70	124.32
Avg. realised gold price ($/oz)	1,875	1,772
Silver ounces sold (koz)	6,045	7,005
Avg. realised silver price ($/oz)	23.7	26.3

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 H1 2022, the Group recorded commercial discounts of $7.2 million (H1 2021: $9.8 million) with the fall explained by the decrease in production. The ratio of commercial discounts to gross revenue in H1 2022 was 2.0% (H1 2021: 2.4%).

Net revenue

Net revenue was $347.8 million (H1 2021: $394.8 million), comprising net gold revenue of $208.7 million (H1 2021: $217.3 million) and net silver revenue of $138.8 million (H1 2021: $177.3 million). In H1 2022, gold accounted for 60% and silver for 40% of the Company's consolidated net revenue (H1 2021: gold 55% and silver 45%).

Reconciliation of gross revenue by mine to Group net revenue

$000	Six months to 30 June 2022	Six months to 30 June 2021	% change
Gold revenue			
Inmaculada	135,893	142,512	(5)
Pallancata	10,084	12,562	(20)
San Jose	65,343	65,190	0
Commercial discounts	(2,655)	(2,959)	(10)
Net gold revenue	208,665	217,305	(4)
Silver revenue			
Inmaculada	68,303	72,586	(6)
Pallancata	28,920	53,175	(46)
San Jose	46,154	58,386	(21)
Commercial discounts	(4,561)	(6,890)	(34)
Net silver revenue	138,816	177,257	(22)
Other revenue	300	188	60
Net revenue	347,781	394,750	(12)

[8] *Includes revenue from services*

Costs

Total cost of sales before exceptional items was $240.5 million in H1 2022 (H1 2021: $223.2 million). The direct production cost excluding depreciation was higher at $174.0 million (H1 2021: $139.9 million) mainly due to inflation, higher mine development capex and the use of a higher proportion of conventional mining methods. Depreciation in production cost decreased to $68.8 million (H1 2021: $73.8 million) due to lower extracted volumes across all operations. Fixed costs incurred during total or partial production stoppages were incurred in Argentina and were $3.9 million in H1 2022 (H1 2021: $6.2 million).

$000	Six months to 30 June 2022	Six months to 30 June 2021	% change
Direct production cost excluding depreciation	174,001	139,939	24
Depreciation in production cost	68,801	73,815	(7)
Other items and workers profit sharing	2,046	2,944	(31)
Fixed costs during operational stoppages and reduced capacity	3,870	6,196	(38)
Change in inventories	(8,202)	261	(3,243)
Cost of sales	240,516	223,155	8

Fixed costs during operational stoppages and reduced capacity:

$000	Six months to 30 June 2022	Six months to 30 June 2021	% change
Personnel	2,292	5,293	(57)
Third party services	1,495	826	81
Supplies	5	-	100
Depreciation and amortisation	2	-	100
Others	76	77	(1)
Cost of sales	3,870	6,196	(38)

Unit cost per tonne

The Company reported unit cost per tonne at its operations of $156.6 per tonne in H1 2022, a 31% increase versus H1 2021 ($119.5 per tonne). This was due to the effect of: higher costs resulting from a scheduled higher proportion of conventional mining methods across all mining units; inflation; and lower treated tonnage.

Unit cost per tonne by operation (including royalties)[9]:

Operating unit ($/tonne)	Six months to 30 June 2022	Six months to 30 June 2021	% change
Peru	119.4	97.4	23
Inmaculada	111.8	93.6	19
Pallancata	137.4	106.0	30
Argentina			
San Jose	309.6	208.6	48
Total	156.6	119.5	31

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[10]

Six months to 30 June 2022

$000 unless otherwise indicated	Inmaculada	Pallancata	San Jose	Total
Group cash cost	74,152	37,802	70,021	181,975
(+) Cost of sales[11]	112,680	43,848	77,710	234,238
(-) Depreciation and amortisation in cost of sales	(40,193)	(8,754)	(18,786)	(67,733)
(+) Selling expenses	322	242	6,163	6,727
(+) Commercial deductions[12]	1,343	2,466	4,934	8,743
Gold	*1,007*	*490*	*2,272*	*3,769*
Silver	*336*	*1,976*	*2,662*	*4,974*
Revenue	204,196	36,538	106,747	347,781
Gold	135,893	9,594	63,178	208,665
Silver	68,303	26,944	43,569	138,816
Others	-	-	-	300
Ounces sold				
Gold	72.7	5.4	34.6	112.7
Silver	2,805	1,160	2,080	6,045

[9]Unit cost per tonne is calculated by dividing mine and treatment production costs (excluding depreciation) by extracted and treated tonnage respectively
[10]Cash costs are calculated to include cost of sales, commercial discounts and selling expenses items less depreciation included in cost of sales
[11]Does not include non-recurrent COVID-19 expenses of $2.4 million, unallocated fixed costs accumulated during operation below planned operating capacity and excess absenteeism in Argentina due to the Covid-19 pandemic of $2.0 million, and unallocated fixed cost accumulated during operations below planning operating capacity due to the fire in San Jose of $1.7 million
[12]Includes commercial discounts (from the sales of concentrate) and commercial discounts from the sale of dore

Group cash cost ($/oz)				
Co product Au	679	1,853	1,197	970
Co product Ag	8.8	24.0	13.7	12.0
By product Au	76	1,658	687	395
By product Ag	(22.4)	23.9	2.2	(5)

Six months to 30 June 2021

$000 unless otherwise indicated	Inmaculada	Pallancata	San Jose	Total
Group cash cost	**65,645**	**38,643**	**60,446**	**164,734**
(+) Cost of sales[13]	102,416	44,318	70,225	**216,959**
(-) Depreciation and amortisation in cost of sales	(38,591)	(9,912)	(22,376)	**(70,879)**
(+) Selling expenses	328	272	6,534	**7,134**
(+) Commercial deductions[14]	1,492	3,965	6,063	**11,520**
Gold	*997*	*523*	*2,535*	***4,055***
Silver	*495*	*3,442*	*3,528*	***7,465***
Revenue	**215,098**	**61,772**	**117,692**	**394,750**
Gold	142,512	12,039	62,754	**217,305**
Silver	72,586	49,733	54,938	**177,257**
Others	-	-	-	**188**
Ounces sold				
Gold	79.5	7.3	37.5	**124.3**
Silver	2,769	2,000	2,236	**7,005**
Group cash cost ($/oz)				
Co product Au	547	1,034	859	**730**
Co product Ag	8.0	15.6	12.6	**10.6**
By product Au	(94)	(1,994)	53	**(161)**
By product Ag	(28.1)	13.0	(2.2)	**(8.1)**

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[15]

All-in sustaining cash costs per silver equivalent ounce

Six months to 30 June 2022

$000 unless otherwise indicated	Inmaculada	Pallancata	San José	Main operations	Corporate & others	Total
(+) Direct production cost excluding depreciation[16]	70,771	35,108	65,704	171,583	-	171,583
(+) Other items and workers profit sharing in cost of sales	1,095	951	-	2,046	-	2,046
(+) Operating and exploration capex for units	34,013	8,236	23,324	65,573	356	65,929
(+) Brownfield exploration expenses	1,618	3,713	4,324	9,655	1,794	11,449
(+) Administrative expenses (excl. depreciation)	2,151	385	3,012	5,548	18,502	24,050
(+) Royalties and special mining tax[17]	2,099	376	-	2,475	1,533	4,008
Sub-total	**111,747**	**48,769**	**96,364**	**256,880**	**22,185**	**279,065**
Au ounces produced	72,666	5,393	35,883	113,942	-	113,942
Ag ounces produced (000s)	2,815	1,167	2,123	6,105	-	6,105
Ounces produced (Ag Eq 000s oz)	8,047	1,556	4,706	14,309	-	14,309
Sub-total ($/oz Ag Eq)	**13.9**	**31.4**	**20.5**	**18.0**	1.6	**19.6**
(+) Commercial deductions	1,343	2,466	4,934	8,743	-	8,743
(+) Selling expenses	322	242	6,163	6,727	-	6,727
Sub-total	**1,665**	**2,708**	**11,097**	**15,470**	-	**15,470**
Au ounces sold	72,718	5,357	34,622	112,697	-	112,697
Ag ounces sold (000s)	2,805	1,160	2,080	6,045	-	6,045
Ounces sold (Ag Eq 000s oz)	8,040	1,546	4,573	14,159	-	14,159
Sub-total ($/oz Ag Eq)	**0.2**	**1.8**	**2.4**	**1.0**	-	**1.0**
All-in sustaining costs ($/oz Ag Eq)	**14.1**	**33.1**	**22.9**	**19.0**	**1.6**	**20.6**
All-in sustaining costs ($/oz Au Eq)[18]	**1,015**	**2,383**	**1,649**	**1,371**	**112**	**1,483**

[13] Does not include fixed costs during operational stoppages and reduced capacity of $6.2 million
[14] Includes commercial discounts (from the sales of concentrate) and commercial discounts from the sale of dore
[15] Calculated using a gold/silver ratio of 72:1.
[16] Excludes non-recurrent COVID expenses of $2.4 million
[17] Royalties arising from revised royalty tax schemes introduced in 2011 and included in income tax line
[18] Calculated using a gold silver ratio of 72:1

Six months to 30 June 2021

$000 unless otherwise indicated	Inmaculada	Pallancata	San Jose	Main operations	Corporate & others	Total
(+) Direct production cost excluding depreciation	62,571	30,338	47,030	139,939	-	139,939
(+) Other items and workers profit sharing in cost of sales	1,585	1,359	-	2,944	-	2,944
(+) Operating and exploration capex for units[19]	32,834	5,970	17,149	55,953	498	56,451
(+) Brownfield exploration expenses	726	1,957	4,701	7,384	1,639	9,023
(+) Administrative expenses (excl. depreciation)[20]	2,726	783	2,786	6,295	16,803	23,098
(+) Royalties and special mining tax[21]	2,725	782	-	3,507	3,518	7,025
Sub-total	**103,167**	**41,189**	**71,666**	**216,022**	**22,458**	**238,480**
Au ounces produced	79,402	7,277	38,396	125,075	-	125,075
Ag ounces produced (000s)	2,777	2,000	2,244	7,021	-	7,021
Ounces produced (Ag Eq 000s oz)	8,494	2,525	5,008	16,027	-	16,027
Sub-total ($/oz Ag Eq)	**12.1**	**16.3**	**14.3**	**13.5**	**1.4**	**14.9**
(+) Commercial deductions	1,492	3,965	6,063	11,520	-	11,520
(+) Selling expenses	328	272	6,534	7,134	-	7,134
Sub-total	**1,820**	**4,237**	**12,597**	**18,654**	**-**	**18,654**
Au ounces sold	79,491	7,286	37,540	124,317	-	124,317
Ag ounces sold (000s)	2,769	2,000	2,236	7,005	-	7,005
Ounces sold (Ag Eq 000s oz)	8,493	2,524	4,938	15,955	-	15,955
Sub-total ($/oz Ag Eq)	**0.2**	**1.7**	**2.6**	**1.2**	**-**	**1.2**
All-in sustaining costs ($/oz Ag Eq)	**12.3**	**18.0**	**16.9**	**14.7**	**1.4**	**16.1**
All-in sustaining costs ($/oz Au Eq)	**890**	**1,296**	**1,214**	**1,055**	**101**	**1,156**

Administrative expenses

Administrative expenses were slightly up by 4% to $24.9 million (H1 2021: $24.0 million) mainly due to travel expenses and administrative expenses related to Mara Rosa's operations.

Exploration expenses

In H1 2022, exploration expenses increased to $23.8 million (H1 2021: $17.4 million) mainly due to the Snip project's exploration expenses of $6.9 million (H1 2021: Nil), and higher exploration expenses at Pallancata of $3.7 million (H1 2021: $2.0 million).

In addition, the Group capitalises part of its brownfield exploration, which mostly relates to costs incurred converting potential resources to the Inferred or Measured and Indicated categories. In H1 2022, the Company capitalised $0.2 million relating to brownfield exploration (H1 2021: $4.0 million), bringing the total investment in exploration for H1 2022 to $24.0 million (H1 2021: $21.4 million).

Selling expenses

Selling expenses decreased to $6.7 million (H1 2021: $7.1 million) mainly due to lower volumes sold.

Other income/expenses

Other income was $2.6 million (H1 2021: $1.9 million) with the increase mainly explained by the recovery of a previously written off receivable in Mara Rosa of $0.5 million.

Other expenses before exceptional items were $22.9 million (H1 2021: $13.8 million) with the increase mainly due to: a rise in provisions for mine closures of $10.8 million - mainly due to the change in estimate at the Ares unit (H1 2021: $1.5 million); an increase in care and maintenance costs of $4.2 million (H1 2021: $2.4 million); and higher labour contingencies in Argentina of $1.7 million (H1 2021: $0.2 million). These effects were partially offset by a decrease in expenses related to the voluntary redundancy programme in Argentina of $1.0 million (H1 2021: $4.9 million).

Adjusted EBITDA

Adjusted EBITDA decreased by 34% to $130.5 million (H1 2021: $198.5 million) mainly due to the decrease in revenue explained by the lower average realised silver price and lower silver and gold production in addition to higher production costs across all operations.

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.

$000 unless otherwise indicated	Six months to 30 June 2022	Six months to 30 June 2021	% change
Profit from continuing operations before exceptional items, net finance income/(cost), foreign exchange loss and income tax	**29,413**	110,771	(72)
Depreciation and amortisation in cost of sales	**67,735**	70,879	(4)
Depreciation and amortisation in administrative and other expenses	**915**	990	(8)

[19] Operating capex from San Jose does not include capitalised depreciation and amortisation resulting from mine equipment utilised for mine developments
[20] Administrative expenses does not include expenses from the Biolantanidos project ($19,000)
[21] Royalties arising from revised royalty tax schemes introduced in 2011 and included in income tax line

Exploration expenses	**23,826**	17,436	37
Personnel and other exploration related fixed expenses	**(4,227)**	(3,409)	24
Other non-cash income, net [22]	**12,863**	1,837	505
Adjusted EBITDA	**130,525**	198,504	(34)
Adjusted EBITDA margin	***38%***	*50%*	*(24)*

Finance income

Finance income was $2.2 million (H1 2021: $2.1 million) in line with the total for H1 2021, with the positive impact from the discount of mine closure provisions and recovery of interest on tax disputes being offset by lower interest on cash deposits.

Finance costs

Finance costs decreased from $13.3 million in H1 2021 to $13.1 million in H1 2022, principally due to the net effect of: foreign exchange transaction costs to acquire $3.3 million dollars in Argentina in H1 2022 of $2.8 million (H1 2021: costs of $6.3 million to acquire $8.8 million dollars); a loss on the fair value of C3 Metals Inc. shares of $2.3 million (H1 2021: $nil); and higher interest expenses of $6.3 million (H1 2021: $4.6 million) mainly due to additional $100 million medium-term loan drawn down in December 2021.

Foreign exchange losses

The Group recognised a foreign exchange loss of $2.6 million (H1 2021: $1.8 million loss) as a result of exposures in currencies other than the functional currency.

Income tax

The Company's Group's pre-exceptional income tax charge was $5.8 million (H1 2021: $59.7 million). The significant decrease in the charge is mainly explained by the decrease in profitability versus H1 2021. In addition, there was an increase in the tax rate in Argentina to 35% during H1 2021, increasing deferred income tax by $11.5 million in the period.

The effective tax rate (pre-exceptional) for the period was 37.9% (H1 2021: 61.1%), compared to the weighted average statutory income tax rate of 35.0% (H1 2021: 31.7%). The higher effective tax rate in H1 2022 versus the average statutory rate is mainly explained by: the impact of non-recognised tax losses in non-operating companies increasing the rate by 18.8%; the effect of Royalties and Special Mining Tax increasing the rate by 11.1%; partially offset by the effect of local currency revaluation decreasing the rate by 25.6%.

Exceptional items

Exceptional items in H1 2022 totalled a $9.9 million loss after tax (H1 2021: $9.5 million loss after tax) related to the impairment of the investment in Aclara Resources Inc.

The tax effect of the exceptional items was a $nil (2021: $4.5 million tax gain). The total effective tax rate was 107.8% (2021: 65.9%).

Cash flow and balance sheet review

Cash flow

$000	Six months to 30 June 2022	Six months to 30 June 2021	Change
Net cash generated from operating activities	**18,658**	119,811	(101,153)
Net cash used in investing activities	**(199,172)**	(67,021)	(132,151)
Cash flows generated (used in)/from financing activities	**306**	(25,268)	25,574
Foreign exchange adjustment	**(2,257)**	(2,476)	219
Net increase/(decrease) in cash and cash equivalents during the period	**(182,465)**	25,046	(207,511)

Net cash generated from operating activities decreased from $119.8 million in H1 2021 to $18.7 million in H1 2022 mainly due to the lower Adjusted EBITDA of $130.5 million (H1 2021: $198.5 million), and higher temporary cash outflows due to working capital changes.

Net cash used in investing activities increased to $199.2 million in H1 2022 from $67.0 million in H1 2021 mostly due to the consideration paid for the acquisition of Amarillo Gold on 1 April 2022 of $123.4 million and higher purchases of property, plant and equipment.

Cash generated (used in)/from financing activities changed to an inflow of $0.3 million in H1 2022 from an outflow of $25.3 million in H1 2021 mainly due to: (i) pre-shipment loans raised in H1 2022 of $13.4 million (H1 2021: $1.8 million), (ii) no repayments of debt in H1 2022 (H1 2021: $6.3 million), (iii) payment of $0.3 million in dividends to shareholders and to Hochschild's minority shareholder at San Jose (1H 2021: $7.6 million).

[22] *Adjusted EBITDA has been presented before the effect of significant non-cash (income)/expenses related to changes in mine closure provisions and the write-off of property, plant and equipment*

Working capital

$000	As at 30 June 2022	As at 31 December 2021
Trade and other receivables	84,973	69,749
Inventories	57,678	49,184
Derivative financial assets/(liabilities)	19,236	14,073
Income tax payable, net	987	(22,322)
Trade and other payables	(126,136)	(133,482)
Provisions	(14,305)	(32,058)
Working capital	22,433	(54,856)

The Group's working capital position in H1 2022 increased by $77.3 million from $(54.9) million to $22.4 million. The key drivers of the increase were: higher trade and other receivables of $15.2 million; higher inventories of $8.5 million; lower income tax payable of $23.3 million, and lower provisions of $17.8 million.

Net cash/(debt)

$000 unless otherwise indicated	As at 30 June 2022	As at 31 December 2021
Cash and cash equivalents	204,324	386,789
Non-current borrowings	(300,000)	(300,000)
Current borrowings[23]	(13,595)	(499)
Net cash/(debt)	(109,271)	86,290

The Group's reported net debt position was $109.3 million as at 30 June 2022 (31 December 2021: net cash position of $86.3 million). The decrease in cash and cash equivalents is mainly due to the consideration paid for the Amarillo Gold acquisition of $123.4 million and lower cash generated from operating activities.

Capital expenditure[24]

$000	Six months to 30 June 2022	Six months to 30 June 2021
Inmaculada	34,013	32,834
Pallancata	8,236	5,970
San Jose	24,551	18,127
Operations	66,800	56,931
Mara Rosa	133,516	-
Aclara	-	6,366
Other	2,134	3,616
Total	202,450	66,913

H1 2022 capital expenditure of $202.5 million (H1 2021: $66.9 million) mainly comprised the acquisition cost of Mara Rosa and subsequent capex of $133.5 million and operational capex of $66.8 million (H1 2021: $56.9 million). Operational capex was higher mainly due to higher mine development capital expenditure in San Jose, and the comparison affected by capital expenditure deferrals in H1 2021, mainly mine development

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.

Forward looking statements

This announcement contains certain forward looking statements, including such statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In particular, such forward looking statements may relate to matters such as the business, strategy, investments, production, major projects and their contribution to expected production and other plans of Hochschild Mining PLC and its current goals, assumptions and expectations relating to its future financial condition, performance and results.

Forward-looking statements include, without limitation, statements typically containing words such as "intends", "expects", "anticipates", "targets", "plans", "estimates" and words of similar import. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results, performance or achievements of Hochschild Mining PLC may be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that could cause or contribute to differences between the actual results, performance or achievements of Hochschild Mining PLC and current expectations include, but are not limited to, legislative, fiscal and regulatory developments, competitive conditions, technological developments, exchange rate fluctuations and general economic conditions. The Company cautions against undue reliance on any forward looking statement or guidance, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by Covid-19. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

The forward looking statements reflect knowledge and information available at the date of preparation of this announcement. Except as required by the Listing Rules and applicable law, Hochschild Mining PLC does not undertake any obligation to update or change any forward looking statements to reflect events occurring after the date of this announcement. Nothing in this announcement should be construed as a profit forecast.

[23] *Includes pre-shipment loans and short term interest payables*

[24] *Includes additions in property, plant and equipment and evaluation and exploration assets (confirmation of resources) and excludes increases in the expected closure costs of mine asset*

RISKS

The principal risks and uncertainties facing the Company in respect of the year ended 31 December 2021 are set out in detail in the Risk Management section of the 2021 Annual Report and in Note 38 to the 2021 Consolidated Financial Statements.

The key risks disclosed in the 2021 Annual Report (available at www.hochschildmining.com) are categorised as:

- Financial risks comprising commodity price risk and commercial counterparty risk;
- Operational risks including the risks associated with operational performance, business interruption/supply chain, information security and cybersecurity, exploration & reserve and resource replacement and personnel risks;
- Macro-economic risks which include political, legal and regulatory risks; and
- Sustainability risks including risks associated with health and safety, Covid-19, environmental, climate change and community relations.

These risks continue to apply to the Company in respect of the remaining six months of the financial year.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 23 to the interim condensed consolidated financial statements

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the duration of the Going Concern Period until 30 September 2023. Accordingly, they continue to adopt the going concern basis in preparing the interim condensed set of financial statements. For further detail refer to the detailed discussion of the assumptions outlined in the Going concern disclosures in Note 2 "Significant Accounting Policies" of the interim condensed consolidated financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge, the interim condensed consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standard 34 "Interim Financial Reporting" and that the interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R.

A list of current Directors and their functions is maintained on the Company's website.

For and on behalf of the Board
Ignacio Bustamante
Chief Executive Officer
16 August 2022

INDEPENDENT REVIEW REPORT TO HOCHSCHILD MINING PLC

Conclusion

We have been engaged by Hochschild Mining PLC (the 'Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of financial position, the interim condensed consolidated statement of cash flows, the interim condensed consolidated statement of changes in equity and the related notes 1 to 24. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK adopted International Accounting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London
17 August 2022

Interim condensed consolidated income statement

		Six months ended 30 June 2022 (Unaudited)			Six months ended 30 June 2021 (Unaudited)		
	Notes	Before exceptional items US$000	Exceptional items (Note 9) US$000	Total US$000	Before exceptional items US$000	Exceptional items (Note 9) US$000	Total US$000
Continuing operations							
Revenue	5	347,781	—	347,781	394,750	—	394,750
Cost of sales	6	(240,516)	—	(240,516)	(223,155)	(13,091)	(236,246)
Gross profit		107,265	—	107,265	171,595	(13,091)	158,504
Administrative expenses		(24,913)	—	(24,913)	(24,042)	—	(24,042)
Exploration expenses	7	(23,826)	—	(23,826)	(17,436)	—	(17,436)
Selling expenses	8	(6,727)	—	(6,727)	(7,134)	—	(7,134)
Other income	9	2,580	—	2,580	1,857	—	1,857
Other expenses	9	(22,902)	—	(22,902)	(13,770)	(865)	(14,635)
Impairment and Write-off of non-financial assets	13	(2,064)	—	(2,064)	(299)	—	(299)
Profit/(loss) from continuing operations before net finance income/(cost), foreign exchange loss and income tax		29,413	—	29,413	110,771	(13,956)	96,815
Share of loss of an associate	15	(551)	(9,923)	(10,474)	—	—	—
Finance income	11	2,163	—	2,163	2,061	—	2,061
Finance costs	11	(13,083)	—	(13,083)	(13,252)	—	(13,252)
Foreign exchange loss		(2,649)	—	(2,649)	(1,777)	—	(1,777)
Profit/(loss) from continuing operations before income tax		15,293	(9,923)	5,370	97,803	(13,956)	83,847
Income tax (expense)/benefit	12	(5,790)	—	(5,790)	(59,738)	4,485	(55,253)
Profit/(loss) for the period from continuing operations		9,503	(9,923)	(420)	38,065	(9,471)	28,594
Attributable to:							
Equity shareholders of the parent		7,156	(9,923)	(2,767)	42,063	(7,338)	34,725
Non-controlling interests		2,347	—	2,347	(3,998)	(2,133)	(6,131)
		9,503	(9,923)	(420)	38,065	(9,471)	28,594
Basic and diluted earnings/(loss) per ordinary share from continuing operations for the period (expressed in U.S. dollars per share)		0.01	(0.02)	(0.01)	0.08	(0.01)	0.07

Interim condensed consolidated statement of comprehensive income

	Notes	Six months ended 30 June 2022 (Unaudited) US$000	2021 (Unaudited) US$000
(Loss)/profit for the period		(420)	28,594
Other comprehensive income that might be reclassified to profit or loss in subsequent periods; net of tax:			
Net gain on cash flow hedges	16	6,734	7,151
Deferred tax charge on cash flow hedges		(1,987)	(2,109)
Exchange differences on translating foreign operations[1]		(18,883)	(1,660)
Share of other comprehensive loss of an associate		(1,541)	-
		(15,677)	3,382
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods; net of tax:			
Net (loss)/gain on equity instruments at fair value through other comprehensive income ("OCI")		(159)	154
		(159)	154
Other comprehensive (loss)/income for the period, net of tax		(15,836)	3,536
Total comprehensive (loss)/income for the period		(16,256)	32,130
Total comprehensive (loss)/income attributable to:			
Equity shareholders of the parent		(18,603)	38,261
Non-controlling interests		2,347	(6,131)
		(16,256)	32,130

1 Foreign exchange effect generated in the Group´s companies when the functional currency is the local currency. Increase in 2022 mainly explained by Amarillo Minaracao do Brasil Ltda., subsidiary of the Amarillo Gold Group, purchased on 1 April 2022 of US$ 13,451,000.

Interim condensed consolidated statement of financial position

	Notes	As at 30 June 2022 (Unaudited) US$000	As at 31 December 2021 US$000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**755,941**	738,119
Evaluation and exploration assets	14	**221,526**	123,304
Intangible assets		**16,980**	18,094
Investment in an associate	15	**31,544**	43,559
Financial assets at fair value through OCI	16	**502**	661
Financial assets at fair value through profit and loss	16	**873**	3,155
Trade and other receivables		**3,835**	2,470
Derivative financial assets	16	**6,613**	5,042
Deferred income tax assets	17	**5,757**	484
		1,043,571	934,888
Current assets			
Inventories		**57,678**	49,184
Trade and other receivables		**84,973**	69,749
Derivative financial assets	16	**19,236**	14,073
Income tax receivable		**2,757**	32
Cash and cash equivalents	18	**204,324**	386,789
		368,968	**519,827**
Total assets		**1,412,539**	**1,454,715**
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Parent			
Equity share capital	21	**9,061**	226,506
Share premium	21	**—**	438,041
Other reserves		**(234,192)**	(217,657)
Retained earnings		**891,271**	248,664
		666,140	695,554
Non-controlling interests		**65,951**	63,890
Total equity		**732,091**	759,444
Non-current liabilities			
Trade and other payables		**3,262**	2,815
Borrowings	19	**300,000**	300,000
Provisions	20	**137,825**	116,835
Deferred income tax liabilities	17	**83,555**	87,228
		524,642	506,878
Current liabilities			
Trade and other payables		**126,136**	133,482
Borrowings	19	**13,595**	499
Provisions	20	**14,305**	32,058
Income tax payable		**1,770**	22,354
		155,806	188,393
Total liabilities		**680,448**	695,271
Total equity and liabilities		**1,412,539**	1,454,715

Interim condensed consolidated statement of cash flows

	Notes	Six months ended 30 June 2022 (Unaudited) US$000	Six months ended 30 June 2021 (Unaudited) US$000
Cash flows from operating activities			
Cash generated from operations	24	**41,208**	140,205
Interest received		**1,069**	1,121
Interest paid	19	**(3,814)**	(2,354)
Payment of mine closure costs		**(3,789)**	(2,638)
Income tax paid		**(16,016)**	(16,523)
Net cash generated from operating activities		**18,658**	119,811
Cash flows from investing activities			
Purchase of property, plant and equipment		**(82,590)**	(52,956)
Purchase of evaluation and exploration assets		**(113,625)**	(12,452)
Purchase of intangibles		**(354)**	—
Purchase of Argentinian bonds	11(2)	**(6,091)**	(15,161)
Purchase of financial assets at fair value to OCI		**—**	(7)
Proceeds from sale of Argentinian bonds	11(2)	**3,289**	8,815
Proceeds from sale of financial assets at fair value through OCI		**—**	9
Proceeds from sale of financial assets at fair value though profit and loss		**—**	4,726
Proceeds from sale of property, plant and equipment	13	**199**	5
Net cash used in investing activities		**(199,172)**	(67,021)
Cash flows from financing activities			
Proceeds from borrowings	19	**13,411**	1,804
Repayment of borrowings		**—**	(6,309)
Payment of lease liabilities		**(821)**	(1,200)
Dividends paid to shareholders	22	**(11,998)**	(12,002)
Dividends paid to non-controlling interests	22	**(286)**	(7,561)
Cash flows generated from/(used in) financing activities		**306**	(25,268)
Net increase/(decrease) in cash and cash equivalents during the period		**(180,208)**	27,522
Impact of foreign exchange		**(2,257)**	(2,476)
Cash and cash equivalents at beginning of period		**386,789**	231,883
Cash and cash equivalents at end of period	18	**204,324**	256,929

Interim condensed consolidated statement of changes in equity

	Notes	Equity share capital US$000	Share premium US$000	Treasury shares US$000	Other reserves: Dividends expired US$000	Unrealised gain/ (loss) on hedges US$000	Share of other compre-hensive loss of an asso-ciate US$000	Fair value reserve of financial assets at fair value through OCI US$000	Cumulative translation adjustment US$000	Merger reserve US$000	Share-based payment reserve US$000	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**	**—**	**99**	**13,476**	**(9)**	**74**	**(25,163)**	**(210,046)**	**3,912**	**(217,657)**	**248,664**	**695,554**	**63,890**	**759,444**
Other comprehensive income/(loss)		—	—	—	—	4,747	(1,541)	(159)	(18,883)	—	—	(15,836)	—	(15,836)	—	(15,836)
Loss for the period		—	—	—	—	—	—	—	—	—	—	—	(2,767)	(2,767)	2,347	(420)
Total comprehensive income/(loss) for the period		**—**	**—**	**—**	**—**	**4,747**	**(1,541)**	**(159)**	**(18,883)**	**—**	**—**	**(15,836)**	**(2,767)**	**(18,603)**	**2,347**	**(16,256)**
Dividends	22	—	—	—	—	—	—	—	—	—	—	—	(11,998)	(11,998)	—	(11,998)
Dividends paid to non-controlling interest	22	—	—	—	—	—	—	—	—	—	—	—	—	—	(286)	(286)
Issuance of deferred bonus shares	21	303,268	—	—	—	—	—	—	—	—	—	—	(303,268)	—	—	—
Cancelation of deferred bonus shares	21	(303,268)	—	—	—	—	—	—	—	—	—	—	303,268	—	—	—
Cancelation of share premium account	21	—	(438,041)	—	—	—	—	—	—	—	—	—	438,041	—	—	—
Nominal value reduction	21	(217,445)	—	—	—	—	—	—	—	—	—	—	217,445	—	—	—
Share-based payments		—	—	—	—	—	—	—	—	—	1,187	1,187	—	1,187	—	1,187
Forfeiture of share options		—	—	—	—	—	—	—	—	—	(1,886)	(1,886)	1,886	—	—	—
Balance at 30 June 2022 (unaudited)		**9,061**	**—**	**—**	**99**	**18,223**	**(1,550)**	**(85)**	**(44,046)**	**(210,046)**	**3,213**	**(234,192)**	**891,271**	**666,140**	**65,951**	**732,091**
Balance at 1 January 2021		226,506	438,041	—	99	(4,169)	—	(205)	(13,876)	(210,046)	2,533	(225,664)	287,652	726,535	79,550	806,085
Other comprehensive income/(loss)		—	—	—	—	5,042	—	154	(1,660)	—	—	3,536	—	3,536	—	3,536
Profit for the period		—	—	—	—	—	—	—	—	—	—	—	34,725	34,725	(6,131)	28,594
Total comprehensive income/(loss) for the period		—	—	—	—	5,042	—	154	(1,660)	—	—	3,536	34,725	38,261	(6,131)	32,130
Sale of financial assets at fair value through OCI		—	—	—	—	—	—	18	—	—	—	18	(18)	—	—	—
Dividends	22	—	—	—	—	—	—	—	—	—	—	—	(12,002)	(12,002)	—	(12,002)
Dividends paid to non-controlling interest	22	—	—	—	—	—	—	—	—	—	—	—	—	—	(7,561)	(7,561)
Treasury shares		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments		—	—	—	—	—	—	—	—	—	709	709	—	709	—	709
Forfeit of share options		—	—	—	—	—	—	—	—	—	(1,063)	(1,063)	1,063	—	—	—
Balance at 30 June 2021 (unaudited)		226,506	438,041	—	99	873	—	(33)	(15,536)	(210,046)	2,179	222,464	311,420	753,503	65,858	819,361

Notes to the interim condensed consolidated financial statements

1 Corporate Information

Hochschild Mining PLC (hereinafter the "Company" and together with its subsidiaries, the "Group") 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. Its ordinary shares are traded on the London Stock Exchange.

The Group's principal business is the mining, processing and sale of gold and silver. The Group has two operating mines (Pallancata and Inmaculada) located in Southern Peru, and one operating mine (San Jose) located in Argentina. The Group also has a portfolio of projects located across Peru, Argentina, Mexico, Brazil and Chile at various stages of development.

These interim condensed consolidated financial statements were approved for issue on behalf of the Board of Directors on 16 August 2022.

2 Significant Accounting Policies

Basis of preparation
These interim condensed consolidated financial statements set out the Group's financial position as at 30 June 2022 and 31 December 2021 and its financial performance and cash flows for the six months ended 30 June 2022 and 30 June 2021.

They have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and UK adopted International Accounting Standard 34, "Interim Financial Reporting". Accordingly, the interim condensed consolidated financial statements do not include all the information required for full annual financial statements and therefore, should be read in conjunction with the Group's 2021 annual consolidated financial statements as published in the 2021 Annual Report. The annual financial statements of the Group will be prepared in accordance with UK adopted IFRS.

The interim condensed consolidated financial statements do not constitute statutory accounts as defined in the Companies Act 2006. The financial information for the full year is based on the statutory accounts for the financial year ended 31 December 2021. A copy of the statutory accounts for that year, which were prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applied in the European Union (EU) has been delivered to the Registrar of Companies. The auditor's report under section 495 of the Companies Act 2006 in relation to those accounts was unmodified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

The impact of the seasonality or cyclicality of operations is not regarded as significant on the interim condensed consolidated financial statements.

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

Critical accounting estimates and judgements
The impact of Covid-19 on the Group has been considered in the preparation of the interim financial statements including our evaluation of critical accounting estimates and judgements.

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.

The significant accounting judgments, estimates and assumptions remain consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2021. The most significative are:

Critical judgements:

- Assessment of impairment indicators for the Group's GCUs – note 13
- Pandemic expenses – note 10
- Acquiring a subsidiary or a group of assets – note 4.

In identifying a business combination 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 Amarillo Gold Group (note 4). The transaction was accounted as a purchase of assets as no significant systems, processes or outputs were acquired, with the main asset acquired being the Posse gold project.

The Group analyses the effect of pandemics on its operations and accounting treatment, because they generate stoppages, low capacity production, excess absenteeism and incremental cost. In the case of Covid-19, the fixed 'normal' production costs during the stoppage are recognised as expenses and are not considered cost 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 given as to whether they meet the criteria as set out in the Groups' accounting policy (note 2z) in the 2021 Annual Report, in particular regarding the expected infrequency of the events that have given rise to them.

As at 30 June 2022, the valuation of certain of the Group's assets and liabilities reflect the changes to certain assumptions used in the determination of their value, such as future gold and silver prices, discount rates, exchange rates, and interest rates (note 16). These assumptions are subject to greater variability than normal under the current Covid-19 environment.

Significant estimates:

- Mine closure estimates – note 20

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed 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 2021, except for the adoption of new standards and interpretations effective from 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Going concern

The Directors have reviewed Group liquidity and covenant forecasts to assess whether the Group is able to continue in operation for the period to 30 September 2023 (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 number of potential downside scenarios on the Group's future cash flows and liquidity position as well as debt covenant compliance. The scenarios were further reviewed under varying precious metal price assumptions.

Within these potential downside scenarios, consideration was given to the year-on-year reduction in the cost of complying with Covid-19 related protocols given the relaxation of mandated requirements and the impact of near-term cost inflation on Life of Mine projections.

With regards to Covid-19, the Directors consider the risk of Covid-related suspensions across all operations to be very low based on trends experienced in the first half of 2022. While this assessment takes into account the effectiveness of the Group's health protocols, it is also dependent on:

- the continued progress in Peru and Argentina with regards to their respective government's vaccination rollout programmes which, at the time of writing, are proceeding to administer the fourth dose of their selected vaccine; and
- the effectiveness of these vaccines relative to new variants of the virus.

The Directors have also considered the ongoing political uncertainty in Peru which, when combined with records level of inflation, has led to a heightened risk of social unrest. Accordingly, the analysis reflects (a) the possibility of future increases in the level of tax and royalties payable despite the fact that no such measures have been announced and (b) operational stoppages.

For purposes of the review, the Base Scenario assumed budgeted production for the year, the most recently approved Life of Mine plan, budgeted capex for the construction of the Mara Rosa mine and precious metal prices of $1,802/oz for gold and $23.4/oz for silver (the "Assumed Prices"). The Directors also considered "Severe" and "Remote" scenarios, which were considered to be unlikely by the Directors. The former takes into account, a four-week suspension of all operations during H2 2022 and an increase in royalties and taxes. The latter analyses the cumulative impact of the Severe scenario and precious metal prices which are 20% lower than the Assumed Prices. Those prices would be significantly below current spot and futures prices. In both of these scenarios, it has been assumed that $50 million of the Company's approved credit lines have been utilised and furthermore, on the occurrence of the Remote scenario, costs and capital expenditure would be reduced by 15%.

Under all scenarios and metal price assumptions and sensitivities, the cash balance remained more than adequate for the Group's forecast expenditure with sufficient headroom maintained to comply with debt covenants.

The results of a reverse stress test were also considered.

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

3 Segment reporting

The following tables present revenue and profit/(loss) information for the Group's operating segments for the six months ended 30 June 2022 and 2021 and asset information as at 30 June 2022 and 31 December 2021 respectively:

Six months ended 30 June 2022 (Unaudited)	Pallancata US$000	San Jose US$000	Inmaculada US$000	Exploration US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue from external customers	**39,084**	**110,804**	**204,262**	**—**	**300**	**—**	**354,450**
Inter segment revenue	—	—	—	—	4,834	(4,834)	—
Total revenue from customers	**39,084**	**110,804**	**204,262**	**—**	**5,134**	**(4,834)**	**354,450**
Provisional pricing **adjustments**	(2,546)	(4,057)	(66)	—	—	—	(6,669)
Total revenue	36,538	106,747	204,196	—	5,134	(4,834)	347,781
Segment profit/(loss)	**(8,614)**	**18,436**	**86,617**	**(24,286)**	**4,098**	**461**	**76,712**
Others[1]							(71,342)
Profit from continuing operations before income tax							**5,370**
As at 30 June 2022 (Unaudited)							
Assets							
Capital expenditure	8,225	24,551	34,013	135,067	594	—	202,450
Current assets	14,763	44,367	18,336	—	4,399	—	81,865
Other non-current assets	3,241	166,895	507,924	272,157	44,230	—	994,447
Total segment assets	**18,004**	**211,262**	**526,260**	**272,157**	**48,629**	**—**	**1,076,312**
Not reportable assets[2]	—	—	—	—	336,227	—	336,227
Total assets	**18,004**	**211,262**	**526,260**	**272,157**	**384,856**	**—**	**1,412,539**

1 Comprised of administrative expenses of US$24,913,000, other income of US$2,580,000, other expenses of US$22,902,000, impairment and write off of non-financial assets of US$2,064,000, share of losses of an associate of US$10,474,000, finance income of US$2,163,000, finance costs of US$13,083,000 and foreign exchange loss of US$2,649,000.

2 Not reportable assets are comprised of financial assets at fair value through OCI of US$502,000, financial assets at fair value through profit and loss of US$873,000, other receivables of US$64,621,000, income tax receivable of US$2,757,000, deferred income tax asset of US$5,757,000, investment in associates US$31,544,000, derivative financial assets of US$25,849,000 and cash and cash equivalents of US$204,324,000.

Six months ended 30 June 2021 (Unaudited)	Pallancata US$000	San Jose US$000	Inmaculada US$000	Exploration US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue from external customers	**62,286**	**117,497**	**215,114**	**—**	**188**	**—**	**395,085**
Inter segment revenue	—	—	—	—	4,498	(4,498)	—
Total revenue from customers	**62,286**	**117,497**	**215,114**	**—**	**4,686**	**(4,498)**	**395,085**
Provisional pricing adjustments	(514)	195	(16)	—	—	—	(335)
Total revenue	**61,772**	**117,692**	**215,098**	**—**	**4,686**	**(4,498)**	**394,750**
Segment profit/(loss)	14,216	28,233	106,344	(17,578)	3,582	(863)	133,934
Others[1]	—	—	—	—	—	—	(50,087)
Profit from continuing operations before income tax							**83,847**
As at 31 December 2021							
Assets							
Capital expenditure	14,250	43,666	76,512	15,896	3,537	—	153,861
Current assets	9,072	43,473	20,182	—	4,230	—	76,957
Other non-current assets	3,241	157,749	515,943	155,702	46,882	—	879,517
Total segment assets	**12,313**	**201,222**	**536,125**	**155,702**	**51,112**	**—**	**956,474**
Not reportable assets[2]	—	—	—	—	498,241	—	498,241
Total assets	**12,313**	**201,222**	**536,125**	**155,702**	**549,353**	**—**	**1,454,715**

1 Comprised of administrative expenses of US$24,042,000, other income of US$1,857,000, other expenses of US$14,635,000, write off of non-financial assets of US$299,000, finance income of US$2,061,000, finance costs of US$13,252,000 and foreign exchange loss of US$1,777,000.

2 Not reportable assets are comprised of financial assets at fair value through OCI of US$661,000, financial assets at fair value through profit and loss of US$3,155,000, other receivables of US$44,446,000, income tax receivable of US$32,000, deferred income tax asset of US$484,000, investment in associates US$43,559,000, derivative financial assets of US$19,115,000 and cash and cash equivalents of US$386,789,000.

4 Acquisition of assets

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 includes the construction stage Posse gold project as well as certain early-stage and pre resource stage exploration targets. Posse has a positive definitive feasibility study that shows it can be built into a profitable operation with low costs and a strong financial return. Mara Rosa also shows the potential for discovering additional near-surface deposits that will extend Posse's mine life beyond its initial ten years. Considering the significant experience in developing precious metal deposits in the Americas, the Group is ideally placed to take Posse to its next stage and generate strong sustainable value for the company and the project's stakeholders.

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	107,362
Property, plant and equipment	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**

5 Revenue

	Period ended 30 June 2022 (unaudited)					Period ended 30 June 2021 (unaudited)				
	Revenue from customers					Revenue from customers				
	Goods/ services sold US$000	Shipping services US$000	Total US$000	Provisional pricing US$000	Total US$000	Goods/ services sold US$000	Shipping services US$000	Total US$000	Provisional pricing US$000	Total US$000
Gold (from dore bars)	164,011	458	164,469	(34)	164,435	167,912	403	168,315	5	168,320
Silver (from dore bars)	87,531	312	87,843	(74)	87,769	94,986	355	95,341	18	95,359
Gold (from concentrate)	44,215	1,277	45,492	(1,262)	44,230	47,878	966	48,844	141	48,985
Silver (from concentrate)	54,822	1,524	56,346	(5,299)	51,047	81,196	1,201	82,397	(499)	81,898
Services	300	-	300	-	300	188	-	188	-	188
Total	350,879	3,571	354,450	(6,669)	347,781	392,160	2,925	395,085	(335)	394,750

6 Cost of sales before exceptional items

Included in cost of sales are:

	Six months ended 30 June	
	2022 (Unaudited) US$000	2021 (Unaudited) US$000
Depreciation and amortisation in cost of sales[1]	67,733	70,879
Personnel expenses[2]	58,052	42,558
Mining royalty	3,020	3,404
Change in products in process and finished goods[3]	(8,202)	261
Fixed costs at the operations during stoppages, reduced capacity and excess absenteeism[4]	3,870	6,196

1 The depreciation and amortisation in production cost is US$68,801,000 (2021: US$73,815,000).
2 Includes workers' profit sharing of US$2,046,000 (2021: US$2,944,000).
3 Corresponds to the difference between the beginning and ending balance of the finished products and products in process included in the production cost during the period.
4 Corresponds to the unallocated fixed costs accumulated during operation below planned operating capacity and excess absenteeism due to the Covid-19 pandemic of US$2,081,000 (2021: US$6,196,000) , and the unallocated fixed cost accumulated during operations below planning operating capacity due to the fire in San Jose of US$1,789,000 (2021: US$nill).

7 Exploration expenses

	Six months ended 30 June	
	2022 (Unaudited) US$000	2021 (Unaudited) US$000
Mine site exploration[1]		
Arcata	43	1,363
Ares	159	289
Inmaculada	1,618	726
Selene	—	—
Pallancata	3,714	1,957
San Jose	4,324	4,701
	9,858	9,036
Prospects[2]		
Canada	6,903	—
Peru	204	1,726
USA	1,353	371
Chile	(20)	(21)
	8,440	2,076
Generative[3]		
Peru	928	2,170

Mexico	270	734
Chile	—	(156)
	1,198	2,748
Personnel	3,682	3,145
Depreciation right-of-use	102	167
Others	546	264
Total	23,826	17,436

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.

8 Selling expenses

	Six months ended 30 June	
	2022 (Unaudited) US$000	2021 (Unaudited) US$000
Personnel expenses	159	151
Warehouse services	511	592
Taxes[1]	5,219	5,490
Other	838	901
Total	6,727	7,134

1 Corresponds to the export duties in Argentina calculated as a fixed amount in pesos per US$ of export.

9 Other income and expenses before exceptional items

	Six months ended 30 June	
	2022 (Unaudited) US$000	2021 (Unaudited) US$000
Other income		
Logistic services	—	7
Gain on recovery of expenses	213	265
Recovery of previously written off account receivable	543	—
Others[1]	1,824	1,585
Total	2,580	1,857
Other expenses		
Increase in provision for mine closure	(10,799)	(1,538)
Depreciation right-of-use assets	(52)	(64)
Corporate social responsibility contribution in Argentina	(1,615)	(1,801)
Care and maintenance expenses of Ares mine unit	(1,921)	(1,305)
Care and maintenance expenses of Arcata mine unit	(2,271)	(1,093)
Voluntary retirement program in Argentina[2]	(938)	(4,934)
Damage Inmaculada machine belt	(1,831)	—
Others[3]	(3,475)	(3,035)
Total	(22,902)	(13,770)

1 It mainly includes export credits in Argentina of US$345,000 (2021: US$89,000), gain on sale of property, plant and equipment of US$199,000 (2021: US$3,000), gain on sale of supplies US$281,000 (2021: US$131,000).
2 Voluntary retirement programme implemented at Minera Santa Cruz as a result of the need to comply with the Provincial Employment Law that requires at least 70% of the workforce to have resided in the province of Santa Cruz for three years.
3 It mainly includes the remuneration of the employees included in the voluntary retirement program of US$463,000 (June 2021 US$2,581,000), since Minera Santa Cruz has to pay them until the employment relationship is terminated even though they are prevented from attending the mining unit.

10 Exceptional items

Exceptional items relate to:

	Six months ended 30 June	
	2022 (Unaudited) US$000	2021 (Unaudited) US$000
Cost of sales		
Incremental cost due to pandemic[1]	—	(13,091)
Total	—	**(13,091)**
Other expense		
Incremental cost due to pandemic	—	(865)
Total	—	**(865)**
Share of loss on an associate		
Impairment of Aclara Resources Inc.[2]	(9,923)	—
Total	**(9,923)**	
Income tax expense		
Income tax credit	—	4,485
Total	—	**4,485**

The exceptional items for the period ended 30 June 2022 and 2021 correspond to:

1 Incremental production costs incurred in the operating mine units to manage the Covid-19 pandemic have been presented within cost of sales and costs incurred by mine units in care and maintenance and those related to corporate activities have been presented within other expenses:

	30 June 2021	
	Cost of sales US$000	Other expenses US$000
Third party services	9,145	406
Personnel expenses	1,770	342
Consumption of medical supplies	800	69
Cleaning and food services	1,337	25
Depreciation and amortisation	19	20
Others	20	3
Total	**13,091**	**865**

These costs were incurred in respect of the implementation of the necessary protocols including incremental third party services mainly related to accommodation whilst testing all workers for active Covid-19 cases prior to travelling to mine units, medical tests and additional transportation costs to facilitate social distancing.

2 Corresponds to the impairment charge of US$9,923,000 based on the updated valuation of the investment in Aclara Resources Inc. as at 30 June 2022.

11 Finance income and finance cost before exceptional items

The Group recognised the following finance income and finance costs before exceptional items:

	Six months ended 30 June	
	2022 (Unaudited) US$000	2021 (Unaudited) US$000
Finance income:		
Interest on deposits and liquidity funds	**562**	954
Interest on loans	**104**	96
Unwind of discount on mine rehabilitation	**1,098**	968
Others	**399**	43
Total	**2,163**	**2,061**
Finance cost:		
Interest on bank loans	**(5,303)**	(3,749)
Other interest	**(1,045)**	(827)
Total interest expense	**(6,348)**	**(4,576)**
Loss on discount of other receivables[1]	**(957)**	(1,008)
Loss from changes in the fair value of financial instruments[2]	**(2,802)**	(6,346)
Loss from changes in the fair value of financial assets at fair value through profit and loss	**(2,282)**	—
Loss on sale of financial assets at fair value through profit and loss	**—**	(681)
Others	**(694)**	(641)
Total	**(13,083)**	**(13,252)**

1 Mainly corresponds to the gain/(loss) on discount of tax credits in Argentina.
2 Represents the foreign exchange transaction costs to acquire US$3,289,000 dollars through the sale of bonds in Argentina (2021: US$8,815,000).

12 Income tax expense

	Six months ended 30 June	
	2022 (Unaudited) US$000	2021 (Unaudited) US$000
Current tax		
Current income tax expense/(credit)	**9,386**	25,577
Withholding tax	**—**	525
Current mining royalty charge	**2,475**	3,507
Current special mining tax charge	**1,533**	3,518
Total	**13,394**	33,127
Deferred tax		
Origination and reversal of temporary differences	**(7,604)**	22,126
Total	**(7,604)**	22,126
Total taxation charge in the income statement	**5,790**	55,253

The pre-exceptional tax charge for the period was US$5,790,000 (2021: US$59,738,000).

The weighted average statutory income tax rate was 35.0% for 2022 and 31.7% for 2021. 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 interim income tax rate calculation is based on the estimate average annual effective tax rate of the Group.

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.

The effective tax rate for corporate income tax before foreign exchange effect for the six months ended 30 June 2022 is 64.8% (2021: 39.3%), compared to the corporate income tax and mining royalties before foreign exchange effect of 24.9% (2021: 56.4%) and the total taxation charge in the income statement of 107.8% (2021: 65.9%).

The decrease in the charge is mainly explained by the reduction of the 2021 current income tax of Argentina (US$ 2,353,000) and, the non-cash impact of local currency revaluation in Peru (US$ 2,000,000), the exchange losses of loans in brazilian Reais (US 1,300,000) and the argentinian tax adjustment related to inflation (US$ 2,300,000), which increase the tax bases impacting deferred income tax by US$5,595,000 (2021: credit of US$7,900,000).

The UK Government increased the rate of Corporation Tax to 25% on profits over £250,000 from April 2023. There is no impact on the deferred tax calculation of the Group.

13 Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired and developed assets with a cost of US$88,471,000 (2021: US$54,461,000). The additions for the six months ended 30 June 2022 relate to:

	Mining properties and development (Unaudited) US$000	Other property plant and equipment (Unaudited) US$000	Total additions of property plant and equipment (Unaudited) US$000
San Jose	17,919	6,632	24,551
Pallancata	6,419	1,806	8,225
Inmaculada	25,460	8,305	33,765
Mara Rosa	—	21,446	21,446
Others	192	292	484
Total	**49,990**	**38,481**	**88,471**

Assets with a net book value of US$nil were disposed of by the Group during the six month period ended 30 June 2022 (2021: US$1,000) resulting in a net gain on disposal of US$199,000 (2021: gain of US$3,000).

For the six months ended 30 June 2022, the depreciation charge on property, plant and equipment was US$70,020,000 (2021: US$74,445,000).

There were borrowing costs capitalised in property, plant and equipment amounting to US$28,000 (2021: US$10,000).

As at 30 June 2022, all property, plant and equipment additions during the six month period ended 30 June 2022 of Pallancata mine unit have been fully depreciated or impaired.

No indicators of impairment or reversal of impairment were identified in the other CGUs, which includes other exploration projects.

As at 31 December 2021, management determined that there was a trigger of impairment in the Pallancata mine unit due to lower grades production and the need of an increase of capital expenditure to access new low grade areas and extend the life of mine by one year to 2023.

The impairment test performed over the Pallancata CGU resulted in an impairment charge recognised as at 31 December 2021 amounting to US$24,846,000 (US$24,526,000 in property, plant and equipment, and US$320,000 in evaluation and exploration assets).

No indicators of impairment or reversal of impairment were identified in the other CGUs, which includes other exploration projects.

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.

The key assumptions on which management has based its determination of FVLCD and the associated recoverable values calculated 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.	2022	2023
Gold	1,764	1,669
Silver	23.5	22.3

Discount rate (post tax)	3.3%	

The period of 2 years were used to prepare the cash flow projections of the Pallancata mine unit which is in line with their life of mine.

31 December 2021 (US$000)	Pallancata
Current carrying value of CGU, net of deferred tax	3,241

The estimated recoverable values of the Group's CGUs are equal to, or not materially different than, their carrying values.

14 Evaluation and exploration assets

During the six months ended 30 June 2022, the Group capitalised evaluation and exploration costs of US$113,625,000 (2021: US$12,452,000). The additions correspond to the following properties:

	Unaudited US$000
Mara Rosa	112,070
Azuca	479
Inmaculada	248
Crespo	539
Volcan	289
Total	**113,625**

There were no transfers from evaluation and exploration assets to property, plant and equipment during the period (2021: US$nil).

At 31 December 2021, the Group has recorded an impairment with respect to evaluation and exploration assets of the Pallancata mine unit of US$320,000. The calculation of the recoverable values is detailed in note 13.

15 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 fair value of Aclara shares as at 30 June 2022 amounted to US$10,096,000 (31 December 2021: US$37,080,000).

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

	As at 30 June 2022 (Unaudited) US$000	As at 31 December 2021 US$000
Current assets	78,338	91,320
Non-current assets	74,541	68,126
Current liabilities	(1,695)	(3,185)
Equity	151,184	156,261
Group's share in equity (20%)	30,237	31,252
Fair value adjustment allocated to the evaluation and exploration assets on initial recognition[1]	11,230	12,307
Impairment[2]	(9,923)	–
Group´s carrying amount of the investment 20%	31,544	43,559
Summarised consolidated statement of profit and loss		
Revenue	–	–
Administrative expenses	(2,314)	(324)
Exploration expenses	(473)	(510)
Finance income	99	–

	As at 30 June 2022 (Unaudited) US$000	As at 31 December 2021 US$000
Finance cost	(9)	(17)
Foreign exchange loss	(58)	(479)
Loss from continuing operations for the period	(2,755)	(1,330)
Loss from continuing operation for the period (2021: from incorporation)	(2,755)	(847)
Group's share of loss for the period	(551)	(169)
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax		
Exchange differences on translating foreign operations	(7,706)	(4,526)
Total comprehensive loss for the period	(7,706)	(4,526)
Total comprehensive loss (2021: from incorporation)	(7,706)	(46)
Group´s share of comprehensive loss for the period	(1,541)	(9)

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$56,150,000 (2021:US$61,535,000).
2. This represents the 20% share in the total impairment, estimated by the Group, of Aclara´s exploration and evaluation assets of US$49,615,000. (2021:nil)

At the moment of the acquisition of the associate the loss of the period was US$483,000 and the comprehensive loss for the period was US$4,480,000.

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" (now planned to be filed by Q2 2023), 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 has 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 30 June 2022, after recognising the changes in the Group´s share of net assets of the associate and the impairment charge is US$31,544,000 (31 December 2021: US$43,559,000).

No dividends were received from the associate during 2022 and 2021.

The associate had no contingent liabilities or capital commitments as at 30 June 2022 and 31 December 2021.

16 Financial instruments

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.

At 30 June 2022 and 31 December 2021, the Group held the following financial instruments measured at fair value:

	As at 30 June 2022 (Unaudited) US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Assets measured at fair value				
Equity shares[1]	1,375	1,375	–	–
Derivative financial assets	25,849	–	25,849	–
Trade receivables	24,187	–	–	24,187
	51,411	**1,375**	**25,849**	**24,187**

1 These investments were classified as financial assets at fair value through OCI (US$502,000) and financial assets at fair value through profit and loss (US$ 873,000).

2 Derivative financial assets – Silver forward

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.

The silver forwards are being used to hedge exposure to changes in cash flows from 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 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 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 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 silver leg) and compare them with the present value of the expected cash flows of the flowing legs (the London metal exchange "LME" silver fixing). In the case of the commodity forward contracts, the models use the LME 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 30 June 2022 are as follows:

	US$000
Current assets	19,236
Non-current assets	6,613
	25,849

The effect recorded us as follows:

	US$000
Income statement – revenue	7,130
Equity - Unrealised gain on hedges	25,849

The sensitivity to a reasonable movement in the commodity prices, with all other variables held constant, determined as a +/-10% change in prices -US$10,677,000 / US$10,425,000 effect on OCI.

	As at December 2021 (Unaudited) US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Assets measured at fair value				
Equity shares[1]	3,816	3,816	–	–
Derivative financial assets	19,115	–	19,115	–
Trade and other receivables	27,773	–	–	27,773
	50,704	3,816	19,115	27,773

1 These investments were classified as financial assets at fair value through OCI (US$661,000) and financial assets at fair value through profit and loss (US$ 3,155,000).

During the six months ended 30 June 2022 and the year ended 31 December 2021 there were no transfers between these levels.

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

	Trade receivables subject to price adjustments US$000
Balance at 1 January 2021	**45,353**
Net change in trade receivables from goods sold	(12,969)
Changes in fair value of price adjustments	(6,614)
Realised price adjustments during the year	2,003
Balance at 31 December 2021	**27,773**
Net change in trade receivables from goods sold	2,147
Changes in fair value of price adjustments	(6,669)
Realised price adjustments during the period	936
Balance at 30 June 2022 (Unaudited)	**24,187**

The Group has price adjustments arising from the sale of concentrate and dore which were provisionally priced at the time the sale was recorded. 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:

Period	Increase/ decrease in price of ounces of:	Effect on profit before tax US$000
30 June 2022	Gold +/-10%	+/-130
	Silver+/-10%	+/-537
31 December 2021	Gold +/-10%	+/-95
	Silver+/-10%	+/-757

17 Deferred income tax assets and liabilities

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

	As at 30 June 2022 (Unaudited) US$000	As at 31 December 2021 US$000
Beginning of the period	**(86,744)**	(72,307)
Income statement charge	**7,604**	(7,054)
OCI (charge)/credit	**(1,987)**	(7,383)
Retained earnings	**3,775**	–
Foreign exchange effect	**(446)**	–
End of the period	**(77,798)**	(86,744)

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

	As at 30 June 2022 (Unaudited) US$000	As at 31 December 2021 US$000
Deferred income tax assets[1]	**5,757**	484
Deferred income tax liabilities	**(83,555)**	(87,228)
Net deferred income tax liabilities	**(77,798)**	(86,744)

1 Increase mainly explained by the deferred income tax asset in Amarillo Minaracao do Brasil Ltda., subsidiary of the Amarillo Gold group acquired on 1 April 2022 (note 4) of US$5,076,000.

18 Cash and cash equivalents

	As at 30 June 2022 (Unaudited) US$000	As at 31 December 2021 US$000
Cash at bank	**1,208**	1,065
Current demand deposit accounts[1]	**77,066**	86,058
Time deposits[2]	**126,050**	299,666
Cash and cash equivalents	**204,324**	386,789

1 Relates to bank accounts which are readily accessible to the Group and bear interest.
2 These deposits have an average maturity of 17 days (as at 31 December 2021: 18 days).

19 Borrowings

	As at 30 June 2022 (Unaudited)			As at 31 December 2021		
	Effective interest rate	Non-current US$000	Current US$000	Effective interest rate	Non-current US$000	Current US$000
Secured bank loans						
• Pre-shipment loans in Minera Santa Cruz	**35% to 48%**	**–**	**12,774**	–	–	–
• Mid-term loans in Minera Ares	**4.4%**	**300,000**	**821**	2.17%	300,000	499
Total		**300,000**	**13,595**		300,000	499

The movement in borrowings during the six-month period to 30 June 2022 is as follows:

	As at December 2021 US$000	Additions US$000	Repayments US$000	Reclassifications US$000	As at 30 June 2022 (Unaudited) US$000
Current					
Bank loans[1]	-	13,411	–	(1,832)	**11,579**
Accrued interest	499	5,303	(3,814)	28	**2,016**
	499	18,714	(3,814)	(1,804)	**13,595**
Non-current					
Bank loans[1]	300,000	–	–	–	**300,000**
	300,000	–	–	–	**300,000**

1 Relates to pre-shipment loans for a total amount of US$11,579,000 (31 December 2021: US$nil) which are credit lines given by banks to meet payment obligations arising from the exports of the Group. In addition, the balance at 30 June 2022 and 31 December 2021 includes a five-year credit agreement 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 on equal quarterly instalments from the second anniversary of the loan with an interest rate of Libor three months plus 1.15% payable quarterly until maturity on 13 December 2024. In September 2021, the Group negotiated with the same counterpart a US $ 200,000,0000 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. The carrying value including accrued interests at 30 June 2022 is US$300,821,000 (31 December 2021: US$300,499,000).

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

	Carrying amount		Fair value	
	As at 30 June 2022 (Unaudited) US$000	As at 31 December 2021 US$000	As at 30 June 2022 (Unaudited) US$000	As at 31 December 2021 US$000
Bank loans	**300,821**	300,499	**295,930**	296,122
Total	**300,821**	300,499	**295,930**	296,122

20 Provisions

	As at 30 June 2022 (Unaudited)		As at 31 December 2021	
	Non-current US$000	Current US$000	Non-current US$000	Current US$000
Provision for mine closure[1]	133,609	8,714	114,365	19,670
Workers' profit sharing[2]	–	3,354	–	10,892
Provision for contingencies[3]	4,216	1,945	2,003	1,496
Long term incentive plan	–	292	467	–
Total	137,825	14,305	116,835	32,058

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 30 June 2022 and 31 December 2021 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. The pre-tax real discount rate used was -1.15% (2021: -2.09%). Movement in the provision relates to an increase due to change in estimate of US$19,436,000 (mainly in the mine units Ares US$9,458,000, San José US$7,812,000 and Pallancata US$910,000), net of payments of US$4,730,000, a decrease related to change in discount rate of US$5,320,000 and a decrease related to unwind of discount on mine rehabilitation of US$1,098,000.

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

	US$000
Closure costs (increase by 10%) increase of provision	14,237
Discount rate (increase by 0.5%) (decrease of provision)	(8,112)

2 Corresponds to worker's profit sharing in Compania Minera Ares.
3 Mainly corresponds to the increase due to an income tax contingency in Compañía Minera Ares of US$2,213,000.

21 Equity

Share capital and share premium

The movement in share capital of the Company from 31 December 2021 to 30 June 2022 is as follows:

	Number of ordinary shares	Share capital US$000	Share premium US$000
Shares issued as at 1 January 2021	513,875,563	226,506	438,041
Shares issued as at 31 December 2021	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 30 June 2022	513,875,563	9,061	–

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 merger reserve 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:

i. the cancellation of the Bonus Shares with the sum arising on the cancellation being credited to the Company's retained earnings reserve;

ii. the reduction of the Company's share premium account to nil and crediting the corresponding amount to the Company's retained earnings reserve; and

iii. the reduction in the nominal value of the Ordinary Shares from 25 pence per Ordinary Share to 1 pence per Ordinary Share,

(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.

22 Dividends paid and declared

Dividends declared and paid to non-controlling interests in the six months ended 30 June 2022 were US$286,000 (2021: US$7,561,000).

A final dividend in respect of 2021 was recommended to shareholders of US$11,998,000 (final dividend for 2020: US$12,002,000). An interim dividend in respect of the six months ended 30 June 2022 amounting to US$10,000,000 (2021: US$10,020,000) has been declared by the Directors . Dividends paid to shareholders of the parent in the six months ended 30 June 2022 were US$11,998,000 (2021: US$12,002,000).

23 Related party transactions

There were no significant transactions with related parties during the six months period ended 30 June 2022.

24 Notes to the statement of cash flows

	Six months ended 30 June	
	2022	202
	(Unaudited) **US$000**	(Unaudited) US$000
Reconciliation of profit for the period to net cash generated from operating activities		
Profit/(loss) for the period	**(420)**	28,594
Adjustments to reconcile Group profit to net cash inflows from operating activities		
Depreciation	**69,444**	74,459
Amortisation of intangibles	**384**	563
Impairment of non-financial assets	**1,741**	–
Write-off of non-financial assets, net	**323**	299
Impairment of an associate	**9,923**	–
Share of loss of an associate	**551**	–
Gain on sale of property, plant and equipment	**(199)**	(3)
Increase of provision for mine closure	**10,799**	1,538
Loss from changes in the fair value of financial assets at fair value through profit and loss	**2,282**	–
Finance income	**(2,163)**	(2,061)
Finance costs	**13,083**	13,252
Income tax expense	**5,790**	55,253
Other	**3,639**	3,910
Increase/(decrease) of cash flows from operations due to changes in assets and liabilities		
Trade and other receivables	**(39,469)**	(24,387)
Income tax receivable	**(2,725)**	10
Other financial assets and liabilities	**2,802**	1,200
Inventories	**(9,240)**	(621)
Trade and other payables	**(19,345)**	(13,384)
Provisions	**(5,992)**	1,583
Cash generated from operations	**41,208**	140,205

25 Subsequent events

In early August 2022, Compania Minera Ares SAC (CMA) received a preliminary administrative fine from the Peruvian environmental supervisory authority (OEFA) in connection with an environmental incident at the Arcata mine in March 2013. The event involved the spillage of between four to six cubic metres of hydraulic backfill from a pipe which impacted the soil along the pipeline. CMA took immediate measures to remediate the impacted soil.

In 2017, CMA filed a report with OEFA detailing the remediation work that it had undertaken. Five years later (in 2022), OEFA requested additional evidence of the remediation undertaken.

In early August 2022, OEFA issued a fine for alleged non-performance of the requisite remediation work. However, CMA considers that its technical information will confirm that it took all appropriate measures and, accordingly, there are no grounds for the imposition of a fine.

Based on the assessment of its technical team and the advice of external legal counsel, management believes that it has grounds to robustly defend its position and, accordingly, further believes that a successful challenge to the imposition of the fine would be probable. Consequently, no provision has been made. Management considers that it is possible that a fine may be levied but confident that the worst-case scenario would result in an amount payable of up to $1.8m, being less than the preliminary administrative fine issued.

Profit by operation[1]

(Segment report reconciliation) as at 30 June 2022:

Group (US$000)	Pallancata	San Jose	Inmaculada	Consolidation adjustment and others	Total/HOC
Revenue	**36,538**	**106,747**	**204,196**	**300**	**347,781**
Cost of sales (pre consolidation)	(44,910)	(82,148)	(117,257)	3,799	(240,516)
Consolidation adjustment	307	–	3,492	(3,799)	–
Cost of sales (post consolidation)	**(44,603)**	**(82,148)**	**(113,765)**	**–**	**(240,516)**
Production cost excluding depreciation	(35,846)	(66,304)	(71,851)	–	(174,001)
Depreciation in production cost	(8,083)	(20,926)	(39,792)	–	(68,801)
Workers profit sharing	(951)	–	(1,095)	–	(2,046)
Other items	(17)	(3,848)	(5)	–	(3,870)
Change in inventories	294	8,930	(1,022)	–	8,202
Gross profit	**(8,065)**	**24,599**	**90,431**	**300**	**107,265**
Administrative expenses	–	–	–	(24,913)	(24,913)
Exploration expenses	–	–	–	(23,826)	(23,826)
Selling expenses	(242)	(6,163)	(322)	–	(6,727)
Other expenses, net	–	–	–	(20,322)	(20,322)
Operating profit/(loss) before impairment	**(8,307)**	**18,436**	**90,109**	**(68,761)**	**31,477**
Impairment and write-off of non-financial assets, net	–	–	–	(2,064)	(2,064)
Share of post-tax losses from associate	–	–	–	(10,474)	(10,474)
Finance income	–			2,163	2,163
Finance costs	–	–	–	(13,083)	(13,083)
Foreign exchange loss	–	–	–	(2,649)	(2,649)
Profit/(loss) from continuing operations before income tax	**(8,307)**	**18,436**	**90,109**	**(94,868)**	**5,370**
Income tax	–	–	–	(5,790)	(5,790)
Profit/(loss) for the period from continuing operations	**(8,307)**	**18,436**	**90,109**	**(100,658)**	**(420)**

1 On a post-exceptional basis.

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, dividends and to report changes in personal details:

BY EMAIL
shareholderenquiries@linkgroup.co.uk

POST
Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL

BY TELEPHONE
(+44 (0)) 371 664 0300 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9am – 5:30pm, Monday to Friday excluding public holidays in England and Wales)

Currency option and dividend mandate
Shareholders wishing to receive their dividend in US dollars should contact the Company's registrars to request a currency election form. This form should be completed and returned to the registrars by 9 September 2022 in respect of the 2022 interim dividend.

The Company's registrars can also arrange for the dividend to be paid directly into a shareholder's UK bank account. To take advantage of this facility in respect of the 2022 interim dividend, a dividend mandate form, also available from the Company's registrars, should be completed and returned to the registrars by 9 September 2022. This arrangement is only available in respect of dividends paid in UK pounds sterling. Shareholders who have already completed one or both of these forms need take no further action.

Financial Calendar

Dividend dates	2022
Ex-dividend date	1 September
Record date	2 September
Deadline for return of currency election forms	9 September
Payment date	23 September

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Registered in England and Wales with Company Number 5777693