

News Release

Hochschild Mining PLC - Q3 2021 Production Report

October 26, 2021 at 2:00 AM EDT

RNS Number : 1989Q
Hochschild Mining PLC
26 October 2021

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Production Report for Q3 and the 9 months ended 30 September 2021

Ignacio Bustamante, Chief Executive Officer said:

"Operationally, the third quarter was our strongest so far of 2021 and we remain firmly on track to meet both our full year production and our cost targets. We have also had another successful period of drilling with the addition of further high grade resources at both Inmaculada and at San Jose.

It has been a very busy period for business development with the exercise of our option on the high-grade Snip gold project in British Columbia and the announcement of the proposed demerger of our exciting rare earths business, Aclara Resources Inc. Furthermore, we retain a strong balance sheet to assess further opportunities to add to our long-term project pipeline throughout the Americas."

Operational highlights

- Strongest quarter year-to-date ^[1]
 - 58,252 ounces of gold
 - 3.0 million ounces of silver
 - 93,630 gold equivalent ounces
 - 8.1 million silver equivalent ounces
- Robust 9 month operational performance
 - 164,513 ounces of gold
 - 9.0 million ounces of silver
 - 268,749 gold equivalent ounces
 - 23.1 million silver equivalent ounces
- On track to deliver 2021 overall production target of 360,000-372,000 gold equivalent ounces (31.0-32.0 million silver equivalent ounces)
- 2021 all-in sustaining costs on track to meet \$1,210-\$1,250 per gold equivalent ounce guidance (\$14.1-14.5 per silver equivalent ounce)

Exploration & Business Development highlights

- Brownfield programme added further high-grade Inferred resources in Q3:
 - 43.4 million silver equivalent ounces added year-to-date from Angela North vein at Inmaculada
 - 9.1 million silver equivalent ounces added year-to-date at San Jose
- Proposed Demerger & Listing of Aclara Resources Inc. on the TSX announced
- Option exercised over Skeena Resources' Snip gold project

Strong financial position

- Total cash of approximately \$270 million as at 30 September 2021 (\$257 million as at 30 June 2021)
- Net cash of approximately \$64 million as at 30 September 2021 (\$51 million as at 30 June 2021)
- Current Net Cash/LTM EBITDA of approximately 0.16x as at 30 September 2021

ESG highlights

- Lost Time Injury Frequency Rate of 1.21 (FY 2020: 1.38) ^[2]
- Accident Severity Index of 457 (FY 2020: 474) ^[3]
- Water consumption of 201lt/person/day (FY 2020: 231lt/person/day)
- Domestic waste generation of 0.98 kg/person/day (FY 2020: 1.18kg/person/day)

- ECO score of 5.39 out of 6 (FY 2020: 5.74) ^[4]

A conference call will be held at 2.30pm (London time) on Tuesday 26 October 2021 for analysts and investors.

Dial in details as follows:

UK Toll-Free Number: 0800 358 6377

International Dial in: +44 (0)330 336 9125

US/Canada Toll-Free Number: 888-394-8218

Pin: 5531566#

A recording of the conference call will be available on demand on the Company's website: www.hochschildmining.com

Overview

In Q3 2021, Hochschild Mining PLC (HOC.LN) (OTCMKTS: SHCHDF) ("Hochschild" or "the Company") delivered attributable production of 93,630 gold equivalent ounces or 8.1 million silver equivalent ounces, representing a 5% increase versus the second quarter of 2021 and featuring a particularly strong period at the Inmaculada mine. Overall year-to-date attributable production is 268,749 gold equivalent ounces or 23.1 million silver equivalent ounces. The Company remains on track to meet its production target for 2021 of 360,000-372,000 gold equivalent ounces or 31.0-32.0 million silver equivalent ounces.

The Company reiterates that its all-in sustaining cost for 2021 is on track to be in line with the guidance of \$1,210-\$1,250 per gold equivalent ounce (\$14.1-14.5 per silver equivalent ounce).

TOTAL GROUP PRODUCTION

| | Q3 2021 | Q2 2021 | Q3 2020 | YTD 2021 | YTD 2020 |
|-------------------------------|---------|---------|---------|----------|----------|
| Silver production (koz) | 3,833 | 3,700 | 3,085 | 10,854 | 8,103 |
| Gold production (koz) | 69.09 | 62.76 | 47.83 | 194.17 | 141.42 |
| Total silver equivalent (koz) | 9,775 | 9,097 | 7,198 | 27,552 | 20,264 |
| Total gold equivalent (koz) | 113.66 | 105.78 | 83.69 | 320.38 | 235.63 |
| Silver sold (koz) | 3,830 | 3,823 | 3,146 | 10,835 | 8,043 |
| Gold sold (koz) | 68.60 | 63.18 | 47.62 | 192.91 | 141.20 |

Total production includes 100% of all production, including production attributable to Hochschild's joint venture partner at San Jose.

ATTRIBUTABLE GROUP PRODUCTION

| | Q3 2021 | Q2 2021 | Q3 2020 | YTD 2021 | YTD 2020 |
|-------------------------|---------|---------|---------|----------|----------|
| Silver production (koz) | 3,043 | 3,093 | 2,514 | 8,964 | 6,621 |
| Gold production (koz) | 58.25 | 53.42 | 39.20 | 164.51 | 118.27 |
| Silver equivalent (koz) | 8,052 | 7,687 | 5,884 | 23,112 | 16,792 |
| Gold equivalent (koz) | 93.63 | 89.38 | 68.42 | 268.75 | 195.26 |

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

Production

Inmaculada

| Product | Q3 2021 | Q2 2021 | Q3 2020 | YTD 2021 | YTD 2020 |
|---------------------------------|---------|---------|---------|-----------|----------|
| Ore production (tonnes treated) | 336,178 | 334,657 | 205,712 | 1,008,315 | 608,083 |
| Average grade silver (g/t) | 184 | 163 | 156 | 168 | 155 |
| Average grade gold (g/t) | 4.34 | 3.92 | 4.29 | 4.06 | 4.38 |
| Silver produced (koz) | 1,608 | 1,358 | 873 | 4,385 | 2,641 |
| Gold produced (koz) | 44.34 | 39.60 | 26.58 | 123.74 | 85.62 |
| Silver equivalent (koz) | 5,421 | 4,763 | 3,159 | 15,027 | 10,005 |
| Gold equivalent (koz) | 63.04 | 55.39 | 36.73 | 174.73 | 116.34 |
| Silver sold (koz) | 1,604 | 1,355 | 858 | 4,373 | 2,616 |
| Gold sold (koz) | 44.42 | 39.85 | 26.17 | 123.91 | 85.65 |

Third quarter production at Inmaculada was 44,338 ounces of gold and 1.6 million ounces of silver which amounts to a gold equivalent output of 63,038 ounces with higher-than-expected grades and recoveries contributing to a strong operational period. Year-to-date, Inmaculada's output is 174,734 gold equivalent ounces (Q3 YTD 2020: 116,336 gold equivalent ounces), placing Inmaculada in a strong position to meet its annual forecast of 223,000-228,000 ounces.

Pallancata

| Product | Q3 2021 | Q2 2021 | Q3 2020 | YTD 2021 | YTD 2020 |
|---------|---------|---------|---------|----------|----------|
|---------|---------|---------|---------|----------|----------|

| | | | | | |
|---------------------------------|----------------|---------|---------|----------------|---------|
| Ore production (tonnes treated) | 113,451 | 162,052 | 144,417 | 402,453 | 333,157 |
| Average grade silver (g/t) | 188 | 234 | 254 | 223 | 255 |
| Average grade gold (g/t) | 0.79 | 0.86 | 0.88 | 0.84 | 0.91 |
| Silver produced (koz) | 612 | 1,103 | 1,046 | 2,612 | 2,438 |
| Gold produced (koz) | 2.63 | 4.09 | 3.63 | 9.91 | 8.55 |
| Silver equivalent (koz) | 838 | 1,455 | 1,358 | 3,464 | 3,173 |
| Gold equivalent (koz) | 9.75 | 16.92 | 15.80 | 40.28 | 36.90 |
| Silver sold (koz) | 622 | 1,229 | 1,096 | 2,621 | 2,367 |
| Gold sold (koz) | 2.62 | 4.56 | 3.83 | 9.91 | 8.24 |

In Q3, Pallancata produced 0.6 million ounces of silver and 2,631 ounces of gold bringing the silver equivalent total to 0.8 million, with treated tonnage and grades lower than expected. Overall in the first nine months of the year, Pallancata has produced 3.5 million silver equivalent ounces (Q3 2020 YTD: 3.2 million ounces).

San Jose (the Company has a 51% interest in San Jose)

| Product | Q3 2021 | Q2 2021 | Q3 2020 | YTD 2021 | YTD 2020 |
|---------------------------------|----------------|---------|---------|----------------|----------|
| Ore production (tonnes treated) | 149,637 | 144,849 | 128,789 | 395,831 | 291,183 |
| Average grade silver (g/t) | 381 | 304 | 313 | 343 | 362 |
| Average grade gold (g/t) | 5.24 | 4.69 | 4.72 | 5.37 | 5.64 |
| Silver produced (koz) | 1,613 | 1,239 | 1,165 | 3,856 | 3,024 |
| Gold produced (koz) | 22.12 | 19.07 | 17.62 | 60.52 | 47.24 |
| Silver equivalent (koz) | 3,515 | 2,879 | 2,680 | 9,061 | 7,086 |
| Gold equivalent (koz) | 40.88 | 33.47 | 31.17 | 105.36 | 82.40 |
| Silver sold (koz) | 1,605 | 1,239 | 1,192 | 3,841 | 3,060 |
| Gold sold (koz) | 21.56 | 18.77 | 17.62 | 59.10 | 47.31 |

The San Jose mine enjoyed a solid quarter with tonnage moderately better than expected although this was partially offset by lower than budgeted grades. Production in the period was 1.6 million ounces of silver and 22,123 ounces of gold which makes 3.5 million silver equivalent ounces. This therefore amounts to a nine month total of 9.1 million silver equivalent ounces (Q3 2020 YTD: 7.1 million ounces).

Average realisable prices and sales

Average realisable precious metal prices in Q3 2021 (which are reported before the deduction of commercial discounts) were \$1,768/ounce for gold and \$22.0/ounce for silver (Q3 2020: \$1,958/ounce for gold and \$27.2/ounce for silver). For the first nine months of 2021, average realisable precious metal prices were \$1,771/ounce for gold and \$24.8/ounce for silver (Q3 YTD 2020: \$1,788/ounce for gold and \$20.5/ounce for silver).

Brownfield exploration

Inmaculada

In Q3 2021, 2,520m of potential drilling was carried out along with 9,352m of resource drilling. Selected results are below:

| Vein | Results (resource drilling) |
|---------------|--|
| Juliana NE | IMS-21-092: 1.2m @ 3.7g/t Au & 97g/t Ag IMS-21-127: 4.2m @ 6.5g/t Au & 87g/t Ag IMS-21-149: 3.4m @ 5.1g/t Au & 163g/t Ag IMS-21-155: 4.7m @ 6.4g/t Au & 53g/t Ag IMS-21-156: 2.6m @ 8.8g/t Au & 390g/t Ag IMS-21-160: 4.1m @ 4.4g/t Au & 55g/t Ag |
| Ramal Juliana | IMS-21-127: 1.0m @ 1.8g/t Au & 259g/t Ag IMS-21-127: 2.8m @ 2.2g/t Au & 115g/t Ag IMS-21-127: 0.9m @ 2.8g/t Au & 1,958g/t Ag IMS-21-149: 1.5m @ 8.7g/t Au & 62g/t Ag IMS-21-149: 0.9m @ 3.6g/t Au & 111g/t Ag IMS-21-155: 3.2m @ 7.5g/t Au & 774g/t Ag IMS-21-156: 1.6m @ 3.3g/t Au & 33g/t Ag IMS-21-156: 1.6m @ 3.2g/t Au & 31g/t Ag IMS-21-156: 2.1m @ 13.8g/t Au & 316g/t Ag |
| Juliana N | IMS-21-150: 2.4m @ 20.7g/t Au & 1,255g/t Ag IMS-21-151: 1.9m @ 2.0g/t Au & 141g/t Ag IMS-21-058: 2.4m @ 1.3g/t Au & 119g/t Ag |
| Split 1 | IMS-21-153: 2.8m @ 3.0g/t Au & 236g/t Ag |

During Q4, the programme will focus on 2,000m of resource drilling in the Juliana North East vein.

Pallancata

At Pallancata, 5,228m of drilling for potential was carried out at the Mirian, San Javier and the continuation of the Pallancata vein to the north west. In addition, there was drilling at the Pablo II target which intercepted quartz veins with grade. Selected results are below:

| Vein | Results (potential drilling) |
|---------------|---|
| Pablo II | DLEP-A64: 2.7m @ 0.4g/t Au & 93g/t Ag DLEP-A65: 0.9m @ 0.7g/t Au & 222g/t Ag |
| Mirian | DLVC-A62: 3.4m @ 1.4g/t Au & 314g/t Ag |
| Norca | DLVC-A62: 1.0m @ 1.0g/t Au & 486g/t Ag |
| San Javier | DLEP-A62: 1.1m @ 0.6g/t Au & 473g/t Ag |
| Pallancata NW | DLPL-969: 0.9m @ 1.6g/t Au & 181g/t Ag |

In Q4, the programme consists of 5,000m of additional drilling for potential in the Pallancata, Pablo and Luisa veins.

San Jose

At San Jose, the brownfield team carried out 6,884m of potential drilling. This was concentrated around the Saavedra area in several veins including Betania, Jimena, Agostina and Lucy and also in the area close to the current mine in the Amelia, Huevos Verdes and Olivia veins. Selected results are below:

| Vein | Results (potential drilling) |
|---------------------------|--|
| Betania | SJD-2328: 2.0m @ 5.5g/t Au & 6g/t Ag SJD-2351: 1.1m @ 12.6g/t Au & 7g/t Ag SJD-2371: 6.3m @ 44.4g/t Au & 34g/t Ag SJD-2378: 1.9m @ 7.3g/t Au & 81g/t Ag |
| Jimena | SJD-2353: 2.4m @ 3.8g/t Au & 40g/t Ag SJD-2372: 1.9m @ 14.5g/t Au & 342g/t Ag SJD-2378: 2.0m @ 8.5g/t Au & 24g/t Ag |
| Agostina | SJD-2378: 2.8m @ 5.1g/t Au & 13g/t Ag |
| Amelia | SJD-2329: 3.0m @ 13.0g/t Au & 1,740g/t Ag SJD-2342: 4.3m @ 14.9g/t Au & 1,381g/t Ag SJD-2361: 0.9m @ 3.4g/t Au & 323g/t Ag |
| Tensional Huevos Verdes N | SJD-2346: 1.8m @ 6.7g/t Au & 582g/t Ag |
| Olivia | SJD-2385: 0.8m @ 2.6g/t Au & 196g/t Ag SJM-547: 2.0m @ 7.8g/t Au & 366g/t Ag |

During Q4, the plan is to carry out 3,000m of further drilling in the Betania, Jimena and Agostina veins.

Greenfield exploration

Snip

In August 2021, at Snip in the Golden Triangle of British Columbia, Hochschild's partner, Skeena Resources Limited, reported diamond drill core results from the 2021 phase 3 campaign of exploration drilling. The Phase 3 program is designed to upgrade areas of existing Inferred resources from Skeena's 2020 Mineral Resource Estimate, to the Measured and Indicated categories.

Highlights were^[5]:

- 390.00 g/t Au over 0.80 m (UG21-178)
- 109.89 g/t Au over 1.19 m (UG21-180)
- 29.31 g/t Au over 4.17 m (UG21-181)
- 85.51 g/t Au over 3.50 m (UG21-182)
- 85.91 g/t Au over 4.00 m (UG21-183)
- 84.68 g/t Au over 1.94 m (UG21-184)
- 164.50 g/t Au over 1.00 m (UG21-189)
- 693.00 g/t Au over 0.50 m (UG21-192)
- 27.04 g/t Au over 12.50 m (UG21-202)
- 83.87 g/t Au over 2.44 m (UG21-205)
- 74.59 g/t Au over 2.76 m (UG21-214)

Skeena disclosed further drill results post-period end in October from the Phase 3 infill and exploration drilling programme. These infill results corroborate the modelled mineralization in the Company's 2020 Mineral Resource Estimate with further detail to be found on the Skeena Resources website within press releases issued on 4 October.

<https://skeenaresources.com/>

On 15 October 2021, the Company announced that it had exercised its option to start earning in to a 60% interest in the project. Further details can be found in the press release available on the Hochschild Mining PLC website:

<http://www.hochschildmining.com/en/investors/news>

Financial position

Total cash was approximately \$270 million as at 30 September 2021 resulting in net cash of approximately \$64 million.

*Enquiries:***Hochschild Mining PLC**

Charles Gordon +44 (0)20
3709 3264
Head of Investor Relations

Hudson Sandler

Charlie Jack +44 (0)207
796 4133
Public Relations

About Hochschild Mining PLC

Hochschild Mining PLC is a leading precious metals company listed on the London Stock Exchange (HOCML / HOC LN) and crosstrades on the OTCQX Best Market in the U.S. (HCHDF), with a primary focus on the exploration, mining, processing and sale of silver and gold. Hochschild has over fifty years' experience in the mining of precious metal epithermal vein deposits and currently operates three underground epithermal vein mines, two located in southern Peru and one in southern Argentina. Hochschild also has numerous long-term projects throughout the Americas.

Forward looking statements

This announcement may contain forward looking statements. 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, for various reasons, be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

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

This announcement contains information which prior to its release could be considered inside information.

LEI: 549300JK10TVQ3CCJQ89

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^[1] All equivalent figures assume a gold/silver ratio of 86x

^[2] Calculated as total number of accidents per million labour hours.

^[3] Calculated as total number of days lost per million labour hours.

^[4] The ECO Score is an internally designed Key Performance Indicator measuring environmental performance in one number and encompassing numerous fronts including management of waste water, outcome of regulatory inspections and sound environmental practices relating to water consumption and the recycling of materials.

^[5] True widths range from 60-100% of reported core lengths. Length weighted Au composites are constrained by geological considerations. Grade-capping of individual assays has not been applied to the Au assays informing the length-weighted Au composites. Samples below detection limit were milled to a value of zero.

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