HOCHSCHILD
BEYOND MINING

Focused on the core business

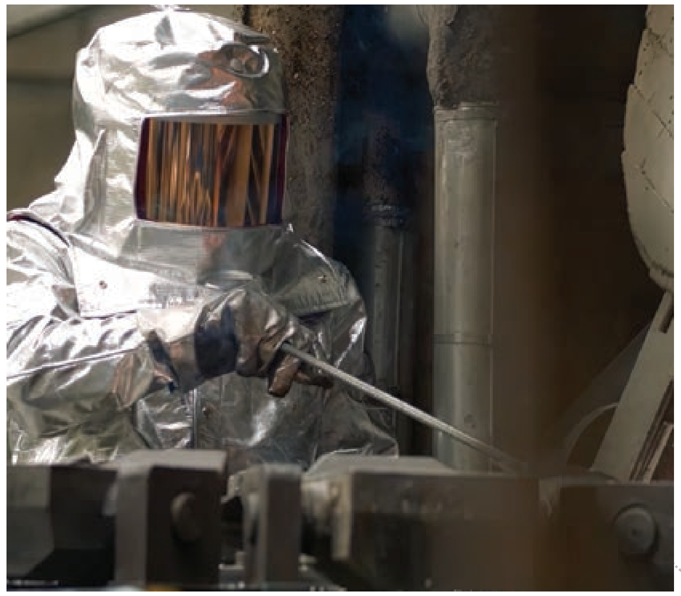
Hochschild Mining PLC
Annual Report & Accounts 2023

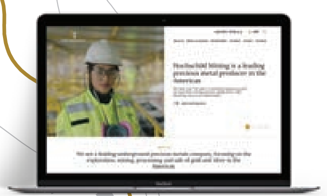
About us

Hochschild Mining PLC is a leading precious metals company listed on the London Stock Exchange with a primary focus on the exploration, mining, processing and sale of silver and gold. Hochschild has 60 years of experience in the mining of precious metal epithermal vein deposits and currently operates two underground epithermal vein mines, one located in southern Peru and one in southern Argentina as well as the Mara Rosa open pit mine in Brazil. It also has numerous long-term projects throughout the Americas.

Focused on the core business

Hochschild is focused on responsible development at all our core mines and projects across the Americas. We always prioritise value creation for every stakeholder and a key part of the Company's ethos has been strong relationships with our communities throughout the mining life cycle.





A focus on the core

Long-term commitment to Peru

Modified environmental permit approved for 20 years

In August 2023, the Peruvian government approved Inmaculada's Modified Environmental Impact Assessment. With this welcome step, the Company is now in an excellent position to optimise the mine and unlock its impressive geological potential, complete construction of our new Mara Rosa operation in Brazil and advance the new Royropata discovery at Pallancata.

The permitting teams worked for four years on the project with the result that Inmaculada will remain a key part of Hochschild's portfolio for many years to come. The extension reaffirms our commitment to our stakeholders in the Ayacucho region and its communities as well as to Peru overall.

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Our flagship operation

Located in the Ayacucho region in southern Peru, we have been operating the Inmaculada underground operation for almost nine years and there are significant areas still to be explored.

Production over the next few years is expected to be around 200,000 gold equivalent ounces per annum whilst costs are forecast to peak in 2024 before falling thereafter. The permit approval allows access to high grade resources as well as a large land package covering some 262 hectares and a new brownfield programme has recently started with the aim of increasing the resource quantity and quality. We are currently targeting zones to the north of the deposit's original Angela vein along the so-called Eduardo belt.

204k
AU EQ PRODUCTION IN 2023

1.1mt
TOTAL ANNUAL THROUGHPUT

4.1g/t
AVERAGE GOLD GRADE

177g/t
AVERAGE SILVER GRADE

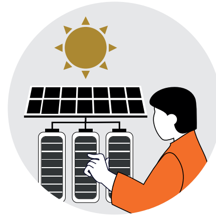
Government support for mining

The current Peruvian government has made mining investment a priority and, over the last year, pursued a series of initiatives to actively promote the Peruvian mining industry. This has included: high-level government delegations being sent to key mining conferences; strengthening of the government's "Delivery Unit" in the Ministry of Economy & Finance to guide project permitting; and approval of critical permits for key mining projects such as Zafranal (Teck Resources), Inmaculada and Toromocho (Chinalco).

Further initiatives have also been launched to streamline the country's overall permitting process such as:

- Prime Minister-led commission launched to facilitate investment projects in key sectors, including mining
- Single permitting platform established for mining permits
- Simplification of environmental permitting and the process of indigenous prior consultation for exploration projects

ESG projects



Environment
To fully embed our Environmental Culture Transformation Programme into our everyday operations, we invite employees, across all levels, to be part of our Environmental Ambassador Programme. Our ambassadors serve as catalysts, accelerating the impact of the transformation process.

Education
The "Aprender para Triunfar" programme provides academic and entrepreneurial support to primary and secondary school students, parents and teachers. Since 2012, over 300 students have benefited each year from this educational programme.

Employment
We have worked to strengthen our social engagement strategy and find meaningful ways of supporting our local communities. In Peru, for example, this included increasing local employment and procurement, supporting local governments with public infrastructure, and positively engaging local communities through educational, health and digital connectivity programmes.

Health
Our Ccalaccapcha medical campaign was held in Q4 2023 and provided the population of the Ccalaccapcha community and surrounding areas with comprehensive care. The Cora Cora Health Network and the Pausa Micro-Network along with our Inmaculada mine team, provided a total of 21 specialists for the campaign as well as equipment and supplies.

A bright future

Mara Rosa project completion

Mara Rosa is an open pit gold project located in the mining friendly jurisdiction of Goiás State in Brazil. The brownfield project benefits from existing infrastructure and attractive costs.

In 2023, we made excellent progress in advancing construction of the new mine to completion so that in Q1 2024, we were able to deliver first gold pour and are on track to meet our production forecast for the year of between 83,000 and 93,000 ounces of gold.

The purchase of this asset aligned with our core strengths and long-term strategy of acquiring and optimising development stage projects in the Americas and was the result of a long-term Company review process of a wide range of growth opportunities. The addition of Mara Rosa increased our reserves by 75%, is expected to increase our overall production by 34% and, with its forecast low operating costs, is also expected to reduce Hochschild's group all-in-sustaining cost.

The project has benefited from a complementary ESG-led approach with strong local community and government support and we have continued that focus during 2023. In August, Hochschild announced a partnership with Solatio Energia (a photovoltaic sector specialist) to implement a solar energy project that will supply renewable energy for 100% of the Mara Rosa Project's operations. All production from the new solar plant will be fed into the National Interconnected System (SIN), offsetting the total volume of energy consumed by the operations in Mara Rosa. Construction work on the new solar plant began in October 2023, and production is scheduled to begin in January 2025.

Hochschild´s health and safety corporate standards have also been being implemented, including the introduction of the Company's "Seguscore" safety indicator. The project has completed approximately five million hours without loss time accident. Frequency and severity indices for 2023 were 0.54 and 2, respectively, both better than our corporate goals.

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Attractive long-life asset

Aligned with our core strengths and long-term strategy
A mid-sized project in a mining friendly jurisdiction which has economic stability, excellent local infrastructure and a wealth of experienced local talent as well as a friendly community who recognise the project benefits.

Exploration
Hochschild is initiating a near-mine exploration programme which is aiming to add another 1 million ounces of gold resources by 2030. During 2024, we are expecting to drill three targets including the Posse, Martinho and Caxias shear zones.

82–105koz Au
ANNUAL PRODUCTION

23.8mt
P&P RESERVES

Complementary ESG-led approach

Strong local community engagement
The Knowledge Trail is an environmental and heritage education project developed by Hochschild and aimed at the communities of Mara Rosa, Amaralina and the region. The project is dedicated to Science, Culture and Education, with the aims of disseminating scientific knowledge, raising environmental awareness and valuing the region's cultural heritage.

Government support
Mining is permitted and regulated at the state level and the project has received strong levels of support from all key departments of the Goiás State. All permits have been granted on time and this government approach is key to the ability of the Company to bring the project in on time and on budget.

A bright future

An asset renewed

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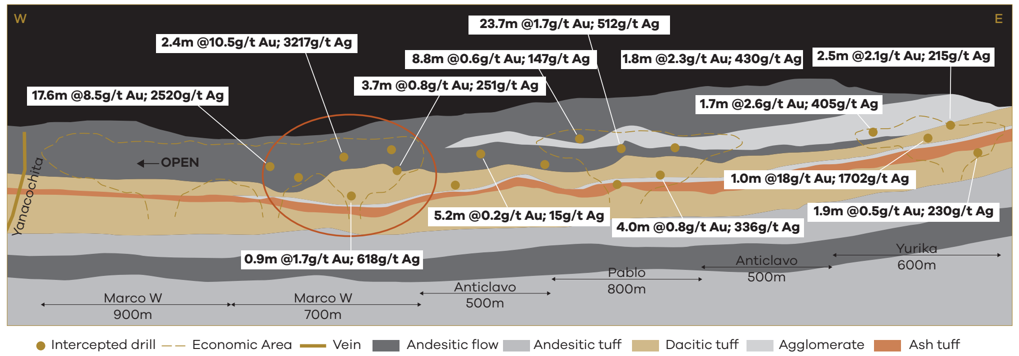
Significant exploration potential

Royropata zone



Project metrics

Estimated production start	2027
Average annual production	100koz AuEq
Initial capex	$55-65m
Average AISC (per AuEq oz)	$1,000-1,100
Pre-tax IRR	45-55%

In 2022, the brownfield exploration team made a significant discovery close to Pallancata, within the Royropata zone.

Although it is outside the permitted area and will require approximately three years to receive the necessary government approvals, the size of the resource is already over 700,000 gold equivalent ounces with significant exploration upside. We are confident that this new zone will be the future of mining in the area in the medium to long term, despite the recent necessity to place Pallancata on temporary care and maintenance.

The area is located in the Ayacucho region in southern Peru, in Hochschild and we believe that the Modified Environmental Impact Statement process should be less complex than the Inmaculada permit. The existing Peruvian government has been promoting the mining industry and has targeted the streamlining of the permitting process across the industry. In addition, the Royropata zone has a much-reduced scope than the one covering Inmaculada and Hochschild has implemented a number of initiatives to aid the process still further. These include: the appointment of an overall steering committee to manage the process; the selection of a single company for the engineering and environmental work; and continued independent peer group review to ensure quality control.

The existing discovery of 700,000 ounces is expected to continue to grow with the Company targeting a doubling of resources of similar quality. The key metrics for the existing resources are detailed on this page, to the right.

Resources

3,162
TONNES

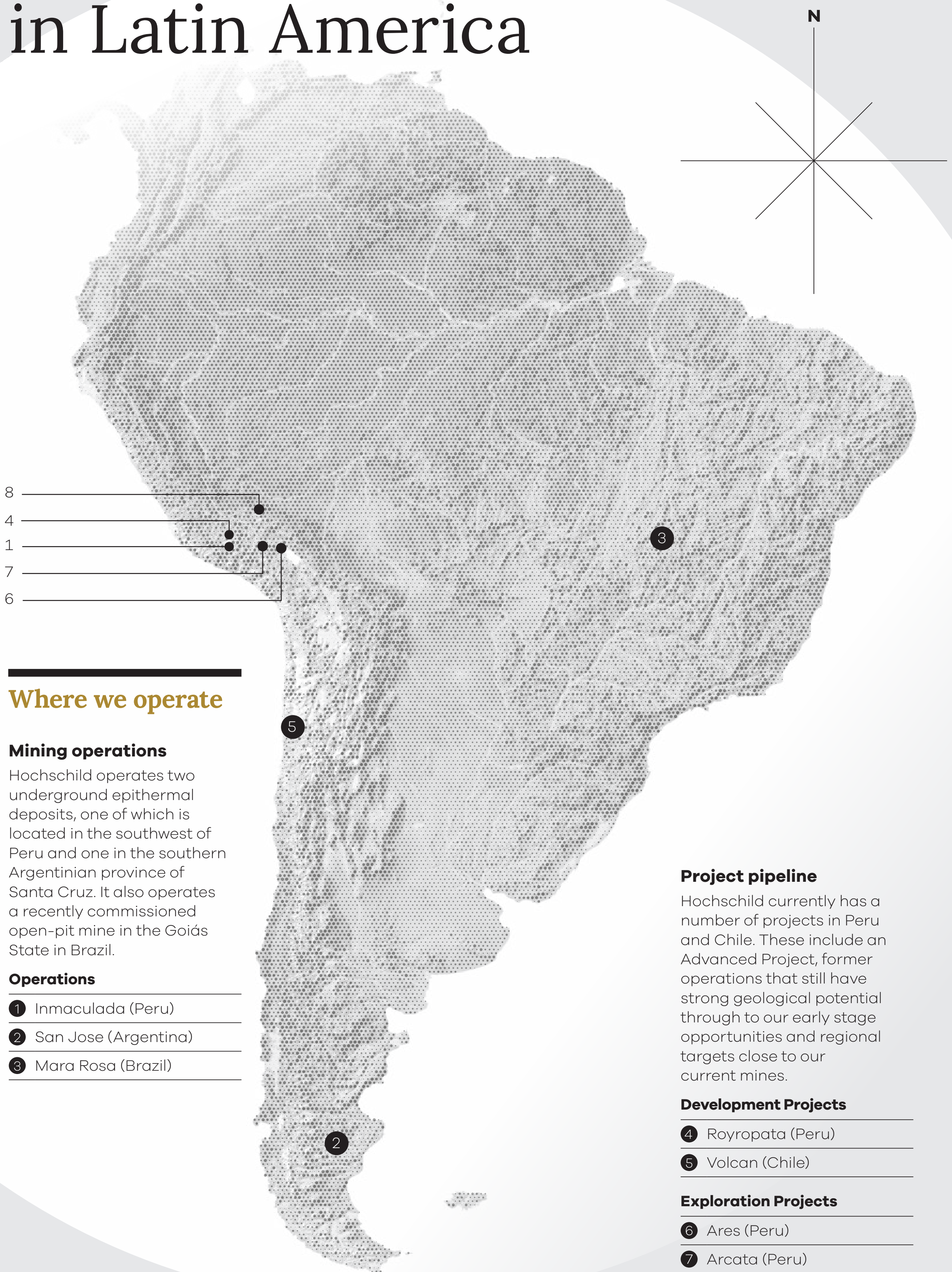
1.9
AU GRAMS PER TONNE

515
AG GRAMS PER TONNE

700
AU KOZ

5
AVERAGE WIDTH (METRES)

Responsible mining in Latin America



Where we operate

Mining operations

Hochschild operates two underground epithermal deposits, one of which is located in the southwest of Peru and one in the southern Argentinian province of Santa Cruz. It also operates a recently commissioned open-pit mine in the Goiás State in Brazil.

Operations

1. Inmaculada (Peru)
2. San Jose (Argentina)
3. Mara Rosa (Brazil)

Project pipeline

Hochschild currently has a number of projects in Peru and Chile. These include an Advanced Project, former operations that still have strong geological potential through to our early stage opportunities and regional targets close to our current mines.

Development Projects

4. Royropata (Peru)
5. Volcan (Chile)

Exploration Projects

6. Ares (Peru)
7. Arcata (Peru)
8. Azuca (Peru)

Who we are

We are a leading underground precious metals company, focusing on the exploration, mining, processing and sale of gold and silver in the Americas.

Our business in numbers

Peru

3,982 employees (incl. contractors)
$75.8m wages paid
$5.8m taxes and royalties
$51.4m local procurement spend

Argentina

1,761 employees (incl. contractors)
$71.1m wages paid
$Nil taxes and royalties
$45.4m local procurement spend

Brazil

2,382 employees (incl. contractors)
$3.2m wages paid
$Nil taxes and royalties
$59.2m local procurement spend

9.5m oz

SILVER PRODUCTION IN 2023

186k oz

GOLD PRODUCTION IN 2023

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Our purpose

Responsible and innovative mining committed to a better world.

Our values

— Innovation
— Inspiring others
— Recognising talent
— Seeking efficiencies
— Demonstrating responsibility

Our commitment to sustainability

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Sustainability report page 52

Our commitment to sustainability underlies how we operate as a business; it shapes our culture and how we work in our teams day-to-day. It shapes our relationships with our communities, sub-contractors and local governments, and it underpins how we interact with the environment and the physical landscape in which we operate.

Working in changing markets

Hochschild is subject to external market dynamics associated with the precious metals industry that inform decision-making and influence our business performance. In addition, our operations, located in Peru and Argentina, are exposed to changing country-specific factors that can impact our business.

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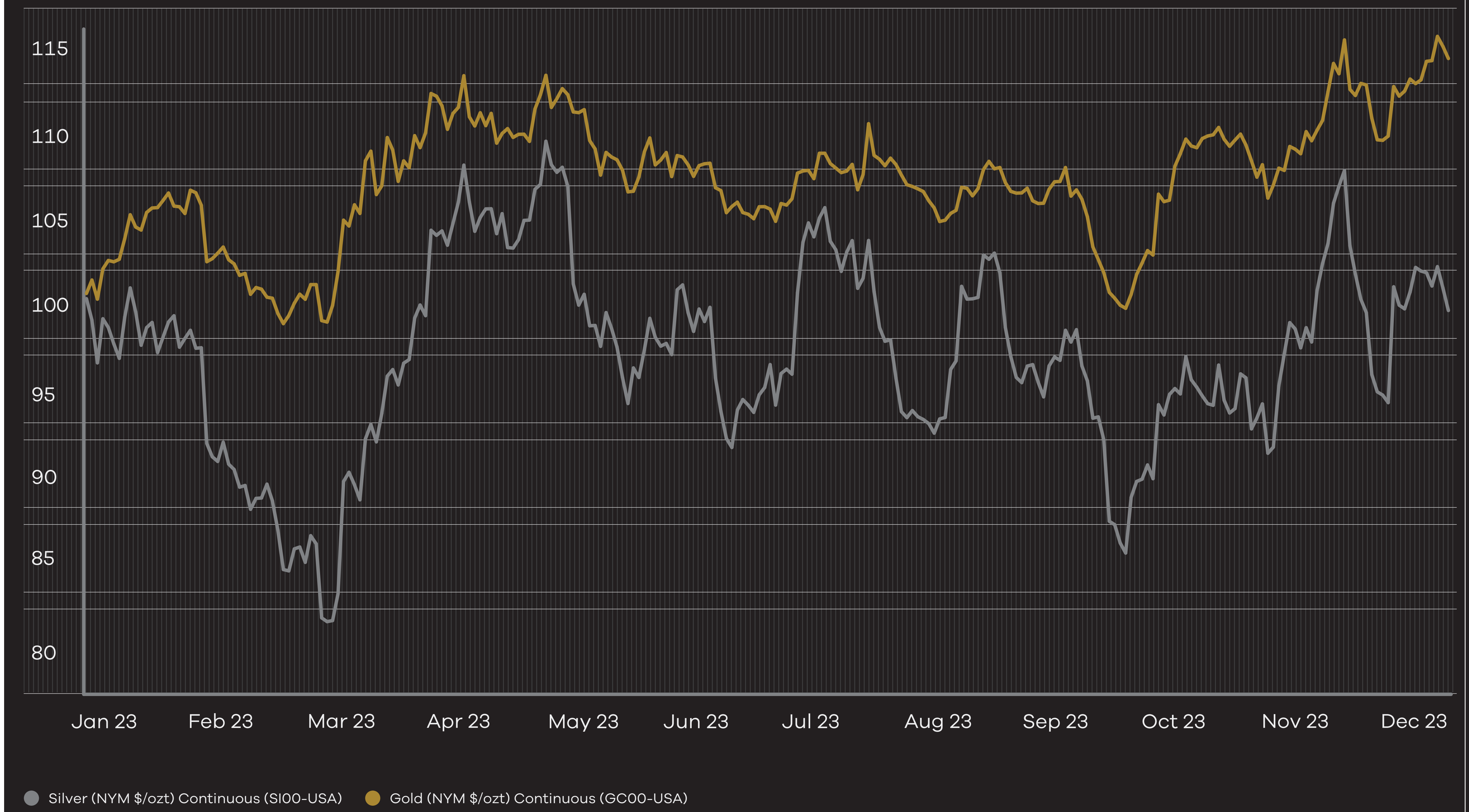
Gold and silver prices in 2023 (indexed)



Source: Nasdaq

Silver

The silver price ended 2023 at US$24.1/oz which was flat on the 2022 closing price.

The average 2023 silver price of US$23.5 /oz – was 8% higher than 2022.

$24.1/oz
2023 YEAR-END PRICE

+8%
AVERAGE PRICE VERSUS 2022

Gold

The gold price ended 2023 at US$2,072/oz – a record high year-end close – generating an annual return of 13%.

The average 2023 gold price of US$1,955 /oz – also a record – was 8% higher than 2022.

$2,072/oz
2023 YEAR-END PRICE

+8%
AVERAGE PRICE VERSUS 2022

Gold

Gold experienced a strong year with its performance controlled by the ongoing reaction to war in Ukraine and latterly in the Middle East and the ebb and flow of US interest rate expectations, the US economy and therefore its impact on the US dollar.

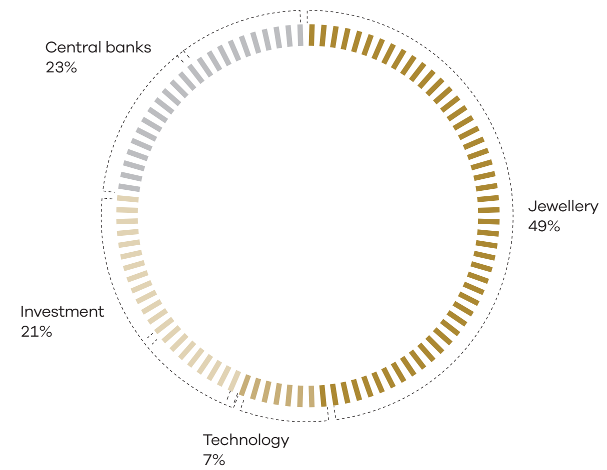
Summary

Gold is a precious metal bought by people across the world for different reasons, often influenced by socio-cultural factors, market conditions, and macro-economic drivers in their country.

Average 2023 price

$1,955/oz

Demand



Supply

The price rose early in the year to a high of around $1,950 an ounce but as interest rates reduced, expectations were tempered by strong US data in February, the price fell to just over $1,800. However, with worries over the health of US banks, the price rallied in April to a level of over $2,000 per ounce before falling sharply in September and early October due to the acceleration of US retail inflation, which raised the odds for another rate hike. The price then rallied to all-time highs in December as geopolitical risk increased due to the war in the Middle East as well as rising expectations of US interest rate cuts in 2024. The gold price ended the year close to highs at $2,072 with the 2023 average at approximately $1,955, an 8% rise on 2022.

Annual gold demand of 4,448t was 5% below a very strong 2022. Inclusive of significant OTC and stock flows (398t), total gold demand in 2023 was the highest on record at 4,899t. Central bank buying was strongly maintained during the year with annual net purchases of 1,037t almost matching the 2022 record, falling just 45t short. Global gold ETFs saw a third consecutive annual outflow, losing 244t although the pace of outflows slowed markedly into year-end, but October's hefty outflows dominated the Q4 picture.

Annual bar and coin investment saw a mild contraction (-3% y/y) as divergent trends in key Western and Eastern markets offset one another. On the other hand, annual jewellery consumption held steady at 2,093t, even in the very high gold price environment with China's recovery supporting the robust global total. Finally, despite a Q4 recovery in electronics, the annual volume of gold used in technology fell below 300t for the first recorded time.

Full-year global investment demand (the sum of bars, coins and ETFs) was the lowest since 2014. Gold ETFs contributed to much of the decline, as global outflows continued. However, thanks to a positive gold price performance, global assets under management in these products grew by 6% in US dollar terms. Bar and coin investment moderated as a sharp decline in Europe (largely due to rising interest rates and the cost-of-living crisis) outweighed strong growth in China and Turkey.

Total supply in 2023 increased by 3%, the second successive year of modest increases. Annual production of 3,644t was the highest since 2018 as major production disruptions were generally absent. Higher gold prices prompted a 9% gain in recycling, to 1,237t. Early estimates suggest a small increase in outstanding producer hedge books (e.g. Hochschild) but the large amount of positions due to maturing in Q4 2023 mean there is lower than usual confidence about the end-of-year position for the gold mining industry.

Possible drivers for gold in 2024

Total investment is likely to be higher in 2024 but, much of this demand could come from the less visible OTC segment. Early weakness in gold ETFs could see a turnaround by mid-year, aided by anticipated rate cuts and continued geopolitical risk. Bar and coin demand is likely to stay healthy and in line with the 10-year average, as Chinese and Indian demand strength offsets European weakness.

Central banks are expected to keep buying, in excess of the pre-2022 annual average of around 500t. They almost matched their 2022 total last year and the expectation is for another solid year of buying, albeit lower than 2023.

Jewellery demand may struggle to remain high, as economic slowdowns and high gold prices start to bite whilst technology demand is expected to benefit from strong positive guidance on semiconductors and from AI fever.

Total supply is expected to rise with planned expansions/higher grades taking primary production to new highs. Global economic resilience should help contain volumes although many economies are set to slow further.

Source: World Gold Council, Metals Focus

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Silver

Silver has tended to perform in line with gold demonstrating its store-of-value characteristics although with over 50% of silver demand coming from industrial uses, the metal can also move with other industrial metals in line with global growth expectations.

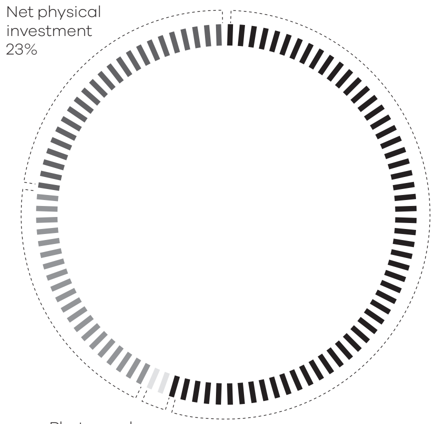
Summary

Silver is known for its lustrous appearance, malleability, and conductivity and has been prized for centuries in jewellery, currency, and industrial applications. With a rich history tied to wealth and craftsmanship, silver plays a vital role in various sectors, from technology to medicine.

Average 2023 price

$23.5/oz

Demand



Supply

This might account for the silver price movements in 2023 being highly volatile, trading between just over $20 per ounce in March but jumping by some 30% to $26 by early May as worries over the US banks caused both silver (and gold) to recover strongly. Moving with gold throughout the remainder of the year, the silver rise fell in October on worries over the war in the Middle East before recovering by the end of December to be virtually flat on the year. The average for the year was approximately $23.5 per ounce.

Overall, despite weaker demand and a slight drop in total supply, the global silver market is forecast to see another sizeable physical deficit in 2023, marking the third consecutive year of an annual deficit. At 140 million ounces, this will be 45% lower than 2022's all-time high, but this is still elevated by historical standards.

Industrial demand in 2023 is expected to be a new annual high. Key drivers in this growth are being driven by a strong green economy, including investment in photovoltaics (PV), power grids and 5G networks, as well as increased use of automotive electronics and supporting infrastructure. Improvements in PV were particularly noticeable as the increase in cell production exceeded silver thrifting, which helped drive electronics and electrical demand higher.

Silver jewellery and silverware demand have fallen by 22% and 47%, respectively, to 182m oz and 39m oz in 2023. Losses are led by India, where full-year demand is expected to have normalised after a surge in 2022. Excluding India, global jewellery demand is expected to have edged slightly higher in 2023, while silverware will fall by 12%.

Physical investment in 2023 is projected to have fallen by 21% to a three-year low of 263m oz. While most markets have seen weaker volumes, losses have been concentrated in India and Germany. US investment has also turned lower, but only modestly, thanks to buoyant safe-haven demand following the regional banking crisis. The resilience of the US market helps explain why the global total has stayed historically high.

Like gold, silver ETFs are forecast to have recorded net outflows for the second year in a row. As was the case in 2022, the bulk of year-to-date redemptions reflect continued monetary tightening and its consequential boost to yields, especially in real terms. However, the decline in holdings in 2023 is expected to be lower at 40m oz in 2023, roughly a third of 2022's record outflows.

In 2023, global mined silver production is expected to have fallen by 2% year-on-year to 820m oz, driven by lower output from operations in Mexico and Peru (e.g. Pallancata). Even so, overall production from primary silver mines will still rise this year, driven by the expected ramp-up at the Juanicipio mine. Silver output from lead/zinc mines will also increase as Udokan in Russia comes on-stream.

Possible drivers for silver in 2024

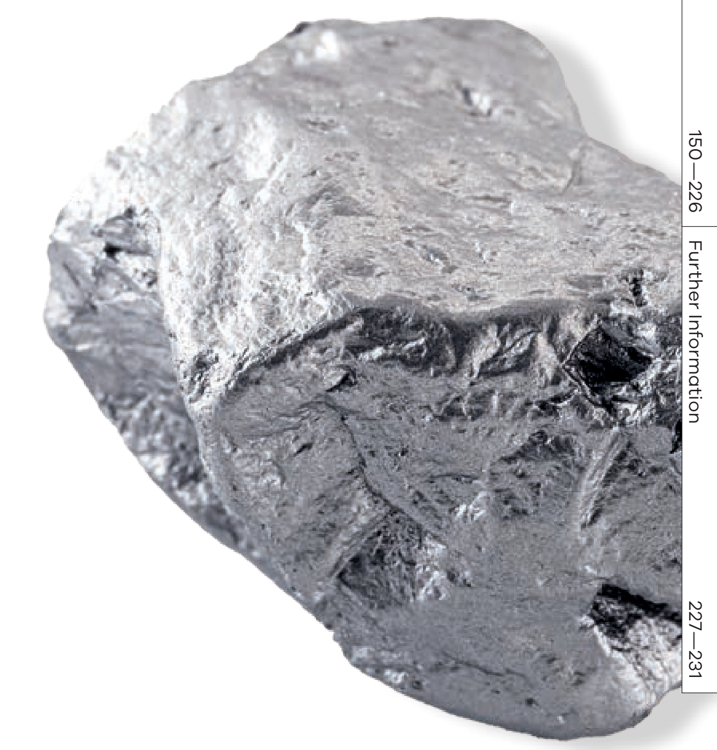
Global silver demand is forecast to reach 1.2 billion ounces in 2024, the second-highest level recorded. With stronger industrial offtake the principal catalyst.

US interest rate cuts appear less likely in the very short term so investment in precious metals could be under pressure. This should change in the second half of the year, the economic backdrop is expected to turn more favourable to silver investment when the US Fed may begin cutting rates.

Global silver demand is expected to rise 1%, pushed higher by the continued strength of industrial end-uses and a recovery in jewellery and silverware demand.

Total global silver supply is forecast to grow by 3% in 2024 to an eight-year high of 1.02 billion ounces, entirely led by a recovery in mined output although this growth is reliant on undisrupted operations at the major mines as well as commissioning at Polymetal's Prognoz silver mine in Russia, the start-up of Gold Field's Salares Norte gold mine in Chile, and the continued ramp-up of operations at Coeur's Rochester expansion project in the US.

Source: Silver Institute, Metals Focus



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Another important year for strategic development

$694m
REVENUE
2022: $736m

$274m
ADJUSTED EBITDA
2022: US$249m

Eduardo Hochschild
Company Chair

> I am proud and humbled by the efforts of management and all across the business for achieving our best safety performance in the Company's history.

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

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

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

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

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

Our entry into Brazil is also yielding further business development opportunities. We recently announced that we have secured an option to acquire 100% of Cerrado Gold's Monte Do Carmo gold project in the state of Tocantins. This low-cost opportunity will build on the template established at Mara Rosa and, if exercised, provide the Company with a further leg of growth at a compelling cost profile in a mining-friendly jurisdiction. We plan to explore its geological potential, confirm the operational assumptions of the project and advance the permitting process. We will invest a limited sum before making a final acquisition decision in the next 12 months.

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

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

During the year, we saw changes in the composition of the Board with Eileen Kamerick and Nicolas Hochschild stepping down as Non-Executive Directors at the 2023 AGM and, as part of our Board succession plan, I am pleased that Joanna Pearson joined the Board on 1 October 2023. Given her extensive experience in public company reporting, Joanna will assume the Chair of the Audit Committee at the conclusion of this year's AGM. I would like to thank Jill Gardiner for chairing the Audit Committee so diligently during this interim period.

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

Outlook

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

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

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

Eduardo Hochschild
Chair

12 March 2024

Hochschild has been operating for over 100 years, has a proven track record and the potential to deliver considerable growth and value for all of our stakeholders.

Eduardo Landin
Chief Executive Officer

Q A

Biography
Eduardo Landin became CEO of Hochschild Mining PLC in August 2023.

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Board of Directors page 100

Q — Why did the opportunity to become CEO at Hochschild excite you?

A. The strength of the underlying business speaks for itself. Hochschild has been operating for over 100 years, has a proven track record and the potential to deliver considerable growth and value for all of our stakeholders. We have an exciting operating, exploration and development asset portfolio, and a clear roadmap to growing production and reducing costs while supplementing our business with additional resources from our existing projects. The business is primed for growth and, having worked at Hochschild for over 17 years, I can see clearly how we can deliver on this growth opportunity and unlock significant shareholder value. This, combined with my confidence in my ability to lead the Company through this next phase of growth, underpins my excitement at taking on the role.

Q — You have recently laid out an evolved strategy for the Company. What gives you confidence Hochschild can deliver it?

A. Our growth strategy is incredibly simple: it revolves around reducing our cost base while increasing our annual production rates. We held a Capital Markets Day in November 2023, illustrating how we will deliver this year-on-year into the medium term. At the same time, we will continue our extensive brownfield development programme, with this being a clear growth driver as we continue to explore the land surrounding our existing assets, with a disciplined approach to capital deployment and delivering a best-in-class ESG performance.

I am confident that the strategy we set out was compelling and will result in delivering considerable value for all of our internal and external stakeholders. This is absolutely the right approach for driving our growth.

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> The Company is incredibly experienced at bringing development projects into production, including the construction of five mines since our IPO in 2006.”

My confidence is supported by the fact that we have an incredibly experienced, talented, and motivated team, all of whom have spent a considerable amount of time at the Company and in the industry. I have been at the Company for over 18 years whilst our CFO Eduardo Noriega has been here for 17 years. We will leverage this expertise to execute our strategy effectively. The Company is incredibly experienced at bringing development projects into production, including the construction of five mines since our IPO in 2006. We also have a proven track record of resource replacement. I have full faith in their capabilities.

Ultimately, it is our people and culture that will underpin the delivery of this strategy.

Q — Brownfield development is core to the Company's growth plans. What should investors have their eyes on?

A. Brownfield development is absolutely the right internal growth driver for us. It represents a highly effective means of adding low-cost ounces and increasing the life of our projects, particularly at our epithermal deposits where the formal mine life is typically shorter.

At Inmaculada, we have successfully added 2.4 million gold equivalent ounces through drilling since production began in 2015, with the potential for an additional 2.5 million ounces yet to be discovered. Inmaculada includes a large land package that the team is continuing to explore, and we are confident there will be a number of significant discoveries here based on experience and the work carried out to date.

Royropata, a brownfield discovery in close proximity to our Pallancata mine, is anticipated to become a low-cost, 100,000-ounce-per-year mine in the medium term, with commissioning expected to be in 2027. Royropata will utilise the existing infrastructure at Pallancata, lowering the capex associated with this project and reinforcing my confidence in its delivery.

We are also engaged in an exploration programme at Mara Rosa, our new mine in Goiás, Brazil, and look forward to updating shareholders on this in the near future.

Q — South America has given miners their fair share of turbulence recently. How do you look at the landscape in the countries where Hochschild operates?

A. We acknowledge the geopolitical and regulatory challenges faced in South America, not only by Hochschild but a number of others in recent years.

However, I have to report that we are currently not facing any operating difficulties in any of our regions of focus.

We continue to enjoy operating in Brazil under the economic stability provided by the Lula government, with the state of Goiás in particular, being incredibly mining-friendly.

As reported at the Capital Markets Day, we are finding Peru significantly easier to operate in the last year, with the government actively promoting the mining sector in the last year and with the social backdrop improving.

Our long-standing presence in these critical regions has given us a nuanced understanding of local geology, regulatory frameworks, and community dynamics, providing us with a significant competitive edge and point of differentiation.

> We acknowledge the geopolitical and regulatory challenges faced in South America, not only by Hochschild but a number of others in recent years.”

Q — Mara Rosa has all the hallmarks of being a great acquisition, but creating value through M&A in the precious sector is notoriously difficult; how will you approach it?

A. I am delighted by the progress made at Mara Rosa, which is an excellent asset that we are proud to have brought into production. The project is progressing according to plan, being on time and on budget, and provides the opportunity to increase production and reserves at an attractive cost. Mara Rosa also boasts promising brownfield exploration prospects, which we continue to explore in pursuit of future growth.

We have also established clear parameters for assessing future M&A opportunities. We are specifically interested in profitable pre-production assets where our construction, operational and brownfield exploration strengths differentiate us from other potential buyers and leave us well-placed to progress the project. For example we recently made steps to potentially add, in the medium term, another low-cost project in Brazil to our pipeline. The option agreement we have executed with Cerrado Gold for their Monte Do Carmo project in Tocantins state delivers an opportunity in a mining-friendly jurisdiction and will add significant increase in reserves with strong exploration upside. The transaction structure is also to our advantage by limiting the upfront consideration to secure an advanced development project.

Q — The sector continues to battle cost inflation. What gives you confidence that Hochschild can manage it?

A. Rising costs are a significant issue across the sector, although I'm confident that Hochschild will be able to execute our strategy to reduce our all-in sustaining costs by 20% by 2026.

We are implementing a stringent cost reduction project at Inmaculada, optimising the asset's operating expenditure while simultaneously boosting productivity through integrating new technologies and enhancing our supply chain management processes to ensure robustness and efficiency.

The construction of Mara Rosa in a new jurisdiction, on time and on budget, demonstrates the strong track record the Company has in cost and capex management.

Q — What Company ESG achievements have made you proud, and where are your priorities?

A. ESG is fundamental to our purpose and is a fundamental component of the growth strategy I delivered at the Capital Markets Day. We are committed to minimising our environmental impact, and have set a number of ambitious goals to this end.

These ambitious targets include a 30% reduction in Scopes 1 and 2 emissions by 2030 and achieving net-zero greenhouse gas emissions by 2050. Equally important is our dedication to creating a positive impact on the local communities where we operate and fostering strong community relationships. We prioritise local employment, with 59% of our total workforce hired locally.

In 2023, we achieved our ongoing target of zero fatalities and the lowest Lost Time Injury Frequency Rate (LTIFR) in the Company's recent history at 0.99. The team is incredibly proud of this achievement, at a rate that is considerably below the local and industry average.

Moving forward, our priorities include further enhancing workplace safety, reducing our environmental footprint, fostering inclusive growth and development in our communities, and upholding our commitment to ethical business practices and social responsibility.

> We aim to be recognised as a trusted partner for local people, driving value for all stakeholders.”

Q — How do you define success for Hochschild in the next three to five years?

A. Ultimately, success will be measured by our ability to deliver on the strategic targets we have outlined to the market. This includes achieving growth in production while simultaneously responsibly reducing costs.

This also includes delivering growth via brownfield exploration projects and value accretive M&A, both of which I have set our clear parameters regarding and we are pursuing these to drive growth.

Equally important is our dedication to developing the local communities in which we operate. We aim to be recognised as a trusted partner for local people, driving value for all stakeholders. This means actively engaging with communities, fostering economic development, and promoting social well-being.

With an experienced and motivated team, an exciting asset portfolio, and a commitment to excellence, we are well-positioned to realise these goals while generating meaningful shareholder value.

An exciting future for growth in the Americas

Eduardo Landin
Chief Executive Officer

Our commitment to being a responsible mining company is unqualified, and so I am very proud of the breadth of progress made during the year in the different key areas of ESG focus.

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

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

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

ESG

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

Operations

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

9.5m oz
SILVER PRODUCTION
2022: 11.0m oz

186k oz
GOLD PRODUCTION
2022: 206k oz

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

Projects

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

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

Exploration

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

Financial position

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

Financial results

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

Outlook

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

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

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

Eduardo Landin
Chief Executive Officer
12 March 2024

A highly skilled and experienced team

Eduardo Landin
Chief Executive Officer

Eduardo Landin was appointed CEO on 26 August 2023. Eduardo previously served as Hochschild's COO for over 10 years.

He joined the Group in January 2008 as General Manager of the Company's operations in Argentina. In 2011 he became General Manager of Projects with direct responsibility over the development of the Inmaculada and Crespo Advanced Projects.

Before joining Hochschild, Eduardo held the position of Corporate Development Manager at Cementos Pacasmayo and, prior to that, he worked in the Peruvian Ministry of Energy and Mines.

Eduardo began his career at Repsol S.A. where he worked for over 10 years in England, Spain and Peru. Eduardo is a Chartered Mechanical Engineer and holds a B.Eng (Honours) in Mechanical Engineering from Imperial College, London and an Executive MBA from the Universidad de Piura, Peru.

He is a Fellow of the Institution of Mechanical Engineers.

Eduardo Noriega
Chief Financial Officer

Eduardo Noriega was appointed Chief Financial Officer of Hochschild Mining on 10 December 2021 having joined the Company in March 2007. Eduardo previously served as Head of Group Finance with responsibility for financial planning and controls, treasury, corporate finance, tax and accounting. Prior to joining Hochschild, Eduardo worked in various finance roles for Dell Inc., Union de Cervecerías Peruana Backus & Johnston and Del Mar Fishing Company. Eduardo is a graduate in Business Administration from Universidad del Pacifico and holds an MBA from the University of Texas.

Rodrigo Nunes
Chief Operating Officer

Rodrigo Nunes was appointed Chief Operating Officer of Hochschild Mining in August 2023 having joined the Company in 2021 as Corporate Director, Technical Services & Projects, covering the Company's operations, development projects and M&A efforts globally. Prior to that, he was Vice President of Mining for Optimize Group, a consulting engineering company based in Toronto. Rodrigo also held key technical and leadership roles in global mining companies including Yamana Gold, Vale and ArcelorMittal. He holds a Mining Engineering degree from the Universidade Federal de Minas Gerais, an MBA, Project Management degree from the Fundação Getulio Vargas and a Master of Science, Mining and Mineral Engineering degree from the Universidade de São Paulo.

Oscar Garcia
Vice President, Brownfield Exploration

Oscar Garcia was promoted to the position of VP, Brownfield Exploration on 1 January 2019 having joined Hochschild Mining in 2007 as an Ore Control geologist. He has previously worked at Hochschild as Corporate Manager for Underground Geology, Ore Control and Brownfield Exploration. Prior to Hochschild Mining, Oscar worked as a geologist at Barrick Gold, Lonrho Mining Group and Compañia Minera Aguilar. Oscar qualified as a geologist at the Universidad Nacional de Cordoba in 1981.

José Augusto Palma
Vice President, Legal & Corporate Affairs

José Augusto Palma has more than 14 years of professional experience in the mining sector and has served in various positions in Hochschild. José has also been very active in the mining industry association has served as President of the Mining Sector in the Mining, Electricity and Petroleum Industry Association of Peru. Before joining Hochschild, José had a successful career in private practice in the United States, where he was a partner at the law firm of Swidler Berlin, and later worked at the World Bank. José also served two years in the Government of Peru. He holds law degrees from Georgetown University and the Universidad Iberoamericana in Mexico.

Eduardo Villar
Vice President, Human Resources

Eduardo Villar has been with the Group since 1996. Prior to his current position, he served as Human Resources Manager, Deputy HR Manager and Legal Counsel. Eduardo holds a law degree from the Universidad de Lima and an MBA from the Universidad Peruana de Ciencias Aplicadas. In addition, Eduardo has postgraduate qualifications in Business from IESE Business School and Harvard Business School and in Human Resources from London Business School and the University of Michigan.

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Creating sustainable value

Our well established and resilient business model reflects our long-term commitment to our employees, communities and society as a whole as well as providing an attractive investment proposition.

Inputs

These inputs are key in consistently achieving productive, safe and environmentally sound operations.

Responsibility

We are focused on: operating a safe workplace to enable our employees to thrive; seeking to generate social value within our surrounding communities; and minimising our environmental impact.

Governance

We maintain high standards of controls and processes to protect and enhance stakeholder interests.

Expertise

We have specific expertise in mining a variety of deposit types including underground and open pit deposits in complex geological conditions throughout the Americas.

Experience

We have steadily built an enviable track record in managing mines, developing projects, identifying growth options, dealing with permitting processes, and utilising best practice social environmental and policies.

Discipline

We deploy capital in a disciplined manner underpinned by our long-standing financial relationships and a focus on value accretive opportunities.

Innovation

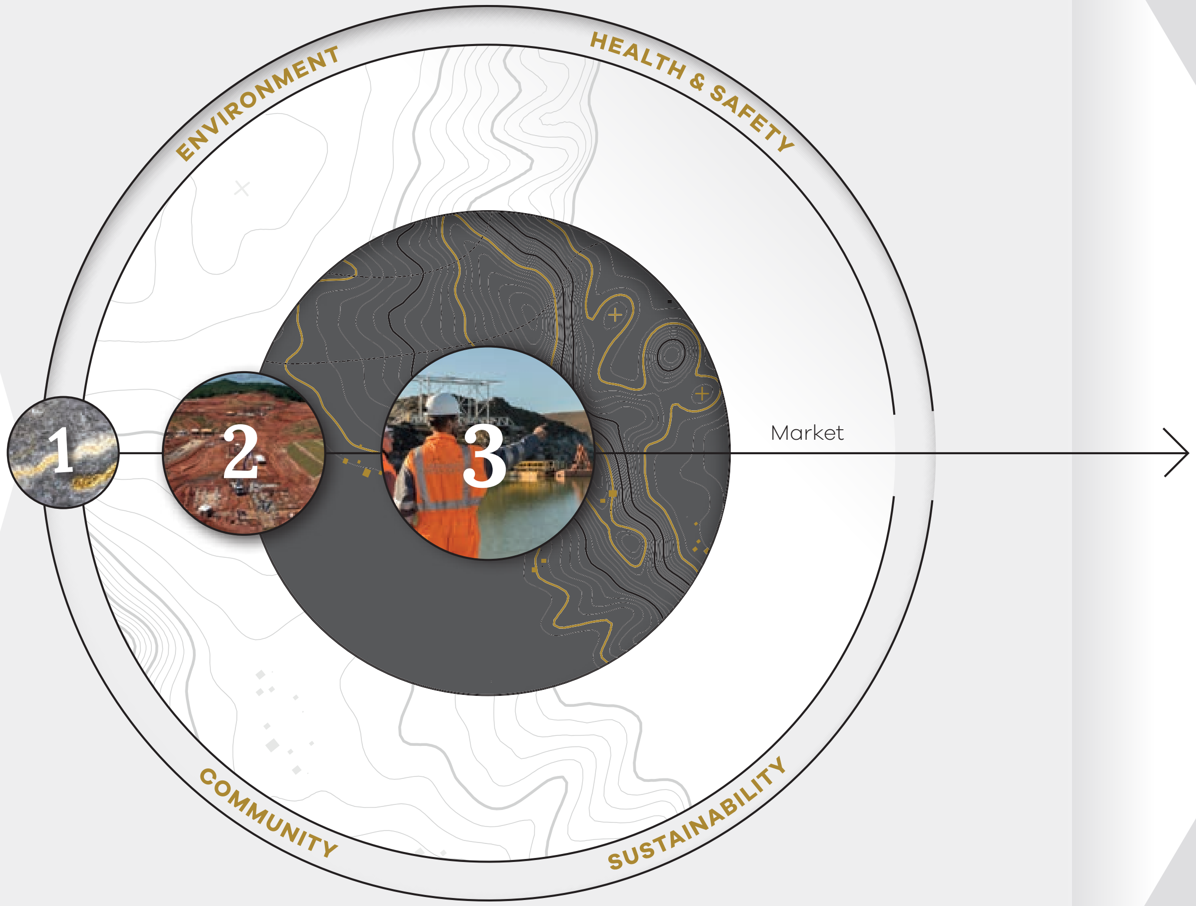
We are dedicated to the development of more efficient business practices through the adoption of new technologies.

Our core activities

Technical expertise is the key attribute underpinning our business model

Our strategic pillars:

- Brownfield
- Operational Efficiency
- ESG
- Disciplined Capital Allocation



1. Discover

We have strong expertise in discovering and developing long-term geological districts. Our highly experienced exploration team believes that there is strong potential across all our properties to continue to generate strong returns from the Company's existing resource base. Furthermore, our business development team are always seeking to identify profitable pre-production assets where our construction, operational and brownfield exploration capabilities differentiate us from other potential buyers.

2. Develop

We are able to progress our projects efficiently in a short space of time and the ability to operate in remote locations and high altitudes remains a core competitive advantage. We have extensive knowledge of the key mining jurisdictions throughout the Americas and believe our experience in managing all project requirements including permitting, local community and government support, places us in a strong position with regards to the execution of precious metal opportunities whether open pit or underground.

3. Extract

We have developed an extensive in-house knowledge base of the challenges inherent in a range of different ore bodies, varying metals as well as in a variety of environments throughout our regions. This has resulted in us consistently meeting annual operational targets, implementing significant cost efficiency programmes and replacing and adding to our resource base. In addition, our growing commitment to innovation is allowing us to incorporate key technological advances and apply them to our business.

Outputs

The efficacy and resilience of our business model allows us to invest in the future of our employees, redistribute profit to our host communities through a wide variety of collaborative programmes and deliver long-term value for all our shareholders.

Communities

Over many decades, Hochschild has been able to invest in a number of local programmes focusing on our core themes of education, health and socio-economic development and allowing us to operate collaboratively with communities across our regions. We have also been able to deliver a range of innovative employment and business opportunities whilst retaining our respect for the environment and cultural traditions.

59%
WORKFORCE FROM LOCAL COMMUNITIES

Employees

The success of our business model helps us to provide personal development, competitive compensation and proper working conditions. We aim to empower our employees with learning opportunities and new challenges in a positive, healthy and safe work environment. In addition, there is an ongoing recognition that all should have opportunities to contribute and develop their capabilities through volunteer work as well as direct initiatives.

66%
WORKFORCE TRAINED IN 2023

Shareholders

We are committed to our aims of profitable and safe operations, a strong local and international reputation and stability. We believe that if we can deliver sustainable low-cost growth and consequently generate solid free cash flow, we can use that to repay all our stakeholders. Since the middle of 2016 we have paid out $126 million in equity dividends. Due to the significant disruption to our operations from the 2022/2023 Peruvian political situation and the delay to the approval of the Inmaculada Modified Environment Assessment in 2023, we halted dividend payments but following the completion of Mara Rosa, our Board will address the potential for capital return in August 2024.

$126m
DIVIDENDS PAID SINCE 2016

A renewed strategy for continued delivery and growth

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Strategic pillars	Key priorities	2023 activities	2024 priorities	Key metrics	Risks
Brownfield	Generating long-term value Extending life-of-mine Focused on mineable resources	– Inmaculada brownfield programme start delayed due to permitting delays – Encouraging first economics for Royropata deposit at Pallancata – MEIA process for Royropata started incorporating lessons learnt from Inmaculada	– $33million budget set for brownfield exploration – Aim to add further resources at all three existing mines – Focus on drilling Eduardo belt at Inmaculada and adding resources at San Jose and Mara Rosa	+3.5moz AU EQ: TOTAL RESOURCES DISCOVERED SINCE 2006	– Political, legal and regulatory – Community relations – Personnel: recruitment and retention
Operational efficiency	Lean philosophy Process optimisation Proven development record On Time On Budget	– Mara Rosa set to be completed on time and on budget – Costs set to fall in 2025-2026	– Complete final capital expenditure on Mara Rosa – Take further advantage of devaluation in Argentina – Explore potential for further cost efficiencies	AISC: REDUCTION OF APPROXIMATELY 21% BY 2026	– Political, legal and regulatory – Community relations – Personnel: recruitment and retention
ESG	Driving responsibility & respect World-class safety performance 2030 ESG KPIs in place Net Zero by 2050 ambition	– 5.76/6 in ECO Score: best performance since inception – Very low Lost Time Injury Frequency Rate of 0.99 – Very low Accident Severity Index of 37 – 59% of total workforce is local	– Continue record of zero work related fatalities in last few years – Continue Mara Rosa record of 4 million hours accident free – Focused on long-term positive social, economic & environmental results to further Sustainable Development Goals	0.99 LTIFR IN 2023	– Political, legal and regulatory – Community relations – Personnel: recruitment and retention
Disciplined capital allocation	Funding organic growth Debt repayment Capital return Value accretive M&A	– Drew down $60 million from new $200 million medium-term loan – Completed project expenditure on Mara Rosa project	– Brownfield exploration – focused on securing cash flow at non-core properties – Debt repayment – disciplined debt levels to drive further growth – Evaluate shareholder returns as earnings and cash flows strengthen – M&A – clear parameters to evaluate opportunities – Acquired option on Monte Do Carma project in Brazil (Q1 2024)	$15m COST OF OPTION SECURED ON MONTE DO CARMO PROJECT IN BRAZIL	– Political, legal and regulatory – Commodity prices

Sustainability strategy

To ensure that our purpose is achieved, we have established a 2030 ambition across our five strategic pillars:

Serving our communities
We have worked to strengthen our social engagement strategy and find meaningful ways of supporting our local communities.

Protecting the environment
Our 2030 ambition is to reduce our GHG scope 1+2 emissions by 30% vs 2021. This will require the use of renewable electricity and transitioning towards more efficient vehicles.

Ensuring health & safety
The safety of our people is an integral measure of our corporate success and remains our highest priority.

Empowering our people
Driving gender diversity in our own workforce remains a key challenge in this industry and a top priority for Hochschild.

A responsible business
Acting honestly and ethically is central to our business.

UN SDGs

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
13 CLIMATE ACTION

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Sustainability Report page 52

Measuring our performance

Strategic pillars:
1 Brownfield
2 Operational efficiency
3 ESG
4 Disciplined capital allocation

READ MORE
Risk Management Report page 90

FINANCIAL MEASURES

PRODUCTION

30.4

M oz Ag equivalent

23	30.4
22	33.9
21	33.6
20	24.9
19	40.0

Links to strategy: 1 2 3 4

Links to remuneration: Yes (Page 123)

Risks: Operational performance.

Definition
Total silver equivalent production equals total gold production multiplied by a gold/silver ratio for 2023 & 2022 of 83x, 2019-2021 of 86x and added to the total attributable silver production.

Performance
Total silver equivalent production decreased by 10% versus 2022 due to the scheduled fall in production from Pallancata and San Jose and the disruption to Inmaculada from the permit delay.

Outlook
Total silver equivalent production is forecast to be between 33.0 and 35.0 million silver equivalent ounces in 2024 assuming a gold/silver conversion ratio of 83x.

REVENUE

693

$m

23	693
22	736
21	811
20	622
19	756

Links to strategy: 1 2 4

Links to remuneration: Yes (Page 123)

Risks: Operational performance and commodity price.

Definition
Revenue presented in the financial statements is disclosed as net revenue and is calculated as gross revenue less commercial discounts.

Performance
Total revenue decreased by 6% versus 2022 due to the scheduled fall in production.

Outlook
Total silver equivalent production is forecast to be between 33.0 and 35.0 million silver equivalent ounces in 2024 assuming a gold/silver conversion ratio of 83x.

ADJUSTED EBITDA

274

$m

23	274
22	255
21	383
20	271
19	343

Links to strategy: 1 2 4

Links to remuneration: Yes (Page 123)

Risks: Operational performance and commodity price.

Definition
Calculated as profit from continuing operations before exceptional items, net finance costs, foreign exchange loss and income tax plus depreciation, and exploration expenses other than personnel and other exploration related fixed expenses and other non-cash (income)/expenses.

Performance
Adjusted EBITDA increased by 7% versus 2022 due to the impact of the devaluation of the Argentinian peso and a strong performance from Inmaculada.

Outlook
Adjusted EBITDA result for 2024 will depend on precious metal prices and cost and expenses performance along with the ability of the operations to operate normally.

BASIC EARNINGS PER SHARE

0.02

$ pre-exceptional

23	0.02
22	0.01
21	0.14
20	0.06
19	0.09

Links to strategy: 1 2 4

Links to remuneration: No

Risks: Operational performance and commodity price.

Definition
The per-share (using the weighted average number of shares outstanding for the period) profit available to equity shareholders of the Company from continuing operations before exceptional items.

Performance
Pre-exceptional earnings per share remained flat at $0.02 due to the rise in Adjusted EBITDA being offset by the impact of an FX loss.

Outlook
Pre-exceptional earnings per share will depend on EBITDA performance and the effective tax rate which may be impacted if local currencies including the Peruvian sol and Argentinian peso continue to depreciate.

DIVIDEND PER SHARE

0.0

US cents per share

23	0.0
22	2.0
21	4.3
20	4.0
19	2.0

Links to strategy: 2 4

Links to remuneration: No

Risks: Operational performance.

Definition
The per-share (using the weighted average number of shares outstanding for the period) dividend paid to equity shareholders of the Company as recommended by the Board.

Performance
The Board decided not to pay an interim or final dividend for 2023.

Outlook
Dividend per share for 2024 will depend on the level of profitability of the Company and the available uses of cash and is at the discretion of the Board.

ALL-IN SUSTAINING COSTS

17.5

$/oz Ag equivalent

23	17.5
22	17.4
21	16.0
20	12.9
19	11.9

Links to strategy: 1 2

Links to remuneration: Yes (Page 123)

Risks: Operational performance.

Definition
Calculated before exceptional items and includes cost of sales less depreciation and change in inventories, administrative expenses, brownfield exploration, operating capex and royalties divided by silver equivalent ounces produced using a gold/silver ratio of 83:1.

Performance
All-in sustaining costs from operations were flat versus 2022 mainly as a result of the scheduled decline in production in 2023 being offset by capex deferrals due to the delays to the Inmaculada permit.

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

TOTAL SILVER CASH COSTS

12.8

$/oz Ag equivalent

23	12.8
22	12.6
21	11.0
20	9.3
19	7.8

Links to strategy: 1 2

Links to remuneration: No

Risks: Operational performance.

Definition
Cash costs are calculated based on pre-exceptional figures. 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.

Performance
Total silver cash costs for the Company increased by 2% versus 2022 due to increases in unit costs in Peru but offset mostly by a significant fall in unit costs in Argentina.

Outlook
Cash costs performance in 2024 is expected to be dependent on operational performance, levels of local cost inflation and levels of local currency devaluation in Argentina and Peru.

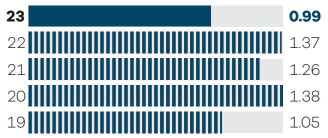
Strategic pillars:
1 Brownfield
2 Operational efficiency
3 ESG
4 Disciplined capital allocation

READ MORE
Risk Management Report page 90

NON-FINANCIAL MEASURES

LTIFR

0.99



Links to strategy: 2 3

Links to remuneration: Yes (Page 123)

Risks: Health and safety risks.

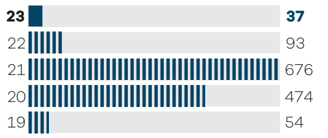
Definition
Calculated as total number of accidents per million labour hours.

Performance
LTIFR reduced by 28% to a record low.

Outlook
The Company remains focused on its "Safety 2.0 Hochschild Safety Transformation" plan and introduced the safety equivalent of the ECO Score – the Seguscore.

ACCIDENT SEVERITY INDEX

37



Links to strategy: 2 3

Links to remuneration: Yes (Page 123)

Risks: Health and safety risks.

Definition
Calculated as total number of days lost per million labour hours.

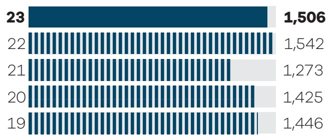
Performance
The Accident Severity index decreased to 37 in 2023 due to zero fatalities and an excellent safety performance overall.

Outlook
The Company remains focused on its "Safety 2.0 Hochschild Safety Transformation" plan and introduced the safety equivalent of the ECO Score – the Seguscore.

RESOURCE BASE

1,506

M oz Ag equivalent



Links to strategy: 1 4

Links to remuneration: Yes (Page 123)

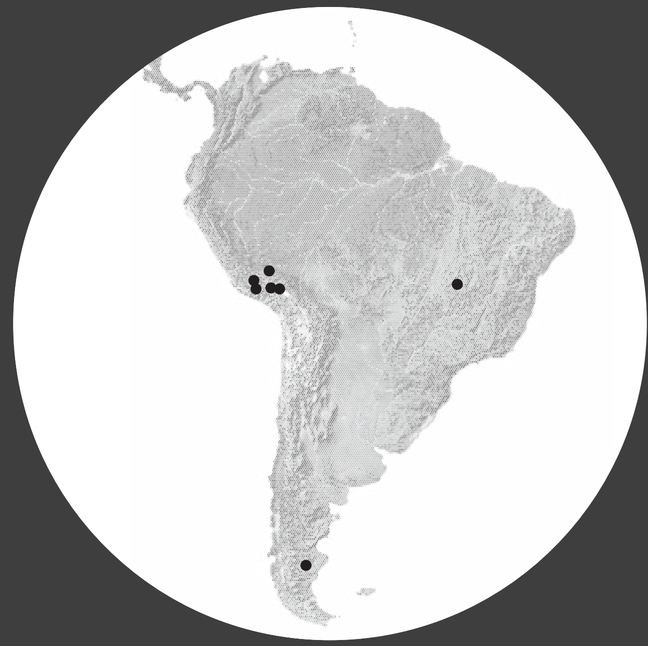
Risks: Exploration and revenue and resource replacement, political, legal and regulatory and community relations.

Definition
Total attributable silver equivalent metal resources as at 31 December 2023.

Performance
Total attributable silver equivalent metal resources decreased by a moderate 2% due to the 2024 brownfield programme beginning late resulting from the Inmaculada permit delays as well as a reduction in resources at Inmaculada due to production.

Outlook
Resource increases in 2024 will depend on the ability to achieve permits in Peru and the level of ongoing success in finding potential resources and the ability to turn these resources into the inferred and measured and indicated categories through drilling.

Operating review



TOTAL GROUP PRODUCTION OF SILVER
2022: 13,596koz
11,683koz

TOTAL GROUP PRODUCTION OF GOLD
2022: 244.63koz
225.77koz

TOTAL GROUP SILVER PRODUCTION SOLD
2022: 13,536koz
11,547koz

TOTAL GROUP GOLD PRODUCTION SOLD
2022: 242.89koz
221.40koz

Total 2023 Group production

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

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

Attributable 2023 Group production

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

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

Attributable 2024 production forecast split

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

2024 AISC forecast split

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

OPERATIONS

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

Production

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

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

Costs

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

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

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Mining operation:

Inmaculada

Location: **Peru**

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

2023 gold equivalent production: **204koz**

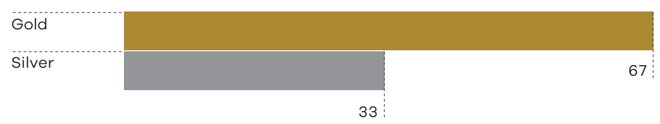
Production

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

Costs

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

Gold and silver production (%)



$1,287
ALL-IN SUSTAINING COST ($/OZ AU EQ)
2022: 1,058

$142.3
UNIT COST ($/T)
2022: 118.7

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

Mining operation:

Pallancata

Location: **Peru**

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

2023 gold equivalent production: **28koz**

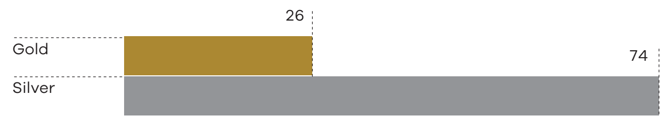
Production

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

Costs

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

Gold and silver production (%)



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

Mining operation:

San Jose

Location: **Argentina**

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

2023 gold equivalent production: **134koz**

Production

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

Costs

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

Gold and silver production (%)

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

ADVANCED PROJECT

Mara Rosa

Location: **Brazil**

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

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

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

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

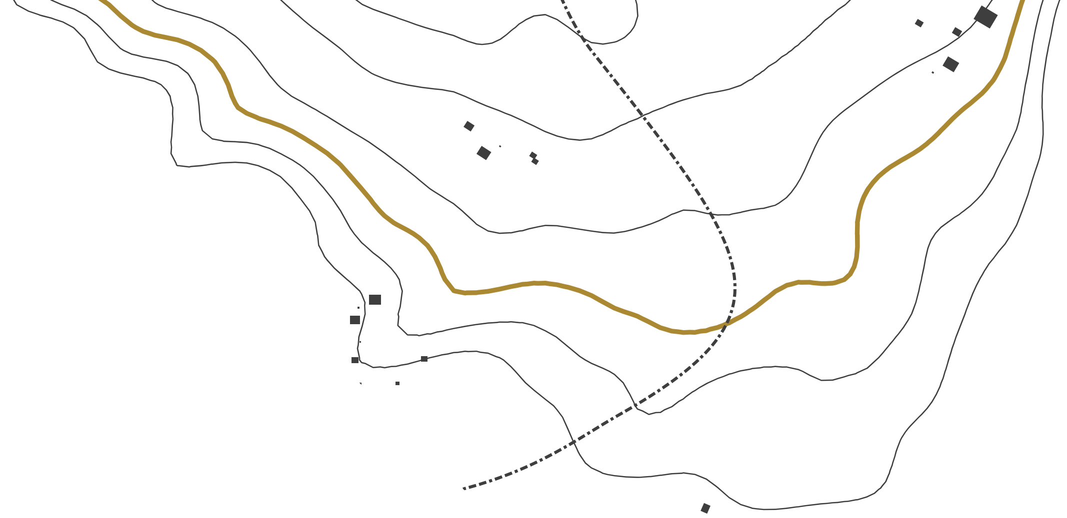
Processing plant
The crushing and screening areas were commissioned during Q4 whilst commissioning began of the thickener and ball mill. Full project commissioning and the beginning of the project's ramp-up is expected during the first quarter.

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

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

Permitting and sustainability
The project received the Operating Licence from the environmental agency of Goiás SEMAD in February 2024.

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



DEVELOPMENT PROJECT: VOLCAN

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

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

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

BROWNFIELD EXPLORATION

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

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

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

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

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

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

Disciplined capital allocation to maximise value creation

Eduardo Noriega
Chief Financial Officer

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

Revenue

Gross revenue[1]

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

Gold

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

Silver

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

$694m
REVENUE
2022: $736m

$274m
ADJUSTED EBITDA
2022: $249m

$0.02
EARNINGS PER SHARE
2022: $0.01

$258m
NET DEBT
2022: $175m

1 Includes revenue from services. Gross revenue is the net revenue plus commercial discounts.

Gross average realised sales prices

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

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

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

Commercial discounts

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

Net revenue

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

Reconciliation of gross revenue by mine to Group net revenue

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

Cost of sales

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

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

Fixed costs during operational stoppages and reduced capacity

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

Unit cost per tonne

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

Unit cost per tonne by operation (including royalties)[2]

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

Cash costs

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

2 Unit cost per tonne is calculated by dividing mine and treatment production costs (excluding depreciation) by extracted and treated tonnage respectively.

Cash cost reconciliation[3]
Year ended 31 Dec 2023

$000 unless otherwise indicated	Inmaculada	Pallancata	San Jose	Total
(+) Cost of sales[4]	234,627	72,118	197,399	**504,144**
(-) Depreciation and amortisation in cost of sales	(75,306)	(18,964)	(48,901)	**(143,171)**
(+) Selling expenses	533	461	13,868	**14,862**
(+) Commercial deductions[5]	3,057	4,319	12,923	**20,299**
Gold	2,079	891	6,440	**9,410**
Silver	978	3,428	6,483	**10,889**
Group cash cost	**162,911**	**57,934**	**175,289**	**396,134**
Gold	267,188	14,094	148,600	**429,882**
Silver	129,456	39,952	93,861	**263,269**
Revenue	**396,644**	**54,046**	**242,461**	**693,151**
Ounces sold				
Gold	136.7	7.5	77.2	**221.4**
Silver	5,488	1,785	4,274	**11,547**
Group cash cost ($/oz)				
Co product Au	803	2,010	1,391	**1,110**
Co product Ag	9.7	24.0	15.9	**13.0**
By product Au	238	1,936	970	**551**
By product Ag	(19.4)	24.1	4.8	**(3.7)**

Year ended 31 Dec 2022

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

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

3 Cash costs are calculated to include cost of sales, commercial discounts and selling expenses items less depreciation included in cost of sales.
4 Does not include Fixed costs during operational stoppages and reduced capacity of $3.0 million (2022: $8 million).
5 Includes commercial discounts (from the sales of concentrate) and commercial discounts from the sale of dore.
6 Does not include Fixed costs during operational stoppages and reduced capacity of $3.0 million (2022: $8 million)
7 Includes commercial discounts (from the sales of concentrate) and commercial discounts from the sale of dore.

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All-in sustaining cost reconciliation[8]

All-in sustaining cash costs per silver equivalent ounce

Year ended 31 Dec 2023

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

Year ended 31 Dec 2022

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

8 Calculated using a gold/silver ratio of 83:1.
9 Operating capex from San Jose does not include capitalised DD&A resulting from mine equipment utilised for mine developments.
10 Royalties arising from revised royalty tax schemes introduced in 2011 and included in income tax line.
11 Includes the impact of devaluation of the Argentine peso resulting from the Argentinian Government export programme to settle a portion of San Jose exports at the blue chip exchange rate during the last quarter of 2023 of $21.2 million.
12 Operating capex from San Jose does not include capitalised DD&A resulting from mine equipment utilised for mine developments.
13 Royalties arising from revised royalty tax schemes introduced in 2011 and included in income tax line.

Administrative expenses

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

Exploration expenses

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

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

Selling expenses

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

Other income/expenses

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

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

Adjusted EBITDA

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

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

$000 unless otherwise indicated	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022	% change
Profit from continuing operations before exceptional items, net finance income/(cost), foreign exchange loss and income tax	**82,128**	45,190	82
Depreciation and amortisation in cost of sales	**143,171**	136,427	5
Depreciation and amortisation in administrative expenses and other expenses	**2,075**	2,135	(3)
Exploration expenses	**21,297**	56,826	(63)
Personnel and other exploration related fixed expenses	**(5,397)**	(10,602)	(49)
Other non-cash income, net[14]	**31,096**	19,629	58
Adjusted EBITDA	**274,370**	249,605	10
Adjusted EBITDA margin	***39%***	*34%*	*15*

Finance income

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

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

Finance costs

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

Foreign exchange (losses)/gains

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

Income tax

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

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

Exceptional items

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

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

Cash flow and balance sheet review

Cash flow

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

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

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

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

Working capital

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

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

Net (debt)/cash

$000 unless otherwise indicated	As at 31 December 2023	As at 31 December 2022
Cash and cash equivalents	**89,126**	143,844
Non-current borrowings	**(234,999)**	(275,000)
Current borrowings[15]	**(112,064)**	(43,989)
Net cash/(net debt)	**(257,937)**	(175,145)

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

Capital expenditure

$000	Year ended 31 Dec 2023	Year ended 31 Dec 2022
Inmaculada	**86,031**	78,176
Pallancata	**6,428**	13,518
San Jose	**47,682**	50,112
Operations	**140,141**	141,806
Mara Rosa[16]	**145,804**	193,218
Aclara	**–**	–
Other	**2,447**	4,842
Total	**288,392**	339,866

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

15 Includes pre-shipment loans and short term interest payables.
16 2023 includes $3.5 million increase due to foreign exchange effect, and construction aggregates project of $2.5million.

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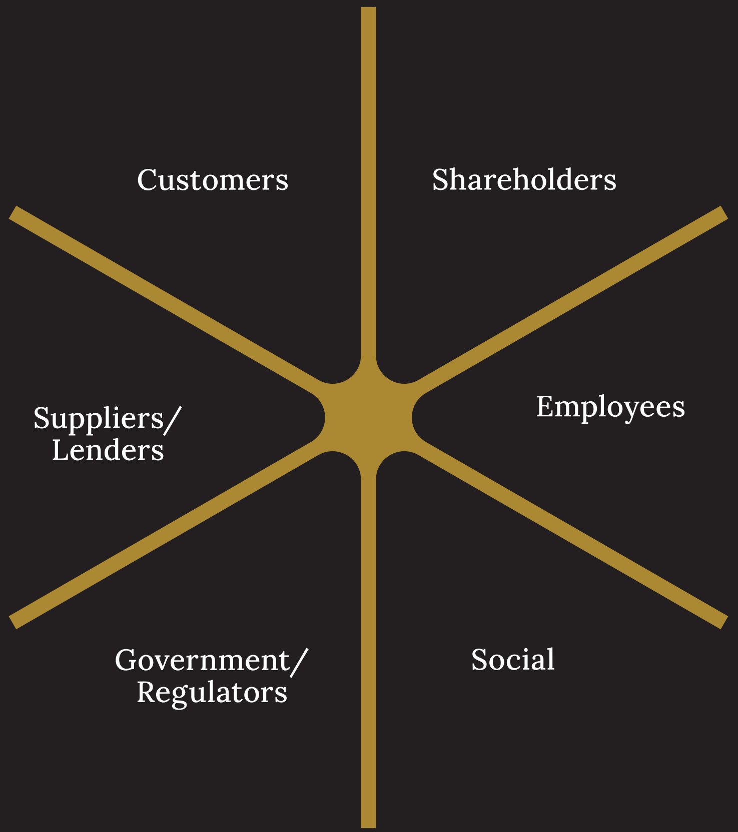
Engaging with our stakeholders

We are focused on driving long-term sustainable performance for the benefit of our customers, shareholders and wider stakeholders.

Our six key stakeholder groups



Section 172

On these pages, we describe our key stakeholders and summarise the engagement that has been undertaken across the business. How the Board develops an understanding of the interests of stakeholders, and how it considers stakeholders' interests in its principal decisions and the section 172(1) statement can be found in the Corporate Governance Report on page 104.

Stakeholder group	Engagement activities	Issues raised in 2023	Additional info
Shareholders Our shareholders are investors and owners of the business. We seek to establish and maintain constructive relations with all shareholders through open dialogue and an ongoing programme of engagement.	We interact with our shareholders and seek a better understanding of their expectations through various channels during the year with the participation of the CEO, CFO, members of the Board, the Company Secretary and the Head of Investor Relations. These channels take different forms and include participation at sector-specific conferences, discussions with proxy agencies as well as direct meetings with significant shareholders. During 2023, our regular calendar was supplemented by: – A Capital Markets event which provided an opportunity for the new management team to give an update on the Company's latest developments and to discuss Hochschild's growth strategy – An open engagement with our largest shareholders during the third quarter, led by the Senior Independent Director and Chair of the Sustainability Committee, on executive remuneration and governance matters	– Updates on the Inmaculada MEIA – Progress with the construction of the Mara Rosa mine – Changes in the executive management team – Social and political situation in Peru – Macro-economic and political developments in Argentina – LTIP performance conditions (including the use of ESG-related conditions) – Chair succession	READ MORE **Corporate Governance Report (Shareholder Engagement) page 109**
Employees We acknowledge that our success relies greatly on our people. We seek to attract, retain and develop our people through competitive remuneration, a positive and safe working environment and equal opportunities for all.	Employee engagement generally takes many forms and includes the use of surveys, presentations and Q&A sessions with management. Our 2023 programme included: – The continued use of the Brilla HOC platform to acknowledge the achievements of our people – A Strategic Alignment workshop led by the CEO, Eduardo Landin, with the senior managers across the operations in Peru, Argentina and Brazil – The continuation of the online forums chaired by Tracey Kerr, the Non-Executive Director designated for Workforce Engagement – Regular meetings with labour unions to negotiate collective agreements and discuss matters of interest	– The Group's new strategic direction following the change in CEO – Progress of the Group's strategies on Environmental, Social and Governance matters – The form and nature of corporate communications received in Argentina – Enhancements to mine-site facilities	READ MORE **Sustainability Report (Our people) page 71** **Risk Management (Personnel risks) pages 93 and 94**

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Stakeholder group	Engagement activities	Issues raised in 2023	Additional info
Social We recognise our social commitments to (a) produce the smallest environmental footprint possible and (b) understand the needs and expectations of our local communities. Through close collaboration we implement social investment programmes in our areas of focus.	We adopt a varied approach to engaging with local communities including: – Direct interaction with local mayors and residents – Our Permanent Information Office at Pallancata and Inmaculada and town hall meetings – Community surveys – Participation in formal roundtables with the participation of community representatives and national authorities – Collaborative activities, for example environmental monitoring – The implementation of local purchasing and hiring protocols	– Environmental issues – Local hiring and purchasing – Provision of scholarships for primary, secondary and technical education – Support for cultural activities – Terms and conditions of existing agreements with local stakeholders, including access to new land – Infrastructure projects, such as primary care medical facilities	READ MORE **Sustainability Report (Environment Management & Communities) from page 58** **Risk Management (Environmental risks) page 95** **Risk Management (Community relations) page 96**
Government/ Regulators It is our aim to maintain a constructive relationship and open dialogue with the various governmental authorities we interact with in each of the countries where we operate.	The Vice President of Corporate Affairs oversees regular interaction with relevant authorities and regulators, both at a Company level but also through the National Mining Association. Various teams also regularly interact with public officials and regulators as part of their operational functions. The equivalent role in our Argentinian joint venture is undertaken by the General Manager and General Counsel. We also play an active role through the National Mining Association. In Brazil, the General Manager and General Counsel lead engagement activities with governmental authorities.	– Permitting – Health & Safety and environmental performance and compliance – Climate Change reporting – Contribution to regional development such as through local job creation and investment in social programmes/infrastructure – Employment related matters, including minor claims for overtime pay filed by employees of contractors in Brazil	READ MORE **Risk Management (Political, Legal & Regulatory risks) page 94**

Stakeholder group	Engagement activities	Issues raised in 2023	Additional info
Suppliers/ Lenders As a key influence on how we operate our business, we seek a relationship of mutual benefit while requiring high standards of conduct.	The General Managers of our Peruvian, Argentinian and Brazilian operations maintain ongoing dialogue with suppliers to the mine sites. Other suppliers, including lenders, are managed by the relevant functional department such as IT, Group Finance, etc.	– The maintenance of stocks of critical consumables and spare parts to mitigate supply chain risks – Ongoing discussions with suppliers due to inflationary pressures – With regards to its lenders, the Group maintains an open dialogue with its relationship contacts on relevant developments including operational, social and political issues and their impact on the business	READ MORE **Risk Management (Business Interruption/ Supply Chain risks) page 92**
Customers Due to the nature of what we produce, Hochschild has relatively few customers. As a result, successful relations with our customers are of critical importance to our business.	Our sales and logistics teams oversee a relationship of co-operation and constant dialogue. During the year, the Company sought to establish new commercial relationships to mitigate the risk of a concentrated customer base and its vulnerability to geopolitical developments. In addition to usual relationship management, Hochschild attended LME Week in London and CESCO Week in Chile for customer engagement.	– Continued increase in the cost of logistics due to global factors; and – Shipping schedules and the availability of containers due to ongoing challenges relating to logistics.	READ MORE **Risk Management (Commercial Counterparty risk) page 92**

Tracey Kerr
Chair, Sustainability Committee

Dear shareholder
Our purpose at Hochschild is to create long-term positive social, economic and environmental results. Sustainability is fundamental to this purpose.

Our commitment to sustainability underlies how we operate as a business; it shapes our culture and how we work in our day-to-day. It shapes our relationships with our communities, contractors and local governments, and it underpins how we interact with the environment and the physical landscape in which we operate.

In the next few sections of this report, I am pleased to share the sustainability-related milestones that we have been working towards in 2023 and highlight our newly-launched sustainability ambitions for 2030.

The 2030 sustainability ambitions were established across five strategic pillars: Serving our Communities; Protecting the Environment; Promoting Health & Safety; Empowering our People; and Being a Responsible Business. Progress against these areas is measured through a set of core ESG Key Performance Indicators (KPIs) and ambitions that have been developed, reviewed and approved by the Board in August of this year. It has been encouraging to see our regional teams across Peru, Argentina and Brazil working together through multiple workshops to establish these long-term goals. Our year-to-year performance against these will drive a more informed view of our progress against our material topics and deliver greater transparency for our stakeholders.

This year I am proud to report that Hochschild became the first mining company in Peru to receive a green loan. This loan is a significant milestone for us and demonstrates our commitment to being a responsible and innovative mining company. The loan carries an interest rate which can be adjusted based on our performance in two distinct areas: our environmental performance, as measured by the ECO Score, and our safety performance as tracked by the Lost Time Injury Frequency Rate (LTIFR) indicator.

We achieved our strongest collective ECO Score result this year since its implementation in 2015; our results exceeded this year's target range, the most ambitious to date. Since 2015, we have reduced our potable water consumption by 60% and our domestic waste per person by 52%. On the strength of our ECO Score performance, Hochschild was recognised this year, alongside other world-class companies, in the Sustainability Leadership category by the Business Intelligence Group.

Beyond our KPI monitoring, we have worked to strengthen our environmental culture across our business and operations. This includes launching an updated Environmental Management System (EMS), reviewing and restructuring our Environmental Culture Transformation Plan and investing in our own environmental ambassadors.

Climate change and biodiversity remain top priorities for our business. Achieving net zero using today's technologies will foremost require the procurement of green electricity, operational changes in existing mines, and close collaboration with our contractors through procurement tools. Our approach is driven by our interim ambition to decrease our greenhouse gas (GHG) Scope 1 & 2 emissions by 30% by 2030. In 2025, we will quantify the financial impact of climate on our business and undertake a detailed low-carbon transition assessment to refine our climate-related strategy and strengthen our CFD-aligned reporting. We have continued our focus on monitoring biodiversity levels in our areas of direct influence and continue to raise awareness of the biodiversity in our local communities. An example of this has been our Knowledge Trail in Mara Rosa, Brazil, which we opened in 2022, and for which we have been formally recognised through the Sustainable Goiás Award, presented by the Goiás State Environment and Sustainable Development Department. We look forward to developing our biodiversity strategy in 2025 to set our nature-positive ambition.

The safety of our people is an integral measure of our corporate success and remains our highest priority. In 2023, we achieved the best results in our recorded company history across our three main safety indicators. This historic progress is a strong testament to the dedication of our teams who are using innovation and technology to continually improve the safety of our operations.

Since I joined Hochschild in 2022, I have witnessed the consistent strengthening of our business' safety culture; I am proud to see this result in real change over the last two years, particularly in maintaining a zero rate of fatal incidents at our sites.

We have worked to strengthen our social engagement strategy and find meaningful ways of supporting our local communities. In Peru, for example, this included increasing local employment and procurement, supporting local governments with public infrastructure, and positively engaging local communities through educational, health and digital connectivity programmes.

Driving gender diversity in our own workforce remains a key challenge in this industry and a top priority for Hochschild. Our 2023 mentorship and training programmes have built on our 2022 progress and I am particularly pleased to report that, this year, we have increased the proportion of women in leadership roles in the Company to 18%, up from 15% in 2022. Additionally, Hochschild hired nine women who completed our "Women of Gold" programme in 2023. This is a good example of how we can drive long-term and meaningful opportunities for women in mining. These women, who are trained professionals in metallurgy, mine, maintenance and geology, now have the opportunity to pursue a career with Hochschild at our Inmaculada mine.

In the coming 3-5 years, our strategic focus will be guided and informed by the progress against our ESG KPIs within our 2030 ambition areas. We look forward to reviewing next year the individual plans to meet these annual KPI ambitions and also to developing our next standalone sustainability report, which will detail our 2024 progress.

Responsibility is at the core of our corporate values and sustainability ambition

Since the Company's inception, we have endeavoured to maintain and reinforce our corporate values of respecting the well-being of our employees, the environment and the communities in which we operate.

$156m
VALUE OF GOODS AND SERVICES PROCURED FROM LOCAL PROVIDERS
2022: $119.4m

$8.2m
INVESTED IN LOCAL COMMUNITIES
2022: $6.89m

5.76
ECO SCORE (VS TARGET OF 5.25-6)
2022: 5.27

18%
WOMEN IN LEADERSHIP ROLES
2022: 15%

4th
2023 MERCO TALENTO RANKING (OUT OF 17 MINING COMPANIES IN PERU)
2022: 2ND PLACE OUT OF 16 COMPANIES

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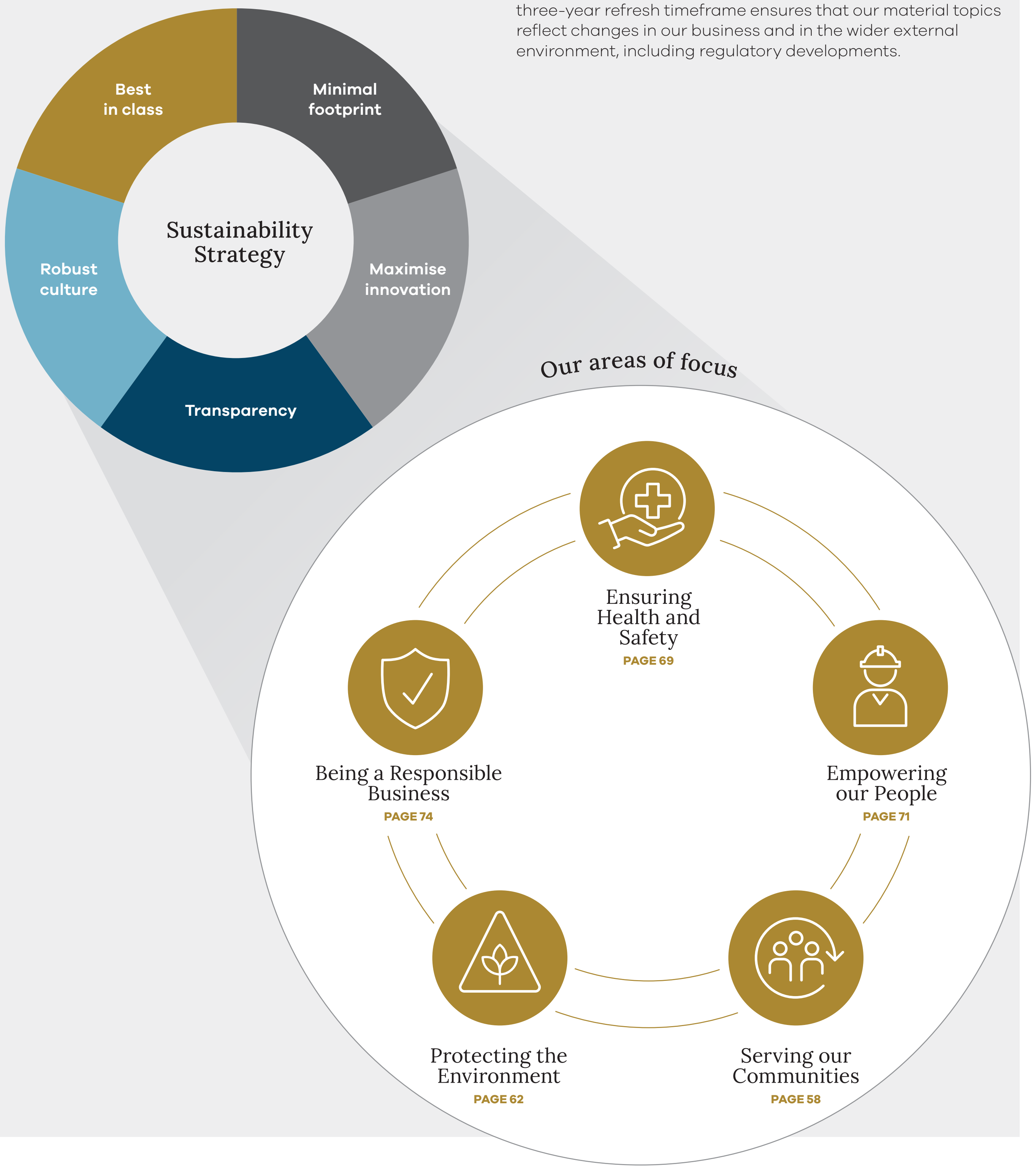
Hochschild's approach to sustainability

The aim behind our long-term business strategy is to provide an attractive investment proposition for our shareholders whilst also enhancing value for our customers, employees, suppliers, and local communities. To ensure that both of these objectives are met, we focus our efforts and operational delivery on the areas where we can have the biggest impact, supported by our commitment to the United Nations Sustainable Development Goals (UN SDGs).

We work with an external agency periodically to undertake a sustainability materiality assessment refresh. This enables us to identify and report on the sustainability topics that may pose a) financial or reputational risks or opportunities to our business and b) positive or negative contributions to society and the environment. Our sustainability focus areas provide an overview of how our material topics feed into our broader sustainability activities. In 2024/2025 we plan to undertake a refresh of our 2021/2022 materiality assessment. This two to three-year refresh timeframe ensures that our material topics reflect changes in our business and in the wider external environment, including regulatory developments.



"Robust sustainability governance is paramount to our long-term success and resilience as a business. I am proud to say that Hochschild has made significant strides this year in developing a comprehensive set of 2030 ambition areas which will serve as our guiding compass towards a more sustainable future. These ambition areas not only measure our environmental impact but also underline our commitment to social responsibility, ethical governance and transparent reporting practices. By fostering accountability at all levels and promoting transparency in our decision-making processes, we are laying a solid foundation for our long-term sustainable growth."

Eduardo Landin, CEO

Governance

Our Board of Directors holds the ultimate accountability for creating policies on sustainability, ensuring that the Company complies with both international and national regulations, and establishing sustainability as a source of lasting competitive advantage.

The Sustainability Committee, an official sub-committee of the Board, consists of the CEO and two Independent Directors and is tasked with overseeing sustainability matters. Regular attendees are the COO and the Vice Presidents of Legal & Corporate Affairs, and of Human Resources. The role of the Sustainability Committee is to oversee and to make all necessary recommendations to the Board in connection with ESG issues as they affect the Company's operations. For example, the ESG KPI ambitions for 2030 were recommended by management and were presented to the Sustainability Committee for review and consideration. After adequate review and discussion with management, the Sustainability Committee then took these ambitions to the Board for approval.

The Sustainability Committee also focuses on compliance with national and international standards to ensure that effective systems of standards, procedures and practices are in place at each of the Company's operations. The Committee is also responsible for reviewing Management's investigation of incidents or accidents that occur in order to assess whether policy improvements are required. As part of its policy and risk management activities, the Committee approved an updated Environmental Policy last year which includes specific provisions regarding climate change and biodiversity protection. For further detail on how Hochschild manages climate-related risks, please see our CFD report on page 76.

Tracey Kerr chairs the Sustainability Committee and has Board-level responsibility for ESG matters. She is also the Designated Non-Executive Director for Workforce Engagement. The COO and Vice Presidents of Legal & Corporate Affairs, and Human Resources report to Tracey Kerr as Chair of the Sustainability Committee.

Committee membership and attendance at Committee meetings held during the year are detailed in the table below:

2023 Meeting attendance

Members	Independent	Maximum possible attendance	Actual attendance
Tracey Kerr, Non-Executive Director (Chair)	Yes	4	4
Ignacio Bustamante, Chief Executive Officer*	No	3	3
Eileen Kamerick, Non-Executive Director**	Yes	2	2
Eduardo Landin, Chief Executive Officer*	No	1	1
Mike Sylvestre, Non-Executive Director	Yes	4	4

* On 26 August 2023, Ignacio Bustamante stepped down from the Committee following his resignation as CEO and was succeeded by Eduardo Landin.
** Eileen Kamerick stepped down from Committee on retiring from the Board on 9 June 2023.

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The Committee conducted the following key activities during 2023:

Core areas of focus
- Monitoring the execution of the annual plan in key areas: Serving our communities, Protecting the environment, Ensuring health and safety, Empowering our people, and, in conjunction with the Audit Committee, Being a responsible business
- Oversight of the ongoing Environment Culture Transformation Plan, Safety Culture Transformation Plan, and the Social Culture Transformation Plan which seeks to enhance the Company's social engagement strategy
- Received regular updates on the redundancy process at Pallancata which was placed on care and maintenance towards the end of 2023

Policy & risk management
- Reviewing key sustainability-related risks faced by the Company and evaluating the adequacy of the mitigation measures put in place

Reporting & monitoring
- Approving the Sustainability Report and TCFD Report for inclusion in the 2022 Annual Report
- Receiving updates on external ESG-related disclosure initiatives, for example, the Company's participation in the Carbon Disclosure Project (CDP), MSCI and Sustainalytics
- Considering and proposing to the Board, for adoption, the 2030 ambitions for the ESG related KPIs in alignment with the Company's overall strategy

Sustainability reporting
We are encouraged that our external sustainability ratings have improved in maturity against the FTSE4Good, Sustainalytics and MSCI benchmarks.

In terms of environmental-related reporting, our 2023 Climate report for CDP received a B rating, which is higher than the average rating of C for the metallic mineral mining industry.

Our overall S&P score for 2023 (36) shows that Hochschild continues to perform at a higher maturity level than the current average (28) across the following three dimensions: Governance & Economic, Environmental, and Social.

	2023	2022
CDP Climate	B	B
CDP Water	B-	B-
FTSE4Good (/5)	3.6	2.4
Sustainalytics	Medium risk (28.6)	High risk (37.2)
MSCI	BB	B
S&P (/100)	36	41

For climate-specific disclosure, we developed our 2023 report based on the CFD framework, which can be found from page 76. Using these external disclosure frameworks, we are committed to providing our stakeholders with an ongoing and transparent account of our material topics and to outlining the steps we are continually taking to improve our sustainability performance.

We periodically publish a standalone Sustainability Report which covers, in detail, the sustainability activities and performance of Hochschild. Our latest standalone report was published in 2022 and was prepared in accordance with the "Core" option of the Global Reporting Initiative Standards. It can be found via our homepage:

https://www.hochschildmining.com/sustainability/sustainability-reports-and-policies/

Our next standalone Sustainability Report will be published in 2025.

Developing our 2030 ambition
After a comprehensive internal review, the Board of Directors approved, in August 2023, Hochschild's ambition for 2030. This ambition takes into account the most recent materiality assessment, which identified areas of importance for Hochschild to both internal and external stakeholders. These ambition areas are supported by a robust selection of KPIs that will be measured against the 2021 baseline year. Performance against these KPIs will be reported on an annual basis.

"Our interim 2030 ambition provides us with a framework for measuring and managing our impacts in a transparent and robust way. These are the areas which are most material to our business and where we can have the most impact on the environment and society."

David Vexler, Corporate Sustainability Director

The selected KPIs are as follows:

SERVING OUR COMMUNITIES

	2030 Ambition
Local workforce vs total workforce (%)	60%
Local procurement vs total procurement (%)	20%
Social investment vs revenue (%)	0.90%

PROTECTING THE ENVIRONMENT

	2030 Ambition
GHG scope 1+2 emissions (%)	-30%
Freshwater utilised per ore processed (m^3/ tonne	0.22%
Recycled waste vs waste generated (%)	80%
Domestic waste landfilled (kg/person/day)	0.90
Potable water consumption (l/person/day)	174

PROMOTING HEALTH, SAFETY AND WELL-BEING AT WORK

	2030 Ambition
Fatal accidents	0
Lost time injury frequency (LTFR)[1]	1.2
Lost time injury severity rate (LTISR)[2]	270

EMPOWERING OUR PEOPLE

	2030 Ambition
Women in workforce (%)	11%
Women in leadership roles (%)	20%
Women in Board seats (%)	40%
Voluntary turnover (%)	<5%

BEING A RESPONSIBLE BUSINESS

	2030 Ambition
Board members considered by investors to be independent (%) (excl. Chair)	>50%
Average tenure of Non-Executive Directors (excl. Chair)	6 years

1 Calculated as total number of accidents per million labour hours.
2 Calculated as total number of days lost per million labour hours.

These KPIs can also be found on our website:

https://www.hochschildmining.com/sustainability/sustainability-reports-and-policies/

The Company will monitor the continued relevance of the selected KPIs and will be supplemented as appropriate, for example, by the revision of key climate change related targets on completion of Hochschild's Climate Strategy that sets an ambition to achieve Net Zero by 2050.

During 2024, specific plans, including technical and financial considerations to achieve the 2030 goal for each KPI, will be developed. Yearly performance will be published on our website and in our Sustainability and/or Annual Reports.

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Serving our Communities

Supporting the social and economic development of our local communities is a core commitment at Hochschild. Within this strategic pillar, we have identified the following material topics related to this pillar: Positively Impacting Local Communities and Respecting Human Rights.

Highlights

59%

LOCAL MINE WORKFORCE* VS TOTAL MINE WORKFORCE IN PERU AND ARGENTINA (2022: 53%)

$156m

LOCAL PROCUREMENT* IN PERU, ARGENTINA AND BRAZIL (2022: $119.4m)

$8.2m

SPENT OR DONATED TO BENEFIT LOCAL COMMUNITIES AND LOCAL GOVERNMENTS IN PERU, AND ARGENTINA (2022: $6.89m)

Alignment to UN SDGs

* Local refers to people working at the mines or businesses that belong to the regions where the Company operates (Peru: Apurimac, Arequipa, Ayacucho and Cajamarca; Argentina: Santa Cruz; Brazil: Goiás).

Our approach to serving our communities

Our social engagement strategy is focused on generating positive impact. We do this through fostering strong partnerships with local communities and through developing a range of programmes, based on the needs of our communities. These partnerships respect the unique cultural heritage, practices and social dynamics of these communities. We also keep our communities informed of any relevant company developments that may affect them and actively engage them to address their questions and concerns. Our programmes cover a breadth of development areas, from the provision of medical support and digital facilities to the coaching of female entrepreneurs and the technical training of mining students. To ensure that our programmes address the specific needs and expectations of our communities, we invest resources to understand what these needs are and maintain open and transparent dialogue in our engagement.

Our approach to generating positive impact is guided by our Community Relations Policy, which emphasises our dedication to building trust and listening to community concerns. We also consider how our operations may impact the local community, either directly or indirectly; this consideration is formally included within our application for environmental permits, under the Free Prior Informed Consent (FPIC) process. We also work with government authorities to ensure our social investment strategies are successfully implemented. As an example, this year we developed a multi-year Interinstitutional Agreement with the Municipality of La Unión in Peru for the benefit of the local population.

We are pleased to report that, this year, local workers represented 59% of our total workforce. This figure includes both Hochschild's direct employees and permanent contractors in our mining sites in Peru and Argentina. This is an encouraging improvement from 53% in the previous year, against a 2030 ambition of 60%.

> Our local communities are, and will always be, one of Hochschild's most important stakeholders. From supporting health, to driving entrepreneurship, we are proud to see the value we bring. Our long-standing programmes have resulted into higher levels of digital inclusion, stronger economic networks and real career opportunities for underrepresented workers."

Amalia Ruiz, Community Relations Manager – Peru

Progress against our ambition

	2021 Baseline	2022	2023	2030 Ambition
Local workforce vs total workforce (%)	51%	53%	59%	60%
Local procurement vs total procurement (%)	12%	15%	17%	20%
Social investment vs revenue (%)	0.84%	0.94%	1.18%	0.90%

Key achievements 2023

- **Digital inclusion:** In 2023, we continued to provide training to employees and community members to drive wider digital inclusion. This includes addressing digital skill gaps within our own workforce through the training of 24 senior individuals in ICT (Information and Communication Technology) skills.

  The "Conexión Futuro" (Future Connection) programme aims to increase employability in the rural areas surrounding our mines in Peru through technical skills training. Access to digital centres is provided, free of charge, in communities where there is typically a large student population. This year, over 600 community members benefited from digital centres across the localities of Oyolo, Pacapausa, Ccalaccapcha and Aniso, an increase from the number of beneficiaries in 2022 (491). Equipped with projectors, wireless network systems and sound systems, these centres offer digital training and have provided students and teachers with ICT support since 2020.

Beneficiaries of the 4* Digital Centres in Peru in 2023	614
Students attending technical certification courses	170**
ICT issues resolved	2,203***

* Number of digital centres in December 2023.
** Includes 75 female students.
*** Includes 710 interactions with women.

- **Education:** Through a range of different initiatives, we provide academic support, career guidance and socio-emotional and entrepreneurial skills for our local pupils and students. We aim to promote local employment in the mining industry, focusing on supporting individuals from communities near our operations.

  To cater to the needs of the mining industry, we sponsor higher education scholarships in technical subjects relevant to this industry through our "Quri Yachay" (Golden knowledge in Quechua) scholarship programme. The mining training programme is led by Cetemin, a Peruvian educational institution that offers technical programmes related to mining. The young individuals, who live in communities surrounding our Inmaculada mine, receive training to enhance their employability in the mining industry and thus improve their quality of life and that of their families. The technical courses cover a range of topics related to plant, mine, laboratory and infrastructure requirements. Initiated 10 years ago, this programme has so far provided technical training to over 400 students (female and male). We are delighted to say that approximately 95% of these alumni students are now employed by Hochschild. In 2023, a new cohort of 64 students successfully graduated from their programme for mine drilling assistants.

  Additional 2023 educational initiatives in Peru include a Vocational Guidance Fair for secondary school students in the 3rd, 4th and 5th grades, and "Fun Summer Workshops". We also continued our educational programme "Aprender Para Triunfar" (Learn to Succeed), detailed below.

  The Learn to Succeed programme provides academic and entrepreneurial support to primary and secondary school students, parents and teachers. Since 2012, over 300 students have benefited each year from this educational programme. In 2023, we engaged with students, teachers and parents from seven communities in areas of our direct influence, through workshops aimed at educational and psychological development. As an example, our "Soft Skills" workshops focused on enhancing life skills recommended by the United Nations (UN), including social, emotional and cognitive skills. Our "Life Project" sessions, meanwhile, helped 4th and 5th year secondary students gain clarity on planning their future career paths. Through the whole suite of workshops, which also included "Vocational Guidance", "Psychological Support", "Entrepreneurship Promotion", "Parent Schools" and "Teacher Training", we benefited over 700 students and over 50 teachers. As a result, we have seen significant progress made in reading, writing and mathematics amongst primary pupils. Guidance shared during 25 observation and feedback sessions has also helped to improve teachers' pedagogical skills, enabling them to progress in innovative and comprehensive teaching practices. We have also seen stronger collaboration between teachers and learning specialists through our complementary inter-school activities.

Beneficiaries of the Aprender Para Triunfar programme in 2023	411
Number of parent-teacher meetings	7
Number of teacher observation and feedback sessions	25
Number of trained teachers	58*
Number of workshops	783**

* Primary level: 8; Secondary level: 50.
** Primary level: 187; Secondary level: 596.

– **Health and nutrition:** Through our Ccalaccapcha medical campaign held in October, we provided the population of the Ccalaccapcha community and surrounding areas with comprehensive care. The Cora Cora Health Network and the Pausa Micro-Network, both part of the Ministry of Health (MINSA) in Peru, along with our Inmaculada mine team, provided a total of 21 specialists for the campaign as well as equipment and supplies. In collaboration with these health networks, we provided comprehensive care for the entire population covering different specialties. This included informing and educating individuals in the risks of various diseases, their causes, and their side effects on physical, psychological, and social health.
– As a result of this campaign, which includes educational sessions on prevention, promotion, and recovery measures, the community members have strengthened their knowledge, behaviours, and attitudes towards their own health. The campaign has also worked to detect the main diseases affecting the paediatric and adult populations and invested in care related to different medical specialities to help improve the general health status of the locality.

Specialists provided	21
Attendees during 3 days of care	800

The "Siempre Sanos" (Always Healthy) programme addresses the medical needs of local communities. This programme offers free medical care, supports new parents with infant nutrition and educates community members on preventative care. We continued with this programme in 2023, with more than 500 beneficiaries from the area of influence of the Inmaculada mine. Experts in specialised nutrition and early stimulation carried out 350 visits in local communities near Inmaculada. We also organised a campaign with multi-speciality medical professionals to improve the communities' knowledge of healthcare.

Beneficiaries of the Siempre Sanos programme in 2023	512
Number of multi-speciality medical campaigns	1
Number of home visits carried out by specialised nutrition and early stimulation personnel	350

– **Socio-economic development:** Hochschild continues to support the local economies of its communities in Peru and Argentina. In 2023, this ranged from implementing a training programme for alpaca breeders, and standardising product quality through external laboratory tests at the collection centre for the "Red del Valle Huanca Huanca" productive network, to the following activities detailed below.

– **Procuring from local food suppliers:** To ensure that we support our local producers in a meaningful way, we have reactivated the supply of locally grown vegetables to Sodexo, our food services supplier at our Inmaculada mine. The sale of these vegetables, such as squash and carrots, provides the beneficiary producer families with greater marketing opportunities, thus helping to promote the wider economic development of our local communities.

– **Empowering female entrepreneurs**: In October, Hochschild conducted a training session on "Creating Digital Content for Female Entrepreneurs" in the locality of Perito Moreno, in Argentina. Facilitated by an external consultant, the six-hour session was attended by 14 female entrepreneurs and provided training on a range of topics, from clothes sales and art to sports-related activities. By equipping business owners with tools to develop and grow their projects, the initiative not only fosters community engagement but also upholds our commitment to contribute to the town's growth. The exclusive training was organised by the Human Resources and Community Relations departments of our San Jose mine.

– **Strawberry cultivation**: In collaboration with Instituto Nacional de Tecnología Agropecuaria (INTA) and the Provincial Agricultural Council, Hochschild facilitated a productive strawberry cultivation project in Argentina's Perito Moreno region. The project aimed to optimise agricultural processes through the financing and provision of machinery. The mechanisation initiative streamlined bed preparation, irrigation tape placement, and soil covering into a singular operation, boosting efficiency and yield per hectare.

Over 10 local families in Perito Moreno participated in the initiative, receiving necessary materials and strawberry seedlings. Both INTA and the Provincial Agricultural Council supervised the project and operating equipment whilst also offering cultivation guidance. This initiative not only supports local communities but also aligns with Hochschild's commitment to fostering productive projects in key mining site regions.

– **Technical capabilities:** Hochschild's "Impulso Productivo" (Boosting Productivity) programme continued in 2023, strengthening the technical capabilities at the individual and/or organisational level of all agricultural producers in the breeding of large and small animals and the cultivation of crops. The ongoing programme is framed within sustainable production in communities located near the Inmaculada mine, with a focus on food security and sustainable market access. Business networks are developed to increase networking and create bonds of trust among producers identified as potential suppliers. Alongside developing investment plans, the programme provides continuous training and technical assistance, develops pilot actions and drives the successful management and direction of business units. This year, a key objective has been to generate sustainable products and proposals by maintaining the operation of the primary processing centre in Santa Rosa de Cascara, and the fruit and vegetable collection centre in San Javier de Alpabamba.

Sales of guinea pigs, chickens and fruits & vegetables	$72,857
Assistance sessions provided for livestock	1,058
Assistance sessions provided for crops	550

Material topics in serving our communities

Positively impacting local communities

At Hochschild we are proud to run a range of short- and long-term initiatives in our local communities. These initiatives are focused around our strategic areas: connectivity, education, health and nutrition, and socio-economic development. Where possible, we collaborate with our local governments to maximise the impact and reach of our initiatives and broader social investment strategies.

We engage in a regular dialogue with our community members and gather detailed feedback through focus groups, site visits and meetings with authorities to understand the needs and expectations of our social impact on our communities. Additionally, we have established Permanent Information Offices in communities near the Inmaculada and Pallancata mines, and in Perito Moreno for the San Jose mine. These offices serve as a central point of contact for communities to ask questions or express concerns about our mining operations.

In 2023, we received 93 grievances and inquiries and responded to 90, with the last three underway.

Hochschild made social investments of approximately $8.2 million in 2023 towards projects in Peru and Argentina, the aforementioned strategic areas, in ad-hoc philanthropic campaigns and in providing technical assistance to municipalities.

Education	$897,001
Health and nutrition	$491,837
Socio-economic development	$1,332,311
Philanthropic campaigns	$244,009
Culture and communication	$379,812
Donations	$1,077,266
Local governments support	$3,752,810

Respecting human rights

Hochschild is committed to upholding and respecting human rights within the Company and throughout our value chain.

Our Human Rights Policy is aligned with the Universal Declaration of Human Rights, the United Nations Guiding Principles, the UN Global Compact and the International Labour Organisation's (ILO) core conventions. The policy provides a framework of guidelines that sets out how our contractors and suppliers must conduct their activities. In 2024, we plan to update this policy to include explicit reference of human trafficking, freedom of association and the right to collective bargaining, in line with our existing Code of Conduct.

In 2024 we will begin developing a new due diligence approach to strengthen our existing Human Rights processes. In addition, we undertake a periodical review and update of our Whistleblowing portal to allow the registration of human rights violations/grievances (see "Being a responsible business").

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Protecting the Environment

At Hochschild, we are committed to producing metals with the lowest possible environmental footprint. We monitor our environmental impact through the following material topics: Climate Change Resilience, Water Management, Safeguarding Biodiversity and Natural Resources through effective Land Use, and Responsible Management of Waste and Tailings.

Highlights

5.76

2023 ECO SCORE (VS TARGET OF 5.25-6)
2022: 5.27

60%

REDUCTION IN POTABLE WATER CONSUMPTION COMPARED WITH 2015
2022: 58%

52%

DECREASE IN DOMESTIC SOLID WASTE GENERATED COMPARED WITH 2015
2022: 46%

Alignment to UN SDGs

Our approach to protecting the environment

Our Environmental Policy guides all of our actions with the goal of minimising the environmental impact of our mining and metal production activities. The Company has clear and defined roles and responsibilities for implementing our environmental management policy. The Policy measures include reducing water usage, improving energy efficiency, and increasing the use of recycled waste among other environmentally conscious measures. In 2025 we will develop our biodiversity strategy, allowing Hochschild to meet the business' medium- and long-term nature-related objectives through clear and appropriate targets.

In 2023, we reduced our potable water consumption by 4.9%, in comparison to 2022 levels, and exceeded our 2030 ambition for the second consecutive year. We have also continued to reduce levels of domestic waste sent to landfill, achieving a reduction of 11.7% in 2023 in comparison with 2022. The reduction in GHG emissions reflects the changes in the operations, and in 2024 we expect an increase once Mara Rosa is incorporated into this indicator.

Progress against our ambition

	2021 Baseline	2022	2023	2030 Ambition
GHG scope 1+2 emissions (%)	0%	-0.7%	-5.1	-30%
Freshwater utilised per ore processed (m^3/ tonnes)	0.24	0.27	0.27	0.22
Recycled waste (%)	73%	68%	63%	80%
Domestic waste landfilled (kg/person/day)	1.00	1.05	0.93	0.90
Potable water consumption (l/person/day)	193	171	162.83	174

Key achievements 2023

- **Environmental Management System:** In January 2023, we launched our updated Environmental Management System (EMS) to further strengthen our environmentally-conscious culture across our business and operations. Our EMS is ISO 14001 aligned, and builds upon the wealth of knowledge and professional experience of our personnel, resulting in a tailor-made system that works best for the Company.

  The main environmental standards and procedures were developed and published in the EMS portal on the Hochschild intranet. In 2023, the implementation of the EMS in our mines focused on the following Processes: environmental leadership, risk assessments, and field controls.

  In 2024, we will roll out further training on EMS to reinforce our workforce's understanding of each Process; we will also perform an internal audit (led by our own specialists) to measure the effectiveness of our first year of implementation and identify opportunities for improvement. Additionally, we continue to conduct "managerial" or "corporate" inspections at all sites.

- **Environmental Culture Transformation Plan (ECTP)**: In 2023, we reviewed and restructured the ECTP in line with our updated EMS Processes and Company attributes. The graphic below shows how our ECTP and EMS align, alongside key activities in 2023 for each segment.

Environmental Culture Transformation Plan (ECTP) structure

2023 activities

LEADERSHIP — EMS Process 1
We prepared the ECO HOC podcast (to be launched in early 2024) for leadership. The podcast will help reinforce the concepts of Hochschild's Environmental Policy.
We also prepared a pocket handbook for leaders with the Environmental Policy, 15 EMS Processes, and incident reporting.

RESPONSIBILITY — EMS Process 4
We organised activities in each country to promote an environmental culture among workers and their families (see country-specific activities in this section for Brazil, Argentina and Peru).

TRAINING — EMS Process 7
We prepared training material to be distributed across Peru, Argentina and Brazil, that is aligned with the EMS and country-specific regulations.

COMMUNICATION — EMS Process 7
We continued working with our Environmental Ambassadors (see overleaf for more information).

INNOVATION — EMS Processes 9 & 14
We participated in a family workshop and launched an internal monthly publication to improve visibility in the Company regarding the work of the Environmental team.

2023 activities

– **Environmental Ambassadors Programme:** To fully embed our ECTP into our everyday operations, we invite employees, across all levels, to be part of our Environmental Ambassador Programme. Our ambassadors serve as catalysts, accelerating the impact of the transformation process.
In 2023, our ambassadors:
  - led and advocated actions in operations related to the ECTP;
  - acted as guardians of best environmental practices;
  - proposed new initiatives aligned with environmental care;
  - participated in environmental calendar activities, training sessions, and field visits;
  - shared knowledge, such as guidance for shift handovers in their areas;
  - led housekeeping campaigns in their areas of work;
  - collaborated with the environmental team on planned inspections of their areas and other internal inspections;
  - documented visits and activities through photos and videos.

– **ECO Score – Hochschild's internal performance monitoring tool:** The ECO score is a scoring framework that allows Hochschild to quantify the business' environmental performance within a single metric, expressing environmental management in a way that is easily understood. The collective annual score includes indicators on environmental culture, incidents, environmental audits, water quality, water use and waste generation. The ECO score serves as a powerful and innovative tool for managing environmental issues, holding employees accountable, and generating value for our stakeholders. The 2023 ECO Score results will undergo independent verification by Ernst & Young (EY) Peru, following the International Standard on Assurance Engagements (ISAE) 3000.

In 2023, we increased our ECO score target range from 5-6, to 5.25–6. Compared to an environmental efficiency score of 5.27 in 2022, we improved our score to 5.76 in 2023, pushing Hochschild closer to the higher band of our target range.
We are pleased to report that, since 2015, we have improved our environmental efficiency score by 74%.

> "Reducing our impact on the planet is at the core of Hochschild's culture and values. To further strengthen this environmentally-conscious culture, we have updated our Environmental Management System (EMS). We are also pleased to have exceeded our ECO Score target this year and look forward to developing our biodiversity strategy in the short-medium term."
>
> **Claudia Revilla,** Environmental Officer

This year, we have continued our Interinstitutional Alliance Cooperation partnership with Landscape Reserve Sub Cuenca del Cotahuasi, for the third consecutive year. Funding was used for environmental education, participative management, and sustainable economic activities. This included holding the third edition of the "Emprendedores por Cotahuasi" (Entrepreneurs for Cotahuasi) programme, which supports local entrepreneurs, supporting 526 beneficiaries across three winning projects.

Material topics in protecting the environment

Climate change resilience

Our 2030 ambition is to reduce our GHG Scope 1+2 emissions by 30% against a 2021 baseline. Our aim is to reach net-zero GHG emissions by 2050. Achieving our interim 2030 ambition will require the use of renewable electricity and transition towards more efficient vehicles with lower GHG emissions. In 2023, we sourced 79% of energy from renewable sources. As shown by the Mara Rosa Green Energy Project case study below, the production of renewable energy will also play an increasing role in enabling Hochschild to reduce its Scope 1&2 GHG emissions.

Mara Rosa Green Energy Project

In 2023, Hochschild announced a partnership with Solatio Energia (a photovoltaic sector specialist) to implement a solar energy project that will supply 100% of the energy required by Mara Rosa's operations from renewable energy sources. The solar project involves constructing a photovoltaic plant in the municipality of Jaboticatubas, in the metropolitan region of Belo Horizonte (MG).

All production from the new solar plant will be fed into the National Interconnected System (SIN), offsetting the total volume of energy consumed by the operations in Mara Rosa. Construction work on the new solar plant began in October 2023, and production is scheduled to begin in Q1 2025. With a capacity of 124.6 MW of energy, the solar plant will guarantee that the amount of energy produced will meet 100% of the energy demand throughout the mine's useful life, initially planned for 10 years.

Our 2030 ambition will also require operational changes in existing mines and operations (including process changes, asset upgrades and the use of future technological advancements) alongside the use of offsets or neutralisation projects to eliminate residual GHG emissions.

Our mining operations in both Peru and Argentina have a lower GHG emissions intensity compared to other gold and silver mines globally (1.85 tCO_2e/koz Ag eq; 0.15 tCO_2e/oz Au eq). This is due to the underground nature of our mining operations, which having lower emissions compared to open pit mines, using low-carbon grid-based electricity, and prioritising the use of renewable energy when available.

Our annual GHG footprint calculations are shown below. From 2024 onwards, Brazil will be included in these calculations following the commencement of operations at Mara Rosa.

Greenhouse gas emissions data[1,2] (tonnes of CO_2e)	**2023**	**2022[3]**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Emissions from combustion of fuel and operation of facilities (tCO_2e)	42,475	45,374	46,339	40,647	39,341	38,939	47,265	46,033	46,892	73,244
Emissions from total purchased electricity (tCO_2e)[4]	65,542	68,116	58,133	41,254	82,833	85,084	94,249	91,893	78,163	69,933
Emissions from purchased electricity – non-renewable sources (tCO_2e)[5]	13,691	13,389	12,820	6,591	n/a	n/a	n/a	n/a	n/a	n/a
Total Scope 1 & Scope 2 emissions (tCO_2e)[6]	108,017	113,490	104,472	81,901	122,174	124,023	141,514	137,926	125,055	143,178
Emissions intensity, per thousand ounces of total silver equivalent produced (CO_2e/k oz)[6,7]	3.55	3.64	3.11	2.76	2.64	2.60	3.16	3.27	3.70	5.08
Scope 3 emissions (tCO_2e)	25,872	29,734	24,821[3]	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Energy consumption	435,824,161	477,278,230	465,027,594	366,955,382	446,288,131	n/a	n/a	n/a	n/a	n/a
From combustion of fuel (kWh)[8]	144,796,179	159,336,476	165,114,299	132,414,133	143,763,206	n/a	n/a	n/a	n/a	n/a
From purchased electricity (kWh)	291,027,982	317,941,753	299,913,295	234,541,249	302,524,925	n/a	n/a	n/a	n/a	n/a

1 Method used based on ISO 14064-1 Standard and GHG Protocol Corporate Accounting and Reporting Standard, using IPCC and Peruvian emission factors. Gases included in the calculation of all three scopes: CO_2, CH_4, N_2O.
2 Includes data for the whole year for Peru (former and current operating assets, warehouses and office locations), Argentina (San Jose and Buenos Aires office) and London office. The Group's UK operations consist of a single office with an occupancy of three. Its total Scope 1 and Scope 2 emissions and energy consumption represent less than 0.01% of the Group's reported totals.
3 Restated following a review of underlying data and external verification of the emissions from Inmaculada, Pallancata, Selene and San Jose.
4 Location-based emissions. Total purchased electricity from both renewable and non-renewable sources.
5 Market-based emissions. Excludes electricity purchased from renewable sources, hydropower in Peru and wind power in Argentina.
6 Emissions (and intensity) reflect combustion of fuel and operation of facilities (Scope 1) and purchased electricity (Scope 2) – location-based emissions.
7 Total production includes 100% of all production, including that attributable to the joint venture partner at San Jose.
8 Collected information has been converted to kWh from gallons of fuel using net calorific values obtained from the Peruvian Ministry of Environment. Corresponds to fuel calculated for Scope 1.

Risks relating to climate change are managed at the highest governance levels through our Sustainability Committee, Risk Committee and the Audit Committee. Our CFD-aligned report, (see pages 76 to 89) details specific information on our approach to managing climate risks and opportunities, including governance, strategy, metrics and targets, and risk management. In 2025, the business will conduct an assessment of financial and transition risks relating to climate change.

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Water management

Hochschild's strategy for responsible water management is designed to make optimal use of water resources. In 2023, 84.3% of all water used in processing plants was reused, maintaining our 2022 level of water reuse and helping Hochschild to minimise intake of freshwater. At the Inmaculada mine, 80% of the water used was reclaimed (2022: 78%), at the Selene mine, the figure was 99% (2022: 99%) and at the San Jose mine, it was 73% (2022: 69%). It is noteworthy that the Inmaculada mine operates in an area with high water stress, and the Selene mine operates in an area with medium-high water stress.

We have continued to reduce our water footprint at the Inmaculada mine in line with the project implemented as part of the Blue Certificate programme by the Peruvian Water Authority (ANA). The Blue Certificate requires companies to assess their water use, implement reduction plans, and engage with local communities in a shared value programme. Our water savings in 2023 from this project amounted to 83,477 m^3 at the Inmaculada processing plant (2022: 61,062 m^3).

We have also continued to reduce our potable water consumption year-on-year, from 171.2 m^3 in 2022 to 162.83 m^3 in 2023. This amounts to a 60% reduction in potable water consumption since 2015. Potable water consumption rate in 2023 was the lowest to date.

We closely monitor water discharge to the environment to ensure it complies with national regulations, with around 2,000 parameters monitored annually. In 2023 we had 0 incidents of non-compliance with national standards.

Safeguarding biodiversity and natural resources through effective land use

While Hochschild will never operate inside a protected area, several of our sites are located inside or near the buffer zone of the Landscape Reserve Sub Cuenca del Cotahuasi, a legally-recognised national protected area in the Arequipa region in Peru. We conduct flora and fauna programmes in areas of direct influence of our mines and we annually monitor biodiversity levels at all sites. Our objective is to mitigate the environmental footprint of our operations, with the aim of returning the environment to a state similar to that which existed before our intervention. We also invest resources into developing environmental education, environmental and social awareness, and appreciation of local cultural heritage (see Knowledge Trail case study).

To minimise the effect of our operations on the surrounding area, we implement specific measures, including compensation programmes; to avoid significant environmental or landscape impacts from mine operation and closure.

In 2023, we received approval for two compensation plans that will allow Hochschild to maintain and increase the ecological equivalence at our Inmaculada mine (see Inmaculada compensation case study). Compensation has also been embedded into the design of the Mara Rosa mine development and, as such, has been a key consideration since the beginning of the construction process (see Terra Ronca biodiversity case study).

Freshwater use (m^3)

Year	Freshwater used in process plants
2020	454,527
2021	589,904
2022	651,066
2023	578,919

Potable water use (litres/person/day)

2023	2022	2021	2020	2019	2018	2017	2016	2015
162.83	171.2	192.83	230.67	206.01	224.78	214.08	293.71	408.35

Knowledge Trail – Environmental and heritage education project, Brazil

The Knowledge Trail is an environmental and heritage education project developed by Hochschild in the town of Mara Rosa in Goiás. The project is dedicated to Science, Culture and Education, with the aims of disseminating scientific knowledge, raising environmental awareness and valuing the region's cultural heritage. In recognition of this, the Knowledge Trail was awarded 1st place in the 2023 edition of the Sustainable Goiás Award, in the Innovation, Science and Education category, by SEMAD (State Secretariat for the Environment). The Sustainable Goiás Award aims to recognise and reward sustainable actions carried out in the State of Goiás. SEMAD received 91 entries for the award, from which it selected three finalists in six categories and awarded the best project in each group: (i) Public Servant; (ii) Public Policy; (iii) Press; (iv) Rural and Business Activity; (v) Innovation, Science and Education; and (vi) Third Sector.

Terra Ronca biodiversity, forest preservation and compensation, Brazil

"The Terra Ronca State Park" (PETeR) is home to one of the most important speleological complexes in South America. In 2021, the Goiás State launched a campaign to recognise this park as a World Natural Heritage Site by the United Nations Educational, Scientific and Cultural Organization (UNESCO). To fulfil the legal obligation for forest compensation, resulting from the removal of vegetation for the construction of the Mara Rosa Project, Hochschild proposed the donation of an area within this conservation unit. After a two-year consultation process, Hochschild received approval by the SEMAD to acquire and donate to the State of Goiás, 705 hectares of land. 481 hectares of the land donated by Hochschild is planned for Forestry Compensation, for the removal of native species protected by law in Permanent Preservation Areas (APP). 223 hectares remain available for compensation and the relocation of legal reserves (registered and proposed). As a result, this area can be preserved successfully as an important Conservation Unity for the Cerrado's biodiversity.

Mine closure: Following a mine closure, the future use of the land is a fundamental consideration in our operations, as well as in the rehabilitation of the intervened areas. In line with this objective, the areas must be restored to a safe and stable physical condition in accordance with the surrounding landscape. In terms of managerial responsibility for land closure and rehabilitation, Hochschild has a specific department (and a Closure Manager) that is responsible for the execution and fulfilment of the closing commitments of our mines and exploration projects. As part of this process, we make financial provisions to cover closure and rehabilitation. The closure provision is assessed annually both internally and externally by specialised auditors. Third party experts are typically contracted every three years to incorporate changes in scope, cost estimates and the life of mine. The resulting reports inform closure plan approvals by the authorities. We report on environmental and social closure activities for all of our operational and closed mining units according to applicable regulations.

In 2023 we continued work on the closure of the Ares mine TSF. This work includes the dewatering of the TSF, via a state-of-the-art water treatment plant with a reverse osmosis system that ensures compliance with Peruvian Maximum Permissible limits; it also includes increasing the area of tailings covered with inert material and raincoat.

Responsible management of waste and tailings

Our ECO Score includes an indicator for monitoring effluent quality, which reflects any non-compliances with national standards in all of our discharges to the environment and prevents any toxic emissions. As a result, we are pleased to report that we achieved our target of 0 non-compliances with national standards for water discharge to the environment. Hochschild has no significant air emissions and air quality is periodically monitored at all mining sites to ensure compliance with environmental quality standards. In 2023, Hochschild recorded one minor environmental incident at our Inmaculada mine. This incident did not impact the soil due to the timely response and clean-up measures.

We also have extensive Waste Management Plans in place to ensure each specific waste stream is managed in the best manner possible. We strive to minimise the waste that ends up in landfills and we prioritise recycling/reuse opportunities. In 2023, our composting and domestic waste reuse efforts increased and now San Jose and Inmaculada are testing this onsite at a small scale. As a result of these efforts, including the implementation of the ECO Score, domestic waste generation has decreased by 52% since 2015.

Domestic waste generation (kg/person/day)

2023	2022	2021	2020	2019	2018	2017	2016	2015
0.93	1.05	1.00	1.18	1.04	1.13	1.13	1.33	1.94

Generation of waste by type (tonnes)

	2023	2022	2021	2020	2019	2018
Domestic waste	1,520	1,832	1,808	1,565	1,547	2,100
Recyclable waste	777	956	792	599	642	706
Scrap metal	1,593	1,180	1,250	977	1,288	1,528
Recyclable hazardous waste	181	193	198	147	231	304
Non-recyclable hazardous waste	1,182	1,157	1,136	610	748	807
Electronic waste	9	8	12	9	11	8

Commercialisation/Repurposing of waste (tonnes)

	2023	2022	2021	2020	2019	2018
Sold/repurposed waste	3,330	3,630	3,769	2,201	3,870	2,924

All waste rock and tailings generated as part of mining and processing are managed in accordance with our environmental permits, and have purpose-made engineered facilities for each waste type at all mines.

Hochschild has 11 TSFs in total, nine of which are downstream with rock buttresses and two with central berms with impoundments on both sides. Of these, four were operational for the majority of 2023 – two in Peru and two in Argentina. By the end of 2023, one of these tailings storage facilities was no longer operational due to the planned suspension of the Pallancata mine in Peru. In 2023, external audits were conducted on all TSFs in Peru. An internal audit was conducted in Argentina.

We fully support the need for greater transparency in the mining sector and we disclose comprehensive details on each of our TSFs and their management. Our most recent Church of England report on TSFs, published in 2022, is provided below; this is based on the ICMM Global Industry Standard on Tailings Management.

www.hochschildmining.com/media/wt5bs313/church-of-england-info-request-v090622.pdf

Ensuring Health and Safety

Employee safety is a key measure of our corporate success. The high-risk nature of the mining process means that this topic must be prioritised to protect our people and the overall success of our operations. We strongly believe that a healthy, satisfied and motivated workforce plays a crucial role in driving the growth of our Company. Our material topic relating to this pillar is: Occupational health, safety and well-being.

Highlights

0

WORK-RELATED FATALITIES
2022: 0

37

LOST TIME INJURY SEVERITY RATE
2022: 93

0.99

LTIFR
2022: 1.37

Alignment to UN SDGs

Our approach to ensuring health and safety

Everyone at Hochschild is responsible to conduct their work in the safest way possible. We are currently the only mining company to hold Det Norske Veritas (DNV) ISRS level 7 and we are committed to upholding these high safety standards. The Company recognises that an informed and attentive workforce, where individuals are engaged with health and safety in a way that looks out for themselves and others, is vital to managing safety and health risks.

We are extremely pleased to report that Hochschild is on track to achieve the business' 2030 ambition and that Hochschild recorded no fatal accidents in 2023. This marks the second year in a row that we have achieved this critical result. Equally encouraging are the 2023 results for our two major safety indicators: the Lost Time Frequency Rate (LTFR) and the Lost Time Injury Severity Rate (LTISR); our 2023 results in these indicators are the best in Hochschild's history.

Progress against our ambition

	2021 Baseline	2022	2023	2030 Ambition
Fatal accidents	2	0	0	0
Lost time injury frequency rate (LTFR)	1.26	1.37	0.99	1.2
Lost time injury severity rate (LTISR)	676	93	37	270

Key achievements in 2023

- **Safety Initiatives:** The Seguscore, launched in 2022, is an in-house integrated safety performance indicator that incorporates proactive or "leading" safety indicators such as the measurement of leadership presence, behavioural observations, planned task observations and random mini audits, as well as reactive or "lagging" safety indicators such as lost time injury frequency rate (LTIFR), lost time injury severity rate (LTISR), and High Potential Events (HPEs) i.e. events that may result in severe injury or lost time injuries. In 2023, the Seguscore was reframed by Hochschild as a qualitative tool. Following a review of the scoring approach and process, Hochschild determined, for instance, that leadership presence cannot be measured only by field inspections.

In this case, the new scoring approach requires that deviations detected during field inspections must be resolved within a set time period, according to the level of risk that they present. This approach provides our supervisors with valuable site-specific information, allowing them to demonstrate their presence in the field, the number of deviations, and, more importantly, how fast we are closing those gaps so that the safety conditions are promptly improved to avoid the occurrence of safety events.

- **Investigating and learning from safety incidents:** All Incidents were investigated promptly and appropriate response measures were implemented. We remain committed to health and safety by continuing to promote the improvement of all activities and assess the potential occurrence of HPEs. In the event of an HPE occurring, our CEO leads a meeting with the COO and all the Operational Unit Managers to review the internal investigation. In this meeting, the root causes are discussed, and control actions are reinforced at the corporate level to share the lessons learned with the entire organisation. During 2023, six HPEs were evaluated. Hochschild continues to work to reduce this number of HPEs to zero through a range of initiatives:
  - We improved the fatigue control system installed in all our buses and 4x4 pickup trucks in Peru to enhance road safety in the transportation of personnel between cities and mine sites. This system collects data analysed through a business intelligence dashboard to predict potential incidents
  - Our Peruvian and Argentinian operations implemented a smartwatch/wristband for all personnel (company and contractors) who operate heavy machinery. This smartwatch/wristband monitors sleep time to prevent fatigue at work which can increase the risk of incidents
- **Well-being:** To support the mental health and well-being of our employees, we continued the "Conversemos en familia" (Talk as a family) programme that was launched in 2022 in Peru. In conjunction with the ECTP, a family workshop was held in Arequipa, Peru. This included conversations on parenting topics and interactive activities for the adults and children in attendance; the aim was to help communication with the parents, and provide a healthy environment for the children to thrive.

Material topic in ensuring health and safety

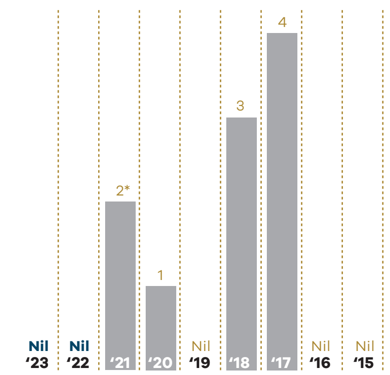
Occupational health, safety and well-being

Hochschild offers a safe, healthy and secure workplace in which our direct employees, as well as our contractors, can feel safe and thrive. We adopt practical measures to avoid workplace fatalities, eliminate occupational health hazards and support employee well-being.

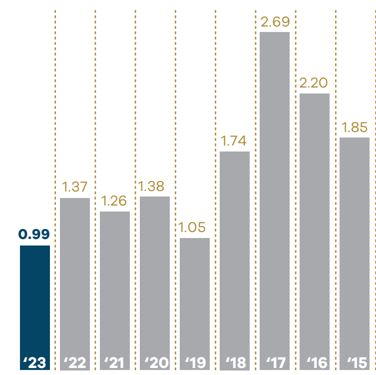
To ensure a safe working environment, we implement a systematic risk management approach, supported by our Occupational Health and Safety (OHS) Management System. In 2023, we carried out internal audits which were conducted by internal Hochschild-trained auditors. Our OHS Management System applies to all sites, Hochschild employees and contractors.

Safety performance

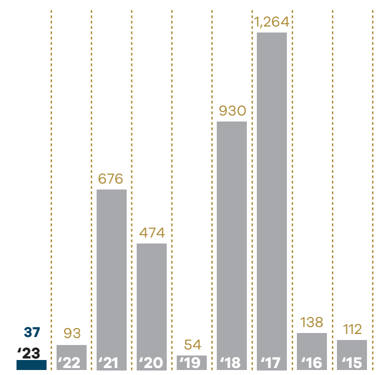
Fatal accidents



Lost Time Injury Frequency Rate (LTIFR)



Accident Severity Index



* Taking into account the ICCM's Health and Safety Guidance, the Sustainability Committee took the view that the Pallancata bus highway accident would not be reportable by Hochschild in its safety KPIs as it took place outside of Hochschild Mining's operation and involved third party transportation.

Empowering our People

Our people drive the success of our business and the positive impact we have on the planet and society. By creating a working environment that is supportive and empowering, we can improve employee satisfaction, provide better and more equal employee opportunities and increase retention rates. We identified the following material topics relating to this pillar: Labour Relations, Diversity and Inclusion, Recruitment, Retention and Engagement and Innovation through Technological Solutions.

Highlights

4.5%

VOLUNTARY EMPLOYMENT TURNOVER
2022: 4%

9.6%

WOMEN IN THE WORKFORCE
2022: 9%

18%

WOMEN IN LEADERSHIP ROLES
2022: 15%

Alignment to UN SDGs

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY

Our approach to supporting our people

The importance that we place on our people is underpinned by the commitments laid out in our Corporate Diversity & Inclusion Policy, including respecting human rights and promoting diversity and inclusion as part of our corporate purpose. We strive to provide a safe and healthy workplace environment that, above all, promotes a healthy work-life balance and demonstrates inclusion. As part of this commitment, we invest in wellness initiatives and professional development for our employees, and offer competitive compensation and benefits.

Progress against our ambition

	2021 Baseline	2022	2023	2030 Ambition
Women in workforce (%)	9%	9%	10%	11%
Women in leadership roles* (%)	15%	15%	18%	20%
Women in Board seats (%)	33%	33%	38%	40%
Voluntary turnover (%)	5.0%	3.9%	4.5%	<5%

* Leadership roles include senior, middle and junior management.

Key achievements in 2023

- **Internships for Women:** We strongly believe that diversity helps promote new and innovative ideas that can contribute to our overall business success. Our continued focus on gender diversity, in a male-dominant industry, is reflected in our "Mujeres de Oro" (Women of Gold) internship programme. This programme offers young women professionals rotations across eight different departments at the Inmaculada mine, such as plant, mine, safety, community relations, and environment. The programme also offers mentorship, training, and the potential for a permanent career with Hochschild. In 2023, Hochschild hired nine out of ten women who started the programme in 2022 and finished in 2023.
- **Increasing gender diversity at Hochschild:** This year, Hochschild has successfully increased the representation of women at multiple levels of the organisation. We have increased the percentage of women in our entire workforce from 9% to 9.6%. Similarly, the percentage of women in leadership roles has risen from 15% to 18%. As a result, we are proud that we are moving closer to our 2030 gender diversity ambition. As a mining company, we recognise the challenges faced by our industry to build female representation. These incremental improvements are reflective of the important progress that is needed. We will continue, each year, to promote the participation, education, training, development and leadership of women within our organisation.
- **Anti-sexual harassment:** In 2023 we carried out the third annual ELSA survey, a comprehensive diagnostic and intervention tool that helps companies respond preventatively to sexual harassment in the workplace. Our findings help Hochschild to identify existing gaps and other opportunities for improvement.

  The survey found that:

  - 69% of employees know and have read the Anti-Harassment Policy
  - 88% have received training on the subject
  - 70% were aware of the investigation process for complaints

"Our employees are the lifeblood of our organisation. We are proud to be externally recognised for our talent retention and attraction efforts which provide our valued employees with the opportunities and culture to develop as professionals and reach their full potential. Through this environment, we aim to build female representation at all levels at Hochschild, with the broader aim of advancing improvements in gender diversity across the mining sector more widely."

Cristina Arbe, Manager of Attraction, Communication and Culture

Material topics in empowering our people

Diversity and inclusion

At Hochschild, diversity, inclusion and a safe work environment that promotes equal opportunities for all are fundamental to the sustainability of our Company and to our corporate purpose.

We are committed to respecting human rights and promoting diversity and inclusion. As such, we reject any acts of discrimination that are based on race, gender, religion, ethnicity, age or any other distinguishing characteristic or trait. Our Diversity and Inclusion Policy outlines our commitment to promoting equal opportunities for all, including the participation, education and empowerment of women in the workplace.

Gender diversity	2023	2022	2021	2020	2019	2018	2017	2016
Number of employees								
Men	**2,921**	3,282	3,347	3,155	3,024	3,894	3,849	3,859
Women	**311**	316	316	275	218	245	235	222
Number of senior managers								
Men	**38**	44	43	41	37	37	36	35
Women	**5**	6	2	1	1	1	1	1
Number of Board members								
Men	**5**	6	6	7	7	7	7	8
Women	**3**	3	3	2	1	1	1	1

Age structure	Employees	Board
<30	510	0
30-50	2,374	1
>50	348	7

Labour relations

We recognise and respect the right to freedom of association and collective bargaining, in accordance with the laws and regulations of the countries in which we operate. Underpinning our relations with our workforce are principles and practices related to fair compensation, job security and professional development opportunities. In 2023, approximately 74% of our total workforce was represented by a trade union or similar body. We recorded 0 strikes or lockouts during 2023.

Recruitment, retention and engagement

We are committed to attracting and retaining a skilled workforce by creating a workplace that is engaging, innovative and defined by our corporate purpose and values. In 2023, nearly 94% of our employees were permanent full-time workers, with a low voluntary turnover rate of 4.5%. In the 2023, Merco Talento ranking, Hochschild was ranked 4th among 17 mining sector companies in Peru and placed 36th out of the top 100 companies in Peru based on our talent retention and attraction efforts. The ranking promotes the improvement of human capital management within organisations, providing them with various metrics and evaluation elements that contribute to a better understanding of the aspirations of the individuals working within them.

Contracts in 2023	Permanent contracts	Fixed term contracts
Men	2,755	166
Women	274	37
Total	**3,029**	**203**

Innovation through technological solutions

We strive to promote innovation in all aspects of our business to increase productivity, improve worker safety and reduce our impact on the environment. Our ongoing Innova platform allows Hochschild to receive initiatives from every level of the Company. Launched in 2022, the objective of the tool is to incorporate technology and innovation into our processes, proposed by our workers. Anyone, at any time, can use the platform to upload their disruptive, applied, or incremental initiatives so that they can be evaluated and implemented in a timely way.

Our Innova platform

Step 1: Submission

Submit an idea that could help the business solve a current problem or make a difference for our Company.

Step 2: Evaluation

An expert from the site of the proposed idea will review and then distribute the idea to a wider network of specialists for evaluation. Here, different evaluation methods are used, including scoring card scores, voting and evaluation forms. Experts are selected according to their organisational structure and subject matter expertise.

Step 3: Implementation

If the idea is successful, the Innova tool will assemble a project team to implement the idea.

Step 4: Reward

The potential monetary gain for the business, from a successfully implemented idea, is calculated. Subsequently, a proportional prize is awarded to the project team.

In 2023, we developed two Innova Campaigns on the following topics:

- ChatGPT and Artificial Intelligence for efficiency at Hochschild
- Conversemos en familia, for the families who participated in the family workshop in October, as part of the ECTP
- Eight projects were implemented this year, having been proposed between 2021-2023. A further four projects have passed the Evaluation stage and are expected to be implemented in 2024

Being a Responsible Business

Acting honestly and ethically is central to our business. We are resolute in our dedication to ethical business practices and are committed to maintaining the highest level of responsibility in our operations, relationships, and transactions. Within this governance pillar, we have identified the following topics as material for our business: Responsible Business Conduct and Ethics, Advocacy for Positive Change and Responsible Supply Chain Management.

Highlights

63%

DIRECTORS CONSIDERED TO BE INDEPENDENT (2022: 66%)

Alignment to UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

Our approach to responsible business

Our approach to acting responsibly is guided by our robust corporate governance framework of policies, procedures, and systems. This framework holds the business to account in driving positive economic, social and environmental outcomes. It goes beyond minimum compliance with legal and regulatory requirements and involves advancing a corporate culture that is aligned with our shared values: Innovation, Inspiring others, Recognising talent, Seeking efficiencies, and Demonstrating responsibility.

"Operating as a responsible business underpins Hochschild's ability to have a positive impact on sustainability issues whilst simultaneously delivering value for our stakeholders. Achieving our 2030 sustainability ambition requires maintaining the highest levels of ethical standards, both in our own operations and in our supply chain, whilst ensuring robust corporate governance systems are in place."

Raj Bhasin, Company Secretary

Key achievements in 2023

- **Policies:** We updated our Prevention and Criminal Compliance Manual and Interaction with Public Officials Policy. Our operations in Peru and Argentina underwent evaluations for corruption risks in accordance with the Compliance Manual.
- **Recognition:** Although no external anti-bribery audit was required in 2023, we successfully passed an assessment to re-confirm our eligibility to undergo an external audit in 2024, to recertify our previous certification in anti-bribery from the organisation Entrepreneurs for Integrity. In the meantime, we have continued to implement the latest anti-bribery standards to maintain our certification ahead of our assessment next year.

Material topics in ensuring we are a responsible business

Responsible business conduct and ethics

Hochschild is committed to upholding the highest ethical standards in our operations and supply chain. Our Board is responsible for ensuring that our Company values are reflected in our behaviour. To embody this, we have established a Code of Conduct, along with supporting policies, that apply to all individuals acting on behalf of the Company. In early 2023 we distributed an updated version, with a more robust Environmental section.

Our Code of Conduct is distributed to all employees and outlines the ethical standards and values that we expect of our employees to promote responsible behaviour, establish accountability, and foster a positive corporate culture. In addition to the Code of Conduct, our supplementary policies cover topics such as anti-corruption, anti-bribery, and money laundering prevention among others. Any violations of the Code of Conduct are considered serious misconduct and handled with the utmost urgency.

The Company has a long-established Whistleblowing Policy and an online portal, available 24/7, to provide any person working with or at Hochschild, with a means of raising concerns, anonymously or otherwise. The Company values all genuine reports received through this portal as they contribute to upholding the high ethical standards established by the Group. We have a policy of zero tolerance towards retaliation; for this reason, we are committed to maintaining strict confidentiality regarding genuine complaints received and the identity of those filing them. The Group encourages those submitting a report to provide their name as it enables Hochschild to collect further details that could assist with the investigation. In 2023, we received 60 reports through this system, all of which have been addressed.

Created in 2023 and estimated to launch early in 2024, the Internal Legal and Compliance Portal will provide all employees centralised and immediate access to all documents and initiatives related to business conduct and ethics. This establishes the availability of resources that support compliance with the Company's rules, policies and documents.

The Compliance Integrity Programme was implemented in 2023 in Brazil. The goal is to prevent and detect breaches of law and regulations. This reinforces Hochschild's commitment to integrity, and upholds the Company's reputation. The programme involved: high leadership support, risk identification and mapping, creation of policies and a Code of Conduct, trainings, internal controls, whistleblowing, and more.

This year, the HOC Compliance Podcast was created and launched in Brazil. It provides employees with accessible content related to themes of compliance. Complementary to the Code of Conduct, this will support employee awareness and adherence to the Company's processes and procedures. The podcast initiative will also be replicated in Peru and Argentina.

The launch of online compliance training provides employees with access to an intuitive and clear format of Compliance and Legal training. In animated format, this content was designed to be engaging and allow easy assimilation of information. Starting with the topic of Conflicts of Interest in Brazil, this training implements standardised learning that underpins compliance with laws and the Company's internal rules.

Advocacy for positive change

We actively engage with policymakers, professionals, and civil society to collectively discuss, shape and approve new initiatives aimed at enhancing regulations in mining and environmental sectors. In demonstration of our commitment to promoting ESG guidelines and practices within the mining industry, we play an active role in various industry associations and professional forums such as the Sociedad de Minería and Petróleo y Energía (SNMPE) in Peru, Cámara Argentina de Empresarios Mineros (CAEM) in Argentina, the Confederação Nacional da Indústria (CNI) in Brazil. We also participate in the Instituto Brasileiro de Mineração (IBRAM), a key institution within Brazil's mining industry that promotes responsible mining practices, influences policy decisions, fosters innovation, and facilitates collaboration among various stakeholders in Brazil's mining industry.

Responsible supply chain management

We place great importance on ensuring that we are part of a value chain that protects human rights, safeguards the environment, and promotes sustainable outcomes. For this reason, our suppliers are required to comply with the specific standards outlined in our updated Supplier Code of Conduct.

In Brazil, preventative due diligence of strategic suppliers and monitoring of 100% of the entities with which Hochschild has a commercial relationship within the country ensures that we only contract with entities who share our corporate values.

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Introduction

The most recent Intergovernmental Panel on Climate Change (IPCC) Assessment Report identifies that human activities (primarily associated with the combustion of fossil fuels) have unequivocally caused global warming. We recognise that climate change is one of the greatest challenges facing humanity and that it could significantly change the physical, social and economic environment in which we operate.

At Hochschild we understand the significant role that we, and the mining industry in general, have to play in supporting the global transition to a net-zero world. We are committed to responsibly managing our impact on the climate as well as the potential impacts of climate change on our business.

This is reflected in the actions which we have undertaken in recent years including our ambition to reduce our Scope 1 and 2 Greenhouse Gas (GHG) emissions by 30% by 2030, against our 2021 baseline, as well as our commitment to achieve a net-zero emissions profile by 2050.

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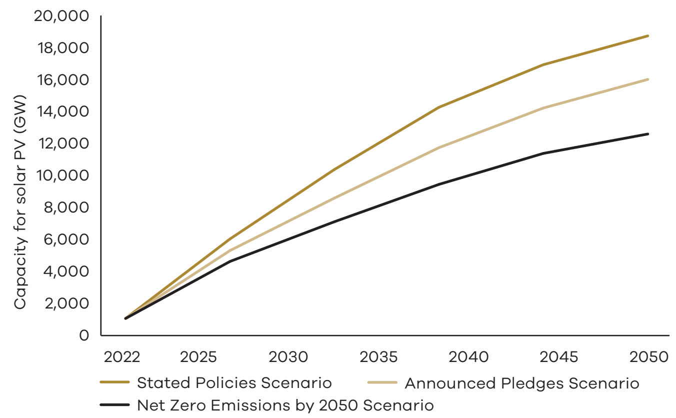
Task Force on Climate-Related Financial Disclosures (TCFD) requirements
Outlined below is a summary of how we are managing our impact on climate change, and climate change's impacts on our business in alignment with the TCFD recommendations. These cover four "areas", including: Governance, Strategy, Risk Management and Metrics & Targets. Hochschild also falls within scope of the climate-related reporting requirements of the UK Financial Conduct Authority (FCA) which also require us to disclose, on a comply or explain basis, against the recommendations of the TCFD (as outlined in the table at the end of this report).

The global transition to a low-carbon economy marks a shift in the materials economy marks a shift in the materials required to develop and manufacture technologies that are essential for reducing future greenhouse gas emissions and tackling climate change.

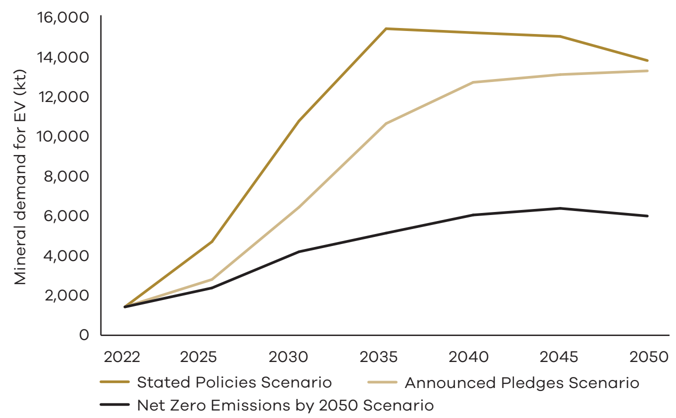
The transition to a low-carbon economy will require an increase in the use of low-carbon technologies such as Solar PV and Electric Vehicles (EV). These green technologies will require significant quantities of precious metals, including gold and silver, in order to be manufactured – which could lead to an increase in demand for the gold and silver that Hochschild produces. The graphs to the right illustrate future projected increases in global capacity for solar PV and mineral demand for EVs, under a range of climate scenarios.

This presents Hochschild with a unique opportunity to support the transition to a low-carbon economy and to assist in the global adoption of low-carbon technologies.

Capacity for Solar PV (GW) under the State Policies, Announced Pledges and Net-Zero by 2050 scenario (IEA, 2023)



Mineral demand for EV (kt) under the State Policies, Announced Pledges and Net-Zero by 2050 scenario (IEA, 2023)[1]



1 Please note that the IEA data for total mineral demand for EV does not include silver (but instead it includes other minerals such as copper, graphite, nickel, etc.). However the data point has been selected as an indicator to represent the likely demand for silver in the future.

Governance of climate-related issues

Board of Directors

At Hochschild, we recognise that clear governance structures are essential to ensure that climate-related risks and opportunities are managed responsibly and effectively. As sustainability has become increasingly important to Hochschild's stakeholders, sustainability and topics relating to ESG (environmental, social and governance) have been further integrated into our operations and governance structures.

At the highest level, our Board of Directors has overall accountability and oversight of the management of policies and initiatives related to sustainability and climate change. This includes the consideration of climate-related risks and opportunities which could, ultimately, impact several aspects of the Group's financial statements such as production costs, capital expenditure and closure costs as well as influence the Group's approach to strategic planning and risk management. Each of our Board members brings experience from their respective careers and, collectively, the Board has previous experience in managing sustainability in mining and responsibility for climate change and water management which is utilised to assess the suitability of our operations in the face of climate change.

Our Board of Directors' involvement in sustainability issues is facilitated through quarterly interactions with the Sustainability and Audit Committees, both of which are responsible for reporting climate-related issues to the Board. At these meetings, key sustainability topics are presented, including risks associated with climate, water management and other environmental risks, as well as annual progress against the Company's ESG ambitions. Presently, there is no additional process for the Board of Directors to supervise development against GHG emissions and other climate-related targets. However, in 2024 we plan to introduce a formal process following the formation of necessary action plans for our 2030 ambitions. Progress in this area has already been made through the completion of a Climate Risk Assessment (CRA), the quantification and reporting of GHG emissions and the initial development of a carbon reduction strategy.

Sustainability Committee

The role of directly overseeing sustainability systems and policies at Hochschild has been delegated to the Sustainability Committee since 2006. Led by the Committee Chair who is an independent Director, the Committee comprises the CEO and one other independent Director. The COO and the Vice Presidents of Legal and Corporate Affairs, and Human Resources are regular attendees. Although the Committee has a wide scope of responsibilities, the discussion and management of climate-related issues are a scheduled agenda item during every quarterly meeting. One of the Sustainability Committee's key roles during these quarterly meetings is to provide recommendations to the Board of Directors on topics relating to climate change and GHG emissions that are material to Hochschild's operations and business plans.

The Committee also manages the processes around ESG-related risks and opportunities, oversees Hochschild's compliance with relevant national and international standards and reviews the policies and procedures in place for investigating relevant incidents. The yearly ECO Score targets are also reviewed and presented to the Board for approval. Details on the Sustainability Committee's activities in 2023 are available on page 55.

Alongside the Sustainability Committee, special working groups are established in response to specific climate-related events. For example, the El Niño phenomenon triggered the formation of a taskforce in August 2023 that included the Safety Manager, Logistics Manager, Peruvian General Manager and the Head of Internal Audit. This group is responsible for monitoring and managing the business risks that might emerge by working to understand the situation alongside government authorities, implementing weather monitoring systems and providing support to the mines that could be potentially impacted.

Managing climate-related risks

Our climate-related risk and opportunity monitoring process is led by the Risk Committee which is made up of the CEO, Vice Presidents, Country General Managers, and the head of the Internal Audit function. The Risk Committee is primarily responsible for executing the risk management process at Hochschild and monitoring the impact and effectiveness of controls to support Hochschild's business objectives. The Committee meets in the lead up to the quarterly Board meetings and approves the latest version of the risk register for consideration by (a) the Group's Audit Committee, which has oversight of risk management on behalf of the Board, and (b) the Board, in its consideration of the principal and emerging risks faced by the business. In addition, sustainability risks and mitigation plans of such risks are monitored by the Sustainability Committee.

Environmental management

The Sustainability Director has responsibility over the ESG team and reports to the Vice President of Legal and Corporate Affairs. The ESG team monitors Hochschild's ESG performance through data gathering on the Company's ESG metrics, including GHG emissions, energy usage, water consumption, and waste generation. The reporting, disclosure, and communication of Hochschild's progress within these ESG areas to both internal and external stakeholders are also managed by the ESG team.

At Hochschild we have a Remuneration Policy in place to incentivise a reduction in our environmental impact, the details of which are available in the "Metrics and Targets" section on page 86.

Our Governance Structure

Board
Chair (Non-Independent)
2 Non-Independent Directors
5 Independent Directors

Sustainability Committee
Chair (Independent), CEO and
1 Independent Director

Audit Committee
Chair (Independent) and
3 Independent Directors

Remuneration Committee
Chair (Independent) and
3 Independent Directors

Exploration Working Group

Risk Committee
Chair (CEO) and Senior Management

Climate-related risks, opportunities, and strategies

Our approach to assessing physical and transition climate-related risks and opportunities

At Hochschild, we understand the importance of fully considering how climate change could impact our business. As a result, we have already undertaken an assessment focusing on how climate change could impact our current and future exposure to physical risks and transition risks and opportunities.

The focus of the physical CRA was to identify the climate-related risks posed by extreme weather under current and future projected climatic conditions, across five of our mining facilities (with four of these sites being located in Peru and one being located in Argentina).

Here at Hochschild, climate-related risks and opportunities are integrated into our business-wide Enterprise Risk Management framework. As with other business risks, each identified physical climate-related risk was assigned a consequence of impact rating, that represented the potential damage and/or associated loss of service, and a probability/likelihood rating that represented the likelihood of a climate hazard/event occurring. Based on these consequence and probability ratings, a 3x5 risk matrix, shown in the table to the right, is used to map each risk under baseline and future projected climatic conditions (2050). This produces an overall risk rating that is classified as a Low, Medium, or High Risk. Once risk ratings were assigned, the potential impact of each risk was also qualitatively assessed, and next steps were recommended to further manage each risk. We have also undertaken an initial review of the exposure of our business to climate-related risks and opportunities associated with the transition to a low-carbon economy. As a part of this review, transition risks and opportunities were assessed in alignment with the risk and opportunity categories outlined by the TCFD (including: current regulations, emerging regulations, technology, legal, market, reputation).

The initial review identified risks or opportunities classified as important to stakeholders, or anticipated to have a high impact or likelihood. A qualitative assessment of the potential time horizons associated with each identified risk/opportunity was also identified. As outlined below, the results of our high-level transition risk and opportunity review have been utilised to understand which key transition risks and opportunities are most likely to materialise in the short to medium term, and if we require, or already have, appropriate actions in place to mitigate/capitalise on these impacts.

To ensure that physical and transition risks are appropriately considered, significant and emerging climate-related risks faced by our business have been integrated and mapped onto our mining units existing risk matrices and are consistently reviewed during our quarterly Risk Committee and Board meetings in the process described above. This ensures that we are consistently monitoring and managing climate-related risks and incorporating them into our financial strategy and budget allocations. For example, mine planning at Hochschild takes into account weather-related factors, indicating how climate change has been, and continues to be, reflected in the Group's financial statements, including with respect to 2023.

Risk evaluation matrix

Consequence of Impact Rating (S)		1 Low	2 Medium	3 High
Very High	5	5	10	15
High	4	4	8	12
Moderate	3	3	6	9
Low	2	2	4	6
Insignificant	1	1	2	3

Probability/Likelihood Rating (P)

Risk classifications and recommended actions matrix

Risk Category	Risk Score	Hochschild Mining PLC Recommended Actions
Low Risk	1-4	Routine procedures are required to address risks
Medium Risk	5-8	Requires management to assign responsibilities
High Risk	9-15	Requires Management/ Top Management attention

Following the completion of these preliminary assessments, we intend to continue to develop the maturity of our physical and transition CRA over the course of 2024 and 2025. This will include:

- The development of a 2030 ambition action plan
- The undertaking of a more detailed transition CRA to better understand the resilience of our business model and strategy to climate change (including the consideration of additional climate scenarios, time horizons and newly acquired/newly operational assets)
- Using the results of the CRA to inform the quantification of climate-related financial risks and opportunities in relation to our business

The scenarios that we use:

In order to assess how physical risks and transition risks and opportunities could impact our business in the future, our physical and transition assessments utilised climate scenario data. For the physical CRA, we utilised the IPCC's Representative Concentration Pathway 8.5 (RCP 8.5). RCP 8.5 represents a high-emissions scenario – resulting in a potential warming of more than 4°C relative to the preindustrial period (1850-1900) by the end of the 21st Century. This scenario was selected to ensure we are considering how the most extreme physical impacts of climate change could affect our business.

For the transition risk and opportunity assessment, we utilised the International Energy Agency's (IEA) Environmental Technology Perspective 2DS (2DS) equivalent scenario. The IEA 2DS scenario represents a low-emissions scenario that limits global temperature increases at 2°C relative to the preindustrial period (1850-1900) by the end of the 21st Century. This scenario was selected to help us understand the potential risks and opportunities our business may be faced with if the goal of the Paris Agreement (to keep global temperature increases as a result of climate change below 2°C) is achieved.

Over the course of 2024 and 2025, we will undertake a more detailed analysis of the physical and transition risks and opportunities, across our three countries of operation, related to our business. This will include the use of updated physical and transition scenario data (i.e. those from the IPCC and IEA) and the assessment of assets which have been acquired/started operating since the undertaking of our assessment.

The time horizons that we use:

Within our transition assessment, risks and opportunities were assessed across three timeframes covering the short term (0 to 1 years), medium term (1 to 5 years) and long term (5 to 15 years). These time horizons were selected due to their relevance to the operational lifetime of the mining facilities that we have in operation. However, within future transition risk assessments we aim to extend the long-term time horizons that we consider – to ensure that our assessments fully align with the operational lifetimes of our mining facilities.

Within our physical CRA, we took a different approach and assessed physical risks and opportunities across two key time horizons – representing the baseline (1991-2010) and future climate by 2050 (2040-2059). Although the time horizons used within our physical CRA cover the operational lifetime of our mining facilities, we aim to include interim time horizons (e.g. 2030) within future assessments (as these are deemed more relevant to our operations).

The physical risk profile of our operations in Argentina and Peru
The physical CRA conducted for the San Jose Mine in Argentina and the Arcata, Pallancata, Selene and Inmaculada mines in Peru considered seven climate hazards. This assessment concluded that, by 2050 under the RCP8.5 scenario, 12% of the 35 identified risks at the Argentina site are rated as "high" according to their risk matrix, 35% as "medium", and the remaining 53% as "low" risk. Similar risk score outcomes were produced for the Peru sites where 15% of the risks were rated as "high", 32% as "medium", and the remaining 53% as a "low" risk.

The results of this assessment are summarised in the table below. The hazards, and the resulting risks for each of the site groups, are described alongside any mitigation measures or policies for the capitalisation of opportunities. Meanwhile, the traffic light symbols described below display the maximum risk score categories for each hazard at each of the site groups.

● Low risk ● Medium risk ● High risk

Of the hazards considered, extreme heat and snowfall each produced low risk scores across all sites and, as such, have not been included within the following risk summary table. It should be noted that, as an underground mining company, our current operating assets (Inmaculada and San Jose) have shorter active lives than traditional open-pit mines. Therefore, the longer-term nature of the physical risks associated with climate change may mean that the financial impacts of climate change on our assets may be reduced.

Hazard	Maximum Risk Score (by 2050 under the RCP8.5 scenario) Argentina	Peru	Description	Risk/Opportunity Response
Freezing Days	High risk	Medium risk	All sites: – Extreme cold presents a risk due to its potential impact on the processing facilities. Cold temperatures could cause pipes to freeze, interrupting ore processing, and have a material impact on the mines and their operations, potentially reducing revenues. This has been identified as a high risk for the Argentina sites. – This hazard could also impact other infrastructure on-site, such as mine access routes, administration and operations buildings, and the drinking water supply.	– Increased stocking of critical materials. – Maintenance of all water-related infrastructure. – Continuous weather tracking. – Undertaking future CRAs using multiple scenarios to further improve project design.
Intense Rainfall Flooding	Medium risk	High risk	All sites: – Extreme rainfall flooding poses a risk primarily through the impact that it could have on the tailings facilities. Heavy rains in the local area or further upstream could lead to rising water levels at the tailings dam, increasing the hydraulic load on the dam and potentially leading to structural failure. Rainfall could also directly erode the dam, creating weak points in its structure and increase the likelihood of failure, increasing capital expenditure. Finally, a series of intense rainfall or snow events could increase the levels in the tailings pond and lead to overtopping which could release waste into the local environment. This is the highest risk facing the Peru sites and, although it is considered a moderate risk for Argentina, it has a high severity score. – Other mine infrastructure face a lower risk, such as buildings, access routes, processing facilities, and the drinking water supply, but could also be impacted by extreme rainfall flooding. Peru sites only: – The transportation networks that the mines rely on, including the mine access routes and local roads, face a high risk from extreme rainfall flooding. Roads could be washed out by heavy rainfall and the resulting, a risk that could be intensified by the steep slopes of the local topography. This could impact the accessibility of sites and local mine operations. – Other mine infrastructure, such as buildings, processing facilities, and the ore or waste rock piles could also be impacted by extreme rainfall flooding but are less exposed.	– Continuous weather tracking. – Continuous monitoring of the freeboard in the Company's Tailings Storage Facilities (TSFs). – Internal and external audits are conducted on a regular basis to ensure the stability of our operational tailings facilities. For example, in 2023, an external audit was conducted on all TSFs in Peru, and an internal audit for TSFs in Argentina. – Once TSFs complete their operational life, these are closed in accordance with permits. – Maintenance of all water-related infrastructure. – Monitor roads to identify areas of high erosion/washouts. – Increased stocking of critical materials.
Drought	High risk	Medium risk	All sites: – Water stress and drought conditions are a risk due to the impact that a limited water supply could have on the processing facilities and the ore treatment processes. This could impact our business objectives, and potentially reduce revenues. The potential impact of drought on processing facilities is the highest risk facing the Argentina site. Argentina site only: – Water shortages pose a high risk to the drinking water supply at the mine site.	– Reusing water within our processing plants. For example, in 2024, water reuse was 84.3%. – Implementing water reduction measures. For example, Inmaculada uses treatment domestic wastewater to reduce freshwater used within its processing plant. – Reducing potable water consumption, encouraged through our ECO Score. – Established water reduction ambitions for 2030: – Reduce freshwater consumption in processing plants to 0.22 m^3/tonne of ore processed. – Reduce Potable water consumption to 174 l/person/day.
Lightning/Atmospheric Discharge	High risk	High risk	All sites: – Lightning and atmospheric discharge is considered a risk as it could damage communications infrastructure at the mine site, disrupting operations and reducing revenues. This has been identified as a high risk for both the Argentina and Peru sites. – The hazard could also impact other site areas that are considered to be at a low risk level. Electrical equipment across the mine site could be damaged by voltage surges, disrupting the mine operations. Lightning also represents a health and safety risk to site personnel. – Lightning poses a risk to other mine infrastructure including buildings, processing plants, electrical transmission infrastructure, and the drinking water supply.	– Continuous weather tracking. – Undertaking future CRAs using multiple scenarios to further improve project design.
High Winds	Low risk	Low risk	All sites: – High winds are projected to be a risk for mine infrastructure including buildings, electrical transmission networks, and communications towers. Damage could increase operational expenditure for repairs.	– Continuous weather tracking. – Undertaking future CRAs using multiple scenarios to further improve project design.

Our transition risk profile

In comparison to the physical risk assessment where we have assigned maximum risk scores for each climate hazard, our initial transition risk assessment provides a qualitative overview of our potential transition risks utilising the International Energy Agency's (IEA) Environmental Technology Perspective 2DS (2DS) equivalent scenario, and considering the relevance to our business' time horizons, as indicated below.

Short term | Medium term | Long term

The risks identified align with the risk categories outlined by the TCFD (including: current regulations, emerging regulations, technology, legal, market and reputation). Currently, of the risks identified, we are unable to distinguish to what extent each risk may impact our business, however we aim to further develop our understanding of our transition risks through a more detailed scenario analysis in 2025.

Category	Time Horizon	Description	Risk Response
Current regulations	Short term; Medium term	– Our customers and shareholders are taking regulatory and/or voluntary positions to reduce energy and GHG emissions associated with operations. – The most mature organisations are expecting value chain GHG emission reductions. – Failure to meet regulatory and/or voluntary positions could lead to additional operating costs being incurred or reputational damage.	– While we are not yet exposed to specific requirements, we have set 2030 ambitions to reduce our Scope 1 and 2 emissions. – Committed investment in technology e.g., electrification of vehicles.
Emerging regulations	Medium term	– Mining is already a highly regulated industry whereby multiple permits can lead to increased delays and costs. Changes in the legal, tax and regulatory landscape could result in restrictions or suspensions to operations which could lead to further delays and costs for our business. – Emerging carbon regulations may impact our operational costs as renewable portfolio standards, renewable fuel requirements and carbon taxes could increase fuel and energy costs. – To meet carbon targets, capital costs are likely to increase as more energy efficient and lower emission technologies are integrated into our operations.	– We have calculated a high-level financial impact figure for potential carbon prices using our 2022 market-based GHG emissions and a price range of 40-140$/tonne to understand the potential impacts of carbon prices on our business.
Technology	Long term	– Technology advancements could impact our operational competitiveness. As the market for off-road vehicle and engine manufacturers matures, slow adaptation of these options can pose a potential short-term risk to our competitiveness (particularly if competitors are able to adopt low/no-carbon vehicles at a higher pace), and therefore, to our revenues. – The demand for our products could also change in light of technology advancement (e.g., increased adoption of renewable energy and EVs). However, given the regulatory trends to assist with the low-carbon transition, this could be an opportunity for the Company (as detailed in the opportunities table below).	– Actions include improving processes on energy conservation and transitioning to power sourced from renewable energy.
Legal	Medium term	– At Hochschild, we recognise the risks of not embedding climate change into our strategy – including climate-related legal action, reputational issues and investor risk which could increase costs, result in further permitting delays, higher interest loans or reduced access to capital.	– While we have not experienced any climate-related legal issues so far, we anticipate in the medium-long term that legal carbon risks may be prevalent for companies that are not reducing their carbon footprint. As an action, we actively monitor regulatory changes occurring within the jurisdictions where we operate, or have current project developments.
Market	Long term	– We are currently monitoring the risk of changing demand for our metal products under a low-carbon economy. – The changing demand for the Company's metal products could pose a risk if not carefully managed. In a low-carbon economy customers and investors are likely to demand higher ESG performance as part of procurement (customers) and investment (investors) criteria which, if not met, could lead to reputational damage and reduced revenues.	– We have undertaken a high-level transition CRA to try to understand what our silver and gold demand may look like under a 2°C scenario. – We continuously engage with our customers and investors to understand their requirements and align with their goals, and have begun implementing our Net Zero by 2050 strategy and completing a CRA.
Reputation	Medium term	– Poor performance in managing climate-related risks and opportunities could lead to public and regulatory opposition to our projects and operations, leading to a potential increase cost of capital and perceived risk amongst investors.	– Increased efforts to collect and process information and intelligence regarding potential social conflicts. – Increased interaction with local government and key stakeholders. – Continue to maximise local hiring and local purchasing practices. – Continue executing social programmes with surrounding communities.

Opportunities associated with the transition to a low-carbon economy

Similarly to transition risks, we have undertaken a qualitative overview of our transition opportunities utilising the International Energy Agency's (IEA) Environmental Technology Perspective 2DS (2DS) equivalent scenario, and considering the relevance to our business' time horizons, as indicated below.

Short term | Medium term | Long term

While not an exhaustive list, the opportunities identified in this initial assessment are in alignment with the risk categories outlined by the TCFD. In our future transition assessment we therefore aim to increase coverage of our potential transition opportunities, as well as our understanding of the extent to which these opportunities could materialise.

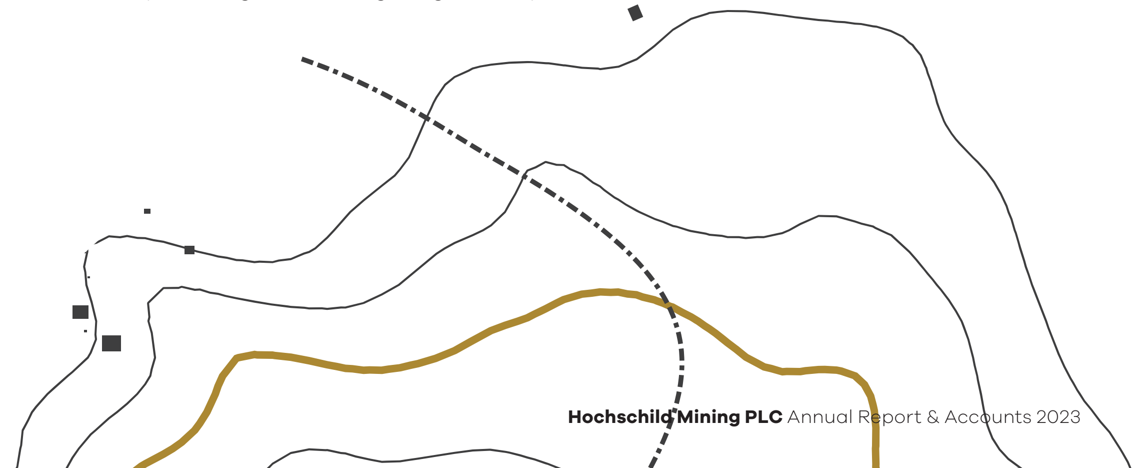
Category	Time Horizon	Description	Opportunity Response
Market	Long term	– Demand for our products may increase as a result of regulatory or market curtailments. – It is anticipated that there will be an increase in the uptake of battery powered vehicles and 5G networks which incorporate silver and gold within hardware components – e.g., Bloomberg estimates that 55% of vehicles will be electric vehicles by 2040. – Gold is also used in nanomaterial technologies such as solar PV which are likely to be used to facilitate the transition to a low-carbon economy. – While this could have positive impacts on our business growth and revenues, we need to undertake a further assessment of this opportunity to fully understand the potential changes in scale, and integrate this into our strategic planning.	– Undertake a more detailed transition CRA to further understand the potential impact of this opportunity.
Market	Medium term	– It is the expectation of investors that companies will work to manage climate-related risks and opportunities, while improving shareholder value, and social and environmental performance. This presents an opportunity for the Company to improve its ESG rating. – We are therefore already taking actions to embed this within our business strategy, as detailed in the risk response column.	– We quantify our environmental performance through the ECO Score. – We produced a standalone 2021 sustainability report. – We undertook a CRA in 2021. – We are developing the action plan to achieve our 2030 GHG emissions reduction ambition.
Technology	Medium term; Long term	– In order to continue reducing our emissions, we recognise the potential to capitalise on alternate fuels/energy saving technology to reduce our GHG emissions and improve our operational energy efficiency – We are therefore already taking actions to embed this within our business strategy, as detailed in the risk response column	– We are implementing a carbon strategy to reduce GHG emissions – Set a Net Zero by 2050 target – Established a 30% reduction in Scope 1&2 (market-based) emissions by 2030 – Signed a renewable energy contract for our Ares and Arcata mines which started in January 2022

The resilience of our strategy:

While our physical risk assessment has identified risks across both our Argentinian and Peruvian mines, we consider that our business strategy is somewhat resilient to these risks. For example, our expected Life of Mine (LOM), which is amended from time to time as more resources at the mine are identified, is typically no more than 15 years and most physical climate risks are expected to materialise over longer-term time horizons (within the regions where we operate). Additionally, for those hazards that pose a higher risk to our mines (e.g. flooding) mitigation measures have been implemented including continuous monitoring of the freeboard in the Company's TSFs, weather tracking and maintenance of water-related infrastructure, which, in turn, has decreased our exposure and increased our resilience to climate-related risks. This approach will be reviewed if the Group's average LOM changes significantly.

We also anticipate that our business will be resilient to transition risks. While carbon pricing is anticipated to be a more material risk to our business in the short term, we have set Scope 1 and 2 emission reduction targets by 2030 and are increasing our energy efficiency and renewable energy procurement which has the ability to increase our resilience to this risk.

To deepen our resilience, we are seeking to undertake further physical and transition risk assessments to improve our understanding of the potential climate-related risks that we may be exposed to, as well as the available and implementable resilience measures that these might demand. This would include, where relevant, financially quantifying potential material climate-related risks – which will allow us to review and amend our strategy and management of each of these risks.



Our climate-related metrics and targets

At Hochschild, we are committed to being the leading global mining company in environmental excellence and recognise the importance of monitoring and measuring our progress against key metrics and targets relating to GHG emissions, water, and waste.

ECO Score

We have developed an ECO Score internally to quantify our environmental performance and to help monitor and measure progress against our targets. It is calculated by tracking performance at both the individual mining site and Group level, using a range of metrics and Key Performance Indicators (KPIs) which assess compliance with discharge limits, zero-tolerance of environmental accidents, regulatory findings and environmental management relating to water consumption and waste generation. Progress against each of the KPIs within the ECO Score is weighted to provide an overview of performance against each target.

While the ECO Score incorporates multiple indicators to measure its environmental performance, this section focuses primarily on the waste and water components as relevant metrics and targets associated with the climate-related risks and opportunities which were identified in our previously completed CRA (e.g., water stress and drought for physical risk and reputation for transition risk).

The ECO Score facilitates the establishment of positive relationships with employees and stakeholders and significantly reduces risks for the Company through our remuneration incentive. We have established an annual Individual Performance Objectives plan which is aligned to our Corporate Objectives relating to production, profitability, and occupational safety. Performance against the annual ECO Score objective determines the extent of the annual bonus payouts to eligible employees, incentivising a reduction in our environmental footprint.

The components of the ECO Score

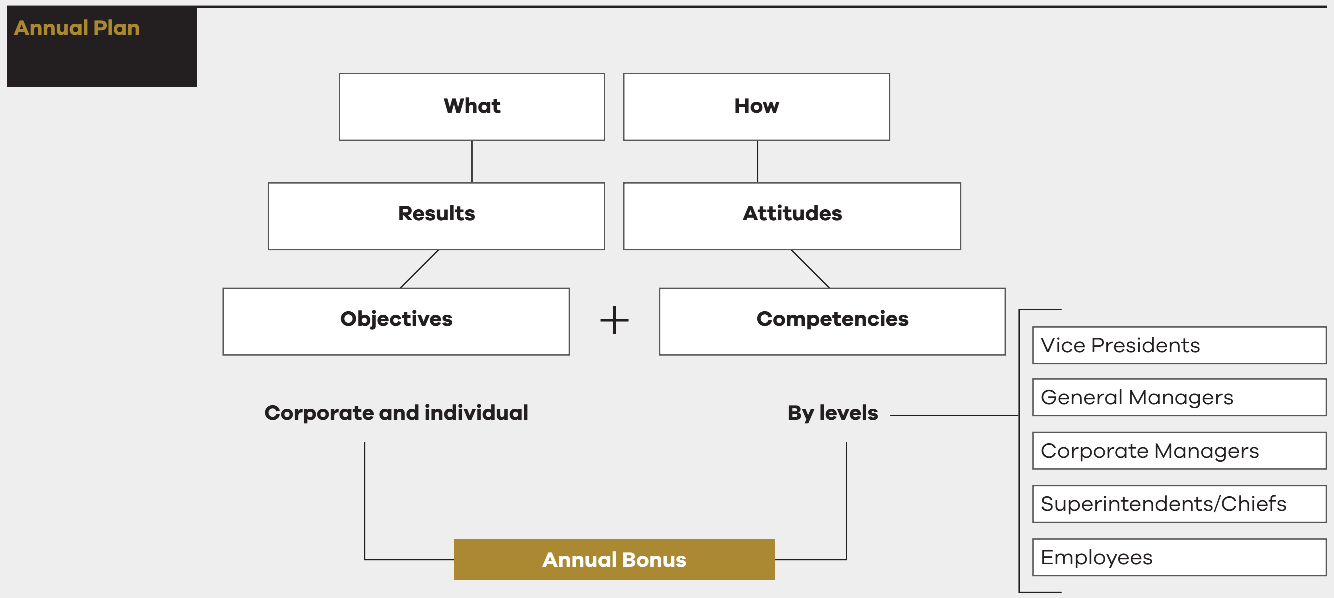
Environmental Monitoring
- Deviation in effluent quality from the maximum permissible limits

Environmental Incidents
- Number of environmental incidents

Environmental Audits
- Number of "Observations" from inspections at mining units

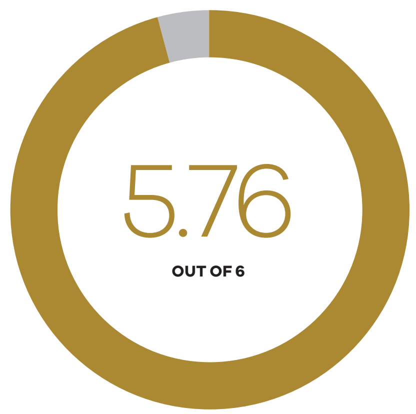
Environmental Management
- Water consumption per worker
- Waste generation per worker
- Percentage of marketable waste
- Environmental culture (compliance inspections)

Our model for monitoring and measuring progress against key metrics and targets



Since the development of our ECO Score in 2015, results have improved by 74%, which is reflective of our increasing level of engagement with environmental initiatives. In 2023, our ECO Score was 5.76 out of 6 and, our best result to date. The 2023 results will undergo independent verification by EY Perú against the International Standard on Assurance Engagements (ISAE) 3000. As we acquired a new mine in 2023, we aim to use this year to understand the potential impacts of the new mine on our ECO Score, which may lead to review and changes to our targets to ensure continued progress in our metrics and targets.

The Company's ECO Score



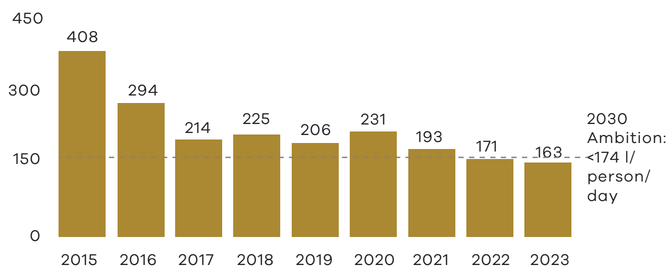
The following sections present further details relating to the waste and water aspects of the ECO Score.

Water

At Hochschild, we understand the importance of managing our water resources in the regions where we operate. This is due to the water-intensive nature of our operations and the potential risk from drought our sites face as identified in our physical risk assessment. As a result, we use multiple metrics to monitor our consumption of water resources and have set targets to reduce our on-site potable water consumption and freshwater consumption in operations.

Between 2015 and 2023, a reduction in potable water consumption (litres per person per day) of 60% has been achieved, with 2023 representing our lowest recorded potable water consumption at 163 litres per person per day. As our 2023 score already exceeded our 2030 target of 174 litres per person per day, we will review this target following the integration of the new mine into our 2024 ECO Score results to identify if this target can be stretched further.

The Company's potable water consumption (litres per person per year) and 2030 target

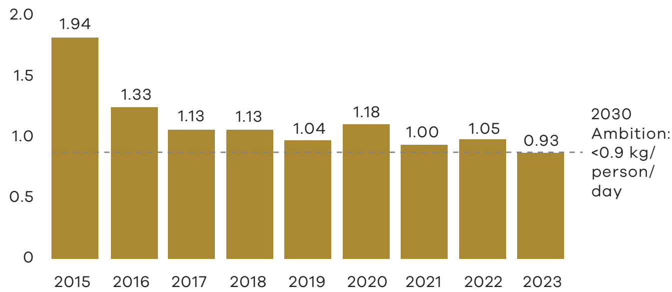


In addition to monitoring our potable water consumption, we are also working towards increasing the recirculation of water in our processing plants to reduce freshwater intake. While freshwater use and water recycling are not formally incorporated into the ECO Score, we recognise the importance of monitoring this part of our operations as a significant proportion of our water requirements for our operations is met through recycled water, and if insufficient recycled water is available, freshwater is utilised. In 2023, 0.27 m^3 of freshwater was used per tonne of ore processed and it is our intention to reduce freshwater consumption to 0.22 m^3/tonne by 2030. To minimise the intake of freshwater, we utilise recycled water in our processing plants. In 2023, 84.3% of all water used in processing plants was recycled, maintaining the level reached in 2022.

Waste

We also understand the multiple benefits to reducing our waste generation, including conserving resources and reducing GHG emissions, and therefore monitor our waste generation and recycling rates using various metrics and targets. Between 2015 and 2022, the Company has reduced landfilled domestic waste by 52%, with a decrease in waste generated per person per day from 1.94 kg to 0.93 kg. To further reduce our waste generation, the Company has set a 2030 target for waste generated to be 0.90 kg per person per day. Simultaneously we seek to increase the percentage of waste that is recycled to 80% by 2030, compared to 63% in 2023.

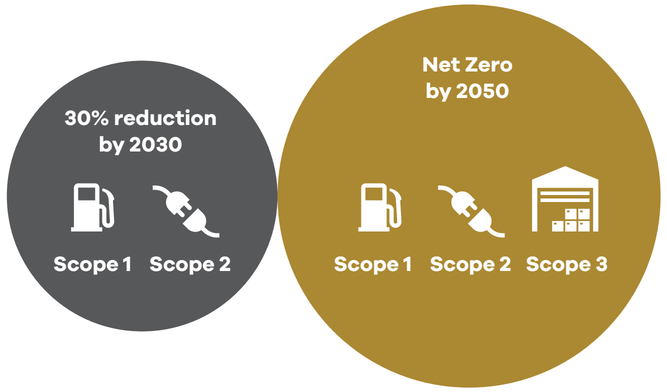
The Company's waste generation (kg per person per day) and 2030 target



Introduction to GHG Emissions and net-zero commitments

At Hochschild, we have been reporting our Scope 1 and 2 emissions since 2014 and our Scope 3 emissions (Category 3: Fuel and energy-related activities, Category 4: Upstream transportation and distribution, Category 6: Business Travel) since 2022. For a full breakdown of Scope 1, 2 and 3 emissions for 2023, please refer to the Environmental section of the Sustainability Report on page 52. Emissions are calculated on a yearly basis in alignment with the ISO 14064-1 Standard and the GHG Protocol Corporate Accounting and Reporting Standard.

We have committed to become Net Zero by 2050 across both our operations and value chain. In 2023 we have also set an ambition to reduce our Scope 1 and 2 (market-based) emissions by 30% by 2030, compared to our 2021 baseline.



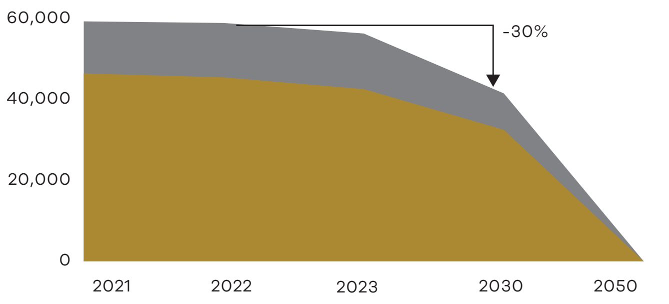
To achieve our target of Net Zero by 2050 across the value chain we understand the need to work closely with our suppliers in order to implement a Scope 3 emission reduction strategy thereafter.

However, a Carbon Roadmap focusing on Scope 1 and 2 GHG emission reductions has been developed which has allowed our business to understand some of the activities/investments that may be required to reach this target including, but not limited to:

- Utilising low-carbon grid-based electricity, and prioritising the use of renewable energy when available (already ongoing)
- Implementing behaviour change programmes across the business (already ongoing)
- Using higher efficiency vehicles, with lower GHG emissions

As we start to implement these measures, we recognise the importance of monitoring and assessing progress against our GHG emission reduction targets. Therefore, an action plan will be established within the next year for the Board of Directors to oversee progress against our GHG emission reduction targets and ensure continued progress towards our Scope 1 and 2 reduction ambition by 2030.

Hochschild's Scope 1 and 2 GHG emissions reduction ambition for 2030 and net zero target for 2050



Next steps

Over the course of the next year, we will continue to review and, adapt as necessary, our governance structures, risk management practices, strategy and targets relating to climate change – in alignment with the UK's CFD and TCFD's recommendations. Although we have already begun to make progress in this respect, we are aware that further action is required to fully align with TCFD's recommendations. Within the following table, we have detailed the current status of our compliance with each of the TCFD's recommendations and our planned next steps to increase our compliance. It should also be noted that we have not yet financially quantified climate-related risks and opportunities associated with our business, and therefore we have not included any climate-related disclosures within our annual financial report.

We are also aware of emerging regulatory requirements which we will also need to monitor and consider when publishing future disclosures associated with climate-related issues (from 2025 onwards). For example:

- The International Sustainability Standards Board (ISSB) (of the International Financial Reporting Standards – IFRS) which has released the new "IFRS S2 Sustainability Disclosure Standard". The IFRS S2 supersedes the TCFD's recommendations and requires a number of additional climate-related disclosures (when compared with the TCFD's recommendations)
- The UK government's Department for Business and Trade (DBT) is currently developing the UK's Sustainability Disclosure Standards (SDS) – which are due to be published by July 2024. The UK SDS will be based upon the IFRS's Sustainability Disclosure Standards – and will form the basis of any future requirements in UK legislation/regulation for companies to report on risks and opportunities relating to climate change and sustainability

We will continue to monitor the UK's regulatory landscape to ensure that we are disclosing in alignment with all relevant climate-related disclosure requirements.

TCFD Pillar/Recommendation		Status	Next steps
Governance	1. Describe the board's oversight of climate-related risks and opportunities	Partially consistent	Establishment of governance processes and monitoring and reporting programmes relating to the managing of climate-related topics. We aim to complete this in 2024.
	2. Describe management's role in assessing and managing climate-related risks and opportunities	Partially consistent	Develop an action plan for the Board of Directors to oversee progress against our GHG emission reduction targets and ensure continued progress towards our Scope 1 and 2 reduction ambition by 2030. We aim to complete this in 2024.
Risk Management	3. Describe the organization's processes for identifying and assessing climate-related risks.	Partially consistent	Undertake additional physical and transition assessments which consider a wider range of time horizons, updated climate scenario data and newly acquired/newly operational assets – to better understand the potential impact of climate-related risks and opportunities on our assets, business model and strategy. We aim to complete this in 2024/2025.
	4. Describe the organization's processes for managing climate-related risks.	Partially consistent	
	5. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Partially consistent	
Strategy	6. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Consistent	–
	7. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Partially consistent	Based upon the results of our previously completed and future planned physical and transition assessments quantify the financial impact of potentially material climate-related risks and opportunities. We aim to complete this in 2024/2025. Integrate the results of our previously completed and future planned physical and transition assessments into our business strategy – to inform future financial planning. We aim to complete this in 2024/2025.
	8. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Partially consistent	Undertake additional physical and transition assessments (as described in the next steps for TCFD recommendation 3/4/5) – to better understand the resilience of our business model and strategy under a range of climate scenarios. We aim to complete this in 2024/2025.
Metrics & Targets	9. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Partially consistent	Hochschild will continue to explore the use of additional metrics which could be used to support our management of climate-related risks and opportunities (including the consideration of metrics related to any climate-related risks and opportunities which may be quantified in future assessments – as described in the next steps associated with TCFD recommendation 7).
	10. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Consistent	–
	11. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Consistent	–

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How we identify and manage risks

Our risk appetite approach is to minimise our exposure to reputational, compliance and excessive financial risk, whilst accepting a certain level of risk to achieve our strategic goals.

Management of the Group's operations and execution of its growth strategies are subject to a number of risks, the occurrence of which could adversely affect the performance of the Group. The Group's risk management framework is premised on the continued monitoring of the prevailing environment, the risks posed by it, and the evaluation of potential actions to mitigate those risks.

The Risk Committee is a management committee tasked with implementing the Group's policy on risk management and monitoring the effectiveness of controls in support of the Group's business objectives. It meets four times a year and more frequently if required. The Risk Committee comprises the CEO, the Vice Presidents, Country General Managers and the head of the Internal Audit function. A "live" risk matrix is reviewed which maps the significant risks faced by the business as well as those considered to be emerging risks. The matrix is updated at each Risk Committee meeting, and the most significant current and emerging risks, as well as actions to mitigate them, are reported to the Group's Audit Committee, and if considered appropriate, also to the Board. In light of their strategic importance, sustainability risks, if any, and their mitigation plans are monitored by the Sustainability Committee.

Risk appetite

Defining risk appetite is crucial in ensuring that a risk management system is embedded into Hochschild's organisational culture. Our risk appetite approach is to minimise our exposure to reputational, compliance and excessive financial risk, whilst accepting a certain level of risk to achieve our strategic goals. As part of setting risk appetite, the Board will consider and monitor the level of acceptable risk it is willing to take in each of the principal risk areas.

Appetite for risk will vary according to the activity undertaken, and is predicated on the fact that a risk will only be tolerated after a full understanding of the potential benefits and its implications before proceeding with a course of action, and that sensible mitigation measures are identified and implemented.

2023 risks

Details of the principal and emerging risks affecting the Group and the associated mitigating actions are provided on the following pages. The risks presented differ from those reported in the 2022 Annual Report by the removal of Liquidity Risk as a significant risk in light of the granting of the Inmaculada Modified Environmental Impact Assessment in August 2023.

In the second half of 2023, the Group entered El Niño as a new risk on the Group's risk register given the initial potentially severe predictions of the impact of this weather event on the Pacific coastal areas of Peru. In December 2023, the Peruvian Government downgraded its assessment of the severity of El Niño. For the purposes of presentation, the actions taken by the Company in H2 2023 to mitigate this specific risk are detailed within the commentary of Climate Change risks.

Reasons for the year-on-year change in the profile of a specific risk can be found in the commentary section of the relevant risk.

Risk management process

1 **Identify**
Business processes are reviewed to identify risks to Hochschild's strategic objectives with a risk matrix prepared for each process.

2 **Measure**
Each risk identified is analysed for probability of occurrence and scale of impact to determine the level of threat to strategic objectives.

3 **Manage**
Taking into consideration the relevant risk appetite and the scale of risk, mitigating actions and controls are designed and implemented.

4 **Monitor**
Mitigation and controls monitored to ensure effectiveness and to take all actions necessary to achieve a level of risk management within the defined appetite for risk.

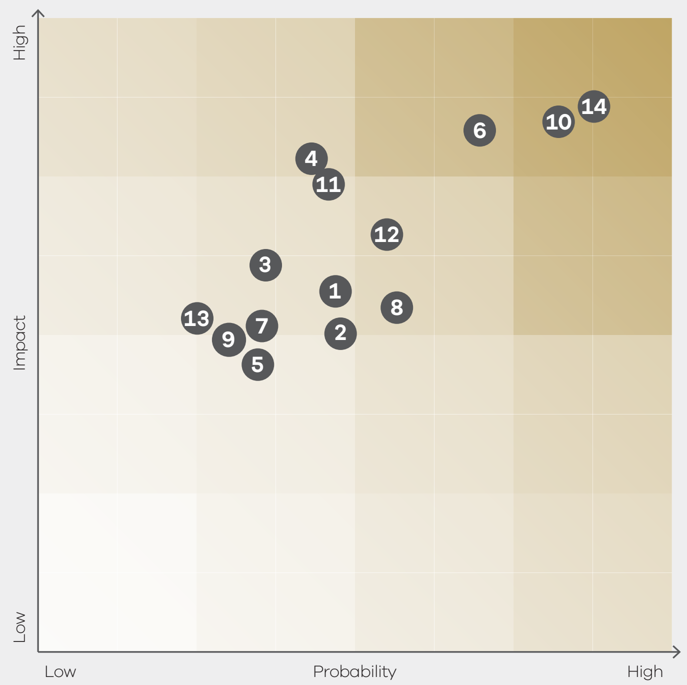
5 **Report**
Established reporting within the business on risk management by Internal Audit function. Principal and emerging risks reported on quarterly basis to Audit Committee and the Board.

Risk heat map

To assist the reader in assessing the relative significance of each risk discussed in this section, the heat map indicates the Board's assessment of the likelihood of the unmitigated risk occurring as well as the extent of the impact on the Group.

The key to the map indicates how the profile of a risk has changed (whether in terms of impact or probability) relative to the prior year.

1. Commodity price
2. Commercial counterparty
3. Operational performance
4. Business interruption/supply chain
5. Information security and cybersecurity
6 Exploration and reserve and resource replacement
7. Personnel: recruitment and retention
8. Personnel: labour relations
9 Project development
10. Political, legal and regulatory
11 Health and safety
12. Environmental
13. Climate change
14. Community relations



Risks as at 31 December 2023

Unchanged Higher Lower

Change in risk profile vs 2022

Unchanged Higher Lower N New

Financial risks

Risk, change & impact	Mitigation	Commentary
1. Commodity price Adverse movements in precious metal prices could materially impact the Group in various ways beyond a reduction in the financial results of operations. These include impacts on the feasibility of projects, the economics of mineral resources, heightened personnel retention and sustainability related risks. See the Market Review on pages 10 to 15 for further details on how commodity prices performed in 2023	– Constant focus on maintaining a low all-in sustaining cost of production and an efficient level of administrative expense. – Policy to maintain reasonable levels of financial leverage to ensure flexibility through price cycles. – Flexible hedging policy that allows the Company to contract hedges to mitigate the effect of price movements taking into account the Group's asset mix, forecast production and debt profile.	The Group's principal strategy to mitigate against commodity price volatility is focused on conserving capital and optimising cash flow through: – controlling operating and administrative costs; – optimising sustaining capital expenditure; and – maintaining low working capital. To ensure an ongoing level of cash flow stability, the Company executed hedges during 2023 for the following years in respect of production from the specified operation: **Inmaculada** 2024: 100,000 ounces of gold with an average floor at $2,000 per ounce and an average cap of $2,252 per ounce. **Mara Rosa** 2024: 27,600 ounces of gold at a fixed price of $2,100 per ounce 2025: 50,000 ounces of gold at a fixed price of $2,117 per ounce 2026: 50,000 ounces of gold at a fixed price of $2,167 per ounce 2027: 50,000 ounces of gold at a fixed price of $2,206 per ounce
2. Commercial counterparty Insolvency of a customer or other business counterparty (bank, insurance company, contractor, etc) could result in the Group's inability to collect accounts receivable or to access funds or to receive services which could adversely impact the Group's profitability.	– Active assessment of customers and business counterparties. – Risk mitigation practices seeking to diversify the Group's customer base and/or to limit the size of shipments. – Ongoing assessment of methods to mitigate collection risk.	During the year, the Group undertook the following: – Commercial counterparty monitoring: The Company undertakes an annual review of existing customers which encompasses analysis of corporate governance, balance sheet strength and other aspects impacting credit quality. Customers and financial counterparties are also the subject of ongoing monitoring. During the year, such monitoring revealed the potential risk of lost revenue following the discovery of fraud by a significant customer involving its suppliers and employees. Shipments were suspended and payment terms were renegotiated until the Company was reassured that no significant risk existed. – Review of financial counterparties: The Group continued to implement policies to identify suitable financial counterparties to support the Group's treasury and insurance needs. On an ongoing basis, the Group has adopted a number of practices such as the placing of limits on cash balances invested with financial institutions and monitoring credit ratings.

Operational risks

Risk, change & impact	Mitigation	Commentary
3. Operational performance Failure to meet production targets and manage the cost base could adversely impact the Group's profitability.	– Close monitoring of operational performance, costs and capital expenditure as well as the overall profitability at all stages of the mining value chain. – Monitoring the adequacy of key mining components such as tailings storage facilities, waste rock deposits and pipelines in close liaison with relevant departments ensuring that procurement, construction and permitting are undertaken appropriately.	In 2023 the Group's production was 300,749 gold equivalent ounces. In setting budgets for the year, the Group continued to focus on maintaining controlled levels of costs, capital expenditure and expenses. As reported in the Financial Review from page 40, the all-in sustaining cost from operations was better than the revised guidance for the year, at $1,454 per gold equivalent ounce. A committee comprising members of the Operations team continued to meet during the year to oversee the adequacy of key components. Projects including the expansion of various components at Inmaculada including the Tailings Storage Facility, waste rock deposit and reverse osmosis plant were deferred until 2024 due to the delay in securing the approval of the Inmaculada MEIA.
4. Business interruption/ supply chain Assets used in the Group's operations may cease to function or the provision of supplies or of electricity may be disrupted (e.g. as a result of technical malfunction or earthquake damage) thereby causing production stoppages with material effects.	– Insurance coverage to protect against major risks. – Management reporting systems to support appropriate levels of inventory. – Inspections every 18 months by insurance brokers and insurers (to coincide with policy renewals) assist management's efforts to understand and mitigate operational risks. – Negotiation of long-term power supply contracts and the procurement of contingent generators and transformers.	In addition to maintaining insurance policies covering machinery breakdown, mitigating actions taken during the year include the following: – the use of a Maintenance Module of SAP HANA to monitor critical supplies and inventory; – maintaining back-up equipment to ensure power supply in Peru and Argentina; and – a Crisis Response Plan (CRP) on how to mount a coordinated response to unforeseen disruption. Specifically with regards to supply chain risks across the Group, the Company: – has identified alternative suppliers for numerous critical consumables; – has restored stocks of critical consumables and strategic spare parts to pre-pandemic levels; – requires, of certain suppliers, the maintenance of minimum stock levels; and – monitors the financial position of key suppliers.

Risk, change & impact	Mitigation	Commentary
5. Information security and cybersecurity Failure of any of the Group's business critical information systems as a result of unauthorised access by third parties may affect the Group's ability to operate.	– Compliance with ISO 27001, an internationally recognised certification to evaluate information security management systems. – Dedicated team within the IT department focused on preventing cyber-attacks. – Audits performed by the internal audit department and third parties to test systems and issue recommendations. – Primary information processing supported by SAP Hana which has best-in-class security features.	Security of the Group's information and networks are assured through the following means: – we have world-class cybersecurity tools supported by artificial intelligence that secure and protect our network as well as our computer assets and the information that resides in them. Additionally, we have a CiberSOC (Cyber Security Operation Center) that works 24x7 to monitor the different events and possible attacks that may arise; – every year we perform ethical hacking evaluations to identify possible vulnerabilities at the level of our technological infrastructure as well as the different applications that we use to operate; – we commissioned a review, by external consultants, of the vendor that provides cybersecurity monitoring services; – we train colleagues and keep them informed about the risks that exist relating to cybercrime and information theft, as well as good practices associated with cybersecurity; – our Information Security Management System (ISMS) is ISO certified; and – we added another layer of our server backups in the cloud to enhance the level of protection.
6. Exploration and reserve and resource replacement The Group's future operating margins and profitability depend upon its ability to find mineral resources and to replenish reserves.	– Implementing and maintaining an annual exploration drilling plan. – Ongoing evaluation of acquisition and joint venture opportunities to acquire additional ounces. – Implementation of a comprehensive permitting strategy led by a Permitting Committee. – Comprehensive engagement activities with communities and governmental authorities (see later sections on Macro-economic and Sustainability risks).	**General** The Group has an internal Permitting Committee to co-ordinate efforts with a view to streamlining the permitting process for exploration and operational requirements. Senior executives actively participate in industry initiatives to simplify the permitting process. Limited greenfield exploration is undertaken, with the aim of providing the Group with a balanced portfolio of advanced and early-stage opportunities in stable jurisdictions in the Americas. **Developments during the year** Securing permits from the communities for exploration remains challenging. The Company's annual exploration drilling programme, which was suspended during the year pending approval of the Inmaculada MEIA, resumed once approval came through in August 2023. The year-on-year changes in the Company's attributable Reserves and Resources were -11.6% and -2.4% respectively. Further details on brownfield exploration are provided on page 39.
Reserves stated in this Annual Report are estimates.	– Alternate use of independent experts and internal qualified persons to undertake annual audit of mineral reserve and resource estimates. – Adherence to the JORC Code and guidelines therein.	The Group's annual audit of mineral reserve and resource estimates as at 31 December 2023 has been undertaken internally by an appropriately-qualified competent person. An external audit will be commissioned for the 2024 annual audit. See page 228 for further details.
7. Personnel: recruitment and retention Inability to attract or retain personnel through a shortage of skilled personnel. For further details see the Directors' Remuneration Report on page 123	– The Group's approach to recruitment and retention provides for the payment of competitive compensation packages, well defined career plans, training and development opportunities and the overall employee value proposition.	**General** The Group has undertaken a number of initiatives to improve the retention of employees. These include the use of financial benefits such as the LTIP and non-financial benefits (e.g. flexible working arrangements for office-based staff) and personal development through tailored personal plans, training on leadership and cultural transformation in the areas of social, safety and environmental as well as diversity and sexual harassment training. In addition, initiatives have been launched on causes valued by employees; providing employees with the opportunity to contribute to the relaunched purpose of the Company which includes innovation, community relations and environmental performance.

Change in risk profile vs 2022

Unchanged | Higher | Lower | N New

Operational risks (continued)

Risk, change & impact	Mitigation	Commentary
8. Personnel: labour relations Failure to maintain good labour relations with workers and/or unions may result in work slowdown, stoppage or strike.	– Development of a tailored labour relations strategy focusing on profit sharing, working conditions, management style, development opportunities, motivation and communication. – Periodic meetings with mineworkers and unions to ensure a complete understanding of expectations and to keep all parties updated on the Group's financial performance.	**Peru** The Group's Peruvian operation generated sufficient taxable income to give rise to an entitlement to statutory profit sharing for Peruvian mineworkers. As reported earlier in the Annual Report, the Pallancata mine was placed on care and maintenance at the end of 2023. The redundancy packages for affected workers were successfully negotiated with the three trade unions. The Boluarte government has not taken further steps following the enactment of new laws by Pedro Castillo's Government to empower labour unions and prompting the risk of increased industrial unrest. We monitor, on an ongoing basis, the social risk and work with all stakeholders to prevent disruption arising from these risks. **Argentina** In Argentina the Company maintains constructive relations with the labour unions through ongoing and regular dialogue. In addition to AOMA (Mining National Union for hourly workers), ASIJEMIN (National Union for mining employees) has been confirmed by the national authorities as a union with legitimate rights of representation and with whom the Company maintains open and regular dialogue. Following his election, President Milei has implemented austerity measures and reforms which are being contested by the country's labour unions who called for a 12-hour nationwide strike and which was subsequently held in December 2023. **Brazil** In Brazil, in advance of start of operations at Mara Rosa, Hochschild established a Union Negotiation Committee. In November 2023, discussions were initiated with the Union of Workers in Extractive Industries of Vale do Rio Crixás which represents the mining sector in the region. Meetings with the participation of all employees were held in December 2023 and January 2024 to discuss matters chosen by employees.
9. Project development Failure to manage the timely construction/development of projects within budget could adversely impact the Group's financial position, production profile and reputation.	– Cross-disciplinary project teams, which report to the relevant Vice-President, monitor execution against agreed timelines and budget. – Support by corporate departments, such as HR, Internal Audit and Procurement, to ensure compliance with Group procedures and standards.	**Mara Rosa (Brazil)** During the year, the Company successfully progressed with the construction of the Mara Rosa mine on schedule and on budget, resulting in the first gold pour in February 2024 and the full plant ramp-up starting in Q2 2024. For further details on Mara Rosa, the Company's first mine in Brazil, see pages 4 and 5, and page 38. **Snip (Canada)** Having conducted a detailed review of the project economics and in line with its disciplined approach to capital allocation, the Group terminated its option over the Snip project in British Columbia in April 2023.
10. Political, legal and regulatory Changes in the government, political, legal, tax and regulatory landscape could result in significant additional expense, restrictions on or suspensions of operations and may lead to delays in the development of current operations and projects. Delays in granting/securing the necessary environmental and operational permits for exploration or operations, including specifically Pallancata's Third Modified Environmental Impact Assessment (MEIA) and operational permit for the new areas of Inmaculada could affect future production and financial results of the Group.	– Local specialist personnel continually monitor and react, as necessary, to policy changes. In addition, political, social and communications advisers have been engaged to support the Group in responding to developments. – Participation in local industry organisations.	**Peru** *Political* The impeachment of former president Castillo, following his failed coup in which he attempted to dissolve Congress and control the judiciary, triggered violent protests across the country. Protesters blocked key highways and roads, and invaded airports and destroyed public and private property, demanding the resignation of his successor Dina Boluarte, the dissolution of Congress, and the approval of a constituent assembly to draft and approve a new constitution. Boluarte's government was able to contain the social unrest, but the government's high disapproval generates uncertainty and constitutes a risk. *Environmental permits* Inmaculada's MEIA was approved on 1 August 2023. The Company has commenced the environmental permitting process to enable production from the Royropata zone at Pallancata and to support the ongoing associated brownfield activities. *Easement and other permits* The Company is in the process of renewing, for an additional 10-year period, the easement by the State over the land on which the key mining components of the Inmaculada mine are located. **Argentina** President Milei started his presidential term on 10 December 2023. President Milei has embarked on a series of economic reforms and institutional reforms to reign-in Argentina's economic crises, where high levels of inflation, poverty and socialist policies have become the norm. Labour unions and other socialist leaning organisations have initiated strikes and other measures to pressurise Milei's government to halt these reforms. **Brazil** President Lula da Silva took office and is governing based on a centre-left political and economic platform. The Governor of the State of Goiás, where Mara Rosa is located, was re-elected for another term.

Sustainability risks

Risk, change & impact	Mitigation	Commentary
11. Health and safety Group employees working in the mines may be exposed to severe health and safety risks. Failure to manage these risks may result in occupational illness, accidents, a work slowdown, stoppage or strike and/or may damage the reputation of the Group and hence its ability to operate.	– Health and safety operational policies and procedures reflect the Group's zero tolerance approach to accidents. – Use of world-class DNV safety management systems. – Dedicated personnel to ensure the safety of employees at the operations via stringent controls, training and prevention programmes. – Systematic programme of training, communication campaigns and other initiatives promoting safe working practices. – Use of reporting and management information systems to monitor the incidence of accidents and enable preventative measures to be implemented.	The Group is pleased to report on its continued strong safety performance in 2023 with our principal KPIs at all-time lows, with the accident frequency at 0.99 (2022: 1.37) and accident severity at 37 (2022: 93) and the attainment of our ongoing objective of Zero Fatalities (2022: Zero fatalities). Management continued with the implementation of "Safety 2.0", an action plan to reinforce a safety-first culture. The plan, which combines technical and people-led approaches, comprises seven key pillars covering training, effective communication, recognition and aligning compensation with measurable safety performance. A risk perception programme designed in-house was implemented during the year yielding very encouraging results. This behaviour-based programme uses past examples as case studies to learn from. Following its roll-out in 2022, the Company made continued use of the Seguscore, which is a holistic measure of the Group's safety performance combining traditional indicators (including those referred to above) with leading indicators reflecting the outcome of internal and external safety audits. For further details on the Seguscore and other safety initiatives, please refer to the safety section of the Sustainability Report on pages 69 and 70.
12. Environmental The Group may suffer from reputational risk and may be liable for losses arising from environmental hazards associated with the Group's activities and production methods, ageing infrastructure, or may be required to undertake corrective actions or extensive remedial clean-up action or pay for governmental remedial clean-up actions or be subject to fines and/or penalties.	– The Group has a dedicated team responsible for environmental management. – The Group has adopted a number of policies and procedures to manage its environmental footprint. – The Group has developed a tool which allows it to measure and manage environmental performance. – The Group continues to adopt measures to minimise natural resource use, with particular emphasis on water consumption in its operations. – A specific tailings management framework is in place for TSFs, including independent third party review.	In 2023, the Group performed strongly in its ECO Score (with a score of 5.76 out of 6 (2022: 5.27)), reflecting the following notable achievements: – three operations achieving a perfect score of 6 out of 6 (Ares, Arcata and Sipan); – the lowest water consumption since 2015 (163 l/person/day); – the lowest domestic waste generated since 2015 (0.93 kg/person/day); and – the Group maintains a very high level of environmental culture compliance (using an internal scoring system). In addition, during the year: – we continued to implement our tailor-made Environmental Management System on schedule; – the Environmental team continued with its efforts on reporting widely on the Group's environmental performance by participating in numerous reporting initiatives resulting in improvements in the 2023 rating updates; and – reviewed and restructured the Environmental Culture Transformation Plan (ECTP) in line with our updated EMS Processes and Company attributes which in 2023 included training for Environmental Ambassadors and environmental workshops for key stakeholders in Peru, Argentina and Brazil. As disclosed in the Operational risks section, the Group has published information on its website regarding its TSFs, including their construction method and risk profile. It also continues to commission independent third party reviews and monitors their stability on an ongoing basis. For further details, please refer to the environmental section of the Sustainability Report on pages 62 to 68.

Change in risk profile vs 2022

Unchanged Higher Lower N New

Sustainability risks (continued)

Risk, change & impact	Mitigation	Commentary
13. Climate change Unchanged Changes in climate and weather patterns, including the occurrence of extreme weather events such as higher rainfall, droughts and storm conditions, may cause operational disruption and, at worse, could result in a suspension of operations. Failure to comply with climate-related laws and regulations could result in reputational risks for the Group, increased costs and longer permitting delays. Lack of climate change actions could result in restricted access to capital. Read our 2023 CFD Report from page 76.	– Enhanced management oversight and operating protocols to: – quantify and verify carbon footprint, including Scope 3; – maximise the efficient use of natural resources and minimise energy consumption; – maximise the use of renewable energy; and – promoting transparency with regards to the Group's performance through participation in investor-led reporting initiatives.	Actions taken in 2023 include: – Set an ambition to reduce our Scope 1 and 2 Greenhouse Gas emissions by 30% by 2030, against our 2021 baseline; and – Ongoing reporting to the Board and Sustainability Committee on status of climate change-related risks. Reporting of the Group's performance has been enhanced through: – continued external assurance of the calculation of the Group's carbon footprint at operations; – reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD). Reporting in 2024 will be in compliance with the mandatory Climate-related Financial Disclosure (CFD) requirements for companies across the UK, which have been developed and adapted from the TCFD; and – participation in CDP information request (improved score from C in 2021 to B in 2022). **Coastal El Niño Preparedness** In response to the Peruvian Government's assessment of a potentially severe El Niño event affecting the Pacific coastal regions, the Company took a number of actions seeking to mitigate the impact on the Company and its operations. These included: – the establishment of a taskforce headed by the General Manager of the Peruvian operations to identify potential impacts on people, assets and processes, and to formulate mitigating measures; – the sourcing of equipment, such as frontloaders, to carry out any necessary roadworks close to Inmaculada; – specific reviews of critical stocks required by the Peruvian operations; and – the appointment of a meteorologist to monitor the latest national assessments as well as the conditions local to our Peruvian operations. As stated in the introduction to the Risk Management report, the initial predictions of the impact of the Coastal El Niño were downgraded in late 2023/ early 2024.
14. Community relations Unchanged Communities living in the areas surrounding the Group's operations may oppose the activities carried out at existing mines or, with respect to development projects and prospects, may invoke their rights to be consulted under new laws. These actions may result in loss of production, increased costs and decreased revenues, longer lead times, additional costs for exploration and have an adverse impact on the Group's ability to obtain the relevant permits.	– The Group has a dedicated team responsible for Community Relations. – Constructive engagement with local communities based on several years of positive relations. – Community Relations strategy focuses on promoting education, health and nutrition, and sustainable development. – Policy to actively recruit workers from local communities. – Policy of hiring service providers from local communities. – The Group has also engaged with local governments to support public investment initiatives through technical assistance and direct investment.	**Overall** The polarised political climate in Peru has led to an increase in social conflicts by some local communities, which are trying to take advantage of the situation to increase their economic demands. As a result, social conflicts (e.g. blockades of access roads to the mining units) have become common as a mechanism to pressure mining companies into giving into their demands. Despite the existence of pre-existing agreements, many communities refuse to recognise their validity and demand renegotiation of the agreements, which has led to numerous rounds of discussions. These discussions are continuing at the time of writing. Governmental authorities remain very sensitive to conflicts between communities and mining companies and typically take a cautious approach by prioritising dialogue between parties and supporting social demands regardless of their merit. **Hochschild developments** The Group continues to implement its social engagement strategy in recognition of its responsibilities to host communities. The Group invested significant resources to understand the needs and expectations of local communities and governments and actively participates in discussions with different stakeholders, some of which include the participation of the State. During the year: – the Group spent or donated $4.8 million (2022: $7.0 million) to benefit local communities and supported local communities and local governments; – we continued to support the communities with a wide range of programmes covering our areas of focus: education, health and nutrition, and sustainable development; and – the Community Relations team continued to support the business, for example, in relation to permitting and environmental studies. – the Company maintained a close dialogue with various community leaders in Mara Rosa – from public authorities to representatives from different economic sectors – to help us generate a direct positive impact on the development of the municipality. At the end of 2023, 55% of Hochschild's Brazilian workforce was from Mara Rosa and the region. Further details can be found in the Sustainability Report from page 52.

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the viability of the Group taking into account the Group's current position and principal risks.

Period of Viability Statement

The Directors have reviewed the length of time to be covered by the Viability Statement, particularly given its primary purpose of providing investors with a view of financial viability that goes beyond the period of the Going Concern statement.

It has been concluded that the period from the date of this statement and ending at the end of the second calendar year (the "Viability Period") is the appropriate time horizon in light of:

- the inherent uncertainty of longer-term forecasting in a cyclical industry which, in the case of precious metals, is largely driven by global macro-economic factors; and
- the large number of external variables that need to be taken into account in establishing any meaningful forecast of the Group's business.

Approach to assessing viability

In assessing the Group's viability, the Directors have considered a number of scenarios affecting the Inmaculada and/or Mara Rosa mines which are within reasonable contemplation taking into account the principal risks to which the Group is exposed. Read more in our Risk Management Report from page 90.

Inmaculada and Mara Rosa are collectively expected to generate c.82% of attributable Group production in 2024.

In their assessment of the financial impact of each of the above scenarios, the Directors made the same assumptions as those used for the Base Case Scenario in the Going Concern analysis, namely:

- December 2023 consensus prices as detailed below:

$/oz	2024	2025	2026
Au	1,899	1,803	1,724
Ag	24.0	23.0	22.4

- operational forecasts are in line with the 2024 budget for 2024 and the 2023 LOM plans for 2025 onwards;
- debt repayments between 2024 and 2026 will proceed as planned;
- the US$200 million medium-term credit facility will be drawn down in 2024 as currently expected;
- US$100 million of the Group's medium-term facility is refinanced in 2025 with a two-year grace period;
- in the cases where a scenario envisages a mine or plant stoppage which results in a delay in production, production will be recovered once plant capacity at the relevant mine/(s) becomes available, albeit after the three-year time horizon ; and
- with regards to Pallancata, the forecasts incorporate the expenses relating to the MEIA incurred in 2024, and the construction capex to be paid in 2025 and 2026.

The financial impact of outstanding hedges as at the date of this report (as detailed in the commentary accompanying Commodity Price risk on page 92) has been reflected in the forecasts used to analyse the selected scenarios.

The following scenarios were analysed:

Scenario 1: A community-led protest results in a blockade of a principal road to/from the mine and damage to a critical plant component
A protest by a local community obstructs the access road to Inmaculada for two months. Furthermore, it is assumed that a component of the plant is damaged and repair works will take six months to complete. The impact analysis takes into account the cost of negotiating a settlement and other associated expenses.

Scenario 2: A strike by mineworkers
A widespread mineworkers' strike results in a suspension of operations at Inmaculada and Mara Rosa for one month in different months. The impact analysis takes into account the cost of negotiating a settlement and other associated expenses.

Scenario 3: The occurrence of a material safety accident
A severe fatal accident occurs at Inmaculada and Mara Rosa which results in a one-month stoppage of operations. The impact analysis takes into account other financial liabilities that may result including the cost of remedial work and regulatory fines.

Scenario 4: The occurrence of a material environmental incident
A key part of Inmaculada and Mara Rosa's plant infrastructure is compromised which results in a major spillage of contaminants. The impact analysis assumes a suspension of operations of one month in different months and takes into account the cost of repairs, remediation and regulatory fines and other associated expenses.

Scenario 5: The failure of the mill or other critical plant component
A major failure of one of the mills at Inmaculada's plant causes a stoppage of six months which requires civil works, repairs and the acquisition of spare equipment. The impact analysis takes into account the cost of the works and replacement costs as well as contributions from relevant insurance policies.

Scenario 6: Precious metal prices fall to a level that is 10% below the annual average consensus prices
Following such a fall in prices, the Company would seek to reduce variable costs and capital expenditure by 5%.

In their assessment of the financial impact of each of the above scenarios, the Directors concluded that upon the occurrence of one of the scenarios, the Company would be viable. Taking into account the causes of operational stoppages in the past and the extent of the disruption caused, the Directors are of the opinion that a combination of two or more of the above scenarios taking place concurrently is remote.

Should prices fall further than the Assumed Prices or the scenarios in reality are more severe than those modelled or a combination of scenarios occurs, the Board would oversee the implementation of mitigating actions which include:

- the use of lines of credit with relationship banks, noting that over $150 million of pre-approved, but uncommitted, working capital credit lines were already available (subject to compliance with covenant ratios under the medium-term credit facilities);
- refinancing one or both of the medium-term credit facilities;
- raising capital at either the corporate or asset levels; and
- other measures such as pay-outs under insurance policies, working capital management, asset sales and commodity price hedging.

For examples of the actions taken by the Board during the year under review to mitigate the impact of the Group's principal risks, please refer to the commentary in the Risk Management section of this report.

Conclusion

While it is always possible that combinations of weak precious metal prices and the occurrence of more than one of the above referenced scenarios could threaten the solvency and liquidity of the Company over the next three years, such combinations are considered to be remote. The Directors have therefore assessed the impact of each scenario, using the Assumed Prices and other factors considered to be reasonable, and, accordingly, can confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its obligations over the next three years.

Group non-financial information statement

The information below is produced to comply with sections 414CA and 414CB of the Companies Act 2006. The information is incorporated by cross-reference.

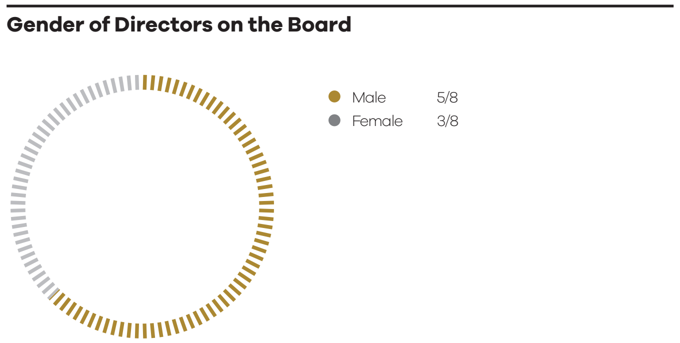
Reporting requirement	Relevant policies	Further information	KPIs
Business model		Business model (page 26)	
Principal risks		– Risk Management & Viability (page 90) – Audit Committee report (page 114)	
Environmental matters	– Code of Conduct* – Corporate Sustainability Policy* – Corporate Environmental Policy	Environment section of the Sustainability Report (page 62)	– GHG emissions – GHG intensity – ECO Score – Electricity consumption – Water consumption – Waste generation
Employees	– Code of Conduct* – Corporate Sustainability Policy* – Protocol for the Prevention of Covid-19 – Corporate Health & Safety Policy	The following sections of the Sustainability Report: Our People (page 71), Health & Safety (page 69)	– % workforce unionised – Health consultations – High Potential Events rate – Fatalities – Injury Frequency rate – Accident Severity rate
Social matters	– Corporate Sustainability Policy* – Corporate Community – Relations Policy*	Community Relations section of the Sustainability Report (page 58)	– Community employment – Community investment – Services and goods provided by suppliers from communities
Human rights	– Corporate Sustainability Policy* – Corporate Human Rights Policy* – Diversity & Inclusion Policy* – Sexual Harassment Prevention Policy	Our People section of the Sustainability Report (page 71)	– Workforce by gender
Anti-corruption and Anti-bribery matters	– Code of Conduct* – Anti-corruption and Anti-bribery Policy* – Whistleblowing Policy*	Audit Committee report (page 114)	

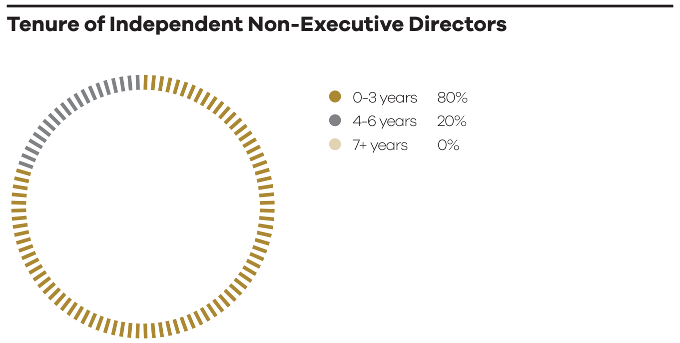
* Copies available from http://www.hochschildmining.com/en/responsibility.

Eduardo Landin
Chief Executive Officer
12 March 2024

A highly skilled and experienced Board

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- S Sustainability Committee
- ■ Chair





Eduardo Hochschild
Chair of the Board

Joined the Group in 1987 and appointed Board Chair in 2006.

Committee membership

N

Key skills and competencies
- Over 35 years' involvement with the Group
- Extensive board experience of companies in Latin America
- Proven ability to implement long-term strategies in both the non-profit and corporate sectors

Current external appointments

Commercial: Cementos Pacasmayo S.A.A. (Chair), Aclara Resources Inc. (Chair)

Non-profit: UTEC (Chair), TECSUP, Museum of Contemporary Art, Lima (Chair), Conferencia Episcopal Peruana

Previous experience

Eduardo joined the Hochschild Group in 1987 as Safety Assistant at the Arcata unit, becoming Head of the Hochschild Mining Group in 1998.

Eduardo is the Company's largest shareholder with a c.38% interest.

Eduardo Landin
Chief Executive Officer

Appointed to the Board in August 2023.

Committee membership

S

Key skills and competencies
- Long-standing operational experience
- Broad knowledge of strategic planning and operational control
- Qualified Mechanical Engineer

Current external appointments

Non-profit: Patronato Universidad del Pacifico

Previous experience

Prior to his appointment as CEO in August 2023, Eduardo served as COO of the Company since March 2013. He joined the Company in January 2008 as General Manager of Argentinian operations and, in 2011, became General Manager of Projects with direct responsibility for the development of the Inmaculada and Crespo Advanced Projects. Eduardo previously worked at Cementos Pacasmayo, in the Government of Peru's Ministry of Energy and Mines and at Repsol S.A. in England, Spain and Peru.

Jorge Born Jr.
Non-Executive Director

Appointed to the Board in 2006.

Committee membership

N

Key skills and competencies
- Extensive experience of managing international businesses
- Deep understanding of socio-political issues in Latin America
- Corporate finance

Current external appointments

Commercial: President of Consult & Co. and Non-Executive Director of Aclara Resources Inc.

Non-profit: Bunge and Born Charitable Foundation (President)

Previous experience

Jorge served as a Director and Deputy Chairman of international agribusiness Bunge between 2001 and 2010. He previously served as Head of European operations and Head of the UK operations. Jorge previously served as a Non-Executive Director of Dufry AG.

Jill Gardiner
Independent Non-Executive Director

Appointed to the Board in August 2020.

Committee membership

A N R

Key skills and competencies
- Long-standing career in investment banking in Canada focusing on strategy and M&A
- Significant experience on listed company boards
- In-depth knowledge of corporate governance/finance

Current external appointments

Commercial: Non-Executive Chair of Capital Power Corporation

Non-profit: ARC Foundation

Previous experience

Jill spent over 20 years in the investment banking industry having served in a number of senior leadership roles at RBC Capital Markets. She provided strategic advice to and helped raise capital for companies with a focus on the power, pipeline, infrastructure and certain commodity related industries. Jill previously served as Chair of Trevali Mining Corporation.

Tracey Kerr
Independent Non-Executive Director

Appointed to the Board in December 2021. Designated Non-Executive Director for workforce engagement.

Committee membership

N R S

Key skills and competencies
- Extensive experience of managing sustainability in mining
- Geology, having overseen global exploration activities
- UK listed company governance

Current external appointments
- **Commercial:** Non-Executive Director of Weir Group PLC, Jubilee Metals PLC and Antofagasta plc

Previous experience

Tracey spent almost 10 years working for Anglo American plc, most recently as the Group Head of Sustainable Development having previously also been accountable for safety, operational risk management and sustainable development. Prior to working in sustainability, Tracey worked as a geologist where she oversaw Vale's exploration activities in the Americas and subsequently joined Anglo American as Group Head of Exploration. Tracey previously served as a Non-Executive Director of Polymetal International PLC.

Joanna Pearson
Independent Non-Executive Director

Appointed to the Board in October 2023.

Committee membership

A N R

Key skills and competencies
- Extensive experience of public company financial reporting and risk management
- Mining sector experience
- UK listed company governance

Current external appointments

Commercial: Non-Executive Director of Goldshore Resources Inc.

Previous experience

Joanna was formerly Executive Vice President and Chief Financial Officer of the FTSE 100 company, Endeavour Mining plc, and, prior to that, was an audit partner at Deloitte LLP, Vancouver for 12 years where she conducted multinational audit engagements for US and Canadian listed companies primarily in mining and emerging markets.

Joanna is a Chartered Professional Accountant of British Columbia.

Michael Rawlinson
Senior Independent Director

Appointed to the Board in 2016 and as Senior Independent Director in January 2018.

Committee membership

A N R

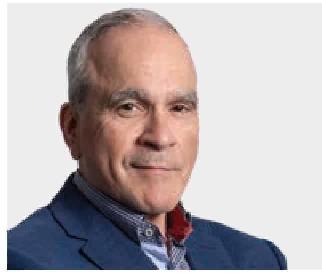
Key skills and competencies
- Significant knowledge of the mining sector
- Corporate finance, strategy and M&A
- UK listed company governance

Current external appointments

Commercial: Adriatic Metals Plc (Chair) and Non-Executive Director of Capital Limited and Andrada Mining

Previous experience

Michael's career of over 20 years culminated in his role as Global Co-Head of Mining and Metals at Barclays Investment Bank. Before that, he was one of the co-founding directors at boutique investment bank Liberum Capital, having worked as a corporate financier and equity research analyst covering the mining sector at JP Morgan, Cazenove and Flemings.



Mike Sylvestre
Independent Non-Executive Director

Appointed to the Board in May 2022.

Committee membership

A N S

Key skills and competencies
- Extensive experience of managing mining operations
- In-depth knowledge of the Canadian market, a key mining hub
- Mining Engineering (B.Sc and M.Sc. from McGill University and Queen's University respectively)

Current external appointments

Commercial: Non-Executive Director of TSX-listed Nickel Creek Platinum Corp. and Vista Gold Corp.

Previous experience

Mike spent eight years at Kinross Gold Corp, most recently as SVP, Operations until his retirement in December 2022. He previously served as Director and Interim CEO of TSX-listed Claude Resources Inc. having spent a significant portion of his career with Vale Canada (formerly Inco Ltd). During his time there he held the positions of CEO New Caledonia and President, Manitoba Operations. Mike is a member of the Professional Engineers of Ontario and a graduate of the Institute of Corporate Directors (ICD) in partnership with the Rotman School of Management.

Raj Bhasin
Company Secretary

Joined the Group and appointed Company Secretary in 2007.

Key skills and competencies

Raj is a solicitor and Chartered Secretary with over 25 years' experience in FTSE-listed companies. He has significant experience in corporate and commercial law.

Previous experience

Raj previously served as Deputy Company Secretary and Commercial Counsel at Burberry Group plc.

Strategic Report 01—99
Governance 100—149
Financial Statements 150—226
Further Information 227—231

The Directors present their report for the year ended 31 December 2023.

Information in Directors' Report
The Directors' Report comprises the Corporate Governance Report from pages 104 to 122, this Report on pages 102 and 103, and the Supplementary Information on pages 145 to 148. Other information that is relevant to the Directors' Report, and which is incorporated by reference, comprises:

– greenhouse gas emissions data and the steps taken by the Company to increase its energy efficiency, included in the Sustainability Report from page 65; and
– policy on financial risk management in note 39 to the consolidated financial statements.

For the purposes of compliance with Disclosure Guidance and Transparency Rules 4.1.5R(2) and 4.1.8R, the Strategic Report and this Directors' Report (including the other sections of the Annual Report incorporated by reference) comprise the Management Report.

Dividend
The Directors did not declare an interim dividend in respect of the year ended 31 December 2023 and are not recommending the payment of a final dividend.

Dividend waiver
The trustee of the Hochschild Mining Employee Share Trust ("the Employee Trust") has waived, on an ongoing basis, the right to dividend payments on shares held by the Employee Trust.

Directors
The names, functions and biographical details of the Directors serving at the date of this report are given on pages 100 and 101. Other than Eduardo Landin and Joanna Pearson, who were appointed on 26 August 2023 and 1 October 2023 respectively, all of the Directors were in office for the duration of the year under review. Nicolas Hochschild and Eileen Kamerick resigned from the Board at the conclusion of the AGM on 9 June 2023 and Ignacio Bustamante stepped down from the Board on 31 December 2023.

All Directors will be retiring and seeking re-election (or, election in the case of Eduardo Landin and Joanna Pearson) by shareholders at the 2024 AGM in line with the UK Corporate Governance Code.

Directors' and officers' liability insurance
The Company's Articles of Association (the "Articles") contain a provision whereby each of the Directors may be indemnified by the Company in respect of liability in relation to: (i) any negligence, default, breach of duty or breach of trust relating to the Company or any associated company; (ii) execution of his/her duties as Director of the Company; and (iii) the activities of the Company or any associated company as trustee of an occupational pension scheme. For these purposes, associated company has the meaning given to it by section 256 of the Companies Act 2006.

However, a Director will not be indemnified for any liability incurred by him/her to the Company or Group companies; any criminal or regulatory fines; the costs of defending any criminal proceedings in which he/she is convicted; or the costs of defending any civil proceedings brought by the Company in which judgment is given against him/her.

The Company has purchased and maintains liability insurance for its Directors and officers as permitted by law and Deeds of Indemnity on terms consistent with the Articles have been executed by the Company in favour of the Directors.

Political and charitable donations
The Company does not make political donations. During the year, the Group spent or donated a total of $8.2 million to benefit local communities (either directly or through local authorities) (2022: $7.0 million).

Relationship Agreement
Pelham Investment Corporation (the "Significant Shareholder"), Eduardo Hochschild (who together with the Significant Shareholder are collectively referred to as the "Controlling Shareholders") and the Company entered into a relationship agreement ("the Relationship Agreement") in preparation for the Company's IPO in 2006 and which was amended and restated during 2014.

The principal purpose of the Relationship Agreement is to ensure that the Group is capable of carrying on its business for the benefit of the shareholders of the Company as a whole, and that transactions and relationships with the Controlling Shareholders and any of their respective associates are at arm's length and on normal commercial terms.

Further details of the Relationship Agreement with regard to the conduct of the Significant Shareholder are set out in the Corporate Governance Report on page 111 and, with regard to the right to appoint Directors to the Board, are set out on page 112.

As required by the Listing Rules, the Directors confirm that, with respect to the year under review:

– the Company has complied with the independence provisions included in the Relationship Agreement; and
– so far as the Company is aware:
  • the independence provisions included in the Relationship Agreement have been complied with by the Controlling Shareholders or any of their associates; and
  • the procurement obligation included in the Relationship Agreement has been complied with by the Controlling Shareholders.

Conflicts of interest
The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts of interest of directors where the Company's Articles of Association contain a provision to that effect. Amendments to the Company's Articles of Association were approved by shareholders in 2008, which included provisions giving the Directors authority to authorise matters which may result in the Directors breaching their duty to avoid a conflict of interest.

The Board has established effective procedures to enable the Directors to notify the Company of any actual or potential conflict situations and for those situations to be reviewed and, if appropriate, to be authorised by the Board, subject to any conditions that may be considered necessary. In keeping with the approach agreed by the Board, Directors' conflicts were reviewed during the year under review.

Directors of the Company who have an interest in matters under discussion at Board meetings are required to declare this interest and to abstain from voting on the relevant matters.

Any related party transactions are approved by a committee of the Board consisting solely of Independent Directors. In addition, the Directors will be able to impose limits or conditions when giving any authorisation, if they think this is appropriate.

Going concern
After their thorough review of Group liquidity and covenant forecasts the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the period to 30 April 2025 which is at least 12 months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Please refer to note 2(d) to the consolidated financial statements for full details of the Directors' assessment of going concern.

AGM
The 18th AGM of the Company will be held at 9.30am on 13 June 2024. The shareholder circular incorporating the Notice of AGM will be sent separately to shareholders or, for those who have elected to receive electronic communications, will be available for viewing at **www.hochschildmining.com**

The shareholder circular contains details of the business to be considered at the meeting.

Auditor
A resolution to reappoint Ernst & Young LLP as Auditor will be put to shareholders at the forthcoming AGM.

Statement on disclosure of information to Auditor
Having made enquiries of fellow Directors and of the Company's Auditor, each Director confirms that, to the best of his/her knowledge and belief, there is no relevant audit information of which the Company's Auditor is unaware.

Furthermore, each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418(2) of the Companies Act 2006.

Directors' responsibilities
The Directors confirm that to the best of their knowledge:

– that the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole; the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
– that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

See page 149 for a detailed description of the Directors' responsibilities in the preparation of the Annual Report and the Group and Parent Company financial statements.

Disclaimer
Neither the Company nor the Directors accept any liability to any person in relation to this Annual Report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

On behalf of the Board.

Raj Bhasin
Company Secretary
12 March 2024

A robust approach to corporate governance

Eduardo Hochschild
Company Chair

> The Board and the Committees took active steps to ensure continuity of leadership and reaching out to key stakeholders."

Dear Shareholder

I am pleased to present the Corporate Governance Report for 2023.

In this section of the Annual Report, we report on the Company's compliance with the provisions of the 2018 edition of the UK Corporate Governance Code ("the Code") and the application of its principles.

2023 was a defining year for the Company; with the approval of the vital Modified Environmental Impact Assessment (MEIA) for our flagship asset, Inmaculada, for another 20 years, and the continued excellent progress with the construction of Hochschild's first mine in Brazil, Mara Rosa. Given the importance of the former, it is unsurprising that the Board devoted a lot of its time in the first half of the year in meeting on an ad-hoc basis and receiving updates from management on relevant developments and, out of prudence, overseeing the necessary actions in preparing for an extended delay or unfavourable outcome. A summary of the matters discussed at these ad-hoc and our scheduled meetings are provided later in this report.

Ensuring the Board is fit for purpose

With the planned retirement of Eileen Kamerick from the Board earlier in the year, I am happy to report that the Nomination Committee oversaw the successful execution of the Board succession plan which resulted in the appointment of Joanna Pearson as a Non-Executive Director in October. With her long-standing expertise and experience in financial reporting in the sector, she is ideally placed to assume the role of Audit Committee Chair following this year's Annual General Meeting.

In relation to the change in executive leadership, the Board was pleased to be able to appoint Eduardo Landin, who was our Chief Operating Officer for 10 years, as our new Chief Executive Officer. The transition of responsibilities has been a smooth one, and for that we thank Ignacio who remained on the Board, as a Non-Executive Director, until the end of the year.

Engaging With Our Investors

Since securing the approval of the Inmaculada MEIA, there is a common theme that has informed, and will continue to inform, the Directors' approach to governance at Hochschild Mining; that of engaging with our investors and seeking their views.

As described in the Directors' Remuneration Report, the Remuneration Committee launched an open engagement programme seeking the views of our significant shareholders on matters of governance and executive remuneration. In November, we were pleased to host a Capital Markets event and retail investor presentation setting out the Company's strategic objectives and latest developments in key areas such as ESG (environmental, social and governance matters) and our exploration programme. Finally, as set out in Jill Gardiner's introductory letter to the Audit Committee Report, the Company will be undertaking a tender of the audit engagement. As a critical provider of assurance for our investors, we are inviting views from our shareholders on the tender process before its launch in the second half of the year.

I trust you will find this report to be informative. If you should have any queries, please do not hesitate to contact me at Chairman@hocplc.com.

Eduardo Hochschild
Company Chair

Introduction

This report, together with the Directors' Remuneration Report, describes how the Company has applied the Principles of the UK Corporate Governance Code ("the Code") (2018 edition) in respect of the year ended 31 December 2023. A copy of the Code is available on the website of the Financial Reporting Council (FRC) at www.frc.org.uk.

Disclosures to be included in the Corporate Governance Report in relation to share structure, shareholder agreements and the Company's constitutional provisions pursuant to the Disclosure Guidance and Transparency Rules are provided in the Supplementary Information section on pages 145 to 148.

Statement of Compliance

The Board confirms that, in respect of the year under review, the Group has complied with the provisions contained in the Code with the exceptions noted below:

Provision	Explanation
The Chairman has been in post beyond nine years from the date of his first appointment to the Board	As a major shareholder of the Company and given his significant experience of mining in Peru, the Directors consider Mr Hochschild's continued role as Board Chair to be in the best interests of the Company. As described later in this report, the Company's governance structure incorporates a number of checks and balances to ensure ongoing objectivity and that undue influence is not exercised.
The Company's remuneration schemes and policies should include provisions that would enable the Company to recover sums or share awards (i.e. clawback)	In order to overcome the legal difficulties in enforcing clawback in Peru, the Group's policy wording relating to the events which may lead to the application of malus has been clarified so as to include references to misconduct, reputational damage, error in calculation and any material breach of an individual's employment contract.

Our governance structure

Board

Company Chair
Eduardo Hochschild

2 Non-independent Directors
5 Independent Directors

Audit Committee[1]
Chair
Jill Gardiner
READ MORE
Page 114

Nomination Committee[1]
Chair
Eduardo Hochschild
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Exploration Working Group
A working group consisting of management and Non-Executive Directors which reviews detailed reports on, and progress against, brownfield and greenfield exploration programmes.

Remuneration Committee[1]
Chair
Michael Rawlinson
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Sustainability Committee[1]
Chair
Tracey Kerr
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1 Terms of reference are available at www.hochschildmining.com

Leadership and purpose

The Board

The Board is responsible for approving the Company's strategy and monitoring its implementation, for overseeing the management of operations and for providing leadership and support to the senior management team in achieving sustainable added value for shareholders. It is also responsible for enabling the efficient operation of the Group by providing adequate financial and human resources and an appropriate system of financial control to ensure these resources are fully monitored and utilised.

There is an agreed schedule of matters reserved for the Board which includes the approval of annual and half-yearly results, the Group's strategy, the annual budget and major items of capital expenditure.

2023 Board meetings

11 Board meetings were held during the year, of which five were scheduled meetings. The ad-hoc meetings were convened to:

- primarily consider periodic updates from management on:
  - the progress of the Peruvian government's review of the Inmaculada MEIA;
  - potential contingent financing arrangements in the event of an extended delay in securing, or a refusal of, the Inmaculada MEIA;
  - the social climate in the regions close to the Company's operations; and
- the appointments of Eduardo Landin as Chief Executive Officer and Rodrigo Nunes as Chief Operating Officer.

Attendance at the scheduled Board meetings convened during 2023 is summarised in the table below:

Director	Attendance (Maximum)
Jorge Born	4 (5)
Jill Gardiner	5 (5)
Eduardo Hochschild	5 (5)
Tracey Kerr	5 (5)
Eduardo Landin[1]	2 (2)
Joanna Pearson[2]	1 (1)
Michael Rawlinson	5 (5)
Mike Sylvestre	5 (5)
Former Directors	
Ignacio Bustamante[3]	5 (5)
Nicolas Hochschild[4]	2 (2)
Eileen Kamerick[4]	2 (2)

1 Eduardo Landin joined the Board following his appointment as CEO on 26 August 2023.
2 Joanna Pearson joined the Board on 1 October 2023.
3 Ignacio Bustamante resigned as Chief Executive Officer (CEO) on 26 August 2023 but continued to serve on the Board, until 31 December 2023, as a Non-Executive Director nominated by the Company's largest shareholder, Pelham Investment Corporation (controlled by Eduardo Hochschild).
4 Nicolas Hochschild and Eileen Kamerick retired from the Board at the conclusion of the 2023 AGM on 9 June 2023.

In addition to the regular updates from across the business, the principal matters considered by the Board during 2023 are detailed below. In keeping with Board practice, meetings incorporate reports from each of the Committee Chairs on the business considered at their respective meetings. Any significant matters arising from those meetings are discussed by the full Board and feature among the matters described below.

Health and safety	– Updates on the ongoing implementation of the Company's Safety Culture Transformation Plan (see page 69 for further details); and – Quarterly reviews of the Company's Health Dashboard detailing a number of health-related indicators for each of the Company's sites.
Financial	– The stress-tested scenarios and the underlying assumptions used in the going concern and viability statements in support of the 2022 annual financial statements and 2023 half-yearly financial statements; – Approval of the 2022 Annual Report and Accounts and the 2023 Half-Yearly Report; – The Group's ongoing financial position and projected cash flows. This included consideration of securing future cash flow certainty by hedging a limited amount of future production from Inmaculada and Mara Rosa; – The revised 2023 production and cost guidance following receipt of the Inmaculada MEIA approval; – Updates on unbudgeted expenditure; and – The 2024 budget.
Strategy & Growth	– The Group's annual strategic plan[†]; – Receiving updates on work at the Snip project and the subsequent decision to terminate the option to earn-in a 60% interest in the property[†]; – The identification of business development opportunities for the short term and medium/long term; – The sale of the Crespo project which is due to complete in Q1 2024; – A review of the Company's investments since IPO; and – Updates on the Group's operational innovation projects.
Business performance	– Detailed updates on operational performance including progress on securing key permits/regulatory approvals such as the Inmaculada MEIA; – Presentations on progress against the project plans for the construction of the Mara Rosa mine; and – The scheduled suspension of operations at the Pallancata mine which was placed on care and maintenance at the end of the year.
Risk	– Political developments in the Company's countries of operation; – The Group's Risk Register detailing the significant and emerging risks faced by the Group and their corresponding mitigation plans. As reported in the Risk Management report. Liquidity Risk was removed from the Risk Register following the approval of the Inmaculada MEIA. In addition, the risks posed by the potential coastal El Niño impacting Peru were considered before the Peruvian Government downgraded its severity assessment; and – Renewal of the Group's Directors' and Officers' Liability Insurance.
Governance	– The changes in executive leadership with the appointments of Eduardo Landin as Chief Executive Officer and Rodrigo Nunes as Chief Operating Officer; – The appointment of Joanna Pearson as an Independent Non-Executive Director; – Updates and presentations from the Company Secretary and the Company's external legal advisers on governance developments and Directors' duties and responsibilities; – An update on the implementation of the 2022 Board evaluation recommendations; – The process for the internally-led 2023 Board evaluation and the findings of the review; and – The annual reviews of the Directors' conflicts of interest and the independence of Non-Executive Directors.
Sustainability	– Reviews of the social climate in Peru, Argentina and Brazil and their potential impact on the Group as well as the Company's redefined social engagement strategy; – Performance of the Group against the internally-designed environmental corporate scorecard (the ECO Score) and updates on the Company's implementation of the Environmental Cultural Transformation Plan; – Adoption of 2030 ambitions in relation to various aspects of ESG performance; – Review of the 2022 Sustainability and TCFD Reports; and – Feedback on employees' views following the Online Employee Forum hosted by Tracey Kerr.
Investors' views	– Regular reports from the Head of Investor Relations on investor sentiment as part of the Group's comprehensive engagement schedule (see later section headed Shareholder engagement in 2023 on page 109); – Feedback from investors and proxy voting agencies on the 2023 AGM business; and – Views of major shareholders on governance and remuneration matters during the open engagement programme which commenced in H2 2023 led by Michael Rawlinson as Senior Independent Director & Chair of the Remuneration Committee.

[†] See pages 110 and 111 on how wider stakeholders' interests were considered in relation to these key Board decisions.

Senior executives of the organisation are invited to attend Board meetings and to make presentations on their areas of responsibility. In the event a Director is unable to attend a Board or Committee meeting, comments are encouraged to be fed back to the Chairman of the relevant meeting who ensures that the absent Director's views are conveyed.

In between Board meetings, Directors are kept informed of latest developments through monthly management reports on the Company's operations, safety performance, exploration activity and financial position. In addition, monthly update meetings are diarised which provide an opportunity for the CEO to brief the Board on the latest developments.

Purpose and culture

The Group was established over a hundred years ago and over time it has characterised itself not only through sound operations but also in striving to achieve the highest standards of safety and with regards to its social impact. This approach is reflected and described in further detail in the Code of Conduct, originally adopted in 2010 and last updated in 2022, which sets out the standards and behaviours expected from all levels within the Company as well as our partners, namely: professionalism, honesty, integrity, respect for our stakeholders and a commitment to safety, our communities and the environment. These are further reiterated in the Group's anti-bribery and corruption policies.

The Company launched its reformulated corporate purpose in 2019 as part of a rebranding – "Responsible and Innovative Mining Committed to a Better World" – and, in tandem, set out the values which create a culture that is aligned with the purpose (see diagram overleaf).

The Company frequently implements programmes to reinforce the Company's purpose and culture. During 2023 these included a series of events themed around the Olympics which sought to highlight the key values associated with the Company's culture.

2023 HOC Olympics at Inmaculada

Setting the tone

The Board sets the tone from the top, reflecting these values in its deliberations and decision-making. The Chief Executive Officer (CEO) is the crucial conduit through which the tone is cascaded throughout the organisation. Examples of the key communications and initiatives led by the CEO related to the following topics:

- the values and behaviours that emanate from Hochschild's corporate purpose;
- the launch of a review of business processes to improve operational efficiency; and
- safety and environmental responsibility.

In addition, on assuming the role of CEO in late August 2023, Eduardo Landin met with senior personnel across the organisation setting out his vision and priorities for the Group.

Our corporate values

Innovation

Inspiring others

Recognising talent

Demonstrating responsibility

Seeking efficiencies

These values not only represent key inputs in our business model in the performance of our core activities but they also inform our approach to our growth strategy. See the Strategy section on page 28.

Brilla

The Company has developed the Brilla programme ("Shining" in English) uses a points-based system to acknowledge colleagues who have been recognised by their peers for outstanding contributions aligned with Hochschild's cultural attributes. The top 3 from each of HOC's sites were selected for initiatives such as mentoring a colleague, leading innovation projects or implementing new processes which have generated operational savings.

The award ceremony was held in each location led by the Unit Manager and, in the case of Lima, was hosted by the CEO. As part of the recognition for the first-place winners, a video was made where the winner finds out the news in the company of their family.

Cultural Olympics

The Cultural Olympics took place at Inmaculada, aiming to promote and strengthen our cultural attributes through sports, recreational activities, and challenges that colleagues highly value. The events saw the participation of 16 teams, each consisting of 15 members, and were held over three days.

Assessing and monitoring culture

The Board assessed and monitored the Company's culture using a dashboard of measures, some of which are reported on a monthly basis.

Dashboard	
Responsibility	**Safety** – Accident Frequency Index (LTIFR), Accident Severity Index, High Potential Event rate, Leading indicators, Seguscore (see page 69 for further details) **Environmental** – ECO Score **Ethical practices/Integrity** – Whistleblowing reports (online and offline channels), compliance training, internal audit reports
Innovation	Submissions of operational efficiency projects via the Innova platform
Inspiring others and promoting talent	Team and individual development plans, staff turnover/retention rates, results of diversity and inclusion programmes
Efficiency	Operational KPIs including AISC, Production and Brownfield Exploration results, Financial KPIs including Adjusted EBITDA, Working Capital, Cash Balance, Debt Covenant ratios

The Company periodically commissions working climate surveys as a key tool of gauging the views of employees and the success of the Company's programmes on corporate culture. The timing of our next working climate survey is under review with a decision to be taken in the second half of 2024. Action plans to address key areas identified in the last survey conducted in 2019 continue to be implemented, tailored by each department and which are focused on the following general themes:

- recognising others' achievements;
- improving training programmes;
- reflecting the corporate culture in the style of management; and
- improving the employee value proposition.

Engagement

The Directors receive briefings from the Company Secretary and legal advisers on their duties under English law to promote the success of the Company. As in other large companies, these duties are, in part, discharged through a framework of delegated authorities.

The Board ensures there is regular and sustained engagement with its shareholders and other stakeholders which is fed back to the Board and taken into consideration in discussions and decision-making. This section of the report includes the s172(1) statement and, by cross-referencing other parts of this report, summarises how engagement was undertaken and how stakeholders were considered in the key decisions taken during the year.

Shareholders

Our approach

The Board Chair, with the support of the Senior Independent Director and the Company Secretary, is available to engage with major shareholders on matters of governance and performance against strategy.

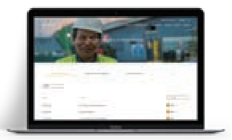
The Chief Executive Officer is responsible for discussing strategy and business performance with the Company's shareholders and conveying their views to the other members of the Board. He is supported in this regard by the Chief Financial Officer and the Head of Investor Relations who is based in the London corporate office.

In addition to the direct means of contact as detailed in the table below, Directors are kept informed of major shareholders' views through copies of (i) relevant analysts' and brokers' briefings, (ii) voting recommendation reports issued by institutional investor agencies, and (iii) significant correspondence from shareholders with respect to the business to be put to shareholder vote at General Meetings.

Shareholder engagement in 2023

The following table summarises the shareholder engagement initiatives and events during the year:

Date	Event
January (and May, July, October)	Conference calls following each Quarterly Production Report
February/March	BMO Global Metals & Mining Conference
April	2022 annual results presentation & UK roadshow
May	BoA Merrill Lynch Global Metals, Mining and Steel Conference
June	AGM
August	H1 2023 results presentation
September	H1 2023 results UK roadshow Denver Gold Forum
October	Open engagement with major shareholders on governance and remuneration-related matters
November	Capital markets event & virtual retail investor presentation



Copies of presentations given at the above events are available at **www.hochschildmining.com/investors/results-reports-presentations**

An extensive investor relations schedule resulted in management holding approximately 100 investor meetings during the year. The Company continued its use of the Investor Meet Company platform whereby approximately 90 individual investors were able to attend virtually a live presentation from the CEO on the day of the Capital Markets event in November 2023 and submit questions. This enabled the Company to facilitate engagement with retail investors on occasions which would previously have been attended exclusively by institutional investors.

In addition to the above, the Non-Executive Directors are available to meet shareholders on request.

Open engagement programme
In Autumn 2023, an open engagement programme was launched to discuss governance and remuneration-related matters with the participation of Michael Rawlinson, as the Senior Independent Director and Chair of the Remuneration Committee, Tracey Kerr as Chair of the Sustainability Committee and Non-Executive Director designated for Workforce Engagement and the Company Secretary.

The invitation, which was made to 16 major investors (being holders of more than 1% of the Company's shares) and three proxy voting agencies, resulted in feedback from two investors and meetings with two additional investors and two proxy voting agencies. Topics covered during these meetings included CEO succession, 2022 executive remuneration, the Board Chair's tenure, and the proposed changes to the Directors' Remuneration Policy.

2023 AGM
The resolutions put to the 2023 AGM were passed with the support of an average of over 96% of the votes cast, with the exception of the re-election of the Board Chair, Eduardo Hochschild. This voting outcome reflected concerns with respect to the tenure of Eduardo Hochschild as Chair and the lack of a defined succession plan and a publicly disclosed definitive timeline for retirement.

The Board believes that, taking into account Eduardo Hochschild's long-standing involvement with the Company, his significant shareholding, and the governance structure and practices that have been adopted as described later in this report, his continued role as Board Chair remains in the best interests of the Company.

As is the case for all senior positions, the Company has a succession plan in place in relation to the Chair. Whilst there are no short or medium-term plans for Eduardo Hochschild to retire, he has informed the Board that, absent any change in circumstances, his intention is to retire by the age of 70 (being within the next 10 years).

Other stakeholders
On pages 48 to 51 of the Strategic Report, we have identified our key stakeholder groups, described how the Company engages with them and an indication of the issues raised by each group during the year.

The Directors are aware of their duty under English company law (the "section 172 duties") to act in the way that is considered, in good faith, as most likely to promote the success of the Company for the benefit of its shareholders and other factors. These include the likely consequences of any decisions in the long term, the interests of the Company's employees, the need to foster the Company's business relationships with all stakeholders, the impact of the Company's operations on the community and environment, and the desire to maintain a reputation for high standards of business conduct.

By understanding stakeholders' views and expectations, the Board is able to successfully steer the Company towards achieving its strategic goals in a sustainable manner and which acknowledges its licence to operate.

Below, we have summarised how the Board receives feedback from its key stakeholder groups:

Employees	Tracey Kerr, as Chair of the Sustainability Committee, is our designated Director to oversee workforce engagement who, in addition to receiving quarterly updates from the Vice President of Human Resources on discussions with trade unions and other employee group meetings, also chaired an online employee forum during the year. See below for further information.
Social	Reported to the Sustainability Committee, which feeds back to the Board.
Government/ Regulators	Reported to the Board (a) on a routine basis in relation to significant matters, such as developments relating to the Inmaculada MEIA and (b) as part of its consideration of the quarterly Risk Management updates on the political/regulatory climate.
Suppliers/ Lenders	Reported to the Board as part of its consideration of the quarterly Risk Management updates in relation to Counterparty and Business Interruption & Supply Chain risks.
Customers	Significant matters are reported to the Board by the Chief Financial Officer who is responsible for managing the sales and logistics department. There were no material matters raised during the year.

2023 Online Employee Forum
During the year, Tracey Kerr chaired an Online Employee Forum with participants from the San Jose operation in Argentina. The forum, which was launched in 2022, has proven to be valuable for Directors who learn, first-hand, the views of colleagues across the business on a variety of subjects. During this session, colleagues expressed their satisfaction with the support they receive from across the organisation as well as acknowledging the importance placed by management on safety. Feedback was also received on areas of improvement for consideration by management including specific improvements to the office buildings and the frequency and form of corporate communications.

Impact on wider stakeholder group of key decisions in 2023
In discharging their section 172 duties the Directors have regard to the factors set out above as well as other factors which are considered relevant to the decision being made. It is acknowledged that every decision we make will not necessarily result in a positive outcome for all our stakeholders. By considering the Company's purpose together with its strategic priorities, and having a process in place for decision-making, the aim is to make sure that decisions reflect the Group's corporate values.

For details on how our Board operates and the matters we discussed and debated during the year, please see pages 106 and 107. We set out below examples of how the Directors had regard to the matters set out in section 172(1)(a)-(f) when discharging their section 172 duties on certain decisions taken during the year.

(a) Annual Strategic Review
As it does each year, the Board carried out a review of the Group's strategy. The discussion in 2023 identified six strategic objectives as key drivers for growth, with a five-year target set for each one. Each objective reflects the pillars of Hochschild's corporate purpose and incorporates taking a leading role in promoting good ESG practices as well as seeking to become an employer of choice by providing a positive working environment. By taking this approach, the Board has mandated that every strategic business decision should promote sustainability for a wide range of stakeholders.

(b) Termination of the Snip option
The Board took a balanced approach in its decision to terminate the option to acquire a 60% interest in the Snip project in British Columbia. On the one hand, it considered (a) the interests of employees, local stakeholders and government who would benefit from the generation of sustainable value at the project, (b) shareholders' concerns with respect to (i) the limited scope for growth from the Company's existing portfolio of operating assets and (ii) the lack of geographic diversification. On the other hand, the Board considered and concluded the overriding need to preserve shareholder value by redeploying capital elsewhere in the Group in light of the projected investment required to maintain and, ultimately, exercise the option.

Division of responsibilities

Board composition
As detailed in the notes accompanying the table on Board meeting attendance on page 106, there were a number of changes to the composition of the Board during the year. Notwithstanding these changes, the Board comprised, at all times, a majority of Non-Executive Directors considered to be of independent judgement and character. As previously announced by the Company, with the exception of Eduardo Hochschild, Jorge Born is the only serving non-independent Non-Executive Director as he has been nominated to the Board by the Company's largest shareholder under its rights pursuant to the Relationship Agreement (further details of which can be found on page 102 of the Directors' Report).

Chair and Chief Executive
The Board is led by the Chair, Eduardo Hochschild, who controls Pelham Investment Corporation, the largest shareholder of the Company with a c.38% holding (the "Significant Shareholder").

The Board has approved a document which sets out the division of responsibilities between the Chair and Chief Executive Officer.

As Chair of the Board, Eduardo Hochschild is responsible for leading the Board of Directors and ensuring that the Board is enabled to play a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives.

Eduardo Landin, who was appointed Chief Executive Officer on 26 August 2023, is responsible for the formulation of the vision and long-term corporate strategy of the Group, the approval of which is a matter for the full Board.

The Chief Executive Officer is responsible for leading the executive team in the day-to-day management of the Group's business.

Status of the Chair
In light of his significant shareholding, Eduardo Hochschild is not considered to be independent. However, the other Directors of the Board continue to assert that he chairs the Board in an objective manner and encourages open and full debate. The Directors are satisfied that the composition of the Board and the implementation of certain contractual arrangements act as additional measures which prevent the exercise of undue influence by Eduardo Hochschild.

Firstly, the significant presence of Independent Directors and the active role of the Senior Independent Director ensure that the views of minority shareholders are well represented.

Secondly, the undertakings provided in the Relationship Agreement (as described below) ensure that the Company and its subsidiaries are capable of carrying on their business independently of Eduardo Hochschild and his associates.

The Relationship Agreement, which was revised in 2014 following the implementation of new rules governing such agreements (the "2014 Listing Rules"), contains undertakings from each of Eduardo Hochschild and the Significant Shareholder that:

- all transactions with the Company (and its subsidiaries) will be conducted at arm's length and on normal commercial terms;
- neither of them (nor their associates) (the "Relevant Parties") will take any action that would have the effect of preventing the Company from complying with its obligations under the UK Listing Rules;
- the Relevant Parties will not propose, and neither will they procure the proposal of, a shareholder resolution intended or which appears to be intended to circumvent the proper application of the UK Listing Rules; and
- the Relevant Parties will not take any action that would preclude or inhibit any member of the Group from carrying on its business independently of any of them.

Certain confirmations are required to be given by the Board under the 2014 Listing Rules with regards to the Company's compliance with the independence provisions which can be found in the Directors' Report on page 103.

Senior Independent Director
Michael Rawlinson is the Senior Independent Director. His role is not only to act as a central point of contact for the Non-Executive Directors as a group but to also act as a conduit between the Non-Executive Directors and the executive management team. To facilitate this, Michael Rawlinson chairs meetings of the Non-Executive Directors and of the Independent Non-Executive Directors after each Board meeting. This provides the opportunity to gather feedback and thoughts on Board discussions which are subsequently relayed to the Board Chair and/or the executive team as appropriate. A crucial part of the role of the Senior Independent Director is to meet with major shareholders if concerns have not been addressed by the executive team. While no such meetings were requested during the year, Michael led two meetings with investors as detailed in the earlier section entitled "Shareholder engagement in 2023".

Non-Executive Directors
The Company's Non-Executive Directors have held senior positions in the corporate sector. Each such Director brings their experience and independent perspective to enhance the Board's capacity to help develop proposals on strategy and to oversee and grow the operations within a sound framework of corporate governance.

Details of the tenure of appointment of Non-Executive Directors are provided in the Directors' Remuneration Report.

Independence of Non-Executive Directors
In keeping with its usual practice, the Board considered, during the year, the independence of Non-Executive Directors taking into account the circumstances set out in Provision 10 of the Code. The Board has concluded that, with the exception of Eduardo Hochschild in light of his shareholding, and Jorge Born, who is a nominee director of the Significant Shareholder, all other Non-Executive Directors are considered to be independent.

Company Secretary
The Company Secretary is appointed and removed by the Board and is responsible for advising the Board on governance matters and the provision of administrative and other services to the Board. All the Directors have access to the Company Secretary.

Composition, succession and evaluation

Appointments and re-election of Directors
The Board has established a Nomination Committee which recommends nominations to the Board. The report of the Nomination Committee appears on pages 119 to 122.

The Company has adopted the practice of requiring Directors to seek annual re-election by shareholders in keeping with the UK Corporate Governance Code. The biographies of the Directors can be found on pages 100 and 101 which, in addition to specifying other positions, also highlight the key skills and experience of each Board member.

Under the terms of the Relationship Agreement, the Significant Shareholder has (i) the right to appoint up to two Non-Executive Directors to the Board for so long as the Significant Shareholder holds an interest of 30% or more in the Company and (ii) the right to appoint one Non-Executive Director for so long as it has an interest of 15% or more in the Company, and in each case to remove any such Director(s) previously appointed.

The Relationship Agreement continues for so long as the Company's shares are traded on the London Stock Exchange or until such time as the Controlling Shareholders (including Eduardo Hochschild) cease to own or control in aggregate a minimum of 15% of the issued share capital or voting rights of the Company.

In the exercise of its nominating rights, the Significant Shareholder appointed (a) Nicolas Hochschild on 26 May 2022 who served until the conclusion of the 2023 AGM on 9 June 2023; (b) Ignacio Bustamante on 26 August 2023 who served until 31 December 2023; and (c) Jorge Born who replaced Ignacio Bustamante.

Board development
It is the responsibility of the Board Chair to ensure that the Directors update their knowledge and their skills and are provided with the necessary resources to continue to do so. This is achieved through the various means described as follows.

Briefings
The Directors receive regular briefings from the Company Secretary on developments in the areas of corporate law and corporate governance that affect their roles as Directors of a UK listed company. By way of example, during the year, the Company Secretary gave presentations, on among other things, the reform of audit governance in the UK. In addition, the Directors have ongoing access to the Company's officers and advisers with presentations arranged periodically on topics such as Directors' duties and disclosure obligations.

Advice
The Company has procedures by which members of the Board may take independent professional advice at the Company's expense in the furtherance of their duties.

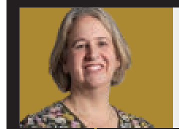
Board effectiveness
The Board is committed to the process of continuous improvement and so, during the year (a) took a number of actions to implement the findings of the internal evaluation in 2022, and (b) undertook an internally facilitated evaluation.

Induction

New Board appointees are offered the opportunity to meet with key management personnel and the Company's principal advisers as well as undertaking visits to the Group's operations.

In addition, where appointees will serve on any of the Board Committees, sessions with the relevant Committee Chair are organised.

Joanna Pearson selection and induction process



1. Selection
Search firm, London Search Associates, engaged to compile a long-list of candidates with the skills and experience sought by the Nomination Committee

Designated members of the Nomination Committee compile a short-list of candidates

2. Interviews
Board Chair and designated members of the Nomination Committee

3. Conflicts of Interest
Nomination Committee considers and approves any conflicts of interest and recommends Joanna Pearson's appointment to the Board

4. Provision of Key Documentation
On Governance, Key Corporate Policies, Directors' & Officers' Liability Insurance and other useful information

5. The Board Perspective
Meets with other Board members

6. The Operational Perspective
Meetings with the CEO, CFO, COO

7. Briefings
Vice Presidents, Head of Internal Audit, Head of Investor Relations and Company Secretary

Evaluation

Implementation of 2022 Board evaluation

The table below sets out the key actions taken in 2023 in respect of the principal recommendations arising from the prior year's review.

Area of Focus	Action	Update
Workings of the Board	– Ongoing review of Board material to facilitate detailed discussions on matter under consideration – Exploring options to maximise time for discussion between Board members outside of the boardroom – Enhancing the post-Board meeting reviews and process of feeding back to executive management	Enhancements to Board material have been implemented, facilitating a more in-depth discussion of the specific subject matter. Meetings of specified attendees are held after each Board meeting to allow comprehensive feedback to be conveyed to executive management. These in-camera sessions comprise, meetings of (a) the Directors without management present, (b) the Non-Executive Directors only, and (c) the Independent Directors only.
Maximising Board input on Strategic Reviews	Implementing practical suggestions on strategy planning and periodic updates on progress against agreed objectives	Suggestions adopted in advance of 2023 annual strategic review which, among other things, illustrated progress made against the prior year's strategic objectives. This practice will continue to be implemented for future Board strategy sessions.
Risk Reporting	Ongoing review to incorporate tolerance thresholds in risk reporting and detailed contingency scenario planning	Relevant Board material incorporates review of downside scenarios and key risks
Workings of the Committees	Specific topics for further consideration identified for further discussion by the Remuneration and Nomination Committees and the Exploration Working Group	Steps taken include: – Increased scope of senior leadership succession planning implemented by Nomination Committee – Consideration of alternative LTIP performance measures incorporated into the Directors' Remuneration Policy review by the Remuneration Committee – Reformatting of material for Exploration Working Group (EWG) to be implemented on resumption of brownfield/greenfield activities post approval of the Inmaculada MEIA

2023 Board evaluation

Process
The 2023 Board evaluation, undertaken in the latter part of the year, took the form of one-to-one interviews led by Michael Rawlinson, as Senior Independent Director supported by the Company Secretary.

The interviews were wide-ranging and covered a number of areas including:

- **The Board:** its workings, composition and specific aspects of its role, e.g. Strategy & M&A, Governance & Risk, and Culture & People
- **Developing:** retrospective review, and identifying short-/medium-term areas of focus
- **The Committees:** a review of their workings and deeper dives into specific areas of responsibility
- **Peer Reviews:** consideration of the skills and strengths around the Board table. The evaluation of the Chair's performance was considered by the Non-Executive Directors led by the Senior Independent Director

Findings
The principal recommendations arising from the 2023 Board evaluation process include the following:

Area of focus	Action
Workings & Composition of the Board	– The resumption of Board meetings in Lima and mine sites would provide further opportunities for Directors to meet with colleagues across the business – Matters identified as key priority areas/concerns by the Directors to be reflected in Board material – Specific skillsets considered desirable around the Board table to be incorporated into the Nomination Committee's brief when recruiting additional Non-Executive Directors
Retrospective Review	Review papers with regards to specific matters to be produced for Board discussion
Workings of the Committees	Specific practical suggestions to support the work of the Committees including: – Increasing the visibility of workplace diversity below Board level – Training & development of the Directors to be facilitated by the participation of expert speakers at meetings of the Directors – Increased oversight of relevant matters of strategic importance by the Sustainability Committee

Audit Committee Report

> In addition to its usual financial reporting responsibilities, the Audit Committee played an active role in integrating processes in Brazil and planning for an audit tender."

Jill Gardiner
Audit Committee Chair

2023 meeting attendance

Members	Independent	Maximum possible attendance	Actual attendance
Jill Gardiner, Non-Executive Director (Chair)*	Yes	●●●●	●●●●
Joanna Pearson, Non-Executive Director**	Yes	●	●
Michael Rawlinson, Non-Executive Director	Yes	●●●●	●●●●
Mike Sylvestre, Non-Executive Director ***	Yes	●●	●●
Former Member			
Eileen Kamerick, Non-Executive Director (Former Chair)*	Yes	●●	●●

* Jill Gardiner assumed the Chair of the Committee following Eileen Kamerick's retirement from the Board on 9 June 2023.
** Joanna Pearson joined the Committee on October 2023.
*** Mike Sylvestre joined the Committee on 9 June 2023.

Dear Shareholder
I am pleased to present the Audit Committee Report for the year ended 31 December 2023.

Firstly, I would like to thank my predecessor Eileen Kamerick who, having chaired the Committee for over six years, retired from the Board at the 2023 AGM. During the year we welcomed Mike Sylvestre to the Committee who brings mining operational expertise and, in addition, we were able to announce Joanna Pearson's appointment to the Board and the Committee. Having assumed the role of Committee Chair on an interim basis, I am delighted that Joanna will be succeeding me from the conclusion of this year's AGM. Joanna brings extensive experience of financial reporting, audit and risk management as an experienced auditor and also as a former CFO of a London-listed mining company.

The Audit Committee had a busy year. In the early part of 2023, the Committee considered the financial reporting implications for the 2022 Annual Report and Accounts of the uncertainty caused by the extended delay in securing the Inmaculada MEIA, which was ultimately approved in August. As a result, significant time was spent reviewing with management and the auditors numerous scenarios and disclosures related to the assessment of Going Concern and the Viability Statement.

As the Company made progress with the construction of its first operation in Brazil, the Committee received regular updates from the Internal Audit function on the continued roll-out of the Hochschild compliance programme. This brings together, among other things, the implementation of Group procedures on ethics and training to colleagues at our office in Belo Horizonte and on-site at Mara Rosa. Further details can be found on page 116.

With respect to the 2023 financial statements, the Committee has reviewed management's material accounting judgements and disclosures where the issues of impairments and mine closure costs in particular were closely scrutinised. Further details on these key accounting matters are provided on page 117.

Finally, as detailed later in this report, the Audit Committee will be overseeing the tender of the Group's audit engagement in the second half of this year. This process has been scheduled such that the Company can meet the requirement to appoint a new auditor to replace EY by 2026, as well as ensuring a sufficient handover period. As a key provider of assurance for investors, the Audit Committee would be pleased to receive shareholders' views on the conduct of the tender which can be conveyed by email to info@hocplc.com

Jill Gardiner
Committee Chair

Key roles and responsibilities

- To monitor the integrity and material accuracy of the Company's financial statements and related disclosures;
- To monitor the effectiveness of the Company's internal controls and risk management systems and review the preparation of the going concern and viability statements;
- To review, on behalf of the Board, the Company's procedures for detecting fraud, the Company's systems and controls for the prevention of bribery and to review and conclude on non-compliance;
- Oversight of the Internal Audit function, review of its annual work plan and its findings;
- To oversee the relationship with the Company's external Auditor;
- To review the effectiveness of the external audit process; and
- To report to shareholders annually on the Committee's activities including details of the significant audit issues encountered during the year and how they have been addressed.

Membership
Eileen Kamerick was the chair of the Audit Committee until her retirement from the Board on 9 June 2023. Eileen was formerly a Chief Financial Officer of a number of US-based companies operating in the mining, oil and gas, investment banking and recruitment sectors. Eileen currently chairs the audit committees of the Legg Mason Closed End Mutual Funds and NASDAQ-listed ACV Auctions Inc. Eileen holds the Directorship Certification of the US National Association of Corporate Directors (NACD) and is a Board Leadership Fellow of the NACD.

Following Eileen's retirement from the Board, Jill Gardiner was appointed Committee Chair on an interim basis while the recruitment of a permanent successor was overseen by the Nomination Committee. Jill Gardiner was formerly an investment banker at RBC Capital Markets with a focus on certain commodity and energy related industries and has built up extensive experience of public company corporate governance and financial reporting through numerous Board and Committee positions. Jill currently serves as Chair of TSX-listed Capital Power Corporation and as an ex-officio member of its Audit Committee and, until recently, she served on the Board and Audit Committee of NYSE-listed Compass Minerals.

Michael Rawlinson's career in banking specialised in the mining sector, having initially worked as an analyst and corporate financier, serving most recently as Global Co-Head of Mining and Metals at Barclays Investment Bank from 2013 until his retirement from that role in June 2017. Michael currently serves as Chair of Adriatic Metals Plc and sits on its Audit and Risk Committee. He also serves on the Boards and Audit Committees of London-listed Capital Limited and AIM-listed Andrada Mining Limited (formerly AfriTin Mining).

Mike Sylvestre spent a significant portion of his career with Vale Canada (formerly Inco Ltd), a world leading producer of nickel where he held key senior management positions domestically and internationally. Most notably, he held the position of CEO New Caledonia and President, Manitoba Operations. He previously served as Vice President of Operations for PT Vale Indonesia. He is a member of the Professional Engineers of Ontario and a graduate of the Institute of Corporate Directors (ICD) in partnership with the Rotman School of Management.

Joanna Pearson joined the Audit Committee on appointment to the Board on 1 October 2023. She was formerly Executive Vice President and Chief Financial Officer of the FTSE 100 company, Endeavour Mining plc (2020-2023), and, prior to that, was an audit partner at Deloitte LLP, Vancouver for 12 years where she conducted multinational audit engagements for US and Canadian listed companies primarily in mining and emerging markets. Since June 2021, Joanna has been a Non-Executive director of Goldshore Resources Inc., a junior resource exploration company listed on the TSX-Venture exchange in Canada, where she also chairs the company's Audit Committee. Joanna is a Chartered Professional Accountant of British Columbia. Joanna will assume the Chair of the Audit Committee at the conclusion of the forthcoming AGM.

The Committee members are considered to be Independent Directors and the Board is satisfied that at least one member has recent and relevant financial experience and that the Committee, as a whole, has competence relevant to the sector in which the Company operates.

For further details on the skills and experience of the Committee members, please refer to the biographical details on pages 100 and 101. The performance of the Committee was considered as part of the annual Board evaluation process which was considered by the whole Board.

Attendees
The lead partner of the external Auditor, EY, the Chair of the Company, the Chief Executive Officer, the Chief Financial Officer, the Vice President of Legal & Corporate Affairs and the Head of Internal Audit attend each Audit Committee meeting by invitation. The Company Secretary acts as Secretary to the Committee.

Activity during the year
The Committee considered the following principal matters during the year:

Financial reporting
The 2022 Annual Report and Accounts and the 2023 Half-Yearly Report were reviewed by the Committee before recommending their adoption by the Board. In its review of these financial reports, the Audit Committee considered that appropriate accounting policies, estimates and judgements were applied in preparing the relevant statements and the transparency and clarity of disclosures contained within them.

Review of audit plans
In line with its usual practice, the Committee considered reports from the external Auditor on the scope and structure of the review of the half-yearly results and audit of the annual results and any recommendations on the Company's processes and controls.

During the year, the Committee members held meetings with the external Auditor without executive management to discuss matters relating to the 2022 annual audit and the 2023 Half-Yearly Report.

Risk management
Consideration and challenge of risk management assessments which incorporate a risk matrix detailing (i) the most significant and emerging risks facing the Group, (ii) an evaluation reflecting the likelihood of the occurrence of the risk and the extent of the potential impact on the Group, and (iii) commentary on the steps taken to manage each specific risk. See page 90 for a description of the process by which the Group's principal and emerging risks are identified and monitored, and the actions taken during the year to mitigate them.

Internal audit
The Audit Committee continued to oversee and challenge the Group's adoption of a risk-based approach to internal audit. The Audit Committee Chair receives a quarterly report from the Head of Internal Audit which sets out specific areas covered, improvements being recommended and introduced, and proposals for the programme over the following three months. The CEO and Chief Financial Officer also receive copies of these reports who ensure that adequate support is provided for the activities of the Internal Audit function. During the year, the Committee met with the Head of Internal of Audit without the presence of executive management to discuss, among other things, the scheduled work plan.

Brazil Compliance Programme:
During 2023, the Company rolled out a Compliance and Ethics programme at its new sites in Brazil. This included:

- Campaigns on harassment at the workplace, with training for all employees and installation of visual signs throughout the Mara Rosa unit
- The launch of a podcast and an online portal, through which employees have centralised and intuitive access to policies and related documents
- Online training on related subject matters, such as dealing with conflicts of interest
- Pro-active due diligence of significant suppliers and ongoing monitoring of all suppliers to our Brazilian sites

Compliance HOC Podcast was produced to provide colleagues with accessible content

See page 74 of our Sustainability Report for more details

Internal control
Through the processes described on page 118, the Audit Committee reviewed the adequacy of the Group's internal control environment and risk management systems.

Whistleblowing
In line with the 2018 Corporate Governance Code, the Audit Committee reviewed, on behalf of the Board, the adequacy of the Group's whistleblowing arrangements. Whistleblowing reports are circulated to a group comprising the Audit Committee Chair ("AC Chair"), the Head of Internal Audit, the Vice-President of Human Resources and the Company Secretary ("the Reporting Group"); the AC Chair has a preliminary discussion with the Head of Internal Audit on the approach to the investigation; and the findings of the investigation are then reported, in the first instance, to the AC Chair and the Reporting Group and to the next scheduled meeting of the Audit Committee. The Head of Internal Audit also circulates, on a periodic basis, summaries of ongoing investigations into matters raised through the Company's whistleblowing channels, and their relevant status.

Fraud and bribery
The Audit Committee continued to review and challenge the actions taken by management to promote ethical and transparent working practices.

The Group's Code of Conduct describes the values and standards of behaviour expected of our employees and our business partners. In addition, the Group has adopted a specific anti-bribery and anti-corruption policy to reflect the Board's zero tolerance to these types of acts. The Code of Conduct was reviewed in 2022 and circulated earlier this year with all recipients required to confirm receipt online and confirming their agreement to its terms.

External audit
Ongoing Relationship Management
The Audit Committee oversees the relationship with the external Auditor. EY was first appointed by the Company as Auditor in 2006 and, following a tender process undertaken in Q1 2016, was reappointed. The Audit Committee evaluated the performance of EY in 2023 and concluded that it was appropriate to recommend the reappointment of EY as external Auditor at the 2023 Annual General Meeting. The Audit Committee reviewed the findings of the external Auditor and management letters, and reviewed and approved the audit fees.

In line with its usual practice, the Audit Committee evaluated the effectiveness of EY and the external audit process taking into account the results of Hochschild management's internal survey relating to EY's performance as well as views and recommendations from management and its own experiences with the external Auditor. Key criteria of the evaluation included resources and expertise, quality and timeliness of the audit process, quality of communication and reporting to the Audit Committee.

Mandatory audit tender
In line with relevant legal and regulatory requirements, EY is subject to mandatory rotation on completion of 20 years and, therefore, must be replaced as the Company's external Auditor by 16 October 2026 (the "Statutory Deadline"). In August 2023, the Audit Committee approved a detailed timeline for the tender process which will be undertaken in the second half of 2024 with a view that the successor firm will be selected by the end of the year and, subject to approval at the 2026 AGM, will undertake the H1 2026 and subsequent reviews, and the annual audits from 2026. The timing of the tender is considered to be in the best interests of the Company's shareholders as it provides certainty in good time before the Statutory Deadline and allows for sufficient time to ensure a smooth transition to the successor firm. Details of the conduct of the tender will be provided in the 2024 Annual Report and Accounts.

Auditor objectivity
The Audit Committee has adopted a policy on the use of the external Auditor for the provision of non-audit services (see later section on Auditor independence for more details). In addition, objectivity is also ensured by the regular rotation of the lead audit partner which, in the case of Hochschild, is due to next take place after approval of the 2023 financial statements.

Governance
The Audit Committee received updates from the Auditor and the Company Secretary on regulatory and other developments impacting the Committee's role such as the status of reforms of UK audit governance.

Evaluation
The Committee's performance was evaluated as part of the annual Board review which, as reported earlier in this Corporate Governance Report, was facilitated during the year by the Senior Independent Director and the Company Secretary. Aspects of the Committee's role were discussed in the one-to-one interviews held with each Board member.

Tax compliance strategy
The Audit Committee approved on behalf of the Board a document on the Group's approach to UK tax matters. The document can be found at: https://www.hochschildmining.com/media/wmwptyk2/uk-tax-strategy-approved-2023.pdf

Significant issues relating to the 2023 financial statements
As recommended by the Code, the following is a summary of the significant issues considered by the Committee in relation to the 2023 financial statements and how these issues have been addressed.

(a) Impairments
The Audit Committee considered management's analysis of potential indicators of impairment and impairment reversals across the Group's operating and development stage assets.

In addition, the Committee considered the analysis undertaken with respect to (a) the Group's exploration assets, namely Crespo, Volcan, Arcata, Azuca, and Volcan; and (b) the Group's investment in Aclara.

Having concluded on the presence, or not, of triggering factors, the Audit Committee:

- reviewed and challenged the discount rate used for the impairment analysis with respect to San Jose; and
- the basis of the calculation of the proposed impairment charges in relation to Crespo, Azuca and the Group's investment in Aclara.

In conclusion, the Audit Committee concurred with management that, in addition to the impairments recognised and previously reported in the half-yearly financial statements with respect to San Jose, Azuca and Aclara, an additional impairment of c.$22 million be recognised with respect to Crespo, such that in respect of the full year, the asset is subject to a total impairment of $46 million.

(b) Mine rehabilitation provision
The Audit Committee considered the judgement exercised by management in assessing the amounts required to be paid by the Company to rehabilitate the Group's assets.

In its assessment of the analysis undertaken by management and, where relevant, with the input provided by specialist experts, the Audit Committee took into account:

- the basis of the estimation of future rehabilitation costs;
- the discount rate applied;
- the significant changes in estimates and the basis and level of the increased costs; and
- the accounting for the changes in the provisions.

The Audit Committee concluded the provision to be appropriate.

(c) Accounting for hedges
The Audit Committee reviewed management's use of hedge accounting in respect of various forward contracts, gold hedging arrangements and option contracts relating to future production at Inmaculada and Mara Rosa.

The Committee:

- reviewed the basis of the valuation and the calculation of any realised and unrealised gains or losses on the hedging arrangements; and
- considered the presentation of the proposed accounting treatment in the statement of other comprehensive income or the income statement, as appropriate.

In conclusion, the Committee was comfortable with the related presentation and disclosures in the consolidated financial statements were appropriate.

Auditor independence
The Audit Committee continues to oversee the implementation of specific policies designed to safeguard the independence and objectivity of the Auditor, which includes the Group's policy on the provision of non-audit services.

Policy on the use of Auditor for non-audit services
Following the issue of the Revised Ethical Standard 2019 by the Financial Reporting Council (the "FRC"), the Audit Committee adopted a revised policy on the use of the Auditor for non-audit services (the "2020 NAS Policy").

The 2020 NAS Policy reflects the Revised Ethical Standard in permitting the engagement of the Auditor only for additional services that are directly linked to the audit or are required by law and/or regulation. The 2020 NAS Policy requires (i) the Audit Committee and Chief Financial Officer to approve all non-audit services undertaken by the external Auditor and (ii) that the cost of non-audit services rendered by the external Auditor, in any financial year, cannot exceed 70% of the average of the audit fees paid to the external Auditor in the last three consecutive financial years.

The Audit Committee continuously monitors the level of fees for non-audit services compared to the audit fees paid to the Auditor in the last three consecutive financial years.

2023 Audit and non-audit fees
Please refer to note 34 to the consolidated financial statements for details of the fees paid to the external Auditor.

Safeguards

Additional safeguards to ensure Auditor objectivity and independence include:

- six-monthly reports to the Audit Committee from the Auditor analysing the fees for non-audit services rendered; and
- an annual assessment, by the Audit Committee, of the Auditor's objectivity and independence in light of all relationships between the Company and the audit firm.

Compliance Statement required under Article 7.1 of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the "Order")

The Company confirms that it has complied with the Order during the year under review.

Reports from the Head of the Internal Audit function;

↓

Reviews of accounting and financial reporting processes together with the internal control environment at Group level. This involves the monitoring of performance and the taking of relevant action through the monthly review of Key Performance Indicators and, where required, the production of revised forecasts. The Group has adopted a standard accounting manual to be followed by all finance teams, which is continually updated to ensure the consistent recognition and treatment of transactions and production of the consolidated financial statements;

↓

The external Auditor's observations of the Company's internal control environment;

↓

Review of budgets and reporting against budgets; and

↓

Consideration of progress against strategic objectives.

Internal control and risk management

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and it must be recognised that such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

Audit Committee's assessment

At its March 2024 meeting, the Audit Committee reviewed the process described above and is satisfied that, for the year under review and the period from 1 January 2023 to the date of approval of the Annual Report and Accounts, internal controls are in place at the operational level within the Group.

Board's assessment

Risk management

Throughout the year, the Board considered its risk appetite which was considered to be appropriate. The Board confirms that its assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, and which are set out in the Risk Management and Viability section, was robust.

Internal control

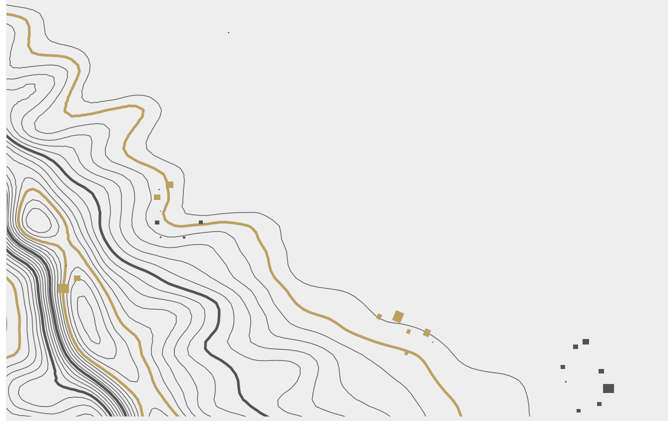
As detailed above, the Board, through the delegated authority granted to the Audit Committee, monitors the ongoing process by which critical risks to the business are identified, evaluated and managed. This process is consistent with the FRC's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" published in 2014.

The Directors confirm that, with the support of the Audit Committee, the effectiveness of the Company's system of risk management and internal controls has been reviewed during the year under review. These covered material controls, which included controls covering operational, financial and compliance matters. The controls operated effectively during the financial year although, as is the case for many large companies, additional controls were implemented or further strengthened during the year. The Audit Committee was made aware of the control changes and there was no significant impact on the financial results. The Directors confirm that no significant failings or weaknesses were identified as a result of the review of the effectiveness of the Group's system of internal control.

Nomination Committee Report

"The year brought into focus the issue of succession; not only with respect to the Board, but also with regards to the executive leadership of the Company."

Eduardo Hochschild
Committee Chair



2023 Meeting attendance

Members	Independent	Maximum possible attendance	Actual attendance
Eduardo Hochschild, Committee Chair	No	●●●●●	●●●●●
Jorge Born, Non-Executive Director	No[1]	●●●●●	●●●●
Jill Gardiner, Non-Executive Director	Yes	●●●●●	●●●●●
Tracey Kerr, Non-Executive Director	Yes	●●●●●	●●●●●
Joanna Pearson, Non-Executive Director[2]	Yes	●	●
Michael Rawlinson, Non-Executive Director	Yes	●●●●●	●●●●●
Mike Sylvestre, Non-Executive Director	Yes	●●●●●	●●●●●
Former Members			
Ignacio Bustamante, Non-Executive Director[3]	No	●	●
Nicolas Hochschild, Non-Executive Director[4]	No	●	●
Eileen Kamerick, Non-Executive Director[4]	Yes	●	●

1 As a Non-Executive Director nominated by the Significant Shareholder, Jorge Born is not considered to be independent.
2 Joanna Pearson joined the Committee on appointment to the Board on 1 October 2023.
3 Ignacio Bustamante was a member of the Committee between 26 August 2023, when his role changed from CEO to Non-Executive Director, and 31 December 2023 when he stepped down from the Board.
4 Nicolas Hochschild and Eileen Kamerick stepped down from the Committee on 9 June 2023 having stepped down from the Board.

Dear Shareholder

I am pleased to present the Nomination Committee's 2023 report.

The year brought into focus the issue of succession; not only with respect to the Board, but also with regards to the executive leadership of the Company. I am pleased therefore that the process of recruiting an Independent Non-Executive Director to chair the Audit Committee which was overseen by the Committee resulted in the appointment of Joanna Pearson. Her past experience as an auditor and, in particular, of companies in the natural resources sector, makes her ideally-placed for the role.

Later in this report, we discuss the change in executive leadership and the Committee's considerations in appointing Eduardo Landin as our new CEO. We welcome Eduardo to the Board and thank Ignacio for agreeing to serve, as a Non-Executive Director, until the end of the year after having ensured a smooth transition.

Finally, at the end of the year, Jorge Born, who has served as a Non-Executive Director since 2006, became a nominee director of Pelham Investment Corporation under the terms of the Relationship Agreement. While the Directors and management have valued, and will continue to value, Jorge's objective and independent approach to Board discussions, his status as a director nominated by a significant shareholder means that under the UK Corporate Governance Code, he now serves as a non-independent Non-Executive Director.

Eduardo Hochschild
Committee Chair

Key roles and responsibilities

– identify and nominate candidates for Board approval;
– make recommendations to the Board on composition and balance;
– oversee the succession planning of Board and senior management positions; and
– review the Directors' external interests with regards to actual, perceived or potential conflicts of interest.

Membership and meetings

The members of the Committee are listed in the table opposite which also details the changes to the Committee composition during the year. At all times, a majority of the members of the Committee were independent.

The Company Secretary acts as Secretary to the Committee.

Activity during the year

The Committee met five times during the year and a summary of the matters considered is provided below. In addition, the Committee passed a number of written resolutions in relation to the consideration of conflicts of interest arising (a) from any proposed external directorships or (b) prior to appointment to the Board (see section headed "Conflicts of Interest" below).

Reporting and monitoring

– The approval of the report of the Committee's activities for inclusion in the 2022 Annual Report
– The recommended adoption of 2030 objectives with respect to Board gender diversity, independence and Director tenure as part of the Company's 2030 ESG ambitions

Board/Committee composition

– The search and recruitment for an Independent Non-Executive Director to act as Chair of the Audit Committee, which resulted in the appointment of Joanna Pearson
– The appointment of Ignacio Bustamante as a Non-Executive Director nominated by the Company's Significant Shareholder and the subsequent appointment of Jorge Born as his successor
– The recommended appointments to the Board Committees as a result of changes in the composition of the Board during the year

Executive leadership changes

– The recommended appointments of Eduardo Landin as CEO and Rodrigo Nunes as COO.

Following the resignation of Ignacio Bustamante, the Nomination Committee considered the approved management succession plan in light of the prevailing key priorities, primarily the continued focus on securing the approval of the Inmaculada MEIA and minimising disruption to the business by avoiding a prolonged or uncertain transition. In addition, the Committee considered the challenges associated with the recruitment of an external candidate given the limited pool of suitably qualified senior executives with experience of operating in Hochschild's countries of operation. In conclusion, it was agreed that Eduardo Landin's long-standing operating experience in Latin America and Rodrigo's project-development skills made them the best candidates for the CEO and COO roles respectively.

Board skills matrix

	1	2	3	4	5	6	7	8	9	10	11
Eduardo Hochschild		x	x	x		x	x				x
Jorge Born			x		x	x	x				x
Jill Gardiner					x	x	x				
Tracey Kerr	x	x						x		x	x
Eduardo Landin	x		x								x
Joanna Pearson					x		x	x			
Michael Rawlinson		x			x	x	x	x	x		
Mike Sylvestre	x		x							x	x

1 Operational Mining Experience, **2** Geology, **3** Experience of operating/overseeing Latam business, **4** Peruvian Government relations, **5** Recent & relevant audit/financial experience, **6** Corporate Finance, **7** M&A Experience, **8** UK corporate governance, **9** Relations with UK institutional investors, **10** New Technologies/Innovation, **11** Experience of ESG/regional socio-political issues.

Succession planning

Board succession plan

– To support the search process which resulted in the appointment of Joanna Pearson, the Committee conducted its annual review of the Board skills matrix. This document maps the extent to which key strategic skills and other desirable attributes are represented around the Board table, thereby identifying any present gaps and those that could arise following anticipated changes to the composition of the Board (see Board skills table above). For further details on the succession of the Chair, please refer to page 110.

Executive succession and development plan (the HOC Talent Review Plan)

– Considered the HOC Talent Review Plan which, in addition to setting out the developmental needs for senior executives, also identifies successors to "Critical Positions" and their personal development strategies. In reviewing this Plan, the Committee also seeks to improve the diversity on the pipeline of talent coming through to executive management level.

Conflicts of interest

Considered any existing or potential conflicts of interest:

(a) prior to the acceptance of external directorships by the following Board members:

(i) Jill Gardiner's appointment to the Board of Compass Minerals International
(ii) Nicolas Hochschild's appointment to the Board of Aclara Resources Inc.
(iii) Ignacio Bustamante's appointment to the Board of a private base metal mining company

(b) prior to the recommended appointment of Joanna Pearson to the Board

Appointments to the Board

The Company's approach

In seeking candidates for appointment to the Board, regard is given to relevant experience and the skills required to complete the composition of a balanced Board (with reference to the Board skills matrix) and taking into account the challenges and opportunities facing the Company. Other factors are also considered such as the opportunity to increase diversity and the time commitment for the role. With respect to the latter, the Company does not take a prescribed approach with reference to the number of other Board positions but rather an assessment on a case-by-case basis of the capacity to assume the responsibilities required of the role in question.

Recruitment process

The recruitment process for Joanna Pearson commenced in June 2023 supported by search firm London Search Associates. The firm provided a long-list of potential candidates with experience of financial reporting and audit. A short-list was drawn up by a sub-committee of the Nomination Committee, the members of which carried out interviews in August 2023 prior to recommending Joanna's appointment to the Board.

Other than with respect to previous Non-Executive Director searches, neither the Company nor any individual Director has any connection with London Search Associates.

Diversity

Policy on Board appointments

The Board is committed to the overriding principle that every member and potential appointee must be able to demonstrate the skills and knowledge to be able to make a valued contribution to the Board. It is also acknowledged that diversity brings new perspectives which can drive superior business performance and promote innovation.

The Directors have therefore adopted a multifaceted approach to Board (and, by extension, Committee) recruitment which:

– primarily considers a candidate's merits; and
– seeks opportunities to ensure the ongoing diversity of the Board whether of gender, culture, race, professional background, nationality or otherwise and which reflects the Company's specific circumstances, primarily that it is headquartered in Peru with operating assets located solely in South America.

Compliance with LR 9.8.6R(9) (Diversity Disclosures)

The following tables are included in compliance with the FCA Listing Rules requirements on Board/Senior management diversity.

The information used to complete the tables below was requested of each Director by the Company Secretary who provided the categories and sub-categories of ethnicity referred to in the FCA Listing Rules (based on those used by the UK Office for National Statistics).

Each Director was provided the opportunity to appear in the following tables as "not specified/preferred not to say".

Statement of Compliance

Target	Compliance	Explanation (where non-compliant)
At least 40% of the board are women	No	While the Company has made significant progress in a relatively short of period of time in improving the gender diversity of the Board, the proportion of women on the Board as at 31 December 2023 is just short of the target, at 38%.
At least one of the senior board positions (Chair, CEO, Senior Independent Director or CFO) is held by a woman	No	While the Company is not currently compliant with this target, the Board succession plan envisages the appointment of Tracey Kerr as Senior Independent Director to succeed Michael Rawlinson. It is noted that two of the Board Committees are chaired by women.
At least one member of the board is from a minority ethnic background	Yes	

There have been no changes to the above information since 31 December 2023 up until the date of approval of this report.

Gender diversity

	Number of Board members	Percentage of the Board*	Number of senior positions on the Board (CEO, CFO, SID and Chair)**	Number in executive management	Percentage of executive management
Men	5	63%	4	6	100%
Women	3	37%	0	0	0
Not specified/ prefer not to say	–	–	–	–	–

* Subject to rounding
** The CFO is not a Board member

Ethnic background

	Number of Board members	Percentage of the Board*	Number of senior positions on the Board (CEO, CFO, SID and Chair)**	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	88%	2	0	0
Mixed/Multiple Ethnic Groups	0	0	0	0	0
Asian/Asian British	0	0	0	1	17%
Black/African/Caribbean/ Black British	0	0	0	0	0
Other ethnic group, including Arab	1	12%	2	5	83%
Not specified/ prefer not to say	0	0	0	0	0

* Subject to rounding.
** The CFO is not a Board member.

Increasing workforce diversity

The Company is committed to redressing the diversity imbalance in its workforce which is reflective of the mining industry in general. Please refer to page 71 for further details of the diversity and inclusion initiatives and the progress made by the Company over the course of 2023.

Michael Rawlinson
Remuneration Committee Chair

"2023 saw the Remuneration Committee take several factors into consideration in its decision making. It has sought to reflect the impact of the delayed MEIA, the impressive progress at Mara Rosa and the unprecedented levels of safety and environmental performance."

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ending 31 December 2023 which is split into three sections: this Annual Statement, the Directors' Remuneration Policy and the Annual Report on Remuneration.

2022 Annual Bonus

Firstly, I would like to provide shareholders with a brief update on the Remuneration Committee's decision with regards to the 2022 annual bonus. As reported in my letter last year, given the significant uncertainty of securing approval of the Inmaculada MEIA, the Remuneration Committee took the decision in April 2023 to defer 2022 annual bonus outcomes until it was clear whether its release in whole or in part would be appropriate. Following its approval in August 2023, the Committee took into account a number of factors including the significance of the MEIA for the Group, the improved financial health of the Company and, the significant efforts of the various teams in securing approval. Accordingly, it was considered appropriate that the 2022 bonus be released in full.

Pay and performance in 2023

2023 Performance

General

2023 was very much a year of two parts, with management's focus initially on securing the approval of the Inmaculada MEIA which, as mentioned above, was ultimately achieved in August 2023, thereby effectively extending our ability to operate our flagship mine for another 20 years.

Up until August 2023, management maintained its focus on cash conservation, which affected the Company's ability to pursue mine development and the brownfield exploration programme, thereby impacting production (and hence, revenues) and our brownfield-led growth strategy. This all changed in the second half of the year, after the MEIA was approved, when the Company benefited from a much stronger performance, with production at the top end of the range of the year's revised guidance, and costs, overall, in line with expectations. Looking at the year's performance overall, the key operational objectives set at the beginning of the year were only partially achieved.

Strategic growth

A notable highlight of the year was, undoubtedly, the impressive progress made on the construction of the Mara Rosa mine which was completed on budget and on schedule with first gold pour having recently taken place. The Company is confident that commercial production will commence during this first half of 2024. Management also made good strides with the permitting of the Royropata deposit which will see future production restarting from the Pallancata mine.

Responsibility

Safety underpins everything we do at Hochschild and it is a matter of great pride that our key safety indices demonstrate the Company's strongest performance on this front in recent history. This is all the more commendable given the higher safety-risk profile of construction works, which continued at Mara Rosa throughout the year. The Group also had a strong year of environmental performance as highlighted by our full-year ECO Score.

We continued to look at wider employee pay matters by reviewing the alignment of elements of pay across the organisation with our strategic objectives. Our community relations initiatives, while subject to budgetary constraints in light of the delay with the Inmaculada MEIA, remained targeted on supporting education, connectivity, health and nutrition, and promoting socio-economic development.

You can read further about these initiatives in our Sustainability Report from page 52.

Assessing performance
The Remuneration Committee reflected on what was a challenging year, balancing on one side, the wide-ranging negative impact of the delayed MEIA on the business. This was set against the strategic importance of the progress made in permitting for future production at Pallancata, the hugely impressive progress at Mara Rosa and the unprecedented levels of safety and environmental performance. It was concluded that as the operational objectives set at the beginning of the year in relation to production, EBITDA and costs were only partially met, overall the final bonus outcome for 2023 was just over 74% of maximum. Further details of the performance outcomes are set out in the Annual Report on Remuneration.

LTIP vesting
The 2021 LTIP awards have reached the end of their performance period (being the 2021, 2022 and 2023 financial years) and are due to vest on 27 May 2024. The 2021 awards were subject to three performance measures based on the Company's relative TSR performance against a tailored peer group (50%), the additions of measured and indicated resources (25%), and a consistency metric measured against average bonus scorecard outcomes (25%). The 2021 LTIP awards will vest as to 40.3% of maximum and further details of the performance outcomes are also set out in the Annual Report on Remuneration.

Renewal of Directors' Remuneration Policy at 2024 AGM
We will be renewing our three-yearly Directors' Remuneration Policy at our 2024 AGM. Following extensive consultation with our top shareholders, and proxy agencies, we are proposing to largely roll forward our current Directors' Remuneration Policy and the only material changes that we are proposing to make are to:

– increase our post-employment shareholding requirement so that it will apply at the full guideline level – currently 250% of base salary – for two years from cessation of employment (at present this requirement tapers after one year to 50% of the guideline level); and
– replace the consistency metric on LTIP awards (which determined 25% of the vesting of the overall award) from 2024 onwards with objectives aligned with the Group's strategies relating to ESG and workforce diversity and inclusion. For further information on the Remuneration Committee's consideration of alternative performance conditions, such as emissions-related targets, please refer to page 141 of the Annual Report on Remuneration.

No other material changes are proposed to the compensation package available to our Executive Directors or in the overall architecture of the incentive plans which we operate and which we believe continue to be appropriate.

Board changes
(i) Ignacio Bustamante stepping down as CEO
We announced in May 2023 that our Chief Executive Officer, Ignacio Bustamante would be stepping down to relocate to London and assume a new role at another company. The remuneration-related arrangements for Ignacio leaving Hochschild are set out in the Annual Report on Remuneration, and the Committee is satisfied that these are fully in line with our Directors' Remuneration Policy whereby:

– he continued to receive fixed pay reflecting contractual entitlements until he stepped down as CEO on 26 August 2023; and
– he is not eligible to receive a bonus for 2023 and all his in-flight LTIPs lapsed on stepping down as CEO.

To assist in a smooth CEO transition, Ignacio agreed to continue to serve on the Board as a Non-Executive Director (representing our largest shareholder, Pelham Investment Corporation) until the end of the financial year. He received a standard base fee for his role as Non-Executive Director during that period, consistent with our Directors' Remuneration Policy.

(ii) Eduardo Landin's appointment as CEO
Eduardo Landin succeeded Ignacio Bustamante as CEO on 26 August 2023 and joined the Board as an Executive Director on that date. His remuneration arrangements on promotion to the Board were determined by the Remuneration Committee according to the Directors' Remuneration Policy and market conditions for the role. His starting salary as CEO was US$550,000 (compared to Ignacio's salary of US$700,000). Eduardo is eligible for the same opportunity for annual bonus and LTIP as his predecessor (being 180% of base salary and 200% of base salary respectively) but each will be pro-rated for 2023 to reflect his time in role. In light of his performance since appointment, the Remuneration Committee has agreed an increase in Eduardo Landin's salary to US$600,000. Further details can be found later in the report.

Format of the report and matters to be approved at our 2024 AGM
At the 2024 AGM, shareholders will be asked to approve three resolutions related to Directors' remuneration matters. These resolutions are:

– To approve the Directors' Remuneration Report
– To approve the updated Directors' Remuneration Policy
– To renew the Deferred Bonus Plan

The vote to approve the Directors' Remuneration Report is the normal annual advisory vote on such matters. If approved by our shareholders, the Directors' Remuneration Policy will apply for a maximum of three years from the 2024 AGM and will replace the Directors' Remuneration Policy previously approved at the 2021 AGM. The Deferred Bonus Plan is our existing plan for the deferral of annual bonus into awards over Company shares. It was first established in 2014 and, as is normal, the authority to operate this plan must be renewed after 10 years.

As in past years, I would like to assure all our shareholders that the Committee welcomes all input on remuneration matters, and if you have any comments or questions on any element of the Directors' Remuneration Report, please do not hesitate to contact me at info@hocplc.com.

Michael Rawlinson
Chair of the Remuneration Committee

This report has been prepared according to the requirements of the Companies Act 2006 ("the Act"), Regulation 11 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018, the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and other relevant requirements of the FCA Listing Rules. In addition, the Board has applied the principles of good corporate governance set out in the UK Corporate Governance Code, and has considered the guidelines issued by its leading shareholders and bodies such as ISS (Institutional Shareholder Services), the Investment Association, and Glass Lewis.

Directors' Remuneration Policy (unaudited)
This section sets out our new Remuneration Policy (the 2024 Policy), which will be presented to shareholders for approval at, and take effect from, the 2024 AGM. The principal objectives of the Remuneration Policy are to:

– attract, retain, and motivate the Group's executives and senior management;
– provide management incentives that align with and support the Group's business strategy; and
– align management incentives with the creation of shareholder value.

The Group seeks to achieve this alignment over both the short and long term through the use of an annual performance-related bonus, which rewards the achievement of a balanced mix of financial, operational and other relevant performance measures, and the use of a Long-Term Incentive Plan (LTIP) which is linked to longer-term critical measures of financial and non-financial performance.

The Committee takes into consideration the remuneration arrangements for the wider employee population in making its decisions on remuneration for senior executives. Remuneration decisions are also driven by external considerations, in particular relating to the global demand for talent in the mining sector.

The Committee is satisfied the principles of provision 40 of the UK Corporate Governance Code relating to the design of remuneration policies and practices have been applied:

Clarity: we ensure pay for performance and our policy is designed to be logical and transparent

Simplicity: Executive Director remuneration comprises a minimum of components, based on a regular package including fixed pay, and short- and long-term variable pay

Risk: a significant proportion of the Executive Director remuneration package is delivered in long-term or deferred pay which ensures the longer-term impact of decisions is reflected in pay. Furthermore, the combination of in-post and post-employment shareholding requirements, as well as capturing several categories of performance in the variable pay elements, helps to ensure appropriate risk management by senior executives

Predictability: variable pay is subject to the achievement of specific and transparent performance targets, and the Committee has the ability to apply its discretion to ensure variable pay outcomes reflect underlying corporate health

Proportionality: the Executive Director pay mix is similar to that at comparable international mining peers, and the Committee has the ability to apply its discretion to ensure overall pay outcomes are proportionate to the Company's long-term performance

Alignment to culture: variable pay captures several categories of performance, including non-financial objectives such as those relating to safety and environmental performance, helping to ensure pay reflects multiple perspectives on performance, and not just financial outcomes

Summary of Policy changes
The table below sets out the key changes between the 2021 Policy and the 2024 Policy, to be approved by shareholders at the 2024 AGM:

Policy element	Description of change
LTIP	The Consistency Performance Condition, which acknowledges the consistent performance of annual operational and ESG objectives has been replaced by specific objectives aligned with the Group's strategies on ESG, and workforce diversity and inclusion
Post-employment shareholding requirements	The current requirement tapers for the second year post-employment to half of the level required for the first year The new requirement will increase the post-employment shareholding requirement to apply in full for all of two-year period following termination of employment, at the lower of the actual shareholding at time of leaving and the in-post shareholding requirement (250% of salary) The increased requirement will apply to new LTIP awards granted to Executive Directors from the introduction of the new Policy

Policy Table

The table below provides a summary of each element of the Remuneration Policy for Executive Directors.

Element: **Base salary and Compensation for Time Services (CTS)**
Objective and link to strategy: **To support recruitment and retention**

Operation	Opportunity	Performance metrics
Salary is reviewed annually, usually in March, or following a significant change in responsibilities. Salary levels are targeted to be competitive and relevant to the global mining sector, with reference to the relative cost of living. The Committee also takes into consideration general pay levels for the wider employee population.	To avoid setting expectations, there is no prescribed maximum salary. In respect of existing Executive Directors, it is anticipated that salary increases will generally be in line with the wider employee population. In exceptional circumstances (including, but not limited to, a material increase in job size or complexity, the reversal of a previous salary reduction, or if an Executive Director has not received an increase for a number of years), the Committee has discretion to make appropriate adjustments to salary levels.	None
Executive Directors receive CTS and profit share, both of which are provided for by Peruvian law	CTS is a legal entitlement for employees in Peru which provides for a fund in the event of termination of employment. CTS in respect of base salary is calculated as one month's wages and is deposited biannually in an employee's interest-accruing bank account and prior to the end of employment, employees can gain access to the deposited amount to the extent it exceeds four months' wages. CTS in respect of other forms of remuneration such as incentive payouts, that are considered to be "non-extraordinary", is currently calculated at a rate of 1/24th. For the profit share, an amount equal to 8% of the relevant Peruvian company's taxable income for the year is distributable to its employees. This amount is mandated by Peruvian law, and any increases are not within the control of the Group. The amount receivable by each Executive Director is determined with reference to annual base salary (plus other incentive payouts, if any) and the number of days worked during the calendar year. If an Executive Director is not subject to Peruvian law (such as CTS), the Committee may make payments in consideration of pension as applicable in the Director's country of residence and in line with other company employees in that country.	None

Element: **Benefits**
Objective and link to strategy: **Helps recruit and retain high-calibre Executive Directors**

Operation	Opportunity	Performance metrics
Executive Directors receive certain allowances which may include medical insurance, the use of a car and driver, and personal security.	The value of the other benefits varies by role and individual circumstances; eligibility and cost are reviewed periodically. The Committee retains the discretion to approve a higher cost of benefits in exceptional circumstances (for example relocation) or in circumstances where factors outside the Company's control have changed materially (for example increases in insurance premiums).	None

Element: **Annual bonus**
Objective and link to strategy: **To achieve alignment with the Group's annual objectives and commitment to operating responsibly**

Operation	Opportunity	Performance metrics
Performance measures, targets and weightings are set at the start of the year. At the end of the year, the Committee determines the extent to which targets have been achieved, taking into account individual performance. Bonus payments of up to 150% of salary are delivered in cash; any bonus earned above 150% of salary is deferred in Hochschild shares, under the Deferred Bonus Plan, for two years. If deferral is applied, the Committee retains the discretion to allow dividends (or equivalent) to accrue over the deferral period in respect of the awards that vest.	The maximum annual bonus opportunity is 180% of salary. For "threshold" and "target" levels of performance, the bonus earned is up to 30% and 50% of maximum, respectively.	Performance is determined by the Committee by reference to a scorecard made up of Group growth, profitability and operational excellence measures as well as measures on corporate social responsibility. The corporate social responsibility measures are typically weighted no higher than 30% of maximum. The Committee may adjust year-on-year the weightings for individual measures, to ensure alignment with the business priorities for the year. Performance targets are generally calibrated with reference to the Company's budget for the year. Each objective in the scorecard has a "threshold", "target" and "maximum" performance target, achievement of which translates into a score for each objective. The Committee uses its judgement to determine the overall scorecard outcome based on the achievement of the targets and the Committee's broad assessment of Company and individual performance. A review of the quality of earnings is conducted by the Committee to determine whether any adjustments should be made to the reported profit for the purpose of bonus outcomes. This ensures that bonus outcomes are not impacted by unbudgeted non-recurring or one-off items, or circumstances outside of management's control such as material changes in commodity prices that could distort the overall quality of earnings. Malus provisions apply, i.e. the Committee has the discretion to reduce bonus payments and/or deferred bonus awards on the occurrence of an adverse event that is attributable (directly or indirectly) to an act or failure to act by the individual. Such events include those related to health and safety, the environment or community relations. Other trigger events include misconduct; or material error, material misstatement, material failure of risk management, action or omission resulting in serious reputational damage, or any material breach of an individual's employment contract. To the extent permitted by applicable law, the Committee also has the discretion to claw back deferred bonus awards which have already vested, if it considers appropriate to do so, in certain circumstances. Such circumstances include misconduct or material error, material misstatement, material failure of risk management and action or omission resulting in serious reputational damage. Details of the measures, weightings and targets applicable for the financial year under review are provided in the Annual Report on Remuneration, unless they are considered to be commercially sensitive.

Element: **Long-Term Incentive Plan (LTIP)**
Objective and link to strategy: **To directly incentivise sustained shareholder value creation through long-term operational performance and to support the recruitment of senior positions and longer-term retention**

Operation	Opportunity	Performance metrics
Awards are made annually, in the form of a conditional right to a cash payment, with vesting subject to the attainment of specific performance conditions and continued employment. Awards have a performance and vesting period of at least three years. Vested awards are invested in Company shares and normally required to be held for a further two years. Dividends, if any, will accrue to shares during the holding period.	Maximum annual award level is 200% of salary (267% of salary in exceptional circumstances relating to the recruitment of an Executive Director). Threshold performance will result in vesting of 25% of an award.	Vesting of LTIP awards is based on performance measures linked to the Group's strategic priorities and may vary cycle-to-cycle. Malus provisions apply, i.e. the Committee can reduce or prevent vesting if it determines either that (i) the overall underlying business performance of the Company is not satisfactory or (ii) an act or failure to act, which is attributable (directly or indirectly) to an award-holder has resulted in, among other things, an adverse event related to health and safety, the environment or community relations; or (iii) on the occurrence of certain trigger events including misconduct, material misstatement, material failure of risk management, action or omission resulting in serious reputational damage, or any material breach of an individual's employment contract. Due to legal difficulties arising from its enforcement in Peru, the Committee is unable to operate clawback.

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Shareholding requirements

Executive Directors are required to acquire and retain a beneficial shareholding in the Company equal to at least 250% of base salary whilst in employment. Directors' shareholdings are reviewed to ensure compliance with the requirements. An extended post-employment shareholding requirement will apply to equity-based awards granted after the effective date of the 2024 Remuneration Policy, requiring Executive Directors on the termination of their employment to hold the lower of (i) their shareholding at the date of termination and (ii) shares equivalent to their in-post shareholding requirement for a two-year period post-employment. Shares from awards made prior to the 2024 AGM will be subject to the post-employment shareholding requirement applicable at the time which those awards were made.

Notes to the Policy Table

Committee discretions
The Committee will operate the annual bonus plan, the Deferred Bonus Plan and LTIP according to their respective rules and the above policy table. The Committee retains discretion, consistent with market practice, in a number of respects, in relation to the operation and administration of these plans.

These discretions include, but are not limited to, the following:

– selection of participants;
– the timing and size of awards (within the overall limits of this policy);
– the determination of performance measures and targets and resultant vesting;
– various discretions required when dealing with a change of control (e.g. the timing of testing performance conditions) or restructuring of the Group;
– determination of a good/bad leaver based on the rules of each plan and the appropriate treatment chosen; and
– adjustments in certain circumstances, such as rights issues, corporate restructuring events and special dividends.

Payments from existing awards
Executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the Remuneration Policy detailed in this report (such as awards made under a previous policy, or awards made prior to appointment to the Board). Details of any such payments will be set out in the Annual Report on Remuneration as they arise.

Performance measurement selection and approach to target-setting
The measures used under the annual bonus are selected annually to reflect the Group's main strategic objectives for the year and reflect both financial and non-financial priorities.

Performance targets are set to be stretching and achievable, taking into account the Company's strategic priorities and the economic environment in which the Company operates. Targets are set taking into account a range of reference points including the Group's strategic and operating plan.

The Committee considers a combination of relative TSR and internal KPIs to be the most appropriate measures of long-term performance for the Company and together with the annual bonus measures, provide a balance between absolute and relative performance, between short-term and long-term performance measures, and between external and internal measures of performance. TSR, in particular, aligns with the Company's focus on shareholder value creation and rewards management for performance relative to sector peers, and is transparent, visible and motivational to executives.

For both annual bonus and LTIP, performance conditions will generally remain unchanged once set. However, the Committee has discretion to vary the performance condition for in-flight awards in certain circumstances to ensure they continue to be fair, reasonable and fulfil the commercial purposes of the original condition. For example, in the event of corporate activity amongst the TSR comparator group during a performance period, the Committee may make adjustments to the comparator group (for example, excluding that company, replacing that company with the acquiring company, including a substitute for that company, or tracking the future performance of that company by reference to the median of the remaining comparators). Other examples of special circumstances include but are not limited to rights issues, corporate restructuring, and special dividends.

Remuneration Policy for other employees
The Committee takes into consideration the remuneration arrangements for the wider employee population in making its decisions on remuneration for senior executives. The Company's approach to annual salary reviews is consistent across the Group, with consideration given to the scope of the role, level of experience, responsibility, individual performance and pay levels in comparable companies.

In general, the Remuneration Policy and principles which apply to other senior executives are broadly consistent with those set out in this report for the Executive Directors. Generally, remuneration is linked to Company and individual performance in a way that is ultimately aimed at reinforcing the delivery of shareholder value.

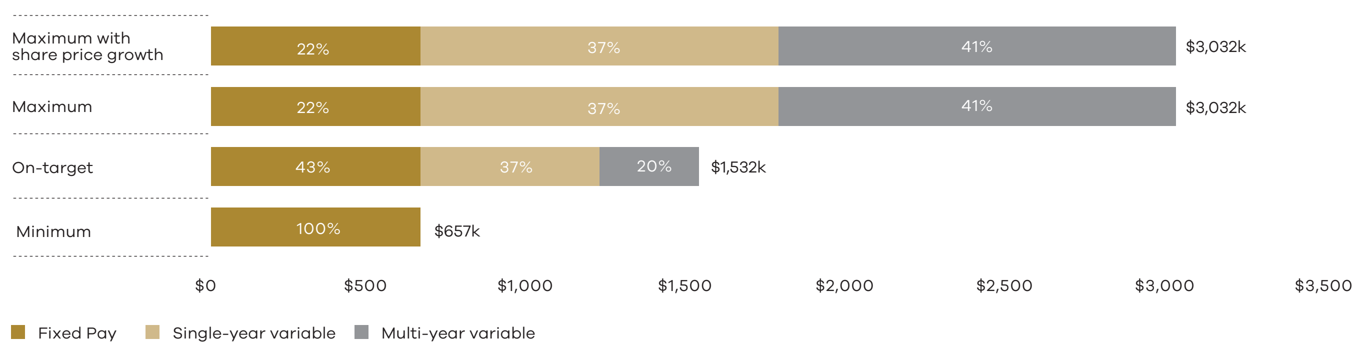
Senior employees above a specific grade are eligible to participate in an annual bonus scheme with a similar design to that for the Executive Directors. Opportunities and specific performance conditions vary by organisational level with business area-specific metrics incorporated where appropriate.

All employees based in Peru participate in the statutory profit share scheme whereby an amount equal to 8% of the relevant Peruvian company's taxable income for the year is distributable to its employees. The amount receivable by each employee is determined with reference to their annual base salary and bonus, if any, and the number of days worked in the calendar year.

Pay scenario chart
The chart below provides an estimate of the potential future reward opportunities for the CEO, and the potential split between the different elements of remuneration under four different performance scenarios: "minimum", "on-target", "maximum" and "maximum +50%".

Potential reward opportunities are based on the proposed Remuneration Policy, applied to the CEO's base salary to be paid for 2024 of $600,000 (see page 140 for more details).

Performance scenario – CEO



The "minimum" scenario shows base salary and benefits (that is, fixed remuneration), and associated CTS. These are the only elements of the CEO's remuneration package which are not at risk.

The "on-target" scenario reflects fixed remuneration, plus statutory profit share, a target payout of 50% of the maximum annual bonus and threshold vesting of 25% of the maximum award under the LTIP, and associated CTS.

The "maximum" scenario reflects fixed remuneration, plus full payout of all incentives, and associated CTS.

The "maximum +50%" scenario reflects the requirement for a scenario where 50% share price appreciation is included. As the LTIP is not denominated in shares until after the end of the performance period, this scenario is the same as the "maximum" scenario.

Approach to remuneration on recruitment or promotion

The Committee's policy is to set the remuneration package for a new Executive Director in accordance with the approved Remuneration Policy at the time of the appointment. The overarching aim is to ensure that the Company pays no more than is necessary to appoint individuals of an appropriate calibre.

In the cases of appointing a new Executive Director, the Committee may make use of any of the existing components of remuneration as set out in the Policy Table. In determining the appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors (including the nature of remuneration and where the candidate was recruited from) to ensure that arrangements are in the best interests of Hochschild and its shareholders. Where an individual is appointed on an initial base salary that is below market, any shortfall may be managed with phased increases over a period of time, subject to the individual's development in the role. This may result in salary increases that are above those received by the wider employee population during this period.

In addition to the components of remuneration as set out in the Policy Table, the Committee may also make an award in respect of a new appointment to "buy-out" incentive arrangements forfeited on leaving a previous employer on a like-for-like basis, having regard to the fair value of the instruments, as determined by the Committee. In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards and the likelihood of those conditions being met and the vesting dates of the forfeited awards. The Committee aims to use the current remuneration structure in making recruitment awards, but in some cases it may be required to use the flexibility afforded by Listing Rule 9.4.2R, if appropriate, in relation to such buy-out awards. For the avoidance of doubt, buy-out awards are not subject to a formal cap. Any awards to a newly recruited Executive Director which are not buy-outs will be subject to the limits for the annual bonus plan and LTIP as stated in the general policy.

In cases of appointing a new Executive Director by way of internal promotion, the Committee will determine remuneration in line with the Policy for external appointees as detailed above. Where an individual has contractual commitments made prior to his or her promotion to the Board, the Company will continue to honour these arrangements. Incentive opportunities for below-Board employees are typically no higher than for Executive Directors, but measures may vary to provide better line-of-sight.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses in the year of appointment and for a further two financial years, as it considers appropriate.

Service contracts

In accordance with the 2018 UK Corporate Governance Code, notice periods for an Executive Director shall not exceed a maximum of 12 months. Required treatment on termination of an employee under Peruvian law is summarised below, in relation to the service contract of the CEO.

Executive Director	Date of service contract
Eduardo Landin	3 October 2011

Executive Director service contracts, including arrangements for early termination, are carefully considered by the Committee.

Eduardo Landin was appointed CEO and a Director of the Company with effect from 26 August 2023 and is employed under a contract of employment with Compañia Minera Ares S.A.C. (Ares) dated 3 October 2011. The contract is subject to Peruvian law and, as such, has no fixed term and may be terminated (i) by the executive on 30 days' notice and (ii) by Ares without notice. Under Peruvian law, termination by Ares other than termination for certain prescribed reasons (such as gross negligence) gives rise to an entitlement to compensation of no less than 1.5 times the monthly base salary for each year of service completed, up to a maximum of 12 months' base salary. In addition to these provisions and to reflect Peruvian market and company practice, the Committee has discretion to award senior executives up to an additional 12 months' base salary on termination (other than for the prescribed reasons outlined above). The prevailing circumstances and shareholder expectations will be taken into consideration at the time of termination.

Non-Executive Directors

The Group's Non-Executive Directors serve under Letters of Appointment as detailed in the table below. In accordance with their terms, the Non-Executive Directors serve for an initial period of three years which is automatically extended for further three-year terms. Notwithstanding this, all Directors are subject to annual re-election by the Company in general meeting in line with the UK Corporate Governance Code, and the appointments of Non-Executive Directors may be terminated by the Board or the Director giving not less than three months' notice. Details of the terms of appointment of the Company's Non-Executive Directors are shown in the table below. The appointment and reappointment and the remuneration of Non-Executive Directors are matters reserved for the full Board.

Non-Executive Director	Letter of appointment dated	Anticipated expiry of present term of appointment (subject to annual re-election)
Eduardo Hochschild	30 January 2015	1 January 2025
Jorge Born Jr.	16 October 2006	16 October 2024
Jill Gardiner	17 July 2020	1 August 2026
Michael Rawlinson	18 December 2015	1 January 2025
Tracey Kerr	4 December 2021	10 December 2024
Mike Sylvestre	22 February 2022	27 May 2025
Joanna Pearson	20 September 2023	1 October 2026

Note: Copies of the Directors' letters of appointment and service agreements are available for inspection at the Company's registered office.

The Non-Executive Directors are not eligible to participate in the Company's performance-related incentive plans and do not receive any pension contributions. As part of his change of role from Executive to Non-Executive Chairman on 1 January 2015, the Committee agreed that Mr Hochschild would retain his eligibility for benefits received in respect of his time as an Executive Director, consisting primarily of personal security, car and driver, and medical insurance.

The Non-Executive Directors' fees have been set at a level to reflect the amount of time and level of involvement required in order to carry out their duties as members of the Board and its Committees.

Details of the Policy on fees paid to our Non-Executive Directors are set out in the table below:

Objective	Details	Opportunity	Performance metrics
To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Company.	Fee levels are reviewed from time to time, with any adjustments typically effective from 1 March each year. The fee paid to the Chairman is determined by the Committee, and base fees to Non-Executive Directors are determined by the Board. Additional fees are payable for acting as Chair of the Board's Committees and/or as Senior Independent Director and can also be paid for memberships of Committees. Fee levels are reviewed by reference to FTSE-listed companies and other precious metal companies of similar size and complexity. Time commitment, level of involvement required and responsibility are taken into account when reviewing fee levels. The Company repays any reasonable expenses that a Non-Executive Director incurs in carrying out their duties, including travel, hospitality-related and other benefits and related tax liabilities, if appropriate. In exceptional circumstances, if there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Company may pay extra fees on a pro rata basis to recognise the additional workload.	Non-Executive Director fees will typically only be increased during the term of this Policy in line with general market levels of NED fee inflation. In the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level. The maximum aggregate annual fee for all Directors provided in the Company's Articles of Association is £3 million p.a.	None

In recruiting a new Non-Executive Director, the Committee will use the Policy as set out in the table above.

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Leaver and change-of-control provisions
Payments to a departing Executive Director will be determined by the local employment law, the terms of the Executive Director's service contract, and the rules of any relevant variable incentive plan. For a summary of the payments required to be made to a departing Executive Director under Peruvian law, please see the summary in the "Service Contracts" section, above.

When determining termination payments in the event of early termination, the Committee will take into account a variety of factors including length of service, personal and Group performance, the Director's obligation to mitigate their loss, statutory compensation to which a Director may be entitled and other payments which may be payable under a settlement agreement. As part of a settlement agreement, the Company may reimburse reasonable legal costs incurred in connection with a termination of employment and/or agree to make a contribution towards outplacement services, if the Committee considers it appropriate.

The table below summarises how the awards under the annual bonus and LTIP are typically treated in specific circumstances. When considering the appropriate treatment, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants.

Reason for leaving	Treatment of awards	Timing of vesting
Annual bonus		
Good leaver: Retirement, ill health, disability, death or any other reasons the Committee may determine in its absolute discretion	Cash bonuses will only be paid to the extent that Group and personal objectives set at the beginning of the year have been achieved. Any resulting bonus would typically be pro-rated for time served during the year.	Normal payment date, although the Committee has discretion to accelerate
Change-of-control and company/business sale	The Committee would determine the most appropriate treatment in the circumstances. The Committee has discretion to determine whether deferral would be applied.	On date of event
Any other reason	No bonus is paid.	Not applicable
LTIP		
Good leaver: Retirement, ill health, disability, redundancy, injury or any other reasons the Committee may determine in its absolute discretion	Any outstanding awards will be pro-rated for time and performance. The Committee has a standard ability to vary time pro-rating.	Normal vesting date, although the Committee has discretion to accelerate
Death	Any outstanding awards will be pro-rated for time and performance, unless the Committee determines otherwise.	On date of event
Change-of-control and company/business sale	Any outstanding awards will be pro-rated for time and performance. The Committee has a standard ability to vary time pro-rating. On a change-of-control, Hochschild awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.	On date of event
Any other reason	Awards lapse.	Not applicable
Deferred Bonus Plan (DBP)		
Good leaver: Death, ill health, disability, redundancy, injury, retirement with agreement of the Director, sale of employer or transfer of employment, or any other reasons the Committee may determine in its absolute discretion	Any outstanding awards would be retained by the good leaver.	Normal vesting date, although the Committee has discretion to accelerate
Change-of-control and company/business sale	Any outstanding awards would typically accelerate in full subject to time pro rating. On a change-of-control, Hochschild awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.	On date of event
Any other reason	Awards lapse.	Not applicable

The Remuneration Committee has discretion to determine the most appropriate treatment of vested LTIP awards that are subject to a holding period, based on the individual circumstances at the time.

External appointments policy
The Board recognises that Executive Directors may be invited to serve as directors of other companies, which can bring benefits to the Group. Executive Directors are entitled to accept appointments outside the Company providing that the Chair's permission is sought and granted. The Policy is that fees may be retained by the Director, reflecting the personal risk assumed in such appointments.

Details of external appointments and the associated fees received are included in the Annual Report on Remuneration.

Consideration of employee conditions elsewhere in the Company
The Committee does not currently consult with employees specifically on the effectiveness and appropriateness of the executive Remuneration Policy and framework. However, the Company seeks to promote and maintain good relationships with employee representative bodies as part of its employee engagement strategy and consults on matters affecting employees and business performance as required in each case by law and regulation in the jurisdictions in which the Company operates. Although the Committee does not consult directly with employees on the Directors' Remuneration Policy, the Committee takes into consideration the remuneration arrangements for the wider employee population in making its decisions on remuneration for senior executives.

Consideration of shareholder views
When determining remuneration, the Committee takes into account views of shareholders and best practice guidelines issued by institutional shareholder bodies. The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure the structure of the executive remuneration remains appropriate.

The Committee is always open to feedback from shareholders on Remuneration Policy and arrangements, and commits to undergoing shareholder consultation in advance of any significant changes to Remuneration Policy. Further details on the votes received in respect of remuneration resolutions presented at last year's AGM and any remuneration related matters discussed with shareholders during the year are provided in the Annual Report on Remuneration.

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Annual Report on Remuneration

The following section provides details of how Hochschild's approved 2021 Directors' Remuneration Policy was implemented during the financial year ending 31 December 2023, and how the Remuneration Committee intends to implement the updated Directors' Remuneration Policy in 2024. Any information contained in this section of the report that is subject to audit has been marked as such.

Remuneration Committee membership

The Remuneration Committee was chaired during the year under review by Michael Rawlinson, and its other members were Jill Gardiner, Tracey Kerr and Joanna Pearson (from 1 October 2023). The Remuneration Committee has comprised, at all times, only Independent Non-Executive Directors. The composition of the Remuneration Committee and its terms of reference comply with the provisions of the UK Corporate Governance Code and the terms of reference are available for inspection on the Company's website at www.hochschildmining.com.

Members of senior management attend meetings at the invitation of the Committee. During the year, such members included the Chair, the CEO and the Vice President of Human Resources. No Director or senior executive is present when his or her own remuneration arrangements are considered by the Committee. The Company Secretary acts as Secretary to the Committee.

The Committee's terms of reference

The duties of the Remuneration Committee are to determine and agree with the Board the broad policy for the remuneration of the Executive Directors, the other members of senior management and the Company Secretary, as well as their specific remuneration packages including pension rights and, where applicable, any compensation payments. In determining such policy, the Remuneration Committee shall take into account all factors which it deems necessary to ensure that members of the senior executive management of the Group are provided with appropriate incentives to encourage strong performance, and are rewarded in a fair and responsible manner for their individual contributions to the success of the Group.

The Remuneration Committee met six times during the year, of which five were scheduled meetings. Attendance at the scheduled meetings is detailed below:

2023 Meeting attendance

Members	Independent	Maximum possible attendance	Actual attendance
Michael Rawlinson, Non-Executive Director (Chair)	Yes	5	5
Jill Gardiner, Non-Executive Director	Yes	5	5
Tracey Kerr, Non-Executive Director	Yes	5	5
Joanna Pearson, Non-Executive Director	Yes	1	1

The Committee undertook the following items of business:

2022 Remuneration and reporting

- Reviewed and approved incentive outcomes for 2022 (2022 annual bonus and vesting of 2020 LTIP awards);
- Considered and approved full deferral of the 2022 bonus payable to the CEO and partial deferral to other selected employees in light of uncertainty regarding the renewal of the MEIA and the subsequent release of those amounts following the MEIA renewal being approved in August 2023;
- Considered and approved the 2022 Directors' Remuneration Report;

2023 Remuneration

- Reviewed Ignacio Bustamante's total remuneration, including salary for 2023 (which remained unchanged from the level set in 2016);
- Reviewed and approved the remuneration treatments connected with Ignacio Bustamante stepping down as our CEO;
- Reviewed and approved the total remuneration for Eduardo Landin on his appointment as CEO;
- Considered and approved 2023 objectives for each CEO;
- Approved the opportunity/award level and performance targets for 2023 annual bonus and LTIP awards;

Policy and keeping informed

- Considered feedback from shareholders regarding the 2022 Directors' Remuneration Report;
- Engaged with major shareholders and the leading proxy advisory services regarding renewal of the Directors' Remuneration Policy at our 2024 AGM;
- Reviewed potential ESG-related key performance indicators for possible inclusion in the LTIP;
- Regularly considered market trends in executive remuneration and key themes for 2023 and 2024; and
- Received updates on workforce remuneration across the Group.

Advisers

During the year, in order to enable the Committee to reach informed decisions on executive remuneration, advice on market data and trends was obtained from independent consultants FIT Remuneration Consultants LLP (FIT).

FIT reported directly to the Committee Chair in 2023 and are signatories to and abide by the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com). Other than advice on remuneration, no other services were provided by FIT to the Company. The Committee is satisfied that the advice provided by FIT in 2023 was independent and objective.

FIT was appointed as the independent adviser to the Remuneration Committee following a competitive tender process in 2021. The fees paid to FIT in respect of work carried out in 2023 were £79,120.75, excluding expenses and VAT, and were charged on the basis of FIT's standard terms of business for advice provided.

Summary of shareholder voting

The table below shows the results of the binding vote on the 2021 Remuneration Policy at the 2021 AGM and of the advisory vote on the 2022 Annual Report on Remuneration at our 2023 AGM:

	2021 Remuneration Policy		2022 Annual Report on Remuneration	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	359,539,286	85.60%	320,257,876	96.02%
Against	60,498,907	14.40%	13,287,776	3.98%
Total votes cast (excluding withheld votes)	420,038,193		333,545,652	
Votes withheld	34,381		36,814,653	

Note: Votes withheld are not included in the final proxy figures as they are not recognised as votes in law.

The Committee is committed to listening to and engaging with the views of our shareholders and takes an interest in voting outcomes. The Committee will continue to be transparent in our remuneration decision-making and to engage with our shareholders on remuneration matters. In Autumn 2023 we engaged with our major shareholders and with leading proxy agencies regarding our plans to renew our Directors' Remuneration Policy at the 2024 AGM.

During the year, the Committee received and considered a report summarising the base salaries, benefits and incentives received by each category of Group staff and summarising the bonus potential and performance metrics used in each of the annual bonus schemes in operation across the Group. In addition, the Committee ensures that it remains informed regarding mandatory profit sharing for Peru-based employees.

The Company undertakes varied forms of engagement with employees. In 2023, this included a Strategic Alignment workshop led by the newly appointed CEO, Eduardo Landin, with the senior managers across the operations in Peru, Argentina and Brazil. The year also saw the continuation of the roundtable sessions hosted by Tracey Kerr as the Non-Executive Director designated for workforce engagement (and a member of the Remuneration Committee). In addition, there are frequent and periodic meetings held by mine management with mine-site employees as well as regular engagement with workers' appointed representatives regarding many aspects of the business. These processes provide an opportunity for feedback on Executive Directors' pay to be given and explanations to be shared, although most of the engagement process is focused on wider employee welfare; a report on any material feedback regarding remuneration is received by the Remuneration Committee.

Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by Ignacio Bustamante, until he moved to a Non-Executive role in August, and Eduardo Landin, our new Chief Executive Officer, for the year ended 31 December 2023 and (where relevant) the prior year:

	Eduardo Landin[1]		Ignacio Bustamante[1]	
	August – December 2023 (US$000)	2022 (US$000)	**January – August 2023 (US$000)**	2022 (US$000)
Base salary[2]	190	–	409	702
Taxable benefits[3]	7	–	29	29
Total fixed	**197**	**–**	**438**	**731**
Single-year variable[4]	253	–	–	1,075
Multi-year variable[5]	240	–	–	0
Profit share[6]	23	–	43	69
Total variable	**516**	**–**	**43**	**1,144**
Compensation for Time Service (CTS)[7]	36	–	34	104
Tax refunds[8]	2	–	4	7
Total remuneration	**751**	**–**	**519**	**1,986**

All figures are rounded to the nearest $000

Notes for 2023 values (unless otherwise stated):
1 Eduardo Landin succeeded Ignacio Bustamante as Chief Executive Officer on 26 August 2023. Ignacio became a Non-Executive Director from that date and his remuneration for that role is reported separately in the table for Non-Executive Directors, below.
2 Figures disclosed include, where appropriate, certain statutory payments accounted for internally within base salary ("Statutory Supplements") including additional pay for Labour Day (Eduardo Landin 2023: $Nil, Ignacio Bustamante 2023: $Nil, 2022: $1,900).
3 Taxable benefits include: company car (Ignacio Bustamante: $22k; Eduardo Landin: $Nil) and medical insurance (Ignacio Bustamante: $7k; Eduardo Landin: $7k).
4 Outcomes for performance during the year under the Annual Bonus Plan. See following sections for further details.
5 2023 Multi-year variable value relates to the partial vesting of the 2021 LTIP awards based on performance to 31 December 2023. See following sections for further details.
6 All-employee profit share mandated by Peruvian law. Amount received by Ignacio Bustamante in 2023 was pro-rated in light of his resignation as CEO on 26 August 2023.
7 CTS is a legal entitlement for employees in Peru which provides for a fund in the event of termination of employment. CTS in respect of base salary is calculated as one month's wages and is deposited biannually in an employee's interest-accruing bank account and prior to the end of employment. Employees can gain access to the deposited amount to the extent it exceeds four months' wages. CTS in respect of other forms of remuneration such as incentive payouts, that are considered to be "non-extraordinary", is currently calculated at a rate of 1/24th. For 2023 CTS comprises: CTS on base salary (Ignacio Bustamante: $34k; Eduardo Landin: $16k), on LTIP (Ignacio Bustamante: $NIL; Eduardo Landin: $10k) and on bonus (Ignacio Bustamante: $Nil; Eduardo Landin: $11k) (difference due to rounding). 2022 CTS comprises: CTS on base salary (Ignacio Bustamante: $58k) and on bonus (Ignacio Bustamante: $46k).
8 Refunds payable in relation to social security following a change in regulations.

Single total figure of remuneration for Non-Executive Directors (audited)

The table below sets out a single figure for the total remuneration for the year ended 31 December 2023 and the prior year received by each Non-Executive Director serving during the year:

	Base fee (US$000)		Additional fees (US$000)		Taxable benefits (US$000)		Total (US$000)	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Eduardo Hochschild[1]	400[2]	400	0	0	665	601	1,058	1,001
Jorge Born Jr	87	87	0	0	0	0	87	87
Jill Gardiner	87	87	22	10	0	0	109	97
Tracey Kerr[2]	87	87	30	20	0	0	117	107
Michael Rawlinson	87	87	47	45	0	0	134	132
Mike Sylvestre[3]	87	48	10	3	0	0	97	51
Joanna Pearson[4]	15	n/a	3	n/a	0	n/a	18	n/a
Former Directors								
Ignacio Bustamante[5]	30	n/a	0	n/a	0	n/a	30	n/a
Nicolas Hochschild[6]	38	34	0	0	0	0	38	34
Eileen Kamerick[7]	39	87	13	27	0	0	52	114

All figures are rounded to the nearest $000. Non-Executive Directors' fees are denominated in GBP and accordingly differences in USD:GBP exchange rates impact the comparisons between Non-Executive Directors' fees for the year being reported and the comparative prior year.

Notes:
1 Eduardo Hochschild was an Executive Director until 31 December 2014 and, as reported in the 2015 Annual Report, Eduardo Hochschild retained eligibility to receive benefits following his transition to the Non-Executive Chairman role comprising personal security, medical insurance and use of a company car and driver.
2 Amounts actually paid to Tracey Kerr and Eduardo Hochschild in 2023 were adjusted to correct overpayments in 2022 due to payroll processing errors as disclosed in last year's Remuneration Report. The table therefore reflects the intended amounts paid in respect of 2023.
3 Mike Sylvestre was appointed to the Board on 26 May 2022.
4 Joanna Pearson was appointed to the Board on 1 October 2023.
5 Ignacio Bustamante became a Non-Executive Director on 26 August 2023 when he stepped down as Chief Executive Officer and stepped down from the Board on 31 December 2023.
6 Nicolas Hochschild was appointed to the Board on 26 May 2022 and stepped down from the Board on 9 June 2023.
7 Eileen Kamerick retired from the Board on 9 June 2023.

Salary and fees for the year ended 31 December 2023

Executive Director

Executive Director	Base salary from 1 March 2023 or date of appointment (US$000)	Base salary from 1 March 2022 (US$000)	% change
Eduardo Landin	550	n/a	n/a
Ignacio Bustamante	700	700	–

Base salary above excludes CTS. All salaries are denominated in US dollars.

Non-Executive Directors

The Non-Executive Directors' fees have been set at a level to reflect the amount of time and level of involvement required in order to carry out their duties as members of the Board and its Committees. The annual rates of fees payable to the Non-Executive Directors of the Company in 2023 and 2022 are set out in the table below. All Non-Executive Directors receive a base fee, and additional fees are paid for acting as Chair or member of one of the Board Committees (excluding the Nomination Committee) and as Senior Independent Director. No changes were made to the base fees and the Committee Chair, Committee member and Senior Independent Director fees in 2023.

	Fee level from 1 March 2023 (Stated currency p.a.)	Previous fee level (Stated currency p.a.)	% change
Non-Executive Chairman's fee	US$400,000	US$400,000	–
Non-Executive Directors' base fee	£70,000	£70,000	–
Additional fees			
Senior Independent Director	£14,000	£14,000	–
Chair of the Audit, Remuneration and Sustainability Committees	£14,000	£14,000	–
Committee membership fee (Audit; Remuneration; Sustainability)	£5,000	£5,000	–

Incentive outcomes for the year ended 31 December 2023 (audited)

Annual bonus in respect of 2023 performance

Objectives for the 2023 bonus were set by the Committee at the beginning of the year and assessment of performance during the year was undertaken at the March 2024 Committee meeting.

Details of the bonus paid to the CEO (Eduardo Landin) for 2023, including the specific performance metrics, weightings and performance against each of the metrics, are provided in the table below:

			2023 Targets			2023 Assessment	
Objective	**KPI**	**Target weighting**	**Threshold**	**Target**	**Maximum**	**2023 result**	**Final bonus score/ (Maximum)**
Profitable production and financial results	Adjusted Production (Oz Ag Eq)[1]	15%	24.6m	25.2m	25.9m	25.09m	6.85% (15%)
	Adjusted EBITDA[2]	15%	US$180m	US$195m	US$210m	US$187.7m	6.03% (15%)
	AISC from operations with growth[3]	15%	US$17.6/oz	US$17.2/oz	US$16.8/oz	US$17.1/oz	9.67% (15%)
Strategy	Strategic advancement	15%		Remco Assessment		Full Vesting	15% (15%)
Brownfield exploration	Inferred resources (subject to permits available) (Oz Ag Eq)	10%		Remco Assessment		Partial Vesting	7% (10%)
Responsibility	Accident frequency rate (LTIFR)	10%	2.50	–	1.60	0.99	10% (10%)
	Accident Severity Index	5%	300	–	150	37	5% (5%)
	Social key milestones	5%		Remco Assessment		Partial Vesting	4.5% (5%)
	ECO Score[4]	10%	4.75	–	5.25	5.76	10% (10%)
Bonus payable (as a percentage of maximum opportunity)							**74.05%**

Notes:
1 Production was adjusted to neutralise the impact on production caused by external factors i.e. the national protests in Q1 2023 following the impeachment of President Castillo.
2 Adjusted EBITDA is used for the annual bonus and is determined based on EBITDA adjusted primarily to neutralise price effects, unbudgeted expenditure or external factors. Such adjustments in 2023 included (a) commodity prices which were higher than those used for the preparation of the 2023 budget (c.US$99 million), (b) lost revenue resulting from, and costs associated with, the above-mentioned national protests, (c) higher-than-budgeted provision for bonuses, and (d) unbudgeted social-related expenses.
3 All-in sustaining cost (AISC) is adjusted to ensure comparability with the objective set at the beginning of the year and therefore disregards (a) additional costs incurred as a result of the above-mentioned national protests, (b) higher-than-budgeted provision for bonuses, and (c) the additional costs due to higher-than-forecast commodity prices.
4 Refer to www.hochschildmining.com for further details on the methodology of calculating the Group's ECO Score (the internally designed measurement of the Company's environmental performance).

General approach
The determination of the bonus payout is at the discretion of the Committee, taking into account performance during the year against the above scorecard. Each objective in the scorecard has a "threshold", "target" and "maximum" performance target, achievement of which translates into a score for each objective. The bonus scores for each objective are summed which translates into a percentage which is applied to the maximum bonus opportunity.

Adjustments were made in line with the Company's usual practice to maintain the quality of earnings by primarily disregarding the impact of factors outside of management's control such as the price of silver and gold (as compared to budgeted prices).

Assessing performance against 2023 bonus objectives
In arriving at the above bonus scorecard, the Committee paid particular attention to the following aspects of the Company's performance:

– Operational performance
As mentioned in the Annual Statement, operational performance in 2023 was largely influenced by the process of securing approval of the Inmaculada MEIA; with the period up until its approval in August 2023 seeing management prioritising cash conservation with the associated impacts on production, mine development and brownfield exploration. After the MEIA approval, the Company benefited from a robust performance in the second half of the year which concluded with annual production at the top end of the range of the year's revised guidance, and costs, overall, in line with expectations.

Overall, the full year operational performance was judged against the objectives set at the beginning of the year in relation to production, EBITDA and costs (adjusted, where appropriate, for external factors as described in the footnotes to the table above) which were only partially satisfied.

– Safety
The Company's robust safety performance in 2023 which, in addition to seeing the Company achieve its long-term objective of Zero Fatalities, saw record lows in our accident frequency and severity rates. This was considered to be all the more commendable in light of the higher safety risk profile associated with the ongoing construction of Mara Rosa and the increased use of manual mining methods at Pallancata during the latter stages of that operation.

– ECO Score
The overall ECO Score for the year is 5.76 against a stretch target of 5.25. This internally designed award-winning measure of environmental management reflects the following:

- our lowest water consumption since 2015 (1.63 l/person/day)
- domestic waste generation of 0.93 kg/person/day

Further details on the ECO Score can be found on the Company's website at www.hochschildmining.com

– Strategic advancement
In evaluating performance against this objective, the Committee considered a range of actions taken to position the Company for long-term and sustainable growth to benefit our shareholders, including:

Mara Rosa mine (Brazil)
- the achievement of several notable milestones resulting in the timely completion of construction of the mine and within budget. The Company was pleased to announce the first gold pour in February 2023

Pallancata MEIA (Peru)
- approval of the preliminary environmental evaluation approved by the Peruvian Governmental Authority
- the considerable progress made with the feasibility studies in line with the project plan

– Brownfield exploration
The work done during the year against the objectives set for each of the Company's sites. Given the suspension of the brownfield exploration programme due to the Inmaculada MEIA delay, the Committee assessed this objective to have only partially vested.

– Social key milestones
The Remuneration Committee's consideration of performance against this objective took into account the actions taken by management to implement a new community relations strategy overseen by a reorganised Community Relations department and external advisers to identify key opportunities. In addition, the occurrence of minor levels of local disruption, which did not impact production, was a contributory factor in determining that this objective was only partially met.

– Experience of key stakeholders
The Committee also took into account the experience of the Group's key stakeholders during the year, noting::

– the share price performance during the year with the positive headwinds caused by the approval of the Inmaculada MEIA:
– the Group has not made use of any government-sponsored schemes or grants in any of the countries in which it operates;
– the Company's ongoing programme of initiatives to assist local communities and other local stakeholders; and
– the continued reporting initiatives undertaken in 2023 reinforcing the Group's commitment to transparency.

For further details see the Sustainability Report on page 52.

In conclusion, the Committee agreed that Eduardo Landin be awarded a bonus of 74.05% of the maximum opportunity in respect of his performance as CEO (which amount was pro-rated for time in that role). In addition, Eduardo has separately received a bonus in respect of his performance in his previous role as Chief Operating Officer.

2021 LTIP vesting
On 27 May 2021, Ignacio Bustamante and Eduardo Landin were each granted an award under the LTIP with a face value of US$1,400,000 and US$595,000 respectively. The 2021 LTIP award held by Ignacio Bustamante lapsed when he stepped down as CEO (along with his other LTIP awards).

Vesting of the 2021 LTIP was dependent on (i) three-year relative TSR performance against a tailored peer group (50% of the total award) and (ii) internal KPIs as summarised in the table below (50% of the total award). There was no retesting of performance. Further details of the performance conditions are shown in the table below.

Performance measure	Weighting	Performance targets
Relative TSR[1] performance vs. tailored peer group[2]	50%	Upper quintile (80th percentile): full vesting Upper tercile (67th percentile): 75% vesting Median (50th percentile): 25% vesting Straight-line vesting between these points
Internal KPIs:		
Measured & Indicated Resources (M&IR) per share[3] – absolute growth over three-year performance period 2021-2023	25%	180 Ag Eq Moz growth in M&IR – full vesting 160 Ag Eq Moz growth in M&IR – 75% vesting 120 Ag Eq Moz growth in M&IR – 25% vesting Straight-line vesting between these points MI&R growth measured as Total M&I Resource Additions over three years
Consistency Performance Condition	25%	Average bonus scorecard outcome 2021-2023 with threshold vesting of 25% requiring an average achievement of 60% scorecard attainment with straight-line vesting up to full vesting requiring an average of 100% scorecard attainment. There is an overriding underpin whereby if the annual scorecard achievement is less than 60% in any one year, then the vesting of this LTIP component will be nil.

Notes:
1 TSR is calculated in common currency.
2 The 2021 LTIP peer group, at the time of measurement of the award, comprised: Agnico-Eagle Mines, Alamos Gold, AngloGold Ashanti, Barrick Gold, Centamin, Cia des Minas Buenaventura, Coeur Mining, Eldorado Gold, Endeavour Silver, First Majestic Silver, Fortuna Silver Mines, Fresnillo, Gold Fields, Hecla Mining, IAMGOLD, Kinross Gold, Newmont Mining, OceanaGold Corp, Pan American Silver and SSR Mining.
3 M&IR additions only in the three-year period.

The Remuneration Committee considered the outcome of the performance conditions between 1 January 2021 and 31 December 2023, noting in particular:

(i) that the Company's TSR over the performance period ranked below median for the tailored peer group thereby resulting in nil vesting as to 50% of the award
(ii) that the Company's M&IR additions totalled 237.4 Ag Eq Moz resulting in 100% vesting as to 25% of the award
(iii) that the average bonus scorecard was 79.3% of maximum resulting in 61.2% vesting as to 25% of the award

Accordingly, the 2021 LTIP awards will vest as to 40.3%.

Scheme interests awarded in 2023 (audited)

On 20 April 2023, Ignacio Bustamante and Eduardo Landin were each granted a cash-settled award under the LTIP with a face value of $1,400,000 and $595,000, respectively. The 2023 LTIP award held by Ignacio Bustamante lapsed when he stepped down as CEO (along with his other outstanding LTIP awards).

Vesting is dependent on performance conditions measured from 1 January 2023 to 31 December 2025, with 50% of the award based on TSR performance against a tailored peer group and 50% based on internal KPIs as summarised in the table below.

Awards normally vest on the third anniversary of the date of grant, subject to continued employment, and are subject to potential malus in line with the Company's Malus policy (see page 127 for further details). Due to legal difficulties arising from its enforcement in Peru, the Remuneration Committee is unable to operate clawback.

After payment of tax, all of the vested cash award will be required to be invested in Hochschild shares which will be held for a further period of two years. Dividends, if any, will accrue to shares during the holding period. Further details, including vesting schedules, are provided in the table below:

Executive Director	Grant date	Performance period	Face value of award at grant	Award value for threshold performance
Ignacio Bustamante[1]	20.04.23	1 January 2023 to 31 December 2025	$1,400,000	$350,000
Eduardo Landin	20.04.23	1 January 2023 to 31 December 2025	$595,000	$148,750

Notes:
1 Ignacio Bustamante's 2023 LTIP award lapsed when he stepped down as CEO on 26 August 2023 (as well as his other outstanding LTIP awards).

Performance measure	Weighting	Performance targets
TSR		
Relative TSR[1] performance vs. tailored peer group[2]	50%	Upper quintile (80th percentile): full vesting Upper tercile (67th percentile): 75% vesting Median (50th percentile): 25% vesting Straight-line vesting between these points
Internal KPIs		
Measured & Indicated Resources (M&IR) per share[3] – absolute growth over three-year performance period 2023-2025	25%	180 Ag Eq Moz growth in M&IR – full vesting 160 Ag Eq Moz growth in M&IR – 75% vesting 120 Ag Eq Moz growth in M&IR – 25% vesting Straight-line vesting between these points MI&R growth measured as Total M&I Resource Additions over three years
Consistency Performance Condition	25%	Average bonus scorecard outcome 2023-2025 with threshold vesting of 25% requiring an average achievement of 60% scorecard attainment with straight-line vesting up to full vesting requiring an average of 100% scorecard attainment. There is an overriding underpin whereby if the annual scorecard achievement is less than 60% in any one year, then the vesting of this LTIP component will be nil.

Notes:
1 TSR is calculated on the basis of common currency.
2 The 2023 LTIP peer group, at the date of grant, comprised: Agnico-Eagle Mines, Alamos Gold, AngloGold Ashanti, Barrick Gold Corp, Centamin, Cia des Minas Buenaventura, Coeur Mining, Eldorado Gold Corp, Endeavour Silver Corp, Equinox Gold, First Majestic Silver Corp, Fortuna Silver Mines, Fresnillo, Gold Fields, Hecla Mining, IAMGOLD, Kinross Gold, Kirkland Lake, Newmont Mining, OceanaGold Corp, Pan American Silver, Polymetal International and SSR Mining.
3 M&IR additions only in the three-year period.

Exit payments made in the year (audited)

Ignacio Bustamante stepped down as Chief Executive Officer on 26 August 2023. Mr Bustamante continued to serve on the Board as a Non-Executive Director representing Pelham Investment Corporation, Hochschild's largest shareholder controlled by Eduardo Hochschild until 31 December 2023 to assist with a smooth CEO handover. Mr Bustamante continued to receive his normal fixed pay as CEO until 26 August 2023 in accordance with his contractual entitlements. He will not be eligible to receive a bonus in respect of 2023 and his outstanding LTIP awards have lapsed in full.

Payments to past Directors (audited)

No payments were made to past Directors in the year.

Implementation of Remuneration Policy for 2024

A summary of how the Remuneration Policy will be applied for the year ended 31 December 2024 is provided below.

Salary

The Committee reviewed the CEO's salary and has determined that it will be increased by 9% to $600,000 with effect from 1 March 2024.

The review, which took place as originally intended following Eduardo's appointment as CEO, reflected the Board's overall positive assessment of his first six months in the role. In addition, the Board felt it appropriate to acknowledge the positive outcomes of key stakeholder interactions including the Capital Markets Event in November 2023, and the leadership demonstrated in the achievement of key strategic milestones such as the incorporation of Mara Rosa as the first Brazilian asset in Hochschild's portfolio.

The Remuneration Committee reserves the right to further adjust the salary upwards above inflation should it be considered appropriate to do so.

Annual bonus

The maximum annual bonus opportunity for the CEO for the 2024 financial year will be 180% of salary. The bonus payment will be subject to performance against broadly the same measures as those used in 2023. Further disclosure of measures and targets, where not commercially sensitive, will be provided in next year's Annual Report on Remuneration.

As in previous years, the Committee will assess performance against the objectives set and calculate an overall bonus score which will be applied to the maximum bonus opportunity. The bonus will be subject to malus provisions in line with the Remuneration Policy and, a discretionary override will be applied such that the occurrence of any fatality during the year at the Group's operations will result in the reduction, to nil, of the safety-related objectives.

Any bonus earned above 150% of salary will be paid in shares and deferred for two years.

LTIP

The Committee will make awards in 2024 at levels up to 200% of base salary. The awards will be made on the same terms as those applying to the 2023 awards with the exception that the Consistency performance condition will be replaced with targets aligned with the Group's strategies on ESG and workforce diversity and inclusion.

Vested LTIP awards will be invested (on a post-tax basis) in the Company's shares which are required to be held for a further two years.

The performance conditions are:

- Relative TSR performance vs tailored peer group (50% weighting: same median to upper quintile range as for 2023 awards)
- Measured & Indicated Resources (M&IR) per share (25% weighting: growth over three-year performance period 2024-2026, reflecting the same absolute growth targets as for 2021, 2022 and 2023 awards)
- ESG Performance Condition (25% weighting: subject to year-on-year improvements over the three-year performance period in at least 35% of the 14 selected ESG key performance indicators covering communities, environmental management, people and health & safety)

The Committee had considered the incorporation of objectives related to the Company's Net Zero by 2050 goal but this was not yet considered to be the appropriate time given the nature of the actions that would need to occur to see significant reductions in the Company's relatively low GHG emissions. These include the renewal of electricity supply contracts to providers who source electricity from a higher proportion of renewable sources and eventual fleet renewal/upgrades as and when technology permits.

Malus provisions will apply to LTIP awards granted in 2024 in line with the Remuneration Policy.

Non-Executive fees

Fees for the Chair and Non-Executive Directors (i.e. base, additional and Committee membership fees) will be the subject of a 5% increase with effect from 1 March 2024.

Annual percentage change in Directors' remuneration

The tables below show the percentage change in Board Directors' remuneration between 2020 and 2023 compared with the percentage change in remuneration for all other employees.

2023				% change
		Base salary[1]/ Non-Executive fees[1a]	Taxable benefits[2]	Single-year variable[3]
Executive Directors	Eduardo Landin	n/a	n/a	n/a
	Ignacio Bustamante[4]	-41.7%	0%	-100%
Non-Executive Directors	Eduardo Hochschild	-1.8%	10.6%	n/a
	Jorge Born Jr	0%	n/a	n/a
	Ignacio Bustamante[4]	n/a	n/a	n/a
	Jill Gardiner	12.4%	n/a	n/a
	Nicolas Hochschild	11.8%	n/a	n/a
	Eileen Kamerick[5]	-54.4%	n/a	n/a
	Tracey Kerr	9.3%	n/a	n/a
	Michael Rawlinson	1.5%	n/a	n/a
	Mike Sylvestre	90.2%	n/a	n/a
	Joanna Pearson	n/a	n/a	n/a
Average all employees[8]		6%	n/a	-16%

2022				% change
		Base salary[1]/ Non-Executive fees[1a]	Taxable benefits[2]	Single-year variable[3]
Executive Directors	Ignacio Bustamante	0%	7.4%	-1.5%
Non-Executive Directors	Eduardo Hochschild	0%	-9.6%	n/a
	Dr Graham Birch[5]	-60%	n/a	n/a
	Jorge Born Jr	-9.3%	n/a	n/a
	Jill Gardiner	1%	n/a	n/a
	Nicolas Hochschild[6]	n/a	n/a	n/a
	Eileen Kamerick	-1%	n/a	n/a
	Tracey Kerr[7]	1,867%	n/a	n/a
	Michael Rawlinson	-2.2%	n/a	n/a
	Dionisio Romero Paoletti[5]	-61.5%	n/a	n/a
	Mike Sylvestre[6]	n/a	n/a	n/a
Average all employees[8]		7.0%	n/a	14%

2021				% change
		Base salary[1]/ Non-Executive fees[1a]	Taxable benefits[2]	Single-year variable[3]
Executive Directors	Ignacio Bustamante	0%	–10%	5.7%
Non-Executive Directors	Eduardo Hochschild	0%	17%	n/a
	Dr Graham Birch[9]	3.4%	n/a	n/a
	Jorge Born Jr	0%	n/a	n/a
	Jill Gardiner	0%	n/a	n/a
	Eileen Kamerick	0%	n/a	n/a
	Tracey Kerr	0%	n/a	n/a
	Michael Rawlinson	0%	n/a	n/a
	Dionisio Romero Paoletti	0%	n/a	n/a
Average all employees[8]		6.2%	n/a	0.8%

2020				% change
		Base salary[1]/ Non-Executive fees[1a]	Taxable benefits[2]	Single-year variable[3]
Executive Directors	Ignacio Bustamante	0%	4.5%	–5.3%
Non-Executive Directors	Eduardo Hochschild	0%	2%	n/a
	Dr Graham Birch	0%	n/a	n/a
	Jorge Born Jr	0%	n/a	n/a
	Jill Gardiner	n/a	n/a	n/a
	Eileen Kamerick	0%	n/a	n/a
	Michael Rawlinson	0%	n/a	n/a
	Dionisio Romero Paoletti	0%	n/a	n/a
Average all employees[8]		5.8%	n/a	3.8%

Notes:
1 Base salary only (i.e. excluding Statutory Supplements – see footnote 1 to table on single figure of total remuneration for Executive Directors on page 136).
1a Note that Non-Executive Director fees other than those paid to Eduardo Hochschild are denominated in British Pounds but are reported in US Dollars at the relevant rate for reporting purposes. % changes from 2022 are therefore the result of a combination of (i) differences in exchange rates used for reporting purposes and (ii) the introduction of Committee membership fees from 1 March 2022. Where "0%" is stated, this means that there was no change in the relevant fee as denominated.
2 Taxable benefits comprise (a) for Ignacio Bustamante, a company car and medical insurance and (b) for Eduardo Hochschild, the use of a car and driver, personal security and medical insurance. See footnote 3 to table on single figure of total remuneration for details of taxable benefits paid to Executive Directors on page 136).
3 Single-year variable comprises (a) bonus (calculated with reference to base salary only, i.e. before CTS and tax rebates) and (b) statutory profit-share.
4 Ignacio Bustamante stepped down as CEO on 26 August 2023 but remained on the Board as a Non-Executive Director until 31 December 2023.
5 Year-on-year % reductions reflect the fact that Dr Graham Birch and Dionisio Romero Paoletti retired from the Board on 26 May 2022 and Eileen Kamerick retired on 9 June 2023.
6 Nicolas Hochschild and Mike Sylvestre were appointed to the Board on 26 May 2022.
7 Year-on-year % increase reflects the fact that Tracey Kerr was appointed to the Board on 10 December 2021.
8 "All employees" comprises full-time salaried employees in Peru. 2023 percentage change is an approximation only, as final data is not available as at the date of the report.
9 As previously reported, to align the position with that of the other committees, the Board approved the payment of the additional fee to Dr Birch as Chair of the Sustainability Committee from 1 November 2021.

Relative importance of spend on pay

The table below shows the percentage change in total employee pay expenditure and shareholder distributions (i.e. dividends) from the financial year ended 31 December 2022 to the financial year ended 31 December 2023.

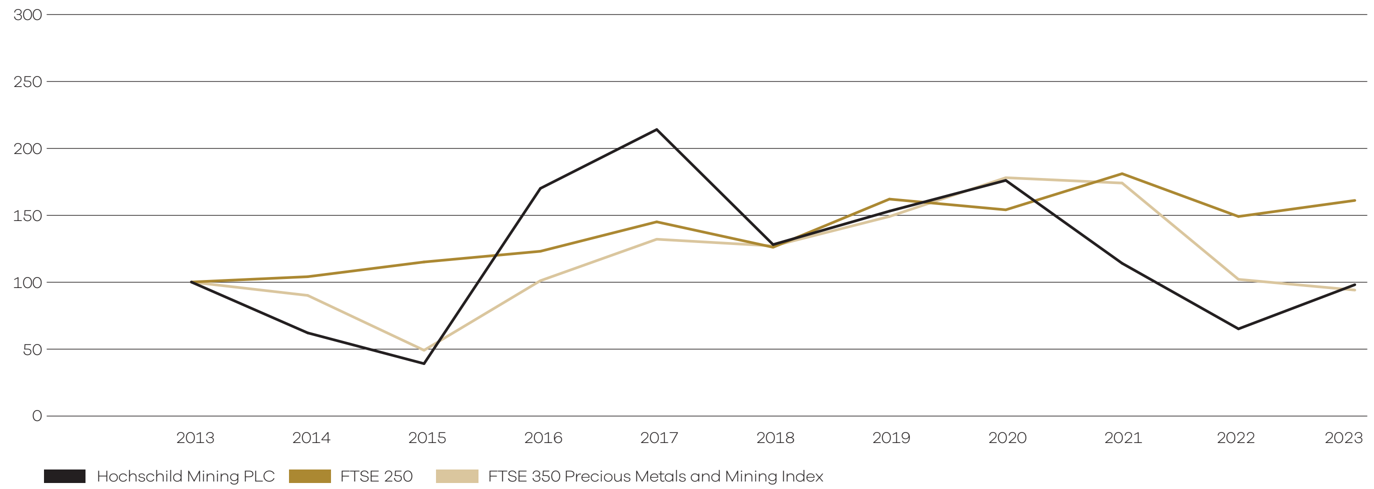
Distribution to shareholders (US$000)[1]			Employee remuneration (US$000)		
2023	2022	% change	2023	2022	% change
NIL	10,000	N/A	174,208	172,049[2]	1.3%

Notes:
1 Comprises all cash dividends paid in respect of each year.
2 2022 value has been restated (see note 10 to the consolidated financial statements for further information).

The Directors are not recommending the payment of a final dividend for the year ended 31 December 2023.

Pay for performance

The following graph shows the TSR for the Company compared to the FTSE 350 Precious Metals and Mining Index and FTSE 250 Index, assuming £100 was invested on 31 December 2013. The Board considers that the FTSE 350 Precious Metals and Mining Index is an appropriate published index as it reflects the sector that Hochschild operates in, and the FTSE 250 Index provides a view of performance against a broad equity market index of which Hochschild has been a constituent for the majority of the past 10 years. The table below details the CEO's single figure remuneration and actual variable pay outcomes over the same period.



CEO					Ignacio Bustamante					Ignacio Bustamante and Eduardo Landin[1]
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CEO single figure of remuneration ($000)	924	1,328	3,474	4,519	4,174	3,665	1,933	1,996	1,986	IB 519 EL 751
Annual bonus outcome (% of maximum)	67%	67%	83%	83%	90%	95%	90%	78.5%	85.35%	74.05%
LTI vesting outcome (% of maximum)	0%	0%	0% (ELTIP) 90% (LTIP)	86% (ELTIP) 100% (LTIP)	43% (ELTIP) 100% (LTIP)	34% (ELTIP) 0% (LTIP)	0% (LTIP)	0% (LTIP)	0% (LTIP)	40.3% (LTIP)

Notes:
1 The 2023 figures represent the single figure of total remuneration for Ignacio Bustamante from 1 January 2023 to 26 August 2023 and Eduardo Landin from 26 August 2023 to 31 December 2023.

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Directors' interests (audited)

The interests of the Directors and their families in the ordinary shares of the Company as at 31 December 2023 are detailed in the table below.

The Company has adopted shareholding guidelines whereby all Executive Directors (currently only the CEO) are required to acquire and retain a beneficial shareholding in the Company equal to at least 250% of base salary. The CEO is required to invest the entire amount of a vested LTIP for two years (on a net basis) regardless of his achievement of the shareholding guideline.

	Shares held							
	Owned outright or vested at 31 Dec 2022 (or date of appointment if later)	Owned outright or vested at 31 Dec 2023 (or date of retirement if earlier)	Vested but subject to holding period	Unvested and subject to performance conditions	Unvested and subject to deferral only	Shareholding requirement (% of salary)	Current shareholding (% of salary)	Requirement met?
Eduardo Landin	0[1]	0[1]	0	0	0	250%	0[1]	No
Ignacio Bustamante[2]	1,214,115	1,214,115	0	0	0	250%	235%[3]	No
Eduardo Hochschild	196,900,306	196,900,306						
Jorge Born Jr	0	0						
Jill Gardiner	0	0						
Tracey Kerr	0	0						
Michael Rawlinson	0	0						
Mike Sylvestre	0	0						
Joanna Pearson	0[4]	0						
Former Directors								
Nicolas Hochschild	0	0						
Eileen Kamerick	0	0						

Notes:
1 A review of the Company's internal records following approval of this report found that the numbers and percentage disclosed in the table for Eduardo Landin should have reflected a shareholding of 282,700 ordinary shares as at the date of appointment (as announced by the Company on 29 August 2023) and as at 31 December 2023 which represents 70% of salary (using the data referred to in footnote 3 below).
2 Ignacio Bustamante stepped down as CEO on 26 August 2023 but remained on the Board until 31 December 2023.
3 Using the Company's closing share price and GBP/USD exchange rate as at 29 December 2023 (being the last trading day of the year) of £1.071 and £1:$1.27 respectively.
4 As at 1 October 2023, being the date on which Joanna Pearson was appointed to the Board.

There have been no changes to Directors' shareholdings since 31 December 2023.

Directors' interests in share options, shares and cash awards in Hochschild Long-Term Incentive Plans

Details of Directors' interests in shares and cash awards under Hochschild's Long-Term Incentive Plans are set out in the table below.

Eduardo Landin	Date of grant	Share price at grant	Exercise price at grant	Number of shares awarded	Max value	Performance period	Vesting date
2021 LTIP	27.05.21	n/a	n/a	n/a	$595,000	01.01.21 – 31.12.23	27.05.24
2022 LTIP	23.02.22	n/a	n/a	n/a	$595,000	01.01.22 – 31.12.24	23.02.25
2023 LTIP	20.04.23	n/a	n/a	n/a	$595,000	01.01.23 – 31.12.25	20.04.26

As noted above, all LTIP awards previously held by Ignacio Bustamante lapsed when he stepped down as CEO on 26 August 2023.

None of the Directors had an interest in the shares of any subsidiary undertaking of the Company or in any significant contracts of the Group.

External appointments

The table below details the 2023 fees received in respect of external directorships by Ignacio Bustamante, being the only Executive Director in office during 2023 in receipt of such fees.

Name of Executive Director	Name of company	Fee received
Ignacio Bustamante	Profuturo AFP	US$28,000
Ignacio Bustamante	Scotiabank Peru SAA	US$40,000

Signed on behalf of the Board.

Michael Rawlinson
Chair of the Remuneration Committee
12 March 2024

Introduction

References in this section to "the Articles" are to the Company's Articles of Association as at the date of this report, copies of which are available from the Registrar of Companies or on request from the Company Secretary.

References in this section to "the Companies Act" are to the Companies Act 2006.

Share capital

Issued share capital

The Company's issued share capital comprises 514,458,432 ordinary shares of 1 pence each ("shares"). 582,869 shares were issued during the year to satisfy the vesting of awards granted to employees under the Company's Deferred Bonus Plan.

The Hochschild Mining Employee Share Trust ("the Trust") is an employee share trust established to hold shares on trust for the benefit of employees within the Group.

The Trustee of the Trust has absolute discretion to vote or abstain from voting in relation to the shares held by it from time to time and in doing so may take into account the interests of current and future beneficiaries and other considerations.

Current share repurchase authority

The Company obtained shareholder approval at the AGM held in June 2023 for the repurchase of up to 51,387,556 shares which represents 10% of the Company's issued share capital ("the 2023 Authority"). Whilst no purchases have been made by the Company pursuant to the 2023 Authority, it is intended that shareholder consent will be sought on similar terms at this year's AGM when the 2023 Authority expires.

Additional share capital information

This section provides additional information as at 31 December 2023.

(a) Structure of share capital

The Company has a single class of share capital which is divided into ordinary shares of 1 pence each, which are in registered form.

Further information on the Company's share capital is provided in note 30 to the consolidated financial statements.

(b) Rights and obligations attaching to shares

The rights attaching to the ordinary shares are described in full in the Articles. In summary, on a show of hands and on a poll at a general meeting or class meeting, every member present in person or, subject to the below, by proxy has one vote for every ordinary share held. However, in the case of a vote on a show of hands, where a proxy has been appointed by more than one member, the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution.

Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting. A member that is a corporation is entitled to appoint more than one individual to act on its behalf at a general meeting or class meetings as a corporate representative.

(c) Transfer of shares

The relevant provisions of the Articles state that:

– registration of a transfer of an uncertificated share may be refused in the circumstances set out in the CREST Regulations and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four;

– the Directors may, in their absolute discretion, decline to register any transfer of any share which is not a fully paid share. The Directors may also decline to recognise any instrument of transfer relating to a certificated share unless the instrument of transfer:
  - is duly stamped (if required) and is accompanied by the relevant share certificate(s) and such other evidence of the right to transfer as the Directors may reasonably require; and
  - is in respect of only one class of share.

– the Directors may:
  - in their absolute discretion, refuse to register a transfer if it is in favour of more than four persons jointly; and
  - decline to register a transfer of any of the Company's shares by a person with a 0.25% interest, if such a person has been served with a notice under the Companies Act after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

(d) Restrictions on voting

No member shall be entitled to vote at any general meeting or class meeting in respect of any shares held by him or her, if any call or other sum then payable by him or her in respect of that share remains unpaid. Currently, all issued shares are fully paid.

In addition, no member shall be entitled to vote if he or she failed to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

(e) Deadlines for voting rights

Votes are exercisable at the general meeting of the Company in respect of which the business being voted upon is being heard.

Votes may be exercised in person, by proxy or, in relation to corporate members, by a corporate representative. Under the Articles, the deadline for delivering proxy forms cannot be earlier than 48 hours (excluding non-working days) before the meeting for which the proxy is being appointed.

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Substantial shareholdings
The Company has been notified of the interests detailed in the table below in the Company's shares in accordance with Chapter 5 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTRs).

As at 31 December 2023	Number of ordinary shares/voting rights	Percentage of issued share capital	Nature of holding
Eduardo Hochschild[1]	196,900,306	38.27%	Indirect
BlackRock	Below 5%	Below 5%	–
Majedie Asset Management Limited[2]	25,384,745	4.93%	Indirect
Equinox Partners Investment Management, LLC	15,907,641	3.09%	Direct
Van Eck Associates Corporation	15,465,722	3.01%	Direct

1 The shareholding of Mr Eduardo Hochschild is held through Pelham Investment Corporation.
2 The information disclosed is taken from the latest notification received by the Company from Majedie Asset Management Limited in October 2018.

Subsequent to 31 December 2023, the Company was notified by Equinox Partners Investment Management, LLC that it no longer had an interest in the Company's shares that is notifiable under the DTRs.

Shareholder agreements
The Relationship Agreement entered into prior to the IPO between, amongst others, the Major Shareholder (as defined in the Relationship Agreement) and Eduardo Hochschild (collectively "the Controlling Shareholders") and the Company:
- Contains provisions restricting the Controlling Shareholders' rights to exercise their voting rights to procure an amendment to the Articles that would be inconsistent with the Relationship Agreement
- Contains an undertaking by the Controlling Shareholders that they will, and will procure that their Associates will, abstain from voting on any resolution to approve a transaction with a related party (as defined in the FCA Listing Rules) involving the Controlling Shareholders or their Associates

Significant agreements
A change of control of the Company following a takeover bid may cause a number of agreements to which the Company, or any of its trading subsidiaries, is party to take effect, alter or terminate. Such agreements include commercial trading contracts, joint venture agreements and financing arrangements.

Further details are given below of those arrangements where the impact may be considered to be significant in the context of the Group.

(a) $300 million Credit Agreement and $200 million Credit Agreement[1] (the "Credit Agreements")
Under the terms and conditions of the Credit Agreements which are between, amongst others, the Group and BBVA Securities Inc, and The Bank of Nova Scotia, a Change of Control obliges the Group to prepay all Advances (as defined in the agreement) unless any Lender notifies the Group that it is declining any such prepayment in which case the Advances owing to such declining Lender shall not be prepaid.

In summary, a Change of Control means an event or series of events by which: (a) the Permitted Holders (being Eduardo Hochschild, his spouse, either of their descendants or estate or guardian of any of the aforementioned, a trust for the benefit of one or more of the aforementioned or any entity controlled by any one or more of the aforementioned) shall for any reason cease, individually or in the aggregate, to be the beneficial owners (as so defined) of at least 30% of the Company's shares; or (b) the Permitted Holders shall for any reason cease, individually or in the aggregate, to have the power to appoint at least the number of the members of the Board of Directors or other equivalent governing body of the Company that the Permitted Holders are permitted to elect as at 20 September 2021; or (c) the Company shall for any reason cease, directly or through one or more of its Subsidiaries, to be the "beneficial owner" (as so defined) of more than 50% of the Equity Interests in the Borrowers. In the case of the $300 million Credit Agreement, the "Borrower" is Compania Minera Ares S.A.C. ("Ares") and, in the case of the $200 million Credit Agreement, "Borrower" is either Ares or Amarillo Mineracao do Brasil Ltda.

(b) Long-Term Incentive Plans
Awards made under the Group's Long-Term Incentive Plan shall, upon a change of control of the Company, vest early unless a replacement award is made. Vesting will be pro-rated to take account of the proportion of the period from the award date to the normal vesting date falling prior to the change of control and the extent to which performance conditions (and any other conditions) applying to the award have been met.

Summary of constitutional and other provisions
Appointment of Directors
Under the terms of the Articles Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board holds office only until the next following AGM and is then eligible for election by shareholders but is not taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting.

The Directors may from time to time appoint one or more of their body to be the holder of any executive office for such period (subject to the Companies Act) and on such terms as they may determine and may revoke or terminate any such appointment.

Each Director is subject to periodic re-election by shareholders at intervals of no more than every three years. Each Director (other than the Chairman and any Director holding executive office) shall retire at each AGM following the ninth anniversary of the date on which he or she was elected by the Company.

Approach to appointments adopted by the Board
Under law, the Company is entitled to adopt such practices which are no less stringent than those set out in the Articles. Accordingly, notwithstanding the above, the Board has adopted the recommendation of the UK Corporate Governance Code that all Directors should seek annual re-election by shareholders.

2014 Listing Rules
Following the implementation, in 2014, of new Listing Rules by the Financial Conduct Authority (in its capacity as the UK Listing Authority), as a company with a controlling shareholder, the election or re-election of any Independent Director must be approved by: (i) all shareholders of the Company; and (ii) the independent shareholders of the Company (i.e. any person entitled to vote on the election of Directors of the Company who is not a controlling shareholder).

If either shareholder resolution to elect or re-elect the Independent Director is defeated, the Company may propose a further resolution to elect or re-elect the proposed Independent Director provided that the further resolution must not be voted on within 90 days from the date of the original vote but it must then be voted on within a period of 30 days from the end of the 90-day period. It may then be passed by a simple majority of the shareholders of the Company voting as a single class.

Removal of Directors
The Company may, in accordance with and subject to the provisions of the Companies Act by ordinary resolution of which special notice has been given, remove any Director before the expiration of his/her term of office. The office of Director shall be vacated if: (i) s/he is prohibited by law from acting as a Director; (ii) s/he resigns or offers to resign and the Directors resolve to accept such offer; (iii) s/he becomes bankrupt or compounds with his/her creditors generally; (iv) a relevant order has been made by any court on the grounds of mental disorder; (v) s/he is absent without permission of the Directors from meetings of the Board for six months and the Directors resolve that his/her office be vacated; (vi) his/her resignation is requested in writing by not less than three quarters of the Directors for the time being; or (vii) in the case of a Director other than the Chairman and any Director holding an executive office, if the Directors shall resolve to require him/her to resign and within 30 days of being given notice of such notice s/he so fails to do.

Relationship Agreement
In addition, under the terms of the Relationship Agreement:
- for as long as the Major Shareholder has an interest of 30% or more in the Company, it is entitled to appoint up to two Non-Executive Directors and to remove such Directors so appointed; and
- for as long as the Major Shareholder has an interest of 15% or more of the Company, it is entitled to appoint up to one Non-Executive Director and to remove such Director so appointed.

Amendment of Articles of Association
Any amendments to the Articles may be made in accordance with the provisions of the Companies Act by way of special resolution.

Powers of the Directors
Subject to the Articles, the Companies Act and any directions given by special resolution, the business and affairs of the Company shall be managed by the Directors who may exercise all such powers of the Company.

Subject to applicable statutes and other shareholders' rights, shares may be issued with such rights or restrictions as the Company may by ordinary resolution decide or, in the absence of any such resolution, as the Directors may decide. Subject to applicable statutes and any ordinary resolution of the Company, all unissued shares of the Company are at the disposal of the Directors. At each AGM, the Company puts in place an annual shareholder authority seeking shareholder consent to allot unissued shares, in certain circumstances for cash, in accordance with the guidelines of certain Investor Protection Committees.

Repurchase of shares
Subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act. Any shares which have been bought back may be held as Treasury shares or, if not so held, must be cancelled immediately upon completion of the purchase, thereby reducing the amount of the Company's issued share capital. The minimum price which must be paid for such shares is specified in the relevant shareholder resolution.

Dividends and distributions
Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Directors.

The Directors may pay interim dividends whenever the financial position of the Company, in the opinion of the Directors, justifies their payment. If the Directors act in good faith, they are not liable to holders of shares with preferred or pari passu rights for losses arising from the payment of interim dividends on other shares.

Additional disclosures

Disclosure table pursuant to Listing Rule 9.8.4C R

For the purposes of LR 9.8.4C R, the information required to be disclosed by LR 9.8.4 R can be found in the following parts of this Annual Report:

Section	Matter	Location
(1)	Interest capitalised	Note 16 to the consolidated financial statements
(2)	Publication of unaudited financial information	Not applicable
(4)	Details of specified long-term incentive scheme	None
(5)	Waiver of emoluments by a Director	None
(6)	Waiver of future emoluments by a Director	None
(7)	Non pre-emptive issues of equity for cash	None
(8)	Item (7) in relation to major subsidiary undertakings	None
(9)	Parent participation in a placing by a listed subsidiary	None
(10)(a)	Contract of significance in which a Director is interested	Directors' Report
(10)(b)	Contract of significance with controlling shareholder	Directors' Report
(11)	Provision of services by a controlling shareholder	Directors' Report
(12)	Shareholder waivers of dividends	Directors' Report
(13)	Shareholder waivers of future dividends	Directors' Report
(14)	Agreement with controlling shareholder	Directors' Report

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The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with UK-adopted international accounting standards (IFRS). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of their profit or loss for that period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, Group financial statements are required to be prepared in accordance with UK-adopted international accounting standards.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Parent Company financial position and financial performance;
- in respect of the Group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the Parent Company financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Parent Company and/or the Group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and the Group and enable them to ensure that the Parent Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Parent Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion

In our opinion:

- Hochschild Mining PLC's Group financial statements and Parent Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hochschild Mining PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise:

Group	Parent Company
Consolidated statement of financial position as at 31 December 2023	Statement of financial position as at 31 December 2023
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 14 to the financial statements including material accounting policy information
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 40 to the consolidated financial statements, including material accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards to the Parent Company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Directors' going concern assessment process and the key factors and assumptions that were considered in their assessment;
- Auditing the key factors and assumptions adopted in the assessment of going concern and the cash flow model, including considering whether management had exercised any bias in selecting their assumptions, by comparing against past performance and available market data;
- Checking the reasonableness of all key assumptions in management's forecasts, including the forecast gold and silver price used; the production profiles which form the basis of the cash flow forecast; and the mitigating factors that exist and that can be utilised to ensure the liquidity of the Group.
- Obtaining the Director's going concern assessment, including cash flow forecast and covenant calculations for the going concern period which covers 13 months from the audit report date to 30 April 2025. The Directors have modelled a number of adverse scenarios in order to incorporate unexpected changes to the forecast liquidity of the Group. We evaluated the sufficiency of the sensitivities performed, by assessing whether the adverse scenarios were appropriately severe based on historical track record;
- Understanding the operation of management's model, checking the clerical accuracy of management's modelling, and recalculating management's forecasts of their compliance with borrowing covenants throughout the assessment period under management's scenarios;
- Verifying the terms, maturity, interest rates, and any restrictions or covenants of the borrowings held by the Group at the date of approving the financial statements against the original contracts;
- Obtaining the contract with Cerrado Gold in relation to Project Marlin to verify the terms, required consideration and exploration expenses, to ensure they are consistent with the cash flows recognised in management's model;
- Checking the consistency of the factors and assumptions adopted in the going concern assessment with other areas of our audit, including the Group's asset impairment tests;
- Challenging the adequacy of the going concern assessment period until 30 April 2025, considering whether any events or conditions foreseeable after the period indicated a longer review period would be appropriate;
- Considering the results of the reverse stress tests in order to identify what factors would lead to the Group utilising all liquidity during the going concern period. We assessed the likelihood of these factors in the context of the outlook for production and for commodity prices and against historic market lows, as well as our own industry experience;
- Obtaining bank confirmations covering over 99% of the Group's cash and cash equivalents as at 31 December 2023. We also obtained bank statements to validate the Group's cash and cash equivalents as of 31 January 2024 and 29 February 2024; and
- Reviewing the support prepared by management and the disclosures relating to the viability assessment and considered whether they accurately represented the process followed by management and whether the Group complied with the UK Corporate Governance Code disclosure requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent company's ability to continue as a going concern for a period to 30 April 2025.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	– We performed an audit of the complete financial information of four components, and audit procedures on specific balances for a further two components and for the remaining 19 components we performed other audit procedures. – The components where we performed full or specific audit procedures accounted for 99% of Adjusted EBITDA, 100% of Revenue and 98% of Total Assets.
Key audit matters	We identified recoverability of the carrying value of the Group's mining assets and associates as a key audit matter that, in our professional judgement, had the greatest effect on our overall audit strategy, the allocation of resources in the audit and in directing the audit team's efforts.
Materiality	We tested to an overall Group materiality of US$4.8m. Final materiality was calculated as US$5.5m based on 2% of the Group's Adjusted EBITDA. Given our planning materiality was lower than the final materiality we continued to use US$4.8m as our materiality.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors, such as recent Internal Audit results, when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 25 reporting components of the Group, we selected six components covering entities within the UK, Peru, Argentina, Brazil and Chile, which represent the principal business units within the Group.

Of the six components selected, we performed an audit of the complete financial information of four components ("full scope components") which were selected based on their size or risk characteristics. For the remaining two components ("specific scope components"), we performed audit procedures on specific accounts within those components that we considered had the potential for the greatest impact on the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 99% (2022: 97%) of the Group's Adjusted EBITDA (on an absolute basis), 100% (2022: 100%) of the Group's Revenue and 98% (2022: 98%) of the Group's Total Assets. For the current year, the four full scope components contributed 99% (2022: 97%) of the Group's Adjusted EBITDA (on an absolute basis), 100% (2022: 100%) of the Group's Revenue and 92% (2022: 76%) of the Group's Total Assets. The two specific scope components contributed 6% (2022: 22%) of the Group's Total Assets. The audit scope of these specific scope components will not have included testing of all significant accounts of the component but will have contributed to the coverage of some significant accounts tested for the Group.

The remaining 19 components together represent 1% of the Group's Adjusted EBITDA (on an absolute basis) (2022: 3%), For these components, we performed other procedures, including analytical reviews, testing of cash balances, testing of consolidation journals and enquiry of management about unusual transactions in these components, to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

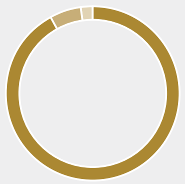
Adjusted EBITDA %

- Full scope components **99%**
- Other procedures **1%**

Revenue %

- Full scope components **100%**

Total assets %



- Full scope components **92%**
- Specific scope components **6%**
- Other procedures **2%**

Changes from the prior year

Our audit scope remains largely consistent with 2022, with the primary change of Amarillo Mineração do Brasil Ltda from a specific scope entity to a full scope entity as capital expenditure and related activity has increased in that component compared with 2022.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the four full scope components, audit procedures were performed on two of these by component audit teams, and directly by the primary audit team on the other two. For the two specific scope components, the work was performed by the primary audit team. Where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits each of the primary operating locations where the Group audit scope is focused. During the current year's audit cycle, visits were undertaken by the primary audit team to the component teams in Peru and Argentina and also to local management in Brazil. These visits involved discussing the audit approach with the component team and any issues arising from their work, and meetings with local management. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact Hochschild Mining PLC. The Group has determined that the most significant future impacts from climate change on its strategy and operations will be from potential governmental and societal responses to climate change risks, changes in weather patterns and consequential restricted access to capital as a result of failing to respond to these risks. These are explained on pages 76 to 89 in the Task Force for Climate related Financial Disclosures ('TCFD') report and on page 96 in the principal risks and uncertainties. All these disclosures form part of the 'Other information', rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on 'Other information'.

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

As explained in Note 2 to the Consolidated Financial Statements and the TCFD report on pages 76 to 89 the governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently the financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK adopted International Accounting Standards.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the potential impacts of climate risk, physical and transition, and whether these have been appropriately reflected in the disclosures in Note 2 to the Consolidated Financial Statements. We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

The Group is in the process of formulating its Carbon Neutral Strategy. We note that, new as of 2023, Hochschild have introduced a 2030 interim ambition as a part of their overarching ambition to be net zero by 2050. Specifically, the 2030 interim ambition relates to reducing greenhouse gas emissions (GHG) scope 1 and 2 emissions by 30%, against the 2021 baseline emissions level, by 2030. We note that the Group are intending to conduct a financial impact assessment in 2024/2025 to determine the financial statement impact of these measures. Therefore, until this assessment has been completed, we are unable to determine the full future economic impact on its business model and operational plans and therefore the potential impacts are not fully incorporated in these financial statements.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainties related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Recoverability of the carrying value of the Group's mining assets *Refer to the Audit Committee Report; Accounting policies (page 163); and Notes 16,17 and 18 of the Consolidated Financial Statements (pages 186 to 191)* At 31 December 2023 the carrying values of the Group's mining assets were: – Property, plant and equipment: US$1,018.9m (2022: US$926.9m); – Evaluation and exploration assets: US$67.3m (2022: US$123.5m); and – Intangible assets: US$30.0m (2022: US$19.3m) – Investments in associates: US$25.2m (2022: US$33.2m) IFRS requires companies to test cash generating units (CGUs) for impairment whenever an indicator exists. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset might be impaired. For the Group, CGUs represent individual mines and advanced exploration projects. Additionally, IFRS requires testing of CGUs for impairment reversal at the end of each reporting period where there is any indicator that an impairment loss recognised in prior periods (for an asset other than goodwill) may no longer exist, or may have decreased. For the Group, the appropriate CGUs are: – Operating mines: Pallancata, Inmaculada, San Jose and Mara Rosa; – Advanced exploration projects: Volcan, Azuca, Arcata and Crespo; and – Investment in associate: Aclara In August 2023 the Group received approval of the Modified Environmental Impact Assessment ('MEIA') for the Inmaculada mine from the Peruvian Authorities, allowing that mine to be operated for 20 years from the MEIA issuance date. The Volcan CGU includes an intangible asset with an indefinite useful life and therefore is tested for impairment at least annually. A number of impairment indicators were identified across the Group's CGUs, including but not limited to: – challenging macroeconomic conditions in Argentina, impacting San Jose; – the receipt of an offer for Crespo, Azuca and Arcata; and – a reduction in share price for the Aclara Investment in associate. As disclosed in Notes 16 and 17 to the consolidated financial statements, total impairment charges of $88.1m were recognised in the year, consisting of: – $17.4m in San Jose; – $46.8m in Crespo; – $16.7m in Azuca; and – $7.2m in Aclara. The risk relating to recoverability of the carrying value of mining assets has increased in comparison to the prior year.	Our approach focused on the following procedures: – We obtained an understanding of management's key controls over impairment of mining assets in supporting the prevention, detection and correction of material errors in the financial statements. – We also obtained an understanding of management's process to obtain and extend the mining operating permits, assessing the respective life of mines of the Group's assets. – We obtained management's assessment of whether any indicators of impairment or reversal of impairment were present at 31 December 2023. – We challenged the validity of the indicators identified by management, with a focus on the following key assumptions: – comparing and assessing management's prices to analysts' consensus forecasts for gold and silver as at 31 December 2023. – obtaining relevant support of management's position on market interest rates and other macro-economic factors. – challenging the economic performance of the CGUs during the year, discussed with management and reviewed the approved mine plans and/or budgets. – for exploration projects, obtaining an understanding of management's plans to recover the carrying value in full from successful development or by sale. We also obtained technical reports from third-parties for E&E projects. – obtaining relevant support about expected renewal/extension of mining permits. – We obtained the recoverable value model from management for the Group's CGUs, E&E assets and Investment in associate. We performed the following procedures: – assessed the appropriateness of the methodology applied in preparing each model by reference to industry and valuation practices; – undertook an assessment of management's track record of accuracy in forecasting to determine the reliability of current forecasts. We further agreed the main inputs to the approved mine plans, budgets, technical reports and historic figures. – involved our valuation specialists to assist us in challenging and assessing the appropriateness of the discount rate used in the calculation. – challenged management on its forecasts for Argentina, by reference to forecast inflation and currency devaluation, along with ongoing political uncertainty. – with respect to the Crespo asset, verified the consideration offered to the Group to sell the asset, including contingent consideration for a 1.5% Net Smelter Return (NSR) Royalty. We additionally engaged EY valuations specialists to assist us in critically assessing management's contingent consideration calculations and methodology. – assessed managements held for sale disclosures in relation to Crespo to ensure these were in line with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* – With respect to the Volcan asset, challenged management on the valuation with regards to potential contra-evidence, corroborating its position including through discussion with regional hydrological specialists, EY Chile mining teams and through an assessment of the revenue royalty received in the year. – With respect to the recoverable value model for the Azuca CGU, considered by way of an enterprise valuation under FVLCD, we agreed the main inputs used to information from third party/independent sources and involved our valuation specialists to assist us in assessing the appropriateness of the methodology and EV (Enterprise Valuation) of comparable entities. – With respect to Aclara challenged management on the quantum of the impairment recognised and any potential reversal by reference to Management's discounted cashflow model; and – We reviewed, by reference to the FRC's guidance, the appropriateness, sufficiency, and clarity of the impairment-related disclosures, including around reasonably possible changes in estimates. The above audit procedures over this risk area, covering 100% of the amount at risk, were performed by the Group audit team.	As a result of the audit procedures performed, we have concluded that management's impairment indicator analysis and impairment assessment for the Group's CGUs has been carried out appropriately and in accordance with the requirements of IFRS. We further concluded that the significant assumptions used in the recoverable value models prepared by management were appropriate, and where applicable, fell within the range of acceptable outcomes that we had calculated. Based on the procedures performed, we consider the impairment charges recorded by management to be reasonable. We are satisfied that the carrying values of the Inmaculada, San Jose, Mara Rosa and Volcan do not require impairment nor reversal of impairment as at 31 December 2023. We concluded that the related disclosures in the Group financial statements are appropriate

The accounting for Amarillo Gold acquisition and going concern was considered to be a Key Audit Matter in 2022 as the accounting for acquisitions under IFRS can be complex and required management to form a number of judgements and estimates around matters including (but not limited to): the method of accounting to be applied the accounting treatment of royalties; the fair value of assets and liabilities; and whether any deferred tax should be provided on any adjustments. This matter also had a significant effect on the allocation of resources in the audit. In the current year this is no longer a Key Audit Matter as the acquisition was fully completed in 2022.

Revenue recognition is a significant risk presumed by ISAs (UK). It is not included above, as Hochschild's revenue streams are largely routine in nature and do not involve significant judgement or use of significant estimates. Consequently, the auditing of revenue recognition did not have the greatest effect on our overall audit strategy, the allocation of resources in the audit or in directing the efforts of the engagement team.

As part of our audit, we also address the risk of management override of internal controls, including evaluating whether there is evidence of bias by the Directors that may represent a risk of material misstatement due to fraud. We determined that the risk of management override does not represent a separate key audit matter, on the basis that it is our assessment that this risk principally manifests itself through recoverability of the carrying value of the Group's mining assets, where there are a number of significant judgements and estimates involved that are susceptible to management bias.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined planning materiality for the Group to be US$4.8m (2022: US$5.1m), the level on which we based our testing Final materiality was calculated as US$5.5m based on 2% (2022: 2%) of the Group's Adjusted EBITDA. Given our planning materiality was lower than the final materiality we continued to use US$4.8m as our materiality for our testing. We believe that Adjusted EBITDA is an earnings-based measure that is significant to users of the financial statements. This is considered to be a critical measure for users of the financial statements, given the focus on this metric by the Group's shareholders, investors and external lenders. In addition, the Adjusted EBITDA measure is used to assess the Group's compliance with key restrictive covenants on the Group's borrowings.

We determined materiality for the Parent Company to be US$8.8m (2022: US$5.4m), which is 1% (2022: 1%) of Equity. The Parent Company materiality is higher than the Group materiality as it is based on Equity, which we consider to be an appropriate basis for materiality for a holding company, as the users of the financial statements focus on a capital-based measure.

Starting basis	– Profit from operations before net finance income/(cost), foreign exchange loss and income tax (US$82.1m)
Adjustments	– Add: Depreciation and amortisation in cost of sales and in administrative expenses (US$145.2m) – Add: Exploration expenses other than personnel and other exploration related fixed expenses (US$15.9m) – Deduct: Other non-cash expenses (US$31.1m)
Materiality	– US$274.4m Adjusted EBITDA – Materiality of US$4.8m (2% of materiality basis). – During the course of our audit we reassessed our initial materiality and we maintained our Planning Materiality level for the purpose of completing our audit procedures as the same was below our final materiality

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgment was that performance materiality was 75% (2022: 75%) of our planning materiality, namely US$3.6m (2022: US$3.8m). We have set performance materiality at this percentage due to our understanding of the Group's control environment, and that there have been no significant events that would alter our expectation that there is a low likelihood of misstatements that would be material individually or in aggregate to the financial statements.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was US$2.0m to US$3.9m (2022: US$2.0m to US$3.9m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of US$240k (2022: US$260k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 149, including the Strategic Report and Governance sections (including the Directors' Report, Corporate Governance Report, Supplementary Information, Directors' Remuneration Report and Statement of Directors' Responsibilities), other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

– the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

– the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

– adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

– the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

– certain disclosures of Directors' remuneration specified by law are not made; or

– we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

– Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 103 and Note 2(d) of the Consolidated Financial Statements;

– Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 97;

– Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 103 and Note 2(d) of the Consolidated Financial Statements;

– Directors' statement on fair, balanced and understandable set out on page 103;

– Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 118;

– The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 118; and;

– The section describing the work of the Audit Committee set out from page 114.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 149, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent Company'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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant and directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (UK adopted international accounting standards), the Companies Act 2006, the UK Corporate Governance Code, the Listing Rules of the UK Listing Authority and the relevant tax compliance regulations in the jurisdictions in which the Group operates (principally UK, Peru, Argentina and Brazil). In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, mainly relating to health and safety, employee matters, bribery and corruption practices, environmental and certain aspects of company legislation recognising the regulated nature of the Group's mining activities and its legal form.
- We understood how Hochschild Mining PLC is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies, and noted there was no contradictory evidence.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management from various parts of the business, including outside the finance function, to understand what areas were susceptible to fraud. We also considered performance targets and their propensity to influence management to manage the Group's earnings.
- We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where risk was considered as higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations that could have a material impact on the financial statements. Our procedures involve: incorporated data analytics across our audit approach, journal entry testing with a focus on manual consolidation journals and journals meeting our defined risk criteria based on our understanding of the business; enquiries of the legal counsel, Group management, internal audit and all full and specific scope management; review of Board and Audit Committee reporting; evaluating any investigations into matters of non-compliance with support from our IT, forensics and legal specialists as necessary; and focused testing as referred to in the key audit matters section above.
- We ensured our global team has appropriate industry experience through working for many years on relevant audits, including experience of mining. Our audit planning included considering external market factors, for example geopolitical risk, the potential impact of climate change, commodity price risk and major trends in the industry.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Company on 16 October 2006 to audit the financial statements for the year ending 31 December 2006 and subsequent financial periods. Following a competitive tender process, we were reappointed as auditor of the Company for the period ending 31 December 2016 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 18 years, covering the years ending 31 December 2006 to 31 December 2023.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

William Binns
(Senior statutory auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London

12 March 2024

Consolidated income statement

For the year ended 31 December 2023

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

Consolidated statement of comprehensive income

For the year ended 31 December 2023

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

Consolidated statement of financial position

As at 31 December 2023

	Notes	As at 31 December 2023 US$000	As at 31 December 2022 US$000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**1,018,853**	926,913
Evaluation and exploration assets	17	**67,322**	123,462
Intangible assets	18	**29,983**	19,328
Investment in an associate	19	**22,927**	33,242
Financial assets at fair value through OCI	20	**460**	509
Financial assets at fair value through profit and loss	21	**–**	1,015
Trade and other receivables	22	**12,438**	6,498
Deferred income tax assets	31	**763**	4,213
		1,152,746	1,115,180
Current assets			
Inventories	23	**68,261**	61,440
Trade and other receivables	22	**80,456**	85,408
Derivative financial assets	39(a)	**846**	2,186
Income tax receivable	14	**4,713**	9,226
Other financial assets	24	**2,264**	–
Cash and cash equivalents	24	**89,126**	143,844
Assets held for sale	25	**17,398**	–
		263,064	302,104
Total assets		**1,415,810**	1,417,284
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Parent			
Equity share capital	30	**9,068**	9,061
Share premium	30	**–**	–
Other reserves		**(234,837)**	(238,800)
Retained earnings		**834,231**	886,980
		608,462	657,241
Non-controlling interests		**60,122**	65,475
Total equity		**668,584**	722,716
Non-current liabilities			
Trade and other payables	26	**1,711**	1,623
Derivative financial liabilities	39(a)	**16,581**	–
Borrowings	28	**234,999**	275,000
Provisions	29	**147,372**	123,506
Deferred income tax liabilities	31	**67,039**	80,045
		467,702	480,174
Current liabilities			
Trade and other payables	26	**135,839**	144,102
Derivative financial liabilities	39(aa)	**1,190**	–
Borrowings	28	**112,064**	43,989
Provisions	29	**26,741**	24,177
Income tax payable	14	**2,979**	2,126
Liabilities directly associated with assets held for sale	25	**711**	–
		279,524	214,394
Total liabilities		**747,226**	694,568
Total equity and liabilities		**1,415,810**	1,417,284

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

Eduardo Landin
Chief Executive Officer
12 March 2024

Consolidated statement of cash flows

For the year ended 31 December 2023

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

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

Consolidated statement of changes in equity

For the year 31 December 2023

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

1 Corporate information

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

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

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

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

These consolidated financial statements were approved for issue by the Board of Directors on 12 March 2024.

The Group's subsidiaries are as follows:

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

1 Registered address: Av. Santa Fe 2755, floor 9, Buenos Aires, Argentina.
2 Registered address: Sargento Cabral 124, Comodoro Rivadavia, Provincia de Chubut, Argentina.
3 Registered address: Av. Apoquindo 4775 of 1002, Comuna Las Condes, Santiago de Chile, Chile.
4 Registered address: La Colonia 180, Santiago de Surco, Lima, Peru.
5 Registered address: 17 Cavendish Square, London, W1G0PH, United Kingdom.
6 Registered address: Calle Aguila Real No 122, Colonia Carolco, Monterrey, Nuevo Leon, CP 64996, Mexico.
7 Registered address: 1025 Ridgeview Dr. 300, Reno, Nevada 89519, USA.
8 Registered address: Suite 1700, Park Place, 666 Burrard Street, Vancouver BC, V6C 2X8.
9 Registered address: Fazenda Invernada s/n, Zona Rural, Mara Rosa - Goiás – Brazil, CEP: 76.490-000.
10 The Company was liquidated on 22 February 2023.
11 The Group has a 51% interest in Minera Santa Cruz S.A. (Minera Santa Cruz), while the remaining 49% is held by a non-controlling interest. The significant financial information in respect of this subsidiary before intercompany eliminations as at and for the years ended 31 December 2023 and 2022 is as follows:

1 Corporate information continued

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

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

2 Material accounting policies

(a) Basis of preparation

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

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

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

Changes in accounting policy and disclosures

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

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

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

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

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

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

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

Significant estimates:

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

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

- *Ore reserves and resources – note 2(h).*
  There are numerous uncertainties inherent in estimating ore reserves and resources. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and resources and may, ultimately, result in the reserves and resources being updated.
- *Recoverable values of mining assets – notes 2(k), 16, 17 and 18.*
  The values of the Group's mining assets are sensitive to a range of characteristics unique to each mine unit. Key sources of estimation for all assets include uncertainty around ore reserve estimates and cash flow projections. In performing impairment reviews, the Group assesses the recoverable amount of its operating assets principally with reference to fair value less costs of disposal, assessed using discounted cash flow models.

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

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

  There is judgement involved in determining the assumptions that are considered to be reasonable and consistent with those that would be applied by market participants. Significant estimates used include future gold and silver prices, future capital requirements, reserves and resources volumes, production costs and the application of discount rates which reflect the macro-economic risk in Peru and Argentina, as applicable. Judgement is also required in determining the risk factor that will be applied by market participants to take into account the water restrictions imposed by the Chilean government over the Volcan cash-generating unit. Changes in these assumptions will affect the recoverable amount of the property, plant and equipment, evaluation and exploration assets, and intangibles.
- *Mine closure costs – notes 2(o) and 29(1).*
  The Group assesses its mine closure cost provision annually. Significant estimates and assumptions are made in determining the provision for mine closure cost as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, mine life and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the balance sheet date represents management's best estimate of the present value of the future closure costs required. In July 2021, the mine closure law for the province of Santa Cruz in Argentina was published, establishing a period of 180 business days to present the Mine Closure Plan. The regulation has not been published as of the date of the financial statements. The Group considers the mine closure provision in San Jose to be largely aligned with Argentina's new law, subject to further review once regulation is published.
- *Valuation of financial instruments – note 39.*
  The valuation of certain Group assets and liabilities reflects the changes to certain assumptions used in the determination of their value, such as future gold and silver prices (note 39).
- *Non market performance conditions on LTIP 2021, LTIP 2022 and LTIP 2023 – note 30(c).*
  There are two parts to the performance conditions attached to LTIP awards: 50% is subject to the Company's TSR ranking relative to a tailored peer group of mining companies, 50% is subject to internal KPIs split equally between: (i) three-year growth of the Company's Measured and Indicated Resources (MIR) per share (calculated on an enterprise value basis), and (ii) average outcome of the annual bonus scorecard in respect of 2021, 2022 and 2023, regarding LTIP 2021; 2022, 2023 and 2024, regarding LTIP 2022; and 2023, 2024 and 2025, regarding LTIP 2023, calculated as the simple mean of the three scorecard outcomes.

Critical judgements:

- *Income tax – notes 2(t), 2(u), 14, 31 and 37(a).*
  Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the balance sheet date could be impacted. The Group analyses the possibility of generating profit in all the companies and determines the recognition of deferred tax. No deferred tax asset is recognised in the holding and exploration entities as they are not expected to generate any profit to settle the temporary difference (refer to note 31).

  Judgement is also required when determining the recognition of tax liabilities as the tax treatment of some transactions cannot be finally determined until a formal resolution has been reached by the tax authorities. Tax liabilities are also recorded for uncertain exposures which can have an impact on both deferred and current tax. Tax benefits are not recognised unless it is probable that the benefit will be obtained and tax liabilities are recognised if it is probable that a liability will arise (refer to note 37(a)). The final resolution of these transactions may give rise to material adjustments to the income statement and/or cash flow in future periods. The Group reviews each significant tax liability or benefit each period to assess the appropriate accounting treatment.
- *Life of mine (LOM).*
  There are several aspects which are determined by the life of mine, such as ore reserves and resources, recoverable values of mining assets, mine rehabilitation provision and depreciation. The life of mine for an operation is specified in the relevant Environmental Impact Assessment (EIA) which is amended from time to time as more resources at the mine are identified. EIAs are permits which are granted in the ordinary course of business to the mining industry. While the processing of such permits may be subject to delays, the Group has never had an EIA denied. A crucial element of Peru's legal framework is the principle of predictability which, in essence, means that if the legal requirements for any given permit have been satisfied, the State cannot unlawfully deny the granting of the permit. Taking this into consideration, as well as the Group's operational experience, the Group believes that permits will be secured such that operations can continue without interruption. In the unlikely scenario that this does not occur, there could be material changes to those items in the financial statements that are determined by the life of mine.

2 Material accounting policies continued

– *Determination of functional currencies – note 2(e).*
The determination of functional currency requires management judgement, particularly where there may be several currencies in which transactions are undertaken and which impact the economic environment in which the entity operates. In Argentina, the exchange control restrictions limit the companies to hold US dollars but do not restrict carrying out transactions in US dollar.

– *Recognition of evaluation and exploration assets and transfer to development costs – notes 2(g), 16 and 17.*
Judgement is required in determining when the future economic benefit of a project can reasonably be regarded as assured, at which point evaluation and exploration expenses are capitalised. This includes the assessment of whether there is sufficient evidence of the probability of the existence of economically recoverable minerals to justify the commencement of capitalisation of costs; the timing of the end of the exploration phase, the start of the development phase; and the commencement of the production phase. For this purpose, the future economic benefit of the project can reasonably be regarded as assured when the Board authorises management to conduct a feasibility study, mine-site exploration is being conducted to convert resources to reserves, or mine-site exploration is being conducted to confirm resources, all of which are based on supporting geological information.

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

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

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

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

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

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

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

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

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

(c) Basis of consolidation

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

Subsidiaries are those entities controlled by the Group regardless of the amount of shares owned by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Non-controlling interests' rights to safeguard their interest are fully considered in assessing whether the Group controls a subsidiary. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

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

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

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

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

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

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

(d) Going concern

Directors' assessment
The Directors have reviewed Group liquidity, including cash resources and borrowings (refer to note 28 on details of the US$300 million and US$200 million medium-term loans) and related covenant forecasts to assess whether the Group is able to continue in operation for the period to 30 April 2025 (the "Going Concern Period") which is at least 12 months from the date of these financial statements. In line with their usual practice, the Directors also considered the impact of a downside scenario on the Group's future cash flows and liquidity position as well as debt covenant compliance. In this scenario, consideration was given to the potential combined impact of a three-month delay in Mara Rosa commencing commercial production, Group-wide operational disruption, unforeseen social-related costs and capital expenditure, and lower precious metal prices ("the Downside Assumptions").

More specifically, the scenarios reviewed by the Directors included a base case (the "Base Scenario"), reflecting (among other things) budgeted production for 2024, 2025 life-of-mine plans for Inmaculada, San Jose and Mara Rosa, and average precious metal prices of $1,869/oz for gold and $23.7/oz for silver, being the average analysts' consensus for the next 13 months. The Directors also considered a "Severe" scenario which took into account the combined impact of the Downside Assumptions, the occurrence of which are considered by the Directors to be unlikely. Even in this Severe scenario it has been assumed that all employees remain on full pay and that mitigating actions, while available, would not be necessary to maintain a comfortable level of liquidity.

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

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

2 Material accounting policies continued

(e) Currency translation

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

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

(f) Property, plant and equipment

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

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

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

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

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

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

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

Mining properties and development costs

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

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

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

Construction in progress and capital advances

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

Subsequent expenditure

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

(g) Evaluation and exploration assets

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

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

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

(h) Determination of ore reserves and resources

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

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

(i) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

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

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

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

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

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

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

(j) Intangible assets

Right to use energy of transmission line

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

Water permits

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

Legal rights

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

Other intangible assets

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

(k) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

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

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

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

Calculation of recoverable amount

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

2 Material accounting policies continued

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

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

Reversal of impairment

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

(l) Inventories

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

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

- costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- depreciation of property, plant and equipment used in the extraction and processing of ore; and
- related production overheads (based on normal operating capacity).

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

(m) Trade and other receivables

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

(n) Share capital

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

(o) Provisions

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

Mine closure cost

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

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

Workers' profit sharing and other employee benefits

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

Other

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

(p) Share-based payments

Cash-settled transactions

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

Equity-settled transactions

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

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

(q) Revenue recognition

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

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

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

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

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

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

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

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

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

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

2 Material accounting policies continued

(r) Contingencies

A contingent liability is a possible obligation depending on whether some uncertain future event occurs, or a present obligation where payment is not probable or the amount cannot be measured reliably. Contingent liabilities are not recognised in the financial statements and are disclosed in notes to the financial statements unless their occurrence is remote (note 37).

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised in the financial statements, but are disclosed in the notes if their recovery is deemed probable (note 37).

(s) Finance income and costs

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

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

(t) Income tax

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

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

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

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

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

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

(u) Uncertain tax positions

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

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

(v) Leases

Right-of-use assets (note 27)

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below US$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(w) Financial instruments

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

Financial assets

Initial recognition and measurement

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

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

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

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

On July 2023, the Group purchased AL41 bonds, which are sovereign bonds denominated in US dollars that were paid with Argentine pesos and that pay income in US dollars in local accounts. They are national public securities issued in dollars with a fixed rate of 3.50% per year with a maturity date of 9 July 2024. Its technical value is $100.56 with a residual value of 100.00%.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

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

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

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

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

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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

Derecognition

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

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

2 Material accounting policies continued

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

– Financial liabilities at fair value through profit or loss

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

– Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

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

Derecognition

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

Derivative financial instruments and hedge accounting

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

Initial recognition and subsequent measurement

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

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

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

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

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

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

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

(x) Dividend distribution

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

(y) Cash and cash equivalents

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

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

(z) Exceptional items

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

Exceptional items mainly include:

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

(aa) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(ab) Export incentive programme

On 3 October 2023 the Argentinian Government approved that exporters of crude oil, gas and derivatives, who meet certain conditions, may receive 25% of the funds received from exports through negotiable securities acquired in foreign currency and settled in local currency.

On 23 October 2023 the export incentive programme was approved increasing the percentage to 30%. On 20 November 2023 the percentage increased to 50% and since 13 December 2023 changed to 20%. As at 31 December 2023 the Group recognised a benefit from the programme of US$21,164,000, disclosed as other income (refer to note 12).

3 Segment reporting

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

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

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

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

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

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

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

(a) Reportable segment information

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

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

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

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

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

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

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

2 Comprised of administrative expenses of US$54,158,000, other income of US$3,340,000, other expenses of US$39,302,000, write-off of assets (net) of US$1,832,000, reversal of impairment of non-current assets net of US$11,363,000, share of losses of an associate of US$11,600,000, finance income of US$5,211,000, finance expense of US$21,776,000, and foreign exchange loss of US$2,622,000.

3 Includes depreciation capitalised in the Crespo project (US$284,000), San Jose unit (US$2,508,000), Mara Rosa project (US$39,000), products in process (US$403,000) and recognised against the mine rehabilitation provision (US$970,000).

4 Not reportable assets are comprised of financial assets at fair value through OCI of US$509,000, financial assets at fair value through profit and loss of US$1,015,000, other receivables of US$49,542,000, income tax receivable of US$9,226,000, deferred income tax asset of US$4,213,000, investment in associates US$33,242,000, derivative financial assets of US$2,186,000 and cash and cash equivalents of US$143,844,000.

3 Segment reporting continued

(b) Geographical information

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

	Year ended 31 December	
	2023 US$000	2022 US$000
External customer		
Switzerland	**278,076**	350,898
Canada	**157,131**	143,216
South Korea	**101,331**	126,321
Germany	**74,220**	51,033
Japan	**8**	14,490
Chile	**–**	(88)
United Kingdom	**7,846**	20,428
Finland	**3,128**	–
USA	**50,036**	27,481
China	**–**	1,167
Peru	**21,940**	697
Total	**693,716**	735,643
Inter-segment		
Peru	**9,609**	9,872
Total	**703,325**	745,515

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

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

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

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

4 Acquisitions and disposals

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

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

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

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

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

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

	US$000
Cash and cash equivalents	4,246
Other receivables	968
Intangibles	21
Evaluation and exploration assets (note 17)	107,362
Property, plant and equipment (note 16)	15,078
Deferred income tax asset	3,775
Income tax receivable	36
Total assets	**131,486**
Accounts payable and other liabilities	(3,236)
Total liabilities	**(3,236)**
Net assets acquired	**128,250**
Consideration for the acquisition of Amarillo Gold Canada shares	123,420
Transaction costs	4,830
Total consideration	**128,250**
Cash paid	128,250
Less cash acquired with the subsidiary	(4,246)
Net cash flow on acquisition	**124,004**

The Group recognises individual identifiable assets (and liabilities) by allocating the cost of acquisition on the basis of the relative fair values at the date of purchase:

Step 1: Identify assets and liabilities acquired, adjusting them to the Group's accounting policies and presentation

Step 2: Determine the purchase consideration

Step 3: Purchase Price Allocation: The consideration paid is allocated to the fair value of the identifiable assets and liabilities assumed with the remainder allocated to the mineral property acquired

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

5 Revenue

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

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

6 Cost of sales before exceptional items

Cost of sales comprises:

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

The main components included in cost of sales are:

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

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

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

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

7 Administrative expenses

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

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

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

8 Exploration expenses

	Year ended 31 December	
	2023 US$000	2022 US$000
Mine site exploration[1]		
Arcata	**63**	877
Ares	**407**	366
Inmaculada	**1,371**	2,946
Pallancata	**1,070**	6,000
San Jose	**8,233**	7,700
Mara Rosa	**5**	–
	11,149	17,889
Prospects[2]		
Peru	**143**	772
USA	**63**	4,337
Chile	**(62)**	(77)
Canada[4]	**2,176**	19,632
Brazil	**–**	1
	2,320	24,665
Generative[3]		
Peru	**456**	783
USA	**1**	97
Mexico	**7**	313
Brazil	**1,916**	2,301
Chile	**(1)**	–
	2,379	3,494
Personnel (note 10)	**4,759**	7,535
Others	**638**	3,067
Depreciation right-of-use assets	**52**	176
Total	**21,297**	56,826

1 Mine-site exploration is performed with the purpose of identifying potential minerals within an existing mine-site, with the goal of maintaining or extending the mine's life.

2 Prospects expenditure relates to detailed geological evaluations in order to determine zones which have mineralisation potential that is economically viable for exploration. Exploration expenses are generally incurred in the following areas: mapping, sampling, geophysics, identification of local targets and reconnaissance drilling.

3 Generative expenditure is early stage exploration expenditure related to the basic evaluation of the region to identify prospects areas that have the geological conditions necessary to contain mineral deposits. Related activities include regional and field reconnaissance, satellite images, compilation of public information and identification of exploration targets.

4 Corresponds to the SNIP project managed by Hochschild Mining Canada Corp.

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

9 Selling expenses

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

1 Corresponds to the export duties in Argentina.

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

10 Personnel expenses

	Year ended 31 December 2023 US$000	2022 US$000
Salaries and wages	**119,621**	121,999
Workers' profit sharing (note 29)	**3,207**	4,733
Other legal contributions	**27,808**	27,866
Statutory holiday payments	**8,832**	7,413
Long-Term Incentive Plan	**2,675**	3,002
Termination benefits[1]	**10,991**	5,468
Other[2]	**1,074**	1,568
Total	**174,208**	172,049

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

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

Personnel expenses are distributed as follows:

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

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

2 Exceptional personnel expenses included in other expenses amount to US$8,960,000 (2022: US$Nil).

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

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

11 Exceptional items

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

	Year ended 31 December 2023 US$000	Year ended 31 December 2022 US$000
Other expenses		
Restructuring of the Pallancata mine unit[1]	**(8,960)**	–
Total	**(8,960)**	–
(Impairment)/impairment reversal of non-financial assets, net		
Impairment of non-financial assets[2]	**(80,843)**	(4,199)
Reversal of impairment of non-financial assets[3]	**–**	15,562
Total	**(80,843)**	11,363
Share of loss on an associate		
Impairment of Aclara Resources Inc.[4]	**(7,183)**	(9,923)
Total	**(7,183)**	(9,923)
Income tax benefit/(charge)[5]	**27,448**	(3,353)
Total	**27,448**	(3,353)

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

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

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

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

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

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

12 Other income and other expenses before exceptional items

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

1 British Columbia exploration tax credit generated in Hochschild Mining Canada, a Canadian subsidiary of the Group.
2 Benefit arising from being able to access the Argentina government's Export Incentive Programme, allowing certain companies to translate a certain proportion of US dollar sales at a preferential market exchange rate.
3 Mainly corresponds to the gain on sale of supplies of US$201,000 (2022: gain on sale of supplies of US$480,000).
4 Relates to a contribution in Argentina to the Santa Cruz province calculated as a proportion of sales.
5 Related to payments made and the provision recognised under voluntary retirement plan in Minera Santa Cruz.
6 Mainly related to contingencies in Minera Santa Cruz related to labour lawsuits.
7 Mainly corresponds to the expenses due to penalties in CMA of US$2,428,000 (2022: US$1,530,000), insurance of Minera Santa Cruz of US$Nil (2022: US$941,000), termination benefits in Pallancata mine unit of US$Nil (2022: US$987,000).

13 Finance income, finance costs and foreign exchange loss

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

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

14 Income tax expense

	Year ended 31 December 2023			Year ended 31 December 2022		
	Before exceptional items US$000	Exceptional items US$000	Total US$000	Before exceptional items US$000	Exceptional items US$000	Total US$000
Current corporate income tax						
Corporate income tax expense	**16,319**	**(2,643)**	**13,676**	18,253	–	18,253
Prior year adjustment in Minera Santa Cruz	**–**	**–**	**–**	(2,353)	–	(2,353)
Withholding tax	**609**	**–**	**609**	276	–	276
	16,928	**(2,643)**	**14,285**	16,176	–	16,176
Deferred taxation						
Origination and reversal of temporary differences (note 31)	**20,245**	**(24,805)**	**(4,560)**	(5,376)	3,353	(2,023)
Prior year adjustment in Amarillo	**–**	**–**	**–**	(664)	–	(664)
	20,245	**(24,805)**	**(4,560)**	(6,040)	3,353	(2,687)
Corporate income tax	**37,173**	**(27,448)**	**9,725**	10,136	3,353	13,489
Current mining royalties						
Mining royalty charge (note 38)	**4,520**	**–**	**4,520**	4,787	–	4,787
Special mining tax charge (note 38)	**2,307**	**–**	**2,307**	2,658	–	2,658
Total current mining royalties	**6,827**	**–**	**6,827**	7,445	–	7,445
Total taxation expense/(benefit) in the income statement	**44,000**	**(27,448)**	**16,552**	17,581	3,353	20,934

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

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

14 Income tax expense continued

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

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

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

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

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

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

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

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

	As at 31 December	
	2023 US$000	**2022 US$000**
Income tax receivable[1]	**4,713**	9,226
Income tax payable[2]	**(2,979)**	(2,126)
Total	**1,734**	7,100

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

2 Mainly corresponds to the mining royalties payables of Compañia Minera Ares of US$2,479,000 (2022: Mainly corresponds to the mining royalties payables of Compañia Minera Ares of US$2,079,000).

15 Basic and diluted earnings per share

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

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

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

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

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

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

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

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

16 Property, plant and equipment

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

1 Within plant and equipment, costs of US$442,677,000 are subject to depreciation on a unit of production basis in line with accounting policy on note 2(f) for which the accumulated depreciation is US$309,409,000 and depreciation charge for the year is US$11,021,000.

2 Mainly includes the transfer of US$2,499,000 from evaluation and exploration assets (Inmaculada of US$2,092,000 and San Jose of US$407,000) (note 17) as they are related to conversion of resources in to reserves, the transfer to assets held for sale of US$9,415,000 related to the Crespo mine unit (refer to note 25), and the transfer to intangibles of the transmission line of Amarillo of US$11,801,000.

3 There were borrowing costs capitalised in property, plant and equipment amounting to US$18,790,000.

4 Vehicles include US$1,091,000 of right-of-use assets (note 27).

5 Within construction in progress and capital advances there are capital advances amounting to US$8,825,000, mainly related to Mara Rosa project of US$8,080,000.

6 Corresponds to the write-off of property, plant and equipment as they will no longer be used in the Group due to obsolescence.

7 Plant and equipment include US$3,093,000 of right of use assets (note 27).

	Mining properties and development costs[1 and 4] US$000	Land and buildings US$000	Plant and equipment[1 and 2] US$000	Vehicles[5] US$000	Mine closure asset US$000	Construction in progress and capital advances[4 and 7] US$000	Total US$000
Year ended 31 December 2022							
Cost							
At 1 January 2022	**1,605,319**	**555,532**	**635,076**	**11,997**	**106,382**	**11,841**	**2,926,147**
Additions	113,127	1,211	19,815	–	–	67,294	201,447
Change in discount rate (note 29(1))	–	–	–	–	(13,490)	–	(13,490)
Change in mine closure estimate (note 29(1))	–	–	–	–	7,554	–	7,554
Disposals	–	–	(1,143)	(198)	–	(1)	(1,342)
Write-offs[8]	(1,524)	(10)	(9,805)	–	–	(122)	(11,461)
Acquisition of assets (note 4 (a))	–	2,849	108	37	–	12,084	15,078
Foreign exchange effect	3,670	(293)	(13)	(4)	–	(1,725)	1,635
Transfers and other movements[3]	102,615	4,493	7,060	470	–	(12,517)	102,121
Initial recognition[6 and 29]	–	–	–	–	4,414	–	4,414
At 31 December 2022	**1,823,207**	**563,782**	**651,098**	**12,302**	**104,860**	**76,854**	**3,232,103**
Accumulated depreciation and impairment							
At 1 January 2022	**1,300,392**	**377,712**	**421,067**	**6,713**	**80,901**	**1,243**	**2,188,028**
Depreciation for the year	93,518	20,005	26,053	1,760	1,150	–	142,486
Disposals	–	–	(350)	(197)	–	–	(547)
Write-offs[8]	(376)	(10)	(9,243)	–	–	–	(9,629)
Impairment/(reversal of impairment) net	(9,942)	(262)	(3,774)	(838)	(329)	–	(15,145)
Foreign exchange effect	–	–	(10)	–	–	–	(10)
Transfers and other movements[3]	8	86	(23)	22	–	(86)	7
At 31 December 2022	**1,383,600**	**397,531**	**433,720**	**7,460**	**81,722**	**1,157**	**2,305,190**
Net book value at 31 December 2022	**439,607**	**166,251**	**217,378**	**4,842**	**23,138**	**75,697**	**926,913**

1 Within mining properties and development costs and plant and equipment there are US$29,259,000 and US$6,741,000 related to the Crespo CGU that is not currently being depreciated as the unit is not operating pending the feasibility of the project and considering that the depreciation method is units of production.

2 Within plant and equipment, costs of US$394,746,000 are subject to depreciation on a unit of production basis in line with accounting policy on note 2(f) for which the accumulated depreciation is US$255,508,000 and depreciation charge for the year is US$11,622,000.

3 Transfers and other movements include US$102,119,000 that was transferred from evaluation and exploration assets (Mara Rosa of US$101,897,000 and San Jose of US$222,000) (note 17) as they are related to conversion of resources in to reserves.

4 There were borrowing costs capitalised in property, plant and equipment amounting to US$1,974,000.

5 Vehicles include US$2,900,000 of right-of-use assets (note 27).

6 Recognition of the mine closure provision of the Mara Rosa project located in Brazil upon acquisition (note 29).

7 Within construction in progress and capital advances there are capital advances amounting to US$33,466,000, mainly related to Mara Rosa project of US$31,889,000.

8 Corresponds to the write-off of property, plant and equipment as they will no longer be used in the Group due to obsolescence.

2023

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

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

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

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

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

16 Property, plant and equipment continued

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

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

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

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

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

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

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

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

Sensitivity analysis

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

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

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

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

2022

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

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

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

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

	Inmaculada
Discount rate (post-tax)	5.2%

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

Sensitivity analysis

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

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

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

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

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

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

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

	Pallancata
Discount rate (post-tax)	5.1%

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

Sensitivity analysis

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

17 Evaluation and exploration assets

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

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

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

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

18 Intangible assets

	Transmission line[1] US$000	Water permits[2] US$000	Software licences US$000	Legal rights[3] US$000	Total US$000
Cost					
Balance at 1 January 2022	**22,157**	**22,084**	**1,889**	**8,580**	**54,710**
Foreign exchange effect	–	(289)	–	71	(218)
Additions	–	–	353	–	353
Transfers	–	–	6	1,927	1,933
Balance at 31 December 2022	**22,157**	**21,795**	**2,248**	**10,578**	**56,778**
Foreign exchange effect	**984**	**(528)**	**–**	**156**	**612**
Additions	**124**	**–**	**–**	**–**	**124**
Transfers	**10,9075**	**–**	**–**	**(5,507)[6]**	**5,400**
Balance at 31 December 2023	**34,172**	**21,267**	**2,248**	**5,227**	**62,914**
Accumulated amortisation and impairment					
Balance at 1 January 2022	**17,551**	**10,539**	**1,881**	**6,645**	**36,616**
Amortisation for the year[4]	719	–	164	87	970
Transfers	–	–	1	–	1
Foreign exchange effect	–	(137)	–	–	(137)
Balance at 31 December 2022	**18,270**	**10,402**	**2,046**	**6,732**	**37,450**
Amortisation for the year[4]	**584**	**–**	**109**	**109**	**802**
Transfers	**–**	**–**	**–**	**(5,507)[6]**	**(5,507)**
Impairment	**434**	**–**	**–**	**4**	**438**
Foreign exchange effect	**–**	**(252)**	**–**	**–**	**(252)**
Balance at 31 December 2023	**19,288**	**10,150**	**2,155**	**1,338**	**32,931**
Net book value as at 31 December 2022	**3,887**	**11,393**	**202**	**3,846**	**19,328**
Net book value as at 31 December 2023	**14,884**	**11,117**	**93**	**3,889**	**29,983**

1 The transmission line in San Jose is amortised using the units of production method. At 31 December 2023 the remaining amortisation period is approximately 6 years (2022: 7 years) in line with the life of the mine. The transmission line in Mara Rosa is amortised using the units of production method. At 31 December 2023 the Mara Rosa unit hasn't started amortisation.

2 Corresponds to the acquisition of water permits of Andina Minerals Group ("Andina"). These permits have an indefinite life according to Chilean law. The Group used a discounted cash flow approach to determine the fair value less costs of disposal. The model is based on the Preliminary Economic Assessment (PEA).

3 Legal rights correspond to expenditures required to give the Group the right to use a property for the surface exploration work, development and production. At 31 December 2023 the remaining amortisation period is 14 years (2022: 2 to 14 years).

4 The amortisation for the period is included in cost of sales and administrative expenses in the income statement.

5 Mainly due to the transfer from property, plant and equipment of the transmission line in Mara Rosa of US$11,031,000.

6 Corresponds to the transfer to assets held for sale of the Crespo mine unit (refer to note 25).

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

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

Sensitivity analysis

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

19 Investment in an associate

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

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

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

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

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

The movement of investment in associate is as follows:

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

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

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

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

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

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

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

The recoverable value of Aclara was determined using a value-in-use methodology. The key assumptions on which management has based its valuation of Aclara's shares are the independent technical report of Penco Module issued in September 2021, forecast prices, a discount rate of 8.5%, and a two-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 one additional year in the first production date would have the following impact in the Group's investment in Aclara:

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

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

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

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

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

20 Financial assets at fair value through OCI

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

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

	US$000 2023	2022
Listed equity investments:		
Power Group Projects Corp (formerly Cobalt Power Group)	**6**	6
Austral Gold	**1**	1
Skeena Resources Limited	**147**	160
Empire Petroleum Corp.	**306**	342
Total listed equity investments	**460**	509
Total non-listed equity investments	**–**	–
Total	**460**	509

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

21 Financial assets at fair value through profit and loss

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

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

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

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

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

22 Trade and other receivables

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

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

1 Net of a provision for impairment of trade receivables from customers in Peru of US$1,370,000 (2022: US$1,333,000).
2 Relates to export benefits through the Patagonian Port and silver refunds in Minera Santa Cruz, discounted over 18 months (2022: 18 months) at a rate of 23.10% (2022: 26.58%) for dollars denominated amounts and 185.15% (2022: 68.50%) for Argentinian pesos. The loss on the unwinding of the discount is recognised within finance expense (2022: finance expense).
3 Net of a provision for impairment of receivables of US$186,000 (2022: US$176,000).
4 Mainly corresponds to account receivables from contractors for the sale of supplies of US$1,973,000 (2022: US$2,311,000), loan to third parties of US$719,000 (2022: US$772,000), and claim receivable of US$345,000 (2022: US$1,242,000), net of a provision for impairment of receivables of US$1,033,000 (2022: US$1,004,000).
5 Primarily relates to US$7,607,000 (2022: US$12,672,000) of VAT receivable related to the San Jose project that will be recovered through future sales of gold and silver and also through the sale of these credits to third parties by Minera Santa Cruz. It also includes the VAT of Minera Ares of US$5,672,000 (2022: US$4,875,000), and Amarillo Mineracao do Brasil of US$15,814,000 (2022: US$3,360,000). The VAT is valued at its recoverable amount.

Movements in the provision for impairment of receivables:

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

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

23 Inventories

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

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

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

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

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

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

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

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

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

24 Cash and cash equivalents and other financial assets

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

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

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

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

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

25 Assets held for sale

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

The closing of the transaction is expected to take place in March 2024, and in consequence, as the sale is highly probable to be completed within the 12 months of the year-end, the assets and liabilities were transferred to assets and liabilities related to asset held for sale, respectively.

Prior to classifying Crespo's disposal group as assets and liabilities related to asset held for sale, the Group recognised an impairment of $21,124,000. The recoverable amount of Crespo project was determined using a FVLCD methodology, based on the economic terms of the sale agreement (refer to note 16).

The major classes of assets and liabilities classified as assets held for sale as at 31 December 2023 are as follows:

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

26 Trade and other payables

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

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

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

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27 Leases

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

The Group also has certain leases of assets with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

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

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

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

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

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

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

28 Borrowings

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

(a) Secured bank loans:

Pre-shipment loans in Minera Santa Cruz:

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

Medium-term bank loans:

- In December 2019, a five-year credit agreement was signed between Minera Ares and Scotiabank Peru S.A.A., The Bank of Nova Scotia and BBVA Securities Inc, with Hochschild Mining PLC as guarantor. The US$200,000,000 medium-term loan was payable in equal quarterly instalments from the second anniversary of the loan with an interest rate of three-month USD Libor plus 1.15% payable quarterly until maturity on 13 December 2024. In September 2021, the Group negotiated with the same counterpart a US$200,000,000 loan to replace the original loan, plus an additional US$100,000,000 optional loan. US$200,000,000 was withdrawn on 21 September 2021, and the optional US$100,000,000 loan was withdrawn on 1 December 2021. The maturity was extended until September 2026, and the interest rate increased to three-month USD Libor plus a spread of 1.65%. A structuring fee of US$900,000 was paid to the lender and additional US$193,000 was incurred as transaction costs.
  In addition, a commitment fee of US$120,000 was paid for the period that the optional US $100,000,000 loan remained undrawn. This was considered a substantial modification to the terms of the loan, and consequently, it was treated as an extinguishment of the loan which resulted in the derecognition of the existing liability and recognition of a new liability. The associated costs and fees incurred have been recognised as part of the loss on the extinguishment. From 18 September 2023 the Libor was replaced by the three-month SOFR plus a spread of 1.91%. The Group repaid US$25,000,000 of the loan on 18 December 2023. Financial covenants under the agreement are: (i) Consolidated Leverage Ratio <= 3 and (ii) Consolidated Interest Coverage Ratio ≥ 4.00.
- In December 2022, a credit agreement for up to $200,000,000 was signed between Amarillo Mineracao do Brasil Ltd and The Bank of Nova Scotia and BBVA Securities Inc, with Hochschild Mining PLC as guarantor. The medium-term facility can be withdrawn until December 2024, and is payable in equal quarterly instalments from February 2025 through November 2027, with an interest rate of three-month SOFR plus a spread of 2.05%. US$60,000,000 was withdrawn on 9 August 2023 (refer to note 39 (h)), and the remaining balance of US$140,000,000 was undrawn as at 31 December 2023. Financial covenants under the agreement are: (i) Consolidated Leverage Ratio <= 3 and (ii) Consolidated Interest Coverage Ratio ≥ 4.00.

(b) Other loans:

Stock market promissory note:

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

(c) Capitalised borrowing costs:

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

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

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

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

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

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

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

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

28 Borrowings continued

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

29 Provisions

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

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

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

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

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

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

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

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

As at 31 December 2023

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

As at 31 December 2022:

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

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

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

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

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

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

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

30 Equity

(a) Share capital and share premium

Issued share capital

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

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

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

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

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

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

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

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

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

(a) the cancellation of the Bonus Shares with the sum arising on the cancellation being credited to the Company's retained earnings reserve;

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

(b) 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 24 June 2022.

Rights attached to ordinary shares

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

(b) Treasury shares

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

The movement in treasury shares are as follows:

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

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

(c) Other reserves

Fair value reserve of financial assets at fair value through OCI

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

Cumulative translation adjustment

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

Merger reserve

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

Cash flow hedges

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

Share-based payment reserve

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

(i) Long-Term Incentive Plan (LTIP)

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

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

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

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

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

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

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

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

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

The remaining contract life is Nil years (2022: 0.1 years), 0.4 years (2022: 1.4 years), 1.2 years (2022: 2.2 years) and 2.3 years for the 2020 LTIP, 2021 LTIP, 2022 LTIP and 2023 LTIP respectively.

The movement in other reserves is as follows:

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

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

(ii) 2022 bonus of employees

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

31 Deferred income tax

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

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

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

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

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

	Differences in cost of PP&E US$000	Provision for mine closure US$000	Mine development US$000	Tax losses US$000	Others[1] US$000	Total US$000
Deferred income tax assets						
At 1 January 2022	**12,797**	**30,466**	**365**	**–**	**3,238**	**46,866**
Income statement benefit/(expense)	1,747	1,048	(1,021)	2,483	5,780	10,037
Equity credit	–	–	1,377	1,855	5,902	9,134
At 31 December 2022	**14,544**	**31,514**	**721**	**4,338**	**14,920**	**66,037**
Income statement benefit/(expense)	**8,045**	**3,260**	**(8,818)**	**3,064**	**(5,977)**	**(426)**
Recognised in assets held for sale	**(5,310)**	**–**	**–**	**–**	**–**	**(5,310)**
Equity credit	**–**	**–**	**–**	**–**	**7,414**	**7,414**
At 31 December 2023	**17,279**	**34,774**	**(8,097)**	**7,402**	**16,357**	**67,715**

1 Credit/(charge) in the year mainly related to silver forward of US$5,908,000 (2022: silver forward of US$645,000), statutory holiday provision of US$943,000 (2022: US$1,157,000) and Long-Term Incentive Plan of US$1,909,000 (2022: US$1,512,000).

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

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

Unrecognised tax losses expire in the following years:

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

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

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

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

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

32 Dividends

	2023 US$000	2022 US$000
Dividends paid and proposed during the year		
Equity dividends on ordinary shares:		
Final dividend for 2022: Nil US cents per share (2021: 2.335 US cents per share)	**–**	11,998
Interim dividend for 2023: Nil US cents per share (2022: 1.95 US cents per share)	**–**	10,019
Total dividends paid in cash	**–**	22,017
Total dividends paid on ordinary shares	**–**	22,017
Proposed dividends on ordinary shares:		
Final dividend for 2023: Nil US cents per share (2022: Nil US cents per share)	**–**	–
Dividends declared to non-controlling interests: 0.002 US$ per share (2022: 0.002 US$ per share)	**326**	286
Total dividends declared to non-controlling interests	**326**	286

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

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

33 Related-party balances and transactions

(a) Related-party accounts receivable and payable

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

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

1 The account receivable relates to reimbursement of expenses paid by the Group on behalf of Cementos Pacasmayo S.A.A, an entity controlled by Eduardo Hochschild. The account payable relates to the payment of rentals.

2 Peruvian not-for-profit educational institutions controlled by Eduardo Hochschild.

3 Associated companies of the Aclara Group (refer to note 19).

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

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

Principal transactions between affiliates are as follows:

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

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

(b) Compensation of key management personnel of the Group

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

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

34 Auditor's remuneration

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

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

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

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

35 Notes to the statement of cash flows

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

36 Commitments

(a) Mining rights purchase options

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

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

	As at 31 December	
	2023 US$000	**2022 US$000**
Commitment for the subsequent 12 months	**–**	–
More than one year	**–**	4,747

(b) Capital commitments

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

37 Contingencies

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

(a) Taxation

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

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

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

(b) Guarantees

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

38 Mining royalties

Peru

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

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

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

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

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

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

Argentina

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

39 Financial risk management

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

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

(a) Commodity price risk

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

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

Derivative financial assets – Silver and gold forwards

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

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

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

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

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

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

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

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

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

31 December 2023

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

The effect recorded is as follows:

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

39 Financial risk management continued

31 December 2022

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

The effect recorded is as follows:

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

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

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

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

(b) Foreign currency risk

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

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

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

(c) Credit risk

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

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

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

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

Cash and cash equivalents – Credit/rating[1]	As at 31 December 2023 US$000	As at 31 December 2022 US$000
A+	**40,759**	55,847
A	**–**	1,066
A-	**12,955**	2,436
A2	**27,205**	42,091
AA2	**–**	8
Aa3	**–**	8,000
Baa1	**–**	109
BB-	**–**	10,505
BBB+	**–**	60
BBB	**–**	5,210
BBB-	**5,172**	4,419
Caa1	**–**	1
NA	**3,035**	14,092
Total	**89,126**	143,844

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

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

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

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

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

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

(d) Equity risk on financial instruments

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

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

39 Financial risk management continued

(e) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

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

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

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

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

	Trade receivables/ price adjustments US$000
Balance at 1 January 2021	**27,773**
Net change in trade receivables from goods sold	8,063
Changes in fair value of price adjustments (note 5)	(1,323)
Realised price adjustments during the year	7,851
Balance at 31 December 2022	**42,364**
Net change in trade receivables from goods sold	(8,644)
Changes in fair value of price adjustments (note 5)	1,174
Realised price adjustments during the year	(5,473)
Balance at 31 December 2023	**29,421**

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

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

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

Impact of hedging on equity

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

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

(f) Liquidity risk

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

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

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

(g) Interest rate risk

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

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

39 Financial risk management continued

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

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

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

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

(h) Capital risk management

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

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

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

40 Subsequent events

(a) Hedges

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

(b) Loan facility

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

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

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

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

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

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

Parent company statement of financial position

For the year ended 31 December 2023

	Notes	As at 31 December 2023 US$000	2022 US$000
ASSETS			
Non-current assets			
Investments in subsidiaries	5	**927,196**	587,083
Other receivables	6	**1,878**	–
		929,074	587,083
Current assets			
Other receivables	6	**5,546**	10,629
Cash and cash equivalents	7	**278**	662
		5,824	11,291
Total assets		**934,898**	598,374
EQUITY AND LIABILITIES			
Equity share capital	8	**9,068**	9,061
Other reserves		**6,643**	6,312
Retained earnings		**858,989**	529,486
Total equity		**874,700**	544,859
Non-current liabilities			
Trade and other payables	9	**1,816**	2,073
Provisions	10	**–**	–
		1,816	2,073
Current liabilities			
Trade and other payables	9	**58,382**	51,442
		58,382	51,442
Total liabilities		**60,198**	53,515
Total equity and liabilities		**934,898**	598,374

The profit of the Company after tax amounted to US$328,819,000 (2022: loss of US$559,481,000).

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

Eduardo Landin
Chief Executive Officer
12 March 2024

Parent company statement of cash flows

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 US$000	2022 US$000
Reconciliation of loss for the year to net cash used in operating activities			
Profit/(loss) for the year		**328,819**	(559,481)
Adjustments to reconcile Company profit/(loss) to net cash outflows from operating activities			
(Reversal)/impairment on investment in subsidiary	5	**(339,763)**	551,679
Write-off of prepayments		**3,766**	–
Share-based payments		**395**	4,286
Finance income	13	**(532)**	(507)
Finance costs		**12**	13
Others		**(15)**	–
Decrease of cash flows from operations due to changes in assets and liabilities			
Other receivables		**7**	(5,418)
Trade and other payables		**1,156**	(1,396)
Provision for Long-Term Incentive Plan	10	**–**	(37)
Cash used in operating activities		**(6,155)**	(10,861)
Interest received		**6**	12
Net cash used in operating activities		**(6,149)**	(10,849)
Cash flows from investing activities			
Dividends collected		**–**	–
Net cash generated from investing activities		**–**	–
Cash flows from financing activities			
Dividends paid	12	**–**	(22,017)
Loans from subsidiaries	11(a)	**5,750**	33,000
Cash flows generated from financing activities		**5,750**	10,983
Net increase/(decrease) in cash and cash equivalents during the year		**(399)**	134
Foreign exchange effect		**15**	–
Cash and cash equivalents at beginning of year		**662**	528
Cash and cash equivalents at end of year	7	**278**	662

Parent company statement of changes in equity

For the year ended 31 December 2023

				Other reserves			
	Notes	Equity share capital US$000	Share premium US$000	Share-based payment reserve US$000	Total other reserves US$000	Retained earnings US$000	Total equity US$000
Balance at 1 January 2022		**226,506**	**458,267**	**3,912**	**3,912**	**435,136**	**1,123,821**
Other comprehensive income		–	–	–	–	–	–
Loss for the year		–	–	–	–	(559,481)	(559,481)
Total comprehensive profit for the year		–	–	–	–	(559,481)	(559,481)
Forfeiture of share options	8(c)			(1,886)	(1,886)	136	(1,750)
Issuance of deferred bonus shares	8(a)	303,268				(303,268)	–
Cancellation of deferred bonus shares	8(a)	(303,268)				303,268	–
Cancellation of share premium account	8(a)		(458,267)			458,267	–
Nominal value reduction	8(a)	(217,445)				217,445	–
Dividends	12					(22,017)	(22,017)
Share-based payments	8(c)			4,286	4,286	–	4,286
Balance at 31 December 2022		**9,061**	**–**	**6,312**	**6,312**	**529,486**	**544,859**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**
Profit for the year		**–**	**–**	**–**	**–**	**328,819**	**328,819**
Total comprehensive profit for the year		**–**	**–**	**–**	**–**	**328,819**	**328,819**
Forfeiture of share options	**8(c)**			**(1,528)**	**(1,528)**	**107**	**(1,421)**
Exercise of share options		**7**		**(584)**	**(584)**	**577**	**–**
Share-based payments	**8(c)**			**2,443**	**2,443**	**–**	**2,443**
Balance at 31 December 2023		**9,068**	**–**	**6,643**	**6,643**	**858,989**	**874,700**

1 Corporate information

Hochschild Mining plc (hereinafter "the Company") is a public limited company incorporated on 11 April 2006 under the Companies Act 1985 as a Limited Company and registered in England and Wales with registered number 05777693.

The Company's registered office is located at 17 Cavendish Square, London W1G 0PH, United Kingdom. The Company was incorporated to serve as a holding company to be listed on the London Stock Exchange. The Company acquired its interest in a group of companies to constitute the Hochschild Mining Group ("the Group") pursuant to a share exchange agreement ("Share Exchange Agreement") dated 2 November 2006.

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

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

2 Significant accounting policies

(a) Basis of preparation

The Company's financial statements have been prepared in accordance with UK adopted International Accounting Standards. The Company applies the same Group policies, unless there is an exception in its financial statements.

The financial statements of the Company have been prepared on a historical cost basis. The financial statements are presented in US dollars (US$) and all monetary amounts are rounded to the nearest thousand ($000) except when otherwise indicated.

(b) Going concern

The financial position of the Company is set out in the Statement of Financial Position. The Company has received a support letter from its wholly owned subsidiary, Hochschild Mining Holdings Ltd ("HM Holdings"), indicating that it will not request a repayment of the interest free loan of US$50,750,000 for the period to 31 March 2025.

The ability for the Company to continue as a going concern is dependent on Compañía Minera Ares S.A.C. ("Minera Ares"), another wholly owned subsidiary of the Company providing additional funding to the extent that the operating inflows of the Company are insufficient to meet future cash requirements. The Company has obtained a letter of support from Minera Ares indicating that the financial support will continue until 31 March 2025.

Considering the support available from the subsidiaries described above, the Directors have a reasonable expectation that the Company has adequate resources to meet continue in operation until 31 March 2025, being a period of at least 12 months from the date of these financial statements. These considerations included the impact of Covid pandemic on the wider Hochschild Group and the Hochschild Group's Directors' assessment of going concern. Accordingly, the financial statements have been prepared on the going concern basis.

(c) Exemptions

The Company's financial statements are included in the Hochschild Mining Group consolidated financial statements for the years ended 31 December 2023 and 31 December 2022. As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

(d) Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those applied in the preparation of the Company financial statement for the year ended 31 December 2022. Amendments to standards and interpretations which came into force during the year did not have a significant impact on the financial statements.

(e) Investments in subsidiaries

Subsidiaries are entities over which the Company controls operating and financial policies, generally by owning more than 50% of voting rights. Investments in subsidiaries are recognised at acquisition cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. If, in subsequent periods, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(f) Dividends receivable

Dividends are recognised when the Company's right to receive payments is established. Dividends received are recorded in the income statement.

Dividends distributions of non-cash assets are recognised at fair value.

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

Certain 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 estimation is contained in the accounting policies and/or the notes to the financial statements.

Significant estimates:

– *Impairment in subsidiaries – notes 2(e) and 5*
Estimates are required to be made by management in determining the recoverable value of the investments in subsidiaries. The Company tested its investment in subsidiary determining the recoverable value using a fair value less cost of disposal, that was determined with reference to the market capitalisation of the Company, to which a control premium is applied. Judgement is involved in determining the control premium rate to be paid by market participants in an arm's length transaction.

Critical judgements:

– *Income tax – note 2(n)*
The Company analyses the possibility of generation of profit and determined the recognition of deferred tax. No deferred tax asset is being recognised by the Company as it does not expect to generate any profit to settle the temporary difference.

– *Financial guarantee – note 2(p)*
The Company estimates the fair value of the financial guarantee contract as the difference between the net present value of the contractual cash flows required under a debt instrument, and the net present value of the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk-free interest rate.

(h) Other receivables

Other receivables are initially recognised at fair value less provision made for impairment of these receivables. Non-current receivables are stated at amortised cost. A provision for impairment of trade receivables is established using the expected credit loss impairment model according IFRS 9. The amount of the provision is the difference between the carrying amount and the recoverable amount and this difference is recognised in the income statement.

(i) Currency translation

The functional currency of the Company is the US dollar and is determined by the currency of the primary economic environment in which its subsidiaries operates and therefore drives their ability to pay dividends.

Transactions denominated in currencies other than the functional currency of the Company are initially recorded in the functional currency using the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at the rate of exchange ruling at the statement of financial position date. Exchange gains and losses on settlement of foreign currency transactions which are translated at the rate prevailing at the date of the transactions, or on the translation of monetary assets and liabilities which are translated at period-end exchange rates, are taken to the income statement. Nonmonetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at the foreign exchange rate prevailing at the date of the transaction.

(j) Cash and cash equivalents

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

(k) Share capital

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

(l) Share-based payments

Cash-settled transactions

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

Equity-settled transactions

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

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

(m) Finance income and costs

Finance income and costs mainly comprise interest income on funds invested, interest expense on borrowings and foreign exchange gains and losses. Interest income and costs are recognised as they accrue, taking into account the effective yield on the asset and liability, respectively.

(n) Income tax

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

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

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

– Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

2 Significant accounting policies continued

(o) Financial instruments

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

Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

The Company measures financial assets at amortised cost (debt instruments) if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

Derecognition

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

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

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

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

Financial liabilities

Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and financial guarantee liabilities.

Subsequent measurement

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

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

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

Derecognition

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

(p) Financial guarantees

Financial guarantees are initially recognised in the financial statements at fair value at the time the guarantee is issued. The Company estimates the fair value of the financial guarantee contract as the difference between the net present value of the contractual cash flows required under a debt instrument, and the net present value of the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk-free interest rate.

Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in profit and loss, and the amount of ECL. Financial guarantee ECL reflect the cash shortfalls adjusted by the risks that are specific to the cash flows. If the ECL exceeds the initially recognised guarantee amount less cumulative amortisation the difference is taken to profit and loss.

A financial guarantee liability is derecognised when the liability underlying the guarantee is discharged or cancelled or expires, or if the guarantee is withdrawn or cancelled. The carrying amount of the financial guarantee is taken to the statement of profit or loss.

(q) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

The Company measures a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed.

3 Profit and loss account

The Company made a profit attributable to equity shareholders of US$328,819,000 (2022: loss of US$559,481,000).

4 Property, plant and equipment

At 31 December 2023 and 2022 the Company has property, plant and equipment with cost of equipment of US$265,000 which is fully depreciated.

There were no additions during 2022 and 2023.

5 Investments in subsidiaries

	Total US$000
Year ended 31 December 2022	
Cost	
At 1 January 2022	2,338,958
At 31 December 2022	2,338,958
Accumulated impairment	
At 1 January 2022	1,200,196
Impairment	551,679
At 31 December 2022	1,751,875
Net book value at 31 December 2022	587,083
Year ended 31 December 2023	
Cost	
At 1 January 2023	2,338,958
Additions	350
At 31 December 2023	2,339,308
Accumulated impairment	
At 1 January 2023	1,751,875
Reversal of impairment	(339,763)
At 31 December 2023	1,412,112
Net book value at 31 December 2023	**927,196**

The Company tested its investment in subsidiary for impairment in light of increases (2022: decreases) in the Company's publicly listed share price. As a result of this test, the Company recognised a reversal of impairment of the investment in HM Holdings of US$339,763,000 (2022: impairment of US$551,679,000).

The recoverable value of the investment in HM Holdings was determined using a fair value less costs of disposal. The fair value less costs of disposal was determined with reference to the market capitalisation of the Company at 31 December 2023 translated from pounds sterling into US dollars using the year-end exchange rate (both Level 1 inputs), to which a control premium was added based on recent market transactions (a Level 2 input), and subsequently adjusted for the assets and liabilities held directly by the Company, which result in fair value measurements categorised in its entirety as Level 3 in the fair value hierarchy. A Level 1 input refers to quoted prices in active markets, while a Level 2 input corresponds to other information that can be observed directly or indirectly.

A positive/adverse change of 10% of the market capitalisation would result in an additional increase/decrease to the reversal of the impairment recognised by US$87,793,000 (2022: additional decrease/increase to the impairment recognised by US$54,326,000). A change in the control premium would have the following impact over the reversal of impairment/impairment recognised in 2023 and 2022 respectively as follows:

	As at 31 December 2023 US$000	As at 31 December 2022 US$000
Control premium (increase by 5%)	**35,117**	(21,730)
Control premium (decrease by 5%)	**(35,117)**	21,730

The breakdown of the investments in subsidiaries is as follows:

	As at 31 December 2023			As at 31 December 2022		
Name	Country of incorporation	Equity interest %	Carrying value US$000	Country of incorporation	Equity interest %	Carrying value US$000
Hochschild Mining Holdings Ltd	**England and Wales**	**100%**	**927,196**	England and Wales	100%	587,083
Total			**927,196**			587,083

The list of indirectly held subsidiaries of the Company is presented in note 1 (Corporate information) of the notes to the consolidated financial statements.

During 2023 the Company recorded a capital contribution of $350,000 related to the financial guarantee granted over some borrowings entered into by Amarillo Mineração do Brasil Ltd. ("Amarillo"), one of its indirectly held subsidiaries (note 9).

6 Other receivables

	Year ended 31 December	
	2023 US$000	2022 US$000
Amounts receivable from subsidiaries (note 11)	**7,217**	6,636
Prepayments[1]	**205**	3,992
Receivable from Kaupthing, Singer and Friedlander[2]	**–**	–
Other receivable	**2**	1
Total	**7,424**	10,629
Less current balance	**(5,546)**	(10,629)
Non-current balance	**1,878**	–

1 In 2022, mainly related to the transaction costs incurred for the acquisition of Amarillo of US$3,766,000 (refer to note 4(a) of the Consolidated Financial Statements) written-off in 2023 and recognised in other expenses.
2 Net of the impairment of receivable of US$186,000 (2022: US$176,000).

The fair values of other receivables approximate their book values.

Movements in the provision for impairment of receivables:

	Total US$000
At 1 January 2022	**197**
Provided during the year	(21)
At 31 December 2022	**176**
Provided during the year	**10**
At 31 December 2023	**186**

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

7 Cash and cash equivalents

	Year ended 31 December	
	2023 US$000	2022 US$000
Bank current account[1]	**167**	397
Time deposits[2]	**111**	265
Cash and cash equivalents considered for the cash flow statement	**278**	662

1 Relates to bank accounts which are freely available and bear interest.
2 These deposits have an average maturity of Nil days (2022: Nil days).

8 Equity

(a) Share capital and share premium

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

	Issued	
Class of shares	**Number**	**Amount**
Ordinary shares	514,458,432	£5,144,584

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

	Issued	
Class of shares	**Number**	**Amount**
Ordinary shares	513,875,563	£5,138,756

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

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

	Number of ordinary shares	Share capital US$000	Share premium US$000
Shares issued as at 1 January 2022	**513,875,563**	**226,506**	**458,267**
Deferred bonus shares issued on 20 June 2022	513,875,563	303,268	–
Cancellation of deferred bonus shares on 22 June 2022	(513,875,563)	(303,268)	–
Cancellation of share premium account on 24 June 2022	–	–	(458,267)
Reduction of nominal value to 1 pence on 24 June 2022	–	(217,445)	–
Shares issued as at 31 December 2022	**513,875,563**	**9,061**	**–**
Issuance of shares for bonus payment on 12 May 2023	**582,869**	**7**	**–**
Shares issued as at 31 December 2023	**514,458,432**	**9,068**	**–**

Following the passing of certain special resolutions at an Extraordinary General Meeting of shareholders held on 26 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:

1. the cancellation of the Bonus Shares with the sum arising on the cancellation being credited to the Company's retained earnings reserve;
2. the reduction of the Company's share premium account to Nil and crediting the corresponding amount to the Company's retained earnings reserve;
3. the reduction in the nominal value of the ordinary shares from 25 pence per ordinary share to 1 pence per ordinary share; and
4. (both (ii) and (iii) above collectively referred to as "the Reductions").

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

(b) Treasury shares

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

The movement in treasury shares are as follows:

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

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

(c) Other reserves

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

Refer to note 30(c) to the consolidated financial statements for details of the share-based payment reserve at 31 December 2023 and 2022.

(d) Retained earnings

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

As at 31 December 2022 the balance of the merger reserve was capitalised. The movement of the merger reserve is as follows:

	US$000
As at 1 January 2022	**198,398**
Capitalisation of merger reserve	(198,398)
As at 31 December 2022	**–**

9 Trade and other payables

	As at 31 December			
	2023		2022	
	Non-current US$000	Current US$000	Non-current US$000	Current US$000
Trade payables	–	1,331	–	928
Payables to subsidiaries (note 11(a))	731	56,215	731	49,579
Remuneration payable	–	56	–	270
Taxes and contributions	–	201	–	170
Financial guarantees[1]	1,085	576	1,342	495
Others	–	3	–	–
Total	**1,816**	**58,382**	2,073	51,442

1 The Company provided financial guarantee to the banks loan entered into by its subsidiary Minera Ares and Amarillo. The financial guarantee was recognised at its fair value at initial recognition of US$3,298,000 (US$1,472,000 recognised in 2019, additional US$1,476,000 recognised in 2021 and US$350,000 recognised in 2023). This fair value was determined through the use of certain level 3 estimates, the most significant of which being the estimated rate of interest Minera Ares and Amarillo would have been charged were it not for the guarantee provided by the Company.

Trade payables mainly relate to the purchase of third party services. These payables do not accrue interest and no guarantees have been granted in relation to these payables. The fair value of trade and other payables approximate their book values.

10 Provisions

	As at 31 December	
	2023 US$000	2022 US$000
Beginning balance	–	37
(Decrease)/increase in provision, net	–	(37)
At 31 December	–	–
Less: current portion	–	–
Non-current portion	–	–

Corresponds to the provision related to awards granted under the Long-Term Incentive Plan (LTIP) to designated personnel of the Company. Includes the following benefit: (i) 2020 awards, granted in February 2020, payable in February 2023, as 50% in cash, with a result of US$Nil. Only employees who remain in the Group's employment on the vesting date will be entitled to vested awards, subject to exceptions approved by the Remuneration Committee of the Board. Refer to footnote 2 of note 29 to the consolidated financial statements for details of the LTIP awards and assumptions used for the valuation as at 31 December 2023 and 2022.

11 Related-party balances and transactions

(a) Related-party accounts receivable and payable

The Company had the following related-party balances and transactions during the years ended 31 December 2023 and 31 December 2022.

	As at 31 December 2023		As at 31 December 2022	
	Accounts receivable US$000	Accounts payable US$000	Accounts receivable US$000	Accounts payable US$000
Subsidiaries				
Compañía Minera Ares S.A.C.[1]	6,025	6,173	5,123	5,286
Hochschild Mining Holdings Ltd[2]	–	50,750	–	45,000
Minera Santa Cruz S.A.[3]	1,040	20	998	20
Other subsidiaries	152	3	515	4
Total	**7,217**	**56,946**	6,636	50,310

1 The account receivable mainly relates to the LTIP 2023, LTIP 2022, LTIP 2021, and LTIP 2020 (paid in shares that are going to be paid by Hochschild Mining PLC in shares on behalf of Minera Ares). The account payable mainly relates to the services performed by Minera Ares to the Company, which during 2023 amounts to US$887,000 (2022: US$649,000). The Company provided certain financial guarantees on behalf of Minera Ares (note 9).

2 Relates to loans receivable by and payable to HM Holdings. The loan payable is repayable on demand and is free of interest. During the year the Company received cash proceeds from loans of US$5,750,000 (2022: US$45,000,000).
In March 2024, the Company received a support letter from HM Holdings indicating that it will not request a repayment of the interest free loan of US$50,750,000 for the period to 31 March 2025.

3 The account receivable mainly relates to the LTIP 2023, LTIP 2022, LTIP 2021, and LTIP 2020 (paid in shares that are going to be paid by Hochschild Mining PLC in shares on behalf of Minera Santa Cruz). The account payable mainly relates to the services performed by Minera Santa Cruz to the Company, which during 2023 amounts to US$Nil (2022: US$Nil).

The fair values of the receivables and payables approximate their book values. Transactions between the Company and these companies are on an arm's length basis.

(b) Compensation of key management personnel of the Company

Key management personnel include the Directors who receive remuneration. The amount of this remuneration totals US$1,071,000 (2022: US$1,140,000).

12 Dividends paid and proposed

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

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

13 Finance income

	2023 US$000	2022 US$000
Interests on deposits	6	12
Income from guarantee	526	495
Total	**532**	507

14 Financial risk management

The Company is exposed to a variety of risks and uncertainties which may have an impact on the achievement of financial and economic objectives. These risks include strategic, operational and financial risk and are further categorised into risk areas to facilitate risk assessment. The Company is not exposed to significant sources of commodity price, equity or interest rate risk.

(a) Foreign currency risk

Due to the operations of the Company, it has cash and cash equivalents and trade payables denominated in pounds sterling. Accordingly, the financial results of the Company may be affected by exchange rate fluctuations. The Company does not use derivative instruments to manage its foreign currency risks. The following table demonstrates the sensitivity of financial assets and liabilities, at the reporting date denominated in their respective currencies, to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

Year	Increase/decrease in US$/other currencies rate	Effect on profit before tax US$000	Effect on equity US$000
2023			
Pound sterling	+/-10%	-/+94	–
2022			
Pound sterling	+/-10%	-/+40	–

(b) Credit risk

The Company is primarily exposed to credit risk in transactions in cash which are primarily limited to cash balances deposited in banks and accounts receivable at the statement of financial position date. The Company has evaluated and introduced efforts to try to mitigate credit risk exposure.

To manage credit risk associated with cash balances deposited in banks, the Company is:
- increasing banking relationships with large, established and well-capitalised institutions in order to secure access to credit and to diversify credit risk;
- investing cash in short-term, highly liquid and low risk instruments (term deposits);
- maintaining excess cash abroad in hard currency.

Credit risk concentrations exist when changes in economic, industrial or geographic factors take place, affecting in the same manner the Company's counterparties whose added risk exposure is significant to the Company's total credit exposure. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in note 6.

14 Financial risk management continued

(c) Liquidity risk

Liquidity risk arises from the Company's inability to obtain the funds it requires to comply with its commitments. Management constantly monitors the Company's level of short- and medium-term liquidity in order to ensure appropriate financing is available for its operations.

The Company is funded by HM Holdings through loans in order to meet its obligations. Liquidity is supported by the balance of cash and cash equivalent held by the Company of US$278,000 (2022: US$662,000) and the financial support provided by Minera Ares (see note 2(b)). The Company also serves as principal funding conduit for the Group's capital raising activities such as equity issuances.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date:

	Less than 1 year US$000	Between 1 and 2 years US$000	Between 2 and 5 years US$000	Over 5 years US$000	Total US$000
At 31 December 2023					
Trade and other payables	**58,335**	**–**	**–**	**–**	**58,335**
At 31 December 2022					
Trade and other payables	51,509	–	–	–	51,509

The table below analyses the maximum amounts payable under financial guarantees provided to Minera Ares (note 9), considering that if the guarantees were to be called, the guaranteed amounts would be due immediately:

	Less than 1 year US$000	Between 1 and 2 years US$000	Between 2 and 5 years US$000	Over 5 years US$000	Total US$000
At 31 December 2023					
Financial guarantees[1]	**335,000,000**				**335,000,000**
At 31 December 2022					
Financial guarantees[1]	300,000,000	–	–	–	300,000,000

1 Not including any accumulated interest that may be payable at the call date.

(d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Management considers as part of its capital the financial sources of funding from shareholders and third parties (notes 8 and 9). In order to ensure an appropriate return for shareholders' capital invested in the Company, management monitors capital thoroughly and evaluates all material projects and potential acquisitions before submission to the Board for ultimate approval, where applicable.

PROFIT BY OPERATION[1]

(Segment report reconciliation) as at 31 December 2023

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

1 On a post-exceptional basis.

Ore reserves and mineral resources estimates

Hochschild Mining PLC reports its mineral resources and reserves estimates in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition ("the JORC Code"). This establishes minimum standards, recommendations and guidelines for the public reporting of exploration results and mineral resources and reserves estimates. In doing so it emphasises the importance of principles of transparency, materiality and confidence. The information on ore reserves and mineral resources on 228 to 230 were prepared by or under the supervision of Competent Persons (as defined in the JORC Code). Competent Persons are required to have sufficient relevant experience and understanding of the style of mineralisation, types of deposits and mining methods in the area of activity for which they are qualified as a Competent Person under the JORC Code. The Competent Person must sign off their respective estimates of the original mineral resource and ore reserve statements for the various operations and consent to the inclusion of that information in this report, as well as the form and context in which it appears.

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

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

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

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

ATTRIBUTABLE METAL RESERVES AS AT 31 DECEMBER 2023

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

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

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

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

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

CHANGE IN ATTRIBUTABLE RESERVES AND RESOURCES

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

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

SHAREHOLDER INFORMATION

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

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This Annual Report 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. 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 Annual Report. 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 Annual Report. Nothing in this Annual Report should be construed as a profit forecast.

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