



# Hochschild Mining PLC

Focused on the core business, increasing production, lowering costs

Gold Forum Americas  
15-18 September 2024



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# Key takeaways

## ESG

- Strong ESG performance history

## Rapidly improving H1 financial performance

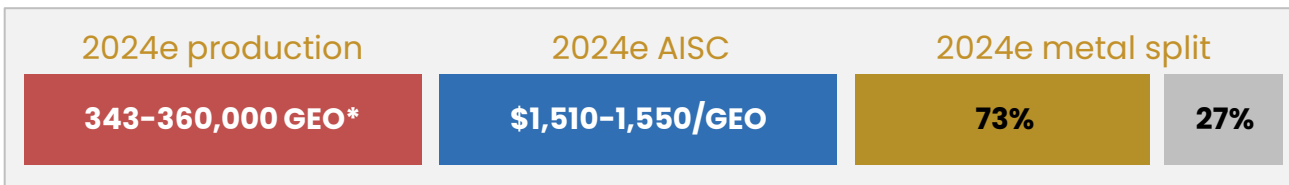
- Revenue up 25% to \$392m
- Adj. EBITDA up 79% to \$178m
- AISC of \$1,510/oz: lower end of FY 2024 guidance

## Growth

- New Mara Rosa mine (Brazil): full production
- New Monte Do Carmo project (Brazil): option secured
- Royropata project (Peru): progressing permitting

## Capital discipline

- Cash: \$89m
- Net debt: \$271m
- Focused on debt repayment, growth & capital return



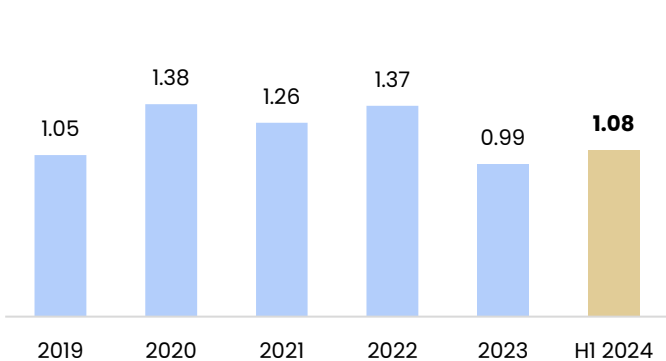


# ESG: Continued strong performance across all key metrics

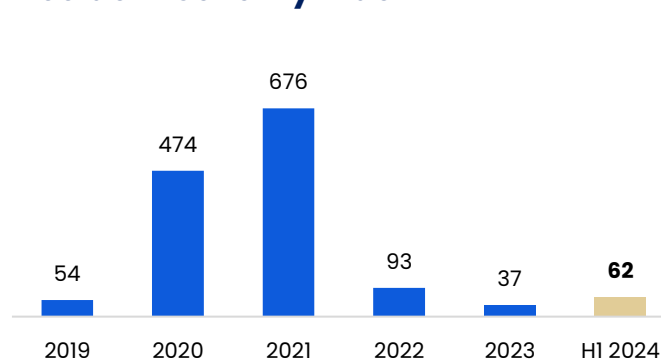
- Safety results
  - Lost Time Injury Frequency Rate : 1.09
  - Accident Severity Index: 62
- Best environmental performance since KPI inception
  - ECO score: 5.85 out of 6
  - Potable water consumption decreased from 163 to 136l/person/day
- Increased total local workforce to 61%
- Local procurement increased from 17% to 23%



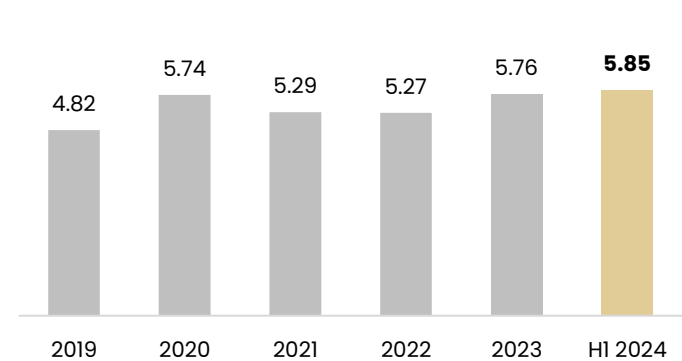
**LTIFR**



**Accident Severity Index**



**ECO score**





# Hochschild strategy for delivery and growth

## **Brownfield**

Generating long-term value  
Extending LOM  
Focused on mineable resources

## **Operational efficiency**

Lean philosophy  
Process optimisation  
Proven development record  
On Time On Budget

## **ESG**

Driving responsibility & respect  
World class safety performance  
2030 ESG KPI's in place  
Net zero by 2050

## **Disciplined capital allocation**

Funding organic growth  
Debt repayment  
Capital return  
Value accretive M&A

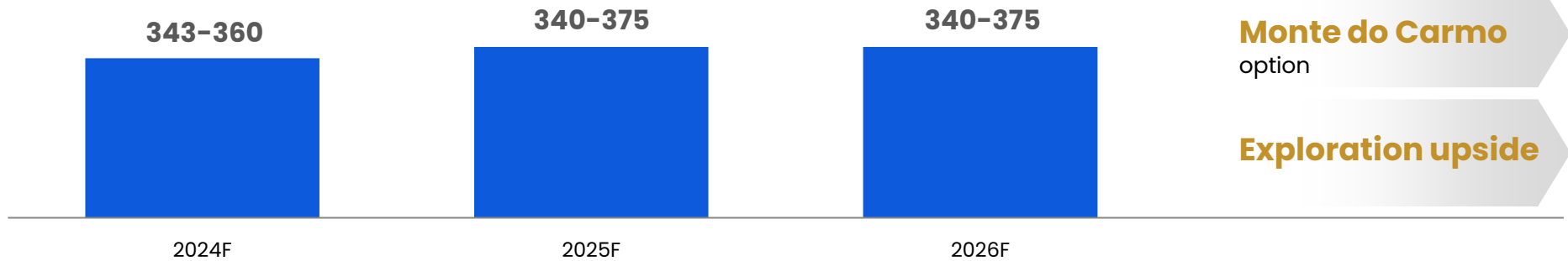




# Production set to rise and costs set to fall

## Attributable production

(koz Au Eq\*)



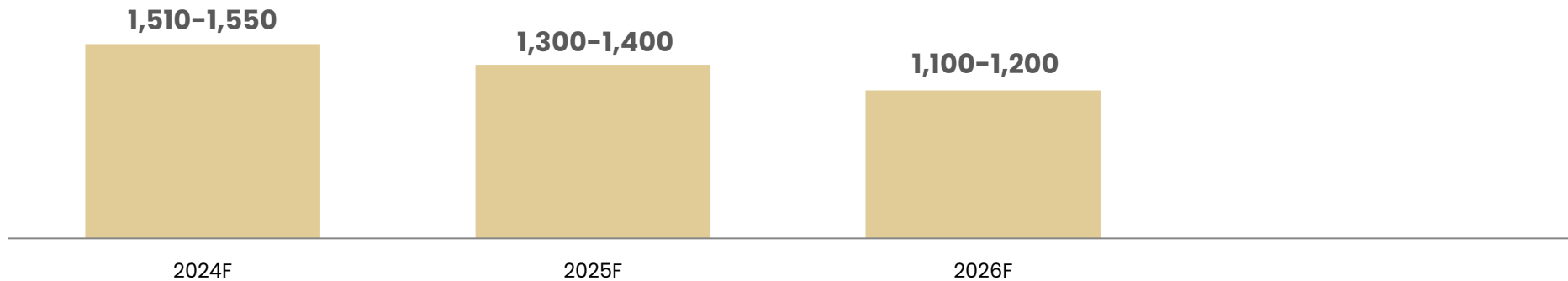
**Royropata**  
100koz Au Eq p.a.

**Monte do Carmo**  
option

**Exploration upside**

## All-in sustaining costs\*\*

(\$/oz Au Eq\*)



\*Using gold/silver ratio of 83:1 to convert silver to gold equivalent  
\*\*2025 and 2026 AISC do not include exploration expenses  
\*\*\*Temporary capex impact from MEIA delay of \$45m in Inmaculada

# Peru: Inmaculada



## Overview

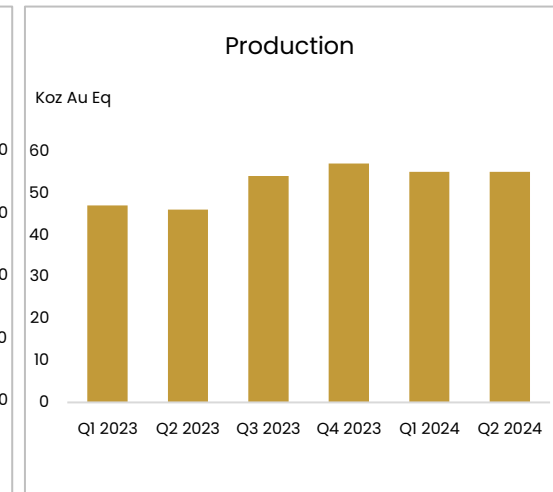
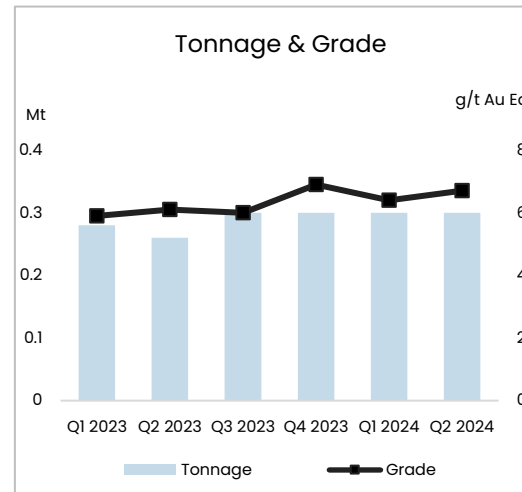
100% owned



- Located in the Ayacucho Region in Southern Peru
- Underground operation – commenced in 2015
- Beaten guidance every year since commissioning
- 20yr modified EIA permit obtained in August 2023
- Large regional land package still to be explored

Reserves & Resources	Tonnes (Mt)	Au (g/t)	Ag (g/t)	AuEq* (g/t)	AuEq* (koz)
P&P Reserves	5.2	3.6	155	5.7	956
M&I Resources*	7.6	3.9	164	6.1	1,497
Inferred Resources	11.3	2.5	96	3.8	1,367

Altitude (masl)	4,400
Operation	Underground
Plant Capacity	3,850 tpd
Annual Production	200-220 koz AuEq
Product	70% Au / 30% Ag dore





# Inmaculada: beating expectations in 2024

- Project ongoing to increase extracted tonnage
- Initiatives:
  - Ventilation
  - Mine support
  - Incorporating marginal cut-off grades
  - Shift change optimisation
  - Ore-control
  - Blasting length
- Production expected to be above 2024 guidance
- \$45m capex deferrals from 2022/2023 delays:
  - TSF expansion
  - Waste rock facilities
  - Reverse osmosis plant
  - Mine development





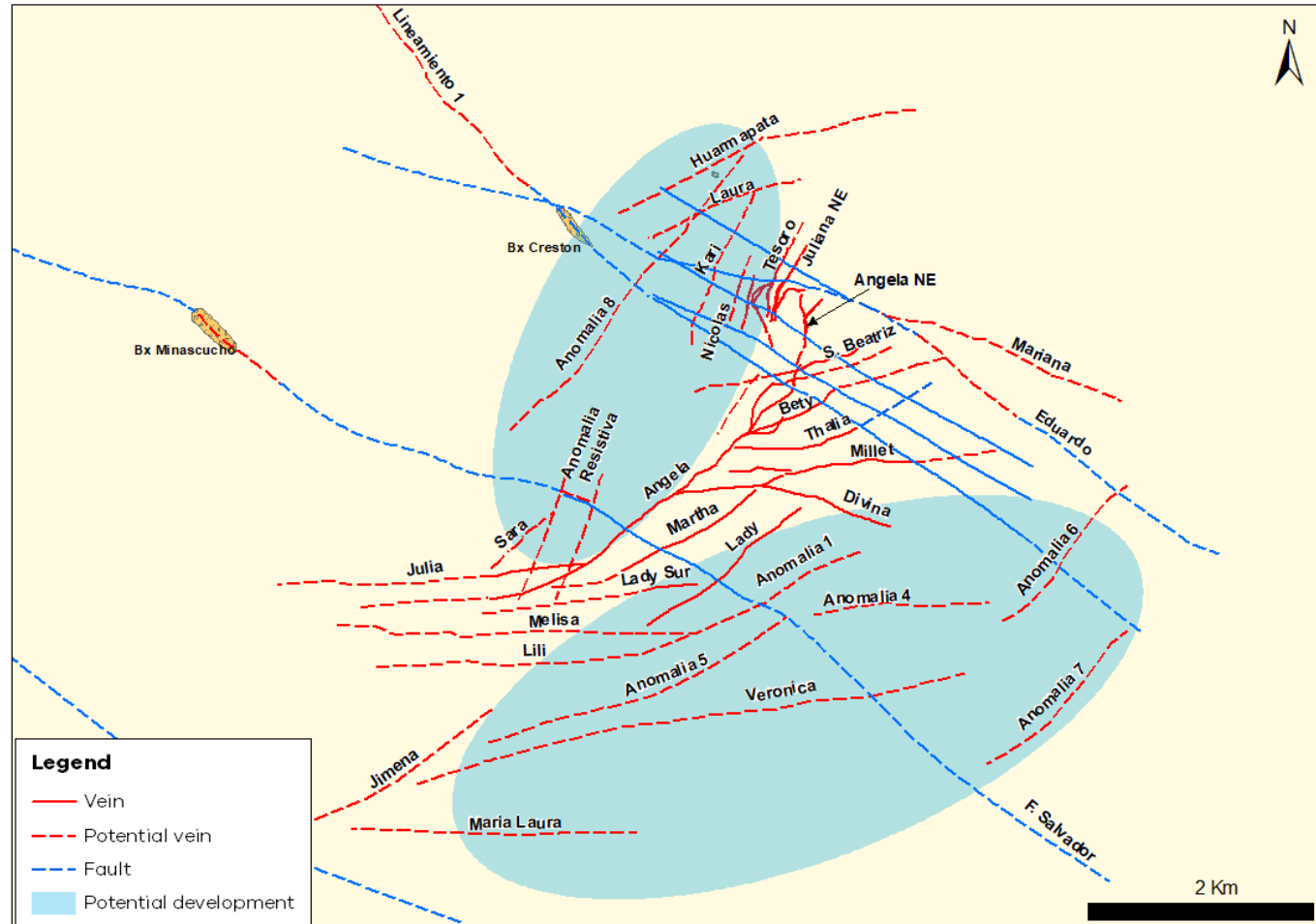
# Inmaculada: brownfield programme progressing well

## 2024 drilling

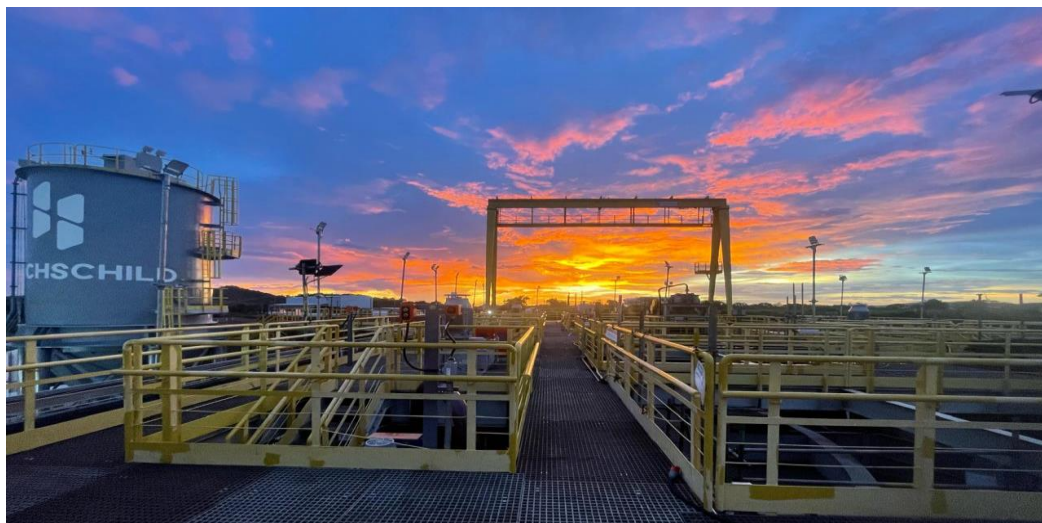
- Drilling in Tesoro, Nicolas & Kari veins
- Aiming to add 0.7-0.85moz Au Eq
- Drilling for potential in Laura, Angela NE, S. Beatriz

## Brownfield exploration:

- Short-term priority to maximize LOM
- 4yr plan to add 0.5-0.6moz Au Eq@ +500g/t p.a



# Brazil: commercial production reached at Mara Rosa



## Overview

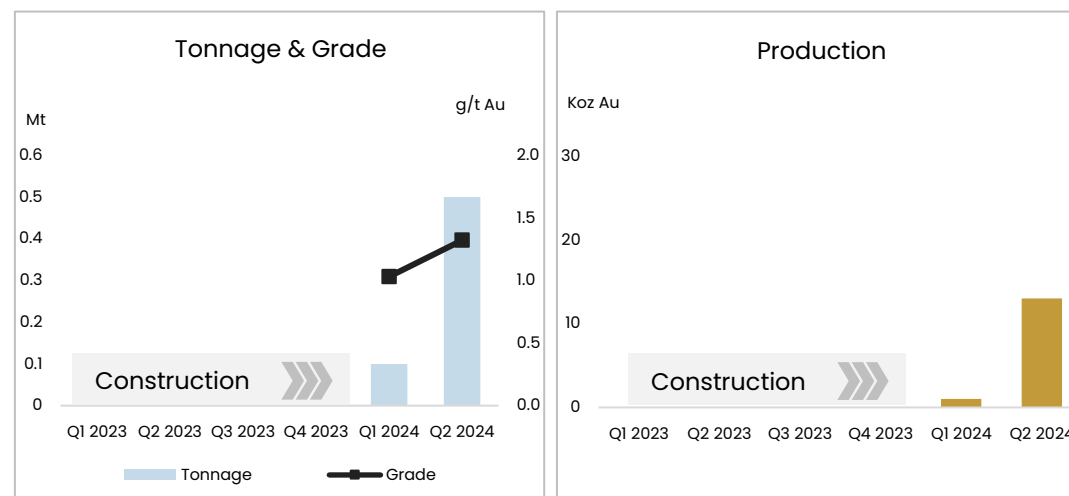
100% owned



- Located in the state of Goiás
- Open pit operation now in commercial production
- Project completed on time and on budget
- 10+ yrs LOM based on current reserves
- Optimisation/exploration opportunities identified to extend LOM & improve economics
- Potential to increase plant capacity

Reserves & Resources	Tonnes (Mt)	Au (g/t)	Au (koz)
P&P Reserves	23.8	1.18	902
M&I Resources*	32.0	1.10	1,200
Inferred Resources	0.1	0.52	1.7

Altitude (masl)	530
Operation	Open Pit
Plant Capacity	7,000 tpd
Annual Production	82-105 koz AuEq
Product	100% Au dore



\*Using gold/silver ratio of 83:1 to convert silver to gold equivalent.  
 \*\*2024B, 2025 and 2026 AISC do not include exploration expenses.

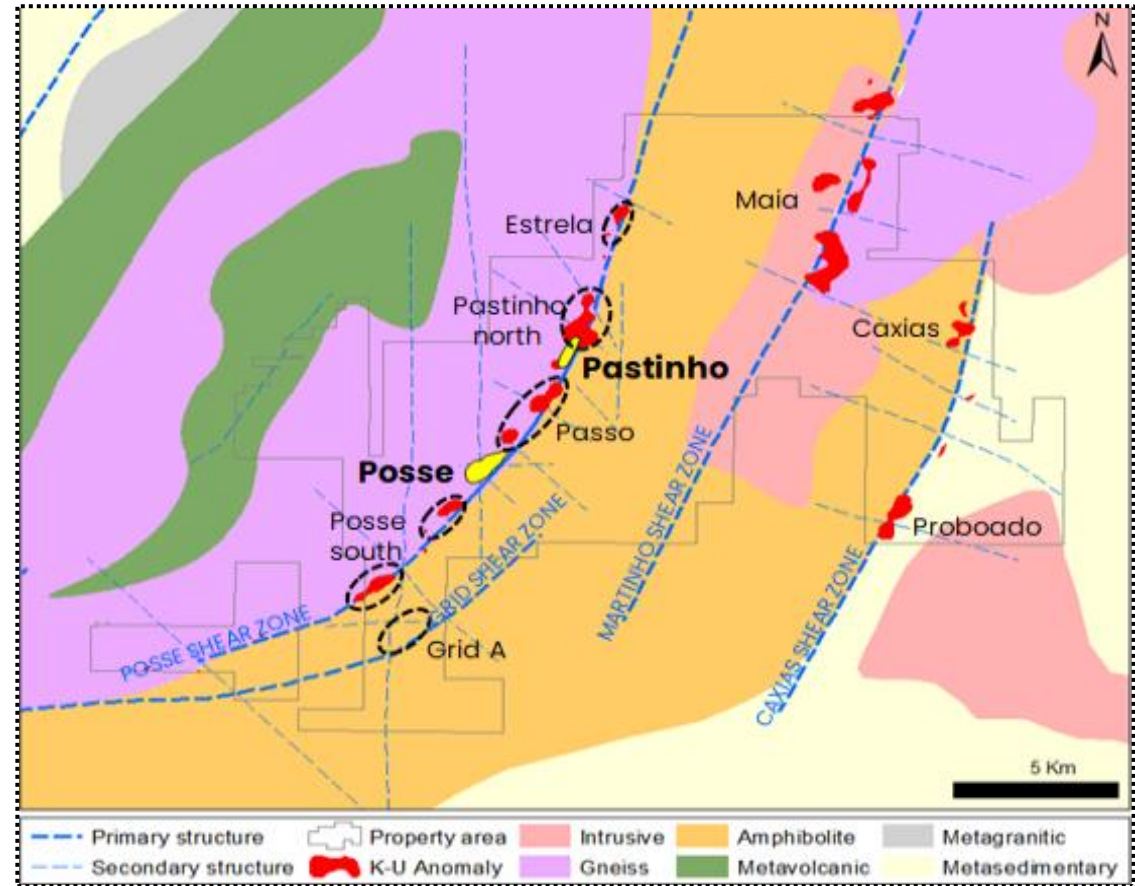
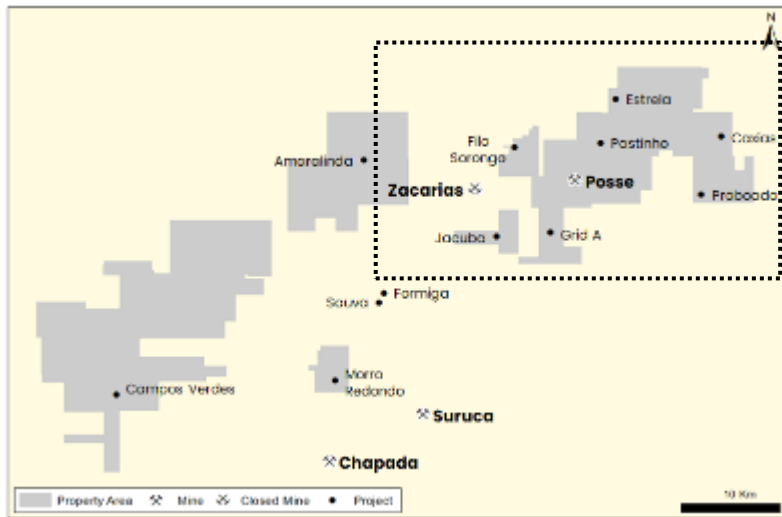


# Mara Rosa: current activities

- Ambitious budgeted timeline originally implemented
- Commercial production achieved in May 2024
- Normal 90-day ramp-up period with typical mechanical challenges (resolved)
- Production currently running above 7,000oz per month
- 2024 guidance expected to be updated at Q3 production results



# Mara Rosa: Near-mine programmes in place to discover another +1m Au oz resources by 2030



## Key areas of drilling:

- 2024: Drilling at Posse belt to add new resources below open pit
- Posse Shear Zone
  - Posse South–Passo–Pastinho North
- Martinho Shear Zone
  - Maia
- Caxias Shear Zone
  - Caxias–Proboado



# Monte do Carmo project: option secured

## Asset highlights

- Option acquired for \$15m for 100% of Cerrado Gold's Monte Do Carmo Project
- Located in mining-friendly Tocantins state next to Goias – potential synergies with Mara Rosa
- Feasibility stage open pit/underground gold project with strong exploration upside
- Permitting substantially advanced
- Excellent infrastructure – paved highway & hydropower plant
- Current work: resource drilling, reviews of basic engineering/capex, metallurgy, water balance work



### Reserves & Resources

Reserves & Resources	Tonnes (Mt)	Au (g/t)	Au (koz)
<i>Open Pit</i>			
P&P Reserves	14.3	1.62	746
M&I Resources	1.0	2.14	1,200
Inferred Resources	0.1	0.52	1.7
<b>Total</b>	<b>15.6</b>	<b>1.64</b>	<b>827</b>
<i>Underground</i>			
P&P Reserves	2.5	1.90	150
M&I Resources	0.6	2.53	49
Inferred Resources	0.7	2.24	51
<b>Total</b>	<b>3.8</b>	<b>2.07</b>	<b>250</b>

# Royropata: low-cost growth in our southern Peru cluster



## Overview

100% owned



- Located in the Ayacucho Region in Southern Peru
- Pallancata underground operation started in 2007 – care & maintenance since end 2023
- Major brownfield discovery at Royropata zone in 2022
- Strong existing resource economics
- Potential to double resources of similar quality
- Close to existing infrastructure including Selene plant
- Engineering studies and EIA modification ongoing

Resources		Key metrics (e)	
Tonnes	3,161,167	Production start	2028
Au (g/t)	1.9	Average annual production	100koz AuEq*
Ag (g/t)	515	Initial capex	\$55-65m
Au (koz)	700	Average AISC (per AuEq oz*)	\$1,000 – \$1,100
Avg width (m)	5	Pre-tax IRR**	45%-55%
Altitude (masl)	4,600		
Operation	Underground		
Plant Capacity	3,000 tpd		
Annual Production	7.1moz Ag Eq (LOM average)		
Product	70% Ag / 30% Au conc		



\*Using gold/silver ratio of 83:1 to convert silver to gold equivalent

\*\*Using spot prices (13/11/2023) for gold and silver of \$1,932.6/oz and \$22.0/oz respectively



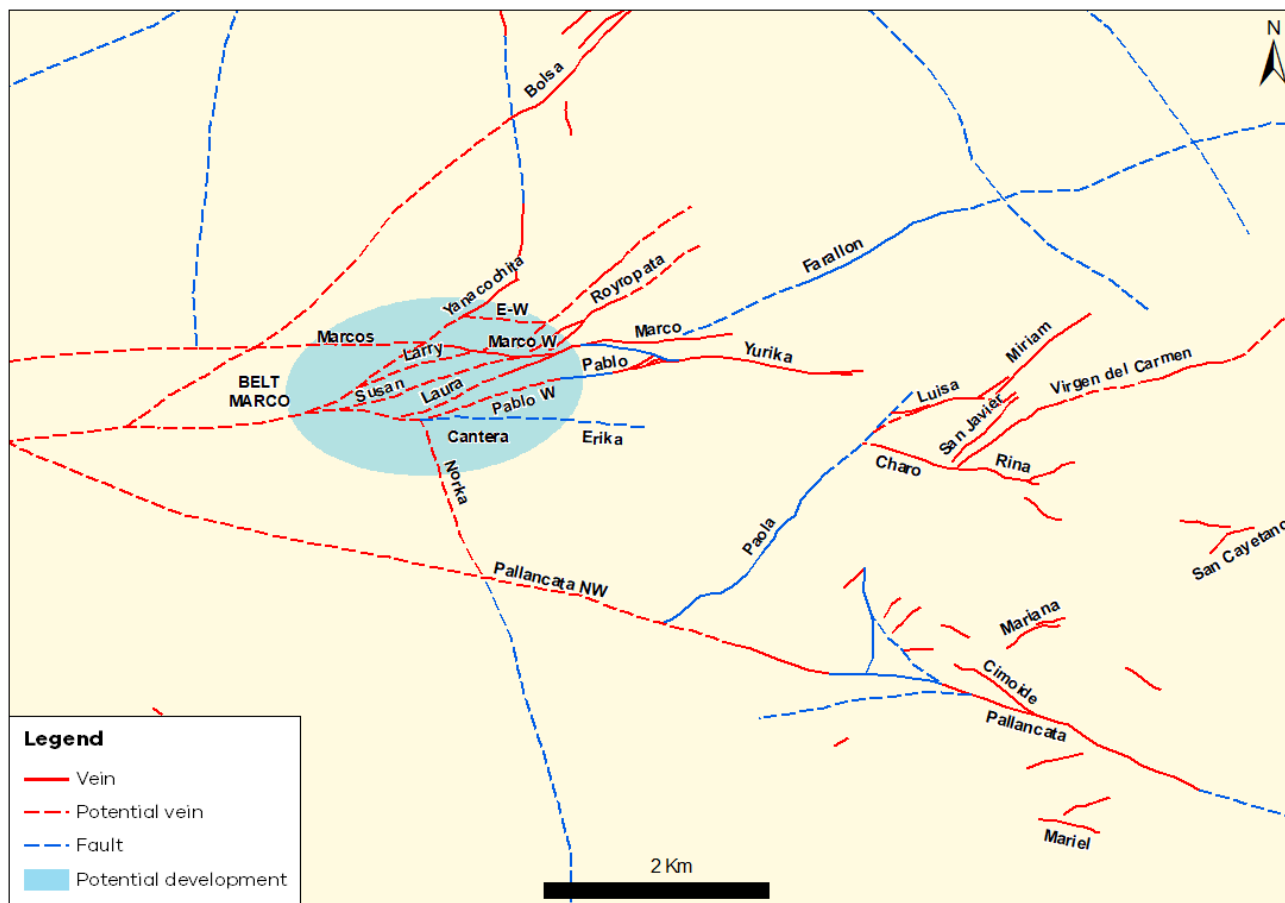
# Drilling to add further ounces in wider Pallancata area

## Near-mine exploration:

- Infill drilling Marco vein extension to add 30-35moz AgEq
- Also drilling for potential at Pablo, Cantera & Erika vein extensions

## Key areas of drilling (2024-2027)

- Royropata Belt
  - Marco extension
- Pacapausa system
  - Pacapausa-Alizze
- Pallancata
  - Pallancata NW
- Bolsa system
  - Yanacochita/Bolsa



# Argentina: San Jose



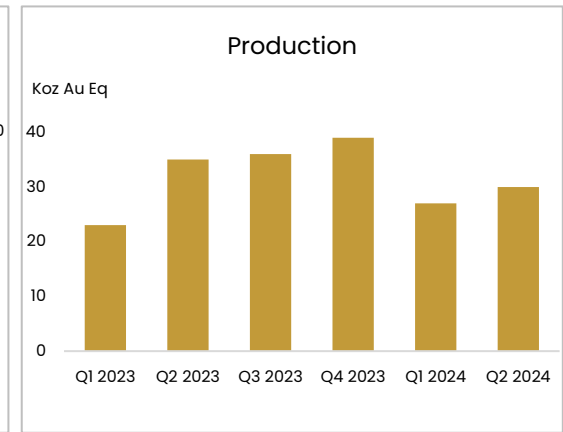
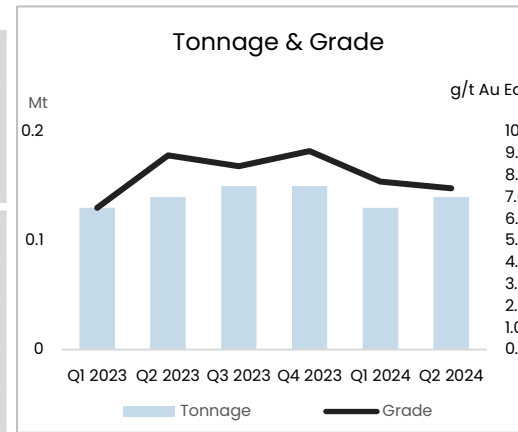
## Overview

51% owned 

- Located in Santa Cruz province
- High grade underground mine – commenced in 2007
- Additional resource and potential drilling planned in San Jose district
- Ongoing \$9m project to increase plant throughput to 2,000tpd (from 1,650tpd)
- Mechanical completion by end 2024

Reserves & Resources	Tonnes (Mt)	Au (g/t)	Ag (g/t)	AuEq* (g/t)	AuEq* (koz)
P&P Reserves	0.5	5.4	296	9.3	161
M&I Resources*	1.3	7.00	416	12.5	531
Inferred Resources	0.9	5.04	329	9.42	273

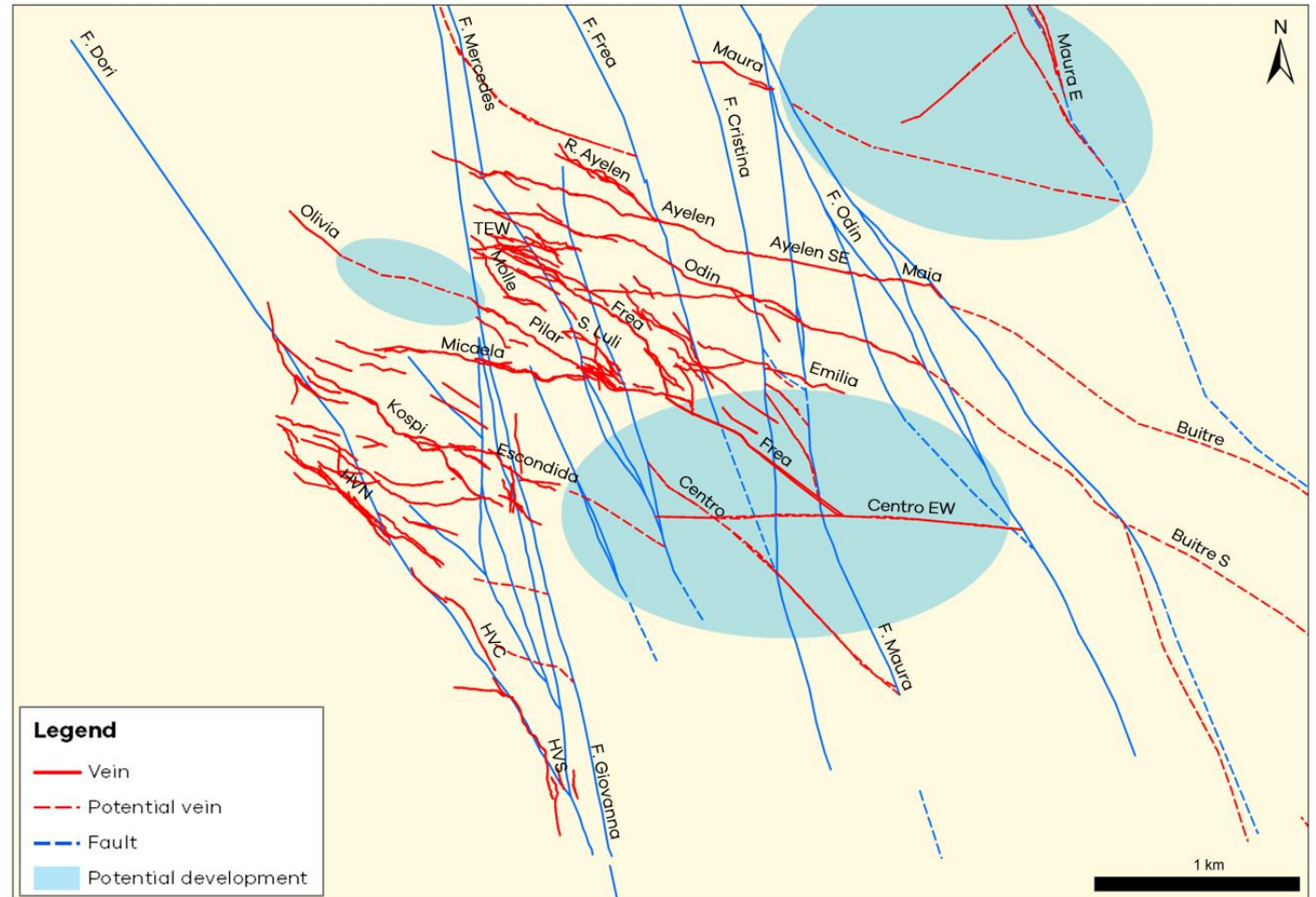
Altitude (masl)	300
Operation	Underground
Plant Capacity	1,700 tpd
Annual Production	60-70 koz AuEq
Product	56% Au / 44% Ag dore & concentrate



# Replacing resources at San Jose

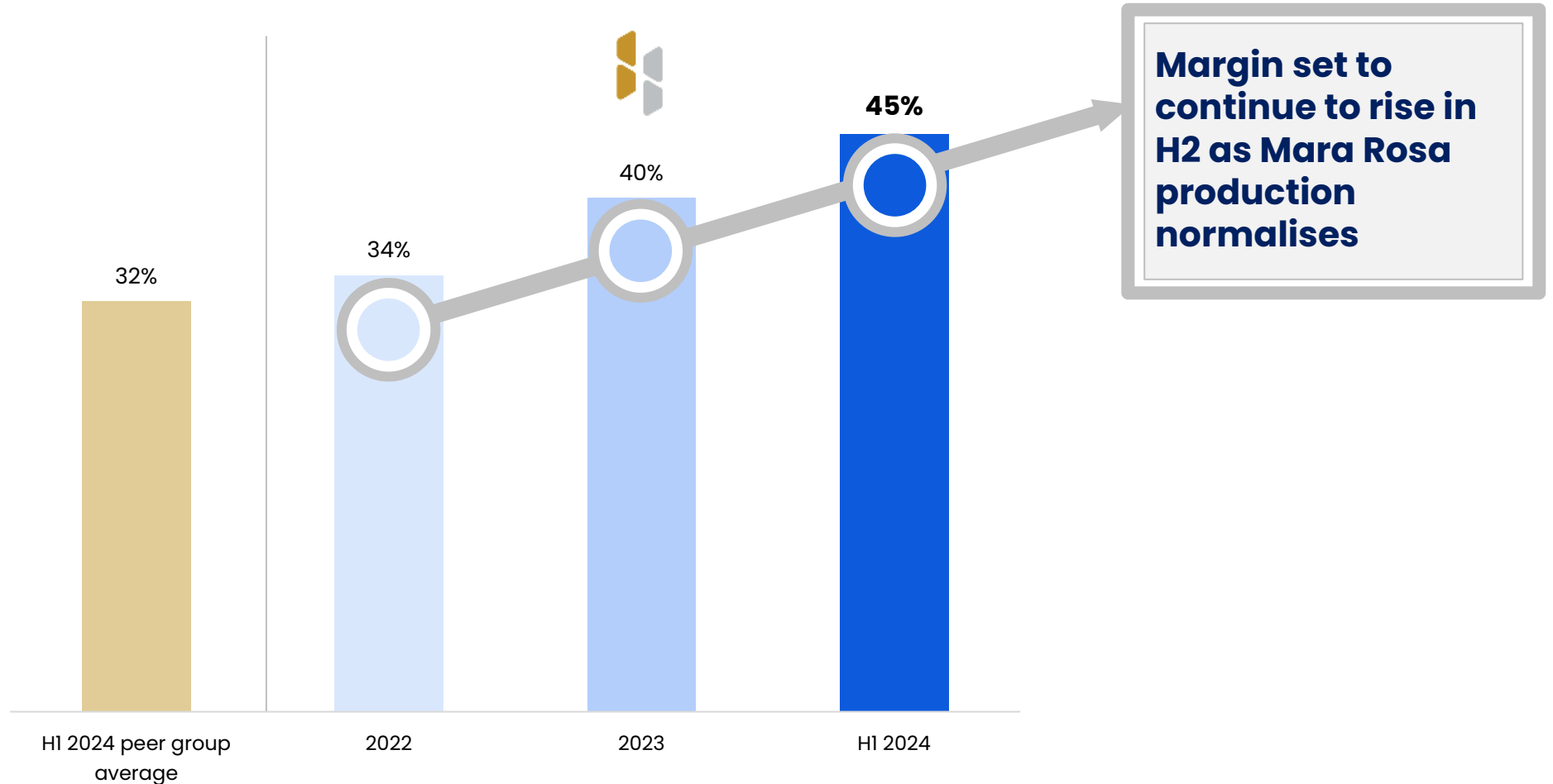
## Near-mine exploration:

- Near-mine drilling at Frea, Odin & Maura veins to replace resources
- Testing continuity of Pilar vein
- Expecting to drill in the wider district at El Retiro & Telken Norte (close to Cerro Negro)





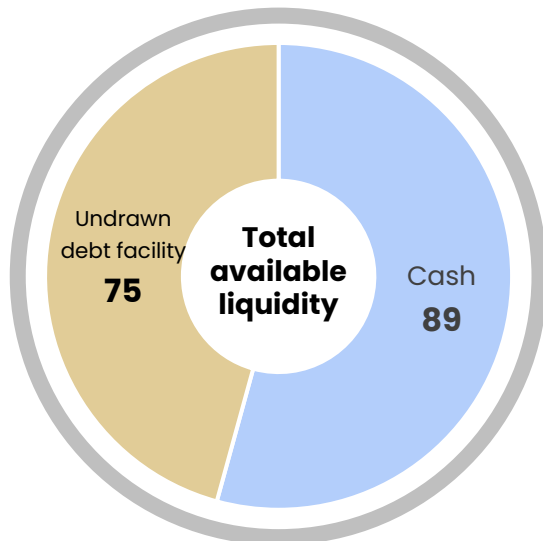
# EBITDA margin improvement



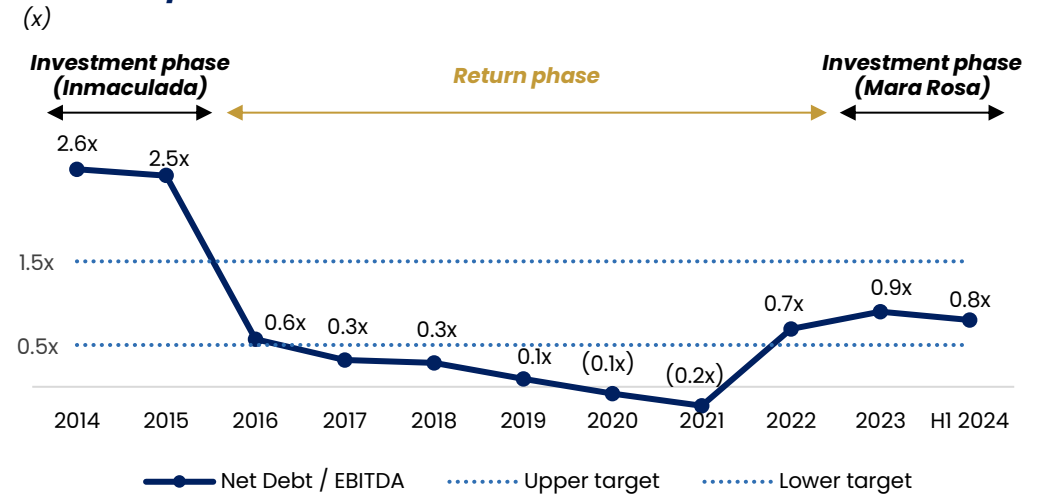


# Financial flexibility to fund investment and capital returns

- Cash: \$89m
- Total debt: \$360m
  - \$300m facility: SOFR 3m + 1.9%, \$225m balance, \$25m quarterly amortizations from Dec 2023
  - \$200m facility: SOFR 3m + 2.1%, \$125m balance, quarterly amortizations from Feb 2025
- Net debt: \$271m
- Net debt/EBITDA: 0.8x
  - Targeting 0.5-1.5x through the cycle
- Hedges in place to protect cashflows
- Capital return to be reevaluated at FY 2024 Results



## Net debt/EBITDA



## Hedges

(\$m)

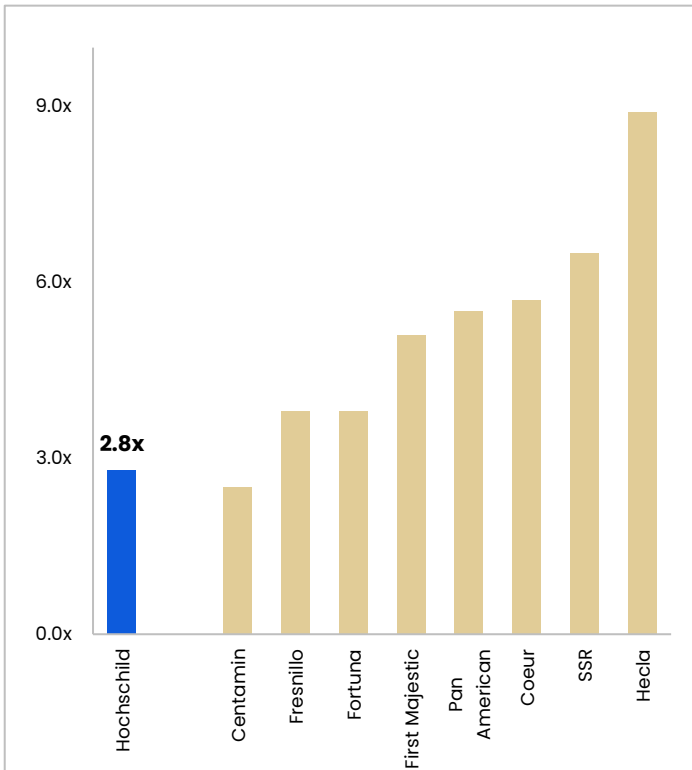
Koz Au/yr	Price (\$/oz)	Yr	Country
100	2,000-2,252*	2024	Peru
60	2,000-2,417*	2025	Peru
27.6	2,100	2024	Brazil
50	2,117	2025	Brazil
50	2,167	2026	Brazil
50	2,206	2027	Brazil



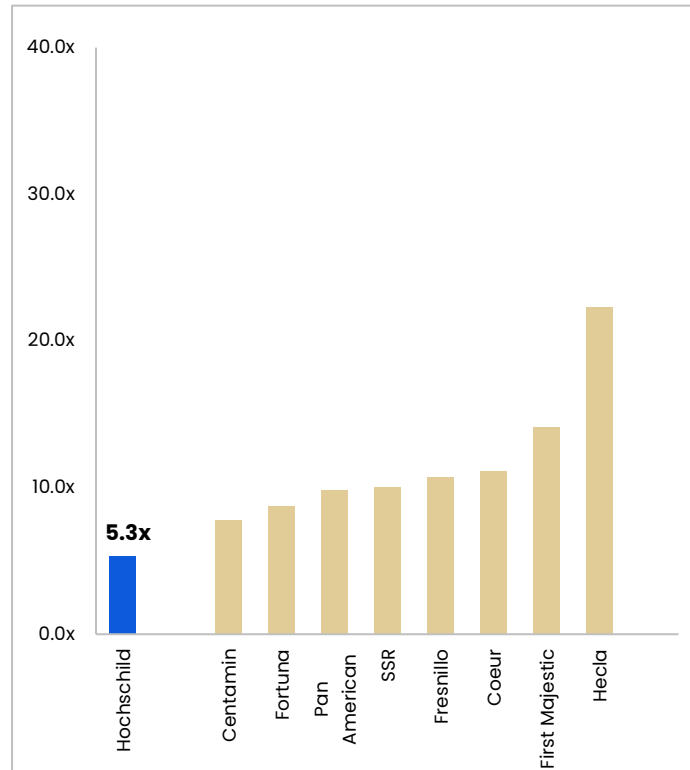
# Still on a discount despite share price outperformance

- Inmaculada performance & brownfield upside
- Mara Rosa commercial production
- Monte do Carmo & Royropata additional growth opportunities

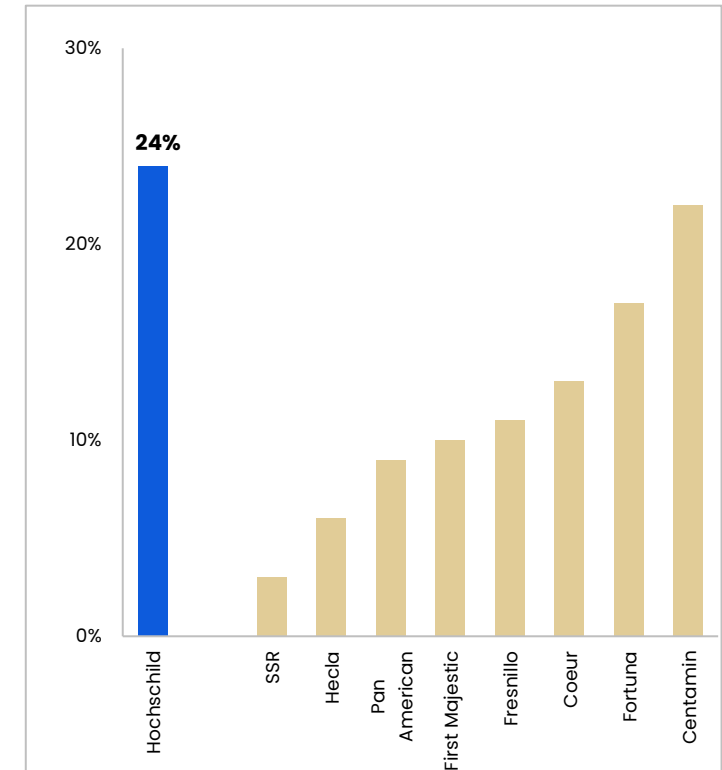
### EV/EBITDA 2025e



### PE 2025e



### Free cashflow yield 2025e





# Conclusion

## Focused on the core business, increasing production, lowering costs

- ✔ World class ESG performance
- ✔ New low-cost Brazil mine now in production
- ✔ Inmaculada outperforming
- ✔ Option secured to add new Brazil project to pipeline
- ✔ Strong H1 brownfield progress
- ✔ Royropata to deliver 100,000oz+ per year from 2028
- ✔ Disciplined capital allocation strategy





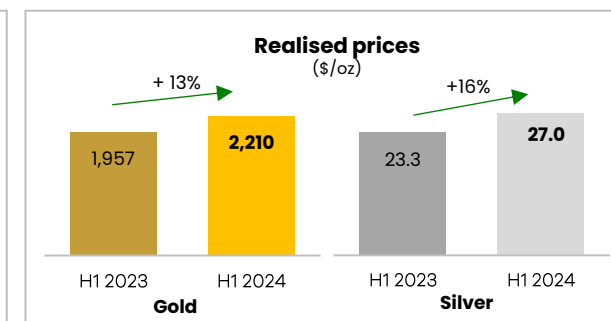
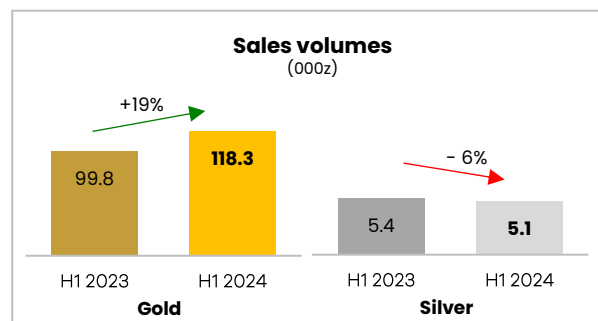
# Hochschild Mining PLC

Appendix



\$m (pre-excep)	H1 2024	H1 2023	variation
<b>Revenue</b>	<b>391.7</b>	<b>314.0</b>	<b>77.7</b>
Cost of sales	(248.1)	(250.9)	2.8
<b>Gross profit</b>	<b>143.6</b>	<b>63.2</b>	<b>80.4</b>
Administrative exp.	(23.6)	(20.9)	(2.7)
Selling exp.	(7.6)	(6.9)	(0.7)
Exploration exp.	(13.5)	(11.5)	(2.0)
Others net	(2.6)	(9.6)	7.0
<b>Operating income</b>	<b>96.3</b>	<b>14.2</b>	<b>82.1</b>
Share in associate	(0.7)	(0.8)	0.1
Net interest	(7.9)	(8.4)	0.5
FX loss	(4.6)	(4.3)	(0.3)
<b>PBT</b>	<b>83.1</b>	<b>0.8</b>	<b>82.3</b>
Tax	(19.1)	(5.1)	(14.0)
<b>Net profit</b>	<b>64.0</b>	<b>(4.4)</b>	<b>68.4</b>
<b>Attrib. net profit</b>	<b>52.1</b>	<b>(1.9)</b>	<b>54.0</b>
<b>EPS</b>	<b>0.10</b>	<b>(0.004)</b>	<b>0.104</b>
<b>Adjusted EBITDA</b>	<b>177.1</b>	<b>99.5</b>	<b>77.6</b>

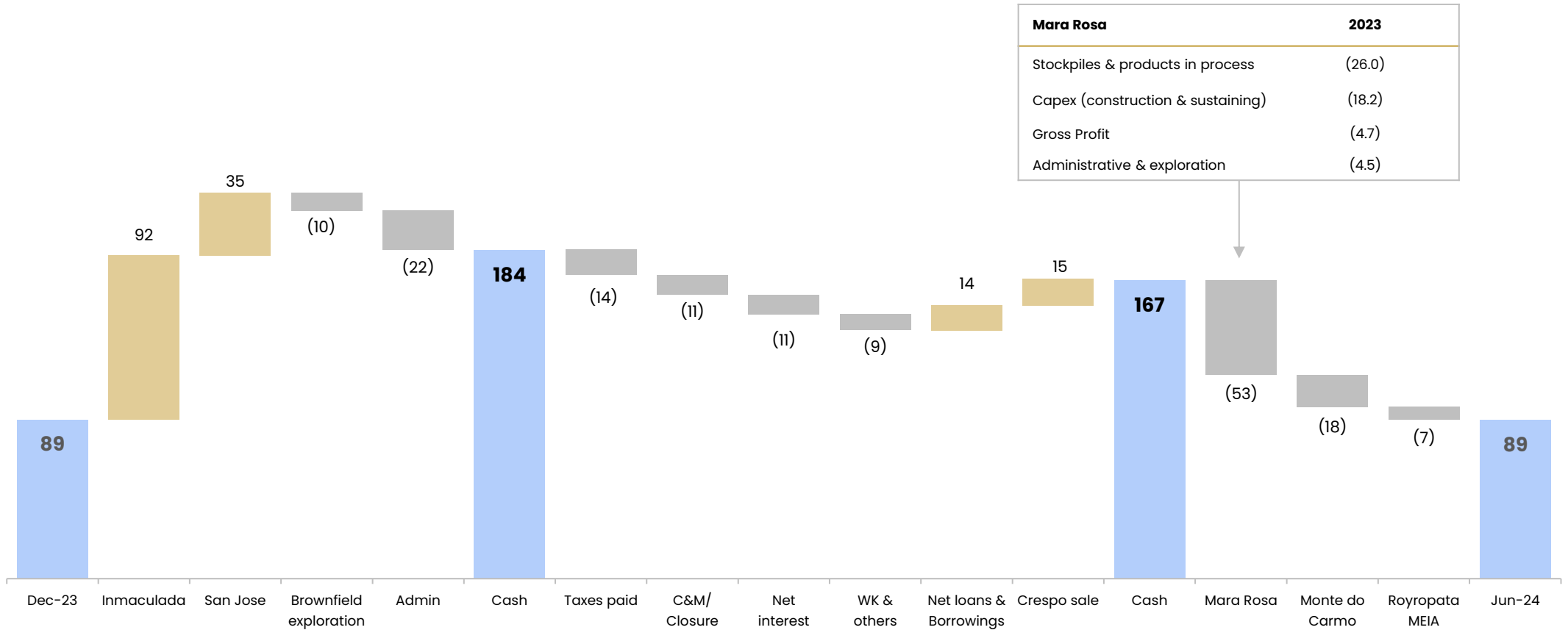
- Revenue 25% higher than H1 2024:
  - First contribution from Mara Rosa
  - More normal production period at Inmaculada after permit-impacted H1 2023



- Cost of sales fell 1%:
  - Lower cost from production mix (Mara Rosa 2024 vs Pallancata 2023)
  - Slightly lower D&A
- Administrative: higher personel bonus provision and Brasil corporate expenses
- Exploration higher: normalised brownfield drilling at Inmaculada vs H1 2023 delays
- Net interest higher:
  - Gain on high interest rates and money market funds in Argentina
  - Partially offset by higher average debt to build Mara Rosa and higher interest rates
- FX Loss: impact of Argentinian & Brazilian currency devaluation on monetary assets
- Effective income tax rate of 23% includes:
  - FX impact on deferred income tax mainly Argentina (+\$8.7m)
  - Other adjustments to the deferred tax in Brasil (+\$3.7m)
  - Special Mining Tax/Royalties in Peru (-\$6.3m)
- Exceptional items: Azuca impairment net of taxes (-\$12.5m)



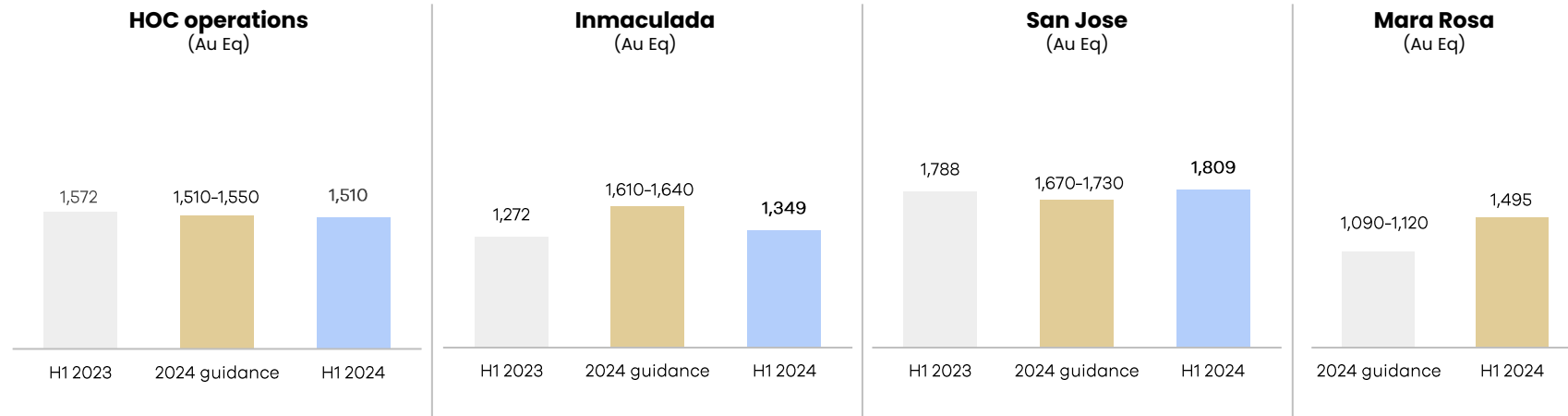
# Balance sheet: evolution of H1 2024 cash balance



# Costs



## All-in sustaining costs (\$/oz)



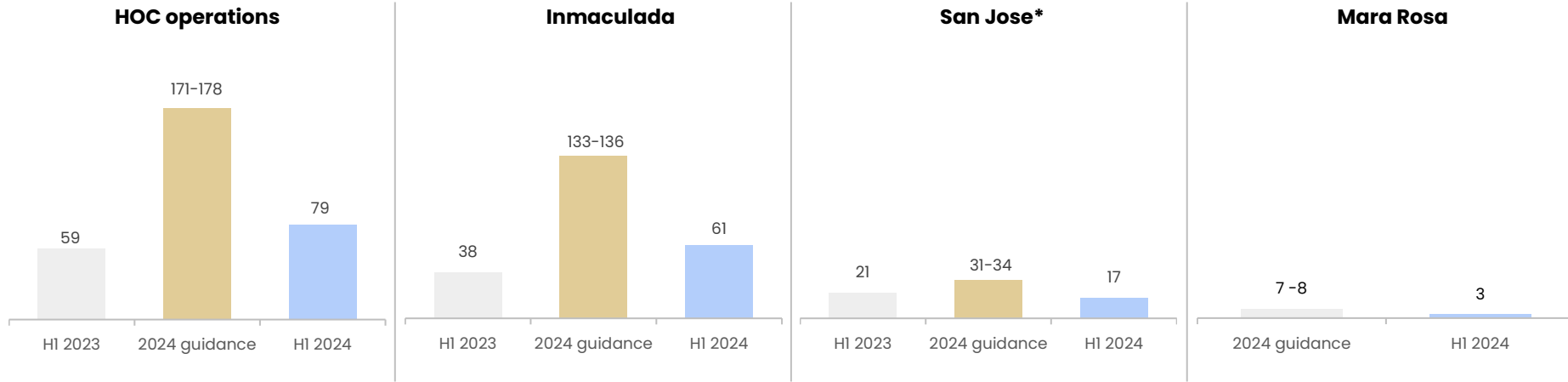
## AISC moderately lower than H1 2023 and in line with 2024 FY guidance:

- Inmaculada:
  - Higher cost vs H1 2023 due to scheduled catch-up in deferred mine development and tailings dam capex resulting from 2023 MEIA delay
  - 2024 includes higher grades, higher recoveries, and cost savings from optimization initiatives
  - Lower costs vs guidance due to higher production and temporary lower capex - to be spent in H2 to complete tailings dam expenses and reverse osmosis plant
- San Jose:
  - Slightly higher cost versus H1 2023, mainly due to local inflation and marginally lower grades
  - AISC is expected to be in line with 2024 guidance
- Mara Rosa:
  - Higher vs guidance reflecting commissioning/ramp-up phase and slight delay in reaching commercial production (mid-May)
  - Costs are expected to fall in H2

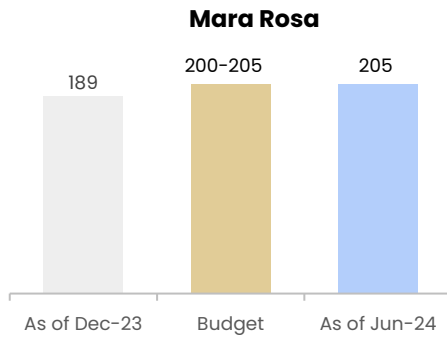


# Capital Expenditure

## Sustaining and development capex (\$m)



## Project capex (\$m)



### On track to meet 2024 guidance:

- Inmaculada:
  - Higher vs H1 2023 due to deferred development capex & higher expenses due to tailings dam capacity increase
  - H1 2024: temporary lower capex to be spent in H2 (tailings dam & reverse osmosis plant)
- San Jose:
  - Lower vs H1 2023 due to lower mine development & lower equipment purchases
  - 2024 does not include project capex of \$9m to increase plant capacity
- Mara Rosa:
  - Sustaining capex figure includes \$1.3m on Mara Rosa & \$0.8m on aggregates project

### Mara Rosa construction capex in line with budget

\* Not included: \$1.2m of capitalized depreciation and \$1.0m of plant capacity increase



# Exploration expenditure

- Higher Inmaculada exploration due to MEIA delays in H1 2023
- Higher Pallancata expense due to Royropata exploration work
- Recent exploration in Monte do Carmo



Operation	H1 2024	H1 2023
<b>Mine Site Exploration</b>		
Inmaculada	2.2	0.4
Pallancata	1.3	0.6
San Jose	4.5	4.2
Other	0.3	0.5
<b>Sub-total</b>	<b>8.3</b>	<b>5.7</b>
Prospects & Generative	3.5	3.3
Personnel & other	2.6	2.9
<b>TOTAL</b>	<b>14.4</b>	<b>11.9</b>
Opex	13.5	11.5
Capex	0.9	0.4



# 2024 Guidance\*

Production	Oz Au Eq	Moz Ag Eq
Inmaculada	200,000–205,000	16.6–17.0
Mara Rosa	83,000–93,000	6.9–7.7
San Jose (51%)	60,000–62,000	5.0–5.1
<b>TOTAL ATT.</b>	<b>343,000–360,000</b>	<b>28.5–29.9</b>

AISC	\$/oz Au Eq	\$/oz Ag Eq
Inmaculada	1,610–1,640	19.4–19.8
Mara Rosa	1,090–1,120	13.1–13.5
San Jose	1,670–1,730	19.6–20.1
<b>TOTAL</b>	<b>1,510–1,550</b>	<b>18.2–18.7</b>

Capex	Sustaining & development expenditure (\$m)
Inmaculada	133–136
Mara Rosa	7–8
San Jose (100%)	31–34
<b>TOTAL</b>	<b>171–178</b>

\*Using gold/silver ratio of 83:1 to convert silver to gold equivalent



# Our Purpose

Responsible and Innovative mining  
committed to a better world