

Mineros Reports Second Quarter 2023 Financial and Operational Results

03.08.2023 | [CNW](#)

(all dollar amounts (other than per share amounts) are expressed in thousands of U.S. dollars unless otherwise stated)

MEDELLIN, Aug. 3, 2023 - [Mineros S.A.](#) (TSX: MSA) (MINEROS:CB) ("Mineros" or the "Company") today reported its financial and operational results for the three and six months ended June 30, 2023. For further information, please see the Company's unaudited condensed interim financial statements and management's discussion and analysis ("MD&A") filed under Mineros' profile on [www.sedar.com](#).

Andrés Restrepo, President and CEO of Mineros, commented, "We have had positive results in the second quarter of 2023, mainly due to managing our costs and administrative expenses, that offset a 6% decrease in gold production. During the second quarter of 2023 we continued our exploration campaign at the Porvenir Project in Nicaragua, where the metallurgical drilling campaign is expected to be completed by the third quarter of 2023 and we hope to share additional information in this regard soon."

FINANCIAL AND OPERATING HIGHLIGHTS FOR THE SECOND QUARTER 2023

Gold Production

- 69,254 ounces of gold produced.
- A 6% decrease in gold production compared to the same period in 2022 (Q2/22: 74,062 ounces of gold produced).

Cost of Sales, Cash Cost¹ and All-in Sustaining Cost ("AISC")¹

- Cost of sales of \$99,801, similar to the same period in 2022 (Q2/22: \$99,487).
- Cash Cost per ounce of gold sold² of \$1,207 (Q2/22: \$1,131), a 7% increase relative to the same period in 2022.
- AISC per ounce of gold sold¹ of \$1,388 (Q2/22: \$1,388), similar to the AISC per ounce of gold sold during the same period in 2022.

Dividend Payment

- \$5,213 in dividends paid.
- A decrease of 34% in dividends paid compared to the same period in 2022 (Q2/22: \$7,875), explained by an extraordinary dividend of \$0.01 per share paid in April of 2022.

¹ Cash Cost, AISC, Adjusted EBITDA, net free cash flow and average price realized per ounce of gold sold are non-IFRS financial measures, and Cash Cost per ounce of gold sold (stated in dollars), AISC per ounce of gold sold, ROCE and Net Debt to Adjusted EBITDA ratio are non-IFRS ratios, with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures, see Non-IFRS and Other Financial Measures in this news release.

² Stated in dollars

Revenue

- Revenue of \$138,826.
- Revenue increased by 1% compared to the same period in 2022 (Q2/22: \$137,286).

Profitability

- Gross profit up by 3% to \$39,025 compared to the same period in 2022 (Q2/22: \$37,799).
- Net profit for the period up 10% to \$12,552 (\$0.04/share) compared to the same period in 2022 (Q2/22: \$11,399 or \$0.04/share).

Net Debt to Adjusted EBITDA ratio³

- Net Debt to Adjusted EBITDA ratio² of (0.02)x as at June 30, 2023.
- The Company continues to have a low Net Debt to Adjusted EBITDA ratio, with a 119% decrease compared to 0.11x as at June 30, 2022.

FINANCIAL AND OPERATING HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

Gold Production

- 129,502 ounces of gold produced.
- An 8% decrease in gold production compared to the same period in 2022 (six months ended June 30, 2022: 140,071 ounces of gold produced).

Cost of Sales, Cash Cost and All-in Sustaining Cost ("AISC")¹

- Cost of sales of \$185,621, a 3% decrease when compared to the same period in 2022 (six months ended June 30, 2022: \$191,492)
- Cash Cost per ounce of gold sold of \$1,183 (six months ended June 30, 2022: \$1,152), a 3% increase relative to the same period in 2022, explained by the 8% decrease in gold production.
- AISC per ounce of gold sold¹ of \$1,398 (six months ended June 30, 2022: \$1,383), similar to the AISC per ounce of gold sold during the same period in 2022.

Dividend Payment

- \$10,050 in dividends paid.
- A 19% decrease in dividends paid compared to the same period in 2022 (six months ended June 30, 2022: 12,473), explained by an extraordinary dividend of \$0.01 per share paid in April of 2022.

³ Cash Cost, AISC, Adjusted EBITDA, net free cash flow and average price realized per ounce of gold sold are non-IFRS financial measures, and Cash Cost per ounce of gold sold, AISC per ounce of gold sold, ROCE and Net Debt to Adjusted EBITDA ratio are non-IFRS ratios, with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations of non-IFRS financial measures to the most directly comparable IFRS measures, see Non-IFRS and Other Financial Measures in this news release.

Revenue

- Revenue of \$256,916. Revenue decreased by 2% when compared to the same period in 2022 (six months ended June 30, 2022: \$261,936).

Profitability

- Gross profit increased by 1% to \$71,295 compared to the same period in 2022 (six months ended June 30, 2022: 70,444).
- Net profit for the period up 28% to \$27,956 (\$0.09/share) compared to the same period in 2022 (Q2/22: \$21,871 or \$0.07/share).

Financial and Operating Highlights.

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2023	2022	\$	%	2023	2022	#	%
Financial								
Revenue	138,826	137,286	1,540	1 %	256,916	261,936	(5,020)	(2) %
Cost of sales	(99,801)	(99,487)	314	0 %	(185,621)	(191,492)	(5,871)	(3) %
Gross Profit	39,025	37,799	1,226	3 %	71,295	70,444	851	1 %
Net Profit For The Period	12,552	11,399	1,153	10 %	27,956	21,871	6,085	28 %
Basic and diluted earnings per share	\$0.04	\$0.04	\$0.00	10 %	\$0.09	\$0.07	\$0.02	29 %
Adjusted EBITDA ¹	47,965	46,710	1,255	3 %	88,568	87,857	711	1 %
Net cash flows generated by operating activities	30,154	17,853	12,301	69 %	32,652	23,156	9,496	41 %
Net free cash flow ¹	17,116	234	16,882	7215 %	4,441	(5,545)	9,986	(224) %
ROCE ¹	28 %	22 %	6 %	29 %	28 %	22 %	6 %	27 %
Net Debt to Adjusted EBITDA ratio ¹	(0.02)x	0.11x	(0.13x)	(119) %	(0.02)x	0.11x	(0.13x)	(119) %
Dividends paid	5,213	7,875	(2,662)	(34) %	10,050	12,473	(2,423)	(19) %
Operating								
Average realized price per ounce of gold sold (\$/oz)	1,948	1,837	111	6 %	1,918	1,859	59	3 %
Total Gold Produced (oz)	69,254	74,062	(4,808)	(6) %	129,502	140,071	(10,569)	(8) %
Gold sold (oz)	68,570	73,147	(4,577)	(6) %	129,263	137,684	(8,421)	(6) %
Silver sold (oz)	152,027	93,528	58,499	63 %	286,696	195,001	91,695	47 %
Cash Cost per ounce of gold sold (\$/oz) ¹	\$1,207	\$1,131	\$76	7 %	\$1,183	\$1,152	\$31	3 %
AISC per ounce of gold sold (\$/oz) ¹	\$1,388	\$1,388	\$-	0 %	\$1,398	\$1,383	\$16	1 %

1. Average realized price per ounce of gold sold, Adjusted EBITDA, and net free cash flow are Non-IFRS financial measures, and ROCE and Net Debt to Adjusted EBITDA ratio are Non-IFRS ratios, with no standardized meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers. For further information and detailed reconciliations to the most directly comparable IFRS measures, see Non-IFRS And Other Financial Measures in this news release.

Operational Highlights by Material Property.

(All numbers in ounces unless otherwise noted)

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2023	2022	ounces	%	2023	2022	ounces	%
Nechí Alluvial Property (Colombia)	24,648	23,394	1,254	5 %	42,636	42,679	(43)	- %
Hemco Property	7,517	10,808	(3,291)	(30) %	17,738	19,931	(2,193)	(11) %
Artisanal Mining	24,699	23,330	1,369	6 %	47,099	46,768	331	1 %
Nicaragua	32,216	34,138	(1,922)	(6) %	64,837	66,699	(1,862)	(3) %
Gualcamayo Property (Argentina)	12,390	16,530	(4,140)	(25) %	22,029	30,693	(8,664)	(28) %
Total Gold Produced	69,254	74,062	(4,808)	(6) %	129,502	140,071	(10,569)	(8) %
Total Silver Produced	152,027	93,528	58,499	63 %	286,696	195,001	91,695	47 %

For the three months ended June 30, 2023, gold production was down 6%, with 69,254 ounces of gold produced, compared to 74,062 ounces in the second quarter of 2022, summarized in the table above. The decrease in production relative to the comparative quarter in 2022 is a result of lower production achieved at the Hemco Property due to unscheduled maintenance stoppages at the milling area and lower production at the Gualcamayo Mine as it nears the end of its life of mine.

For the six months ended June 30, 2023, gold production was down 8%, with 129,502 ounces of gold were produced during the six months ended June 30, 2023, compared to 140,071 ounces in the same period of 2022. The lower production relative to the comparative period in 2022 is as a result of lower production from the underground mine at the Hemco Property due to unscheduled maintenance stoppages at the milling area during the second quarter and a decrease in production at the Gualcamayo Mine.

CORPORATE HIGHLIGHTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

New collective agreement in Colombia

On June 8, 2023, Mineros signed a collective agreement for operations at the Nechí Alluvial Property in Colombia, covering a two year period, starting May 1, 2023.

Termination of strategic alliance with [Royal Road Minerals Ltd.](#)

Effective May 29, 2023, Mineros terminated and, where applicable, settled all outstanding obligations under all of its agreements with [Royal Road Minerals Ltd.](#) ("Royal Road").

Mineros and Royal Road have terminated their strategic alliance agreements for exploration of their respective properties in Nicaragua and Colombia, and related joint ventures in respect of the Caribe Exploration Target, located on the Hemco Property in Nicaragua, and the Guintar-Niverengo-Margaritas ("GNM") Exploration Target, located in the Anzá Province, Colombia.

Royal Road has relinquished its 50% joint venture interest in the Caribe Exploration Target to Mineros' subsidiary Hemco Nicaragua S.A. ("Hemco"), which now owns 100% of the Caribe Exploration Target. The 1.25% net smelter returns royalty applicable to the two concessions that host the Luna Roja Deposit, which

was granted to Royal Road in May 2021 in connection with Mineros' acquisition of Royal Road's 50% joint venture interest in those concessions, was terminated, and provisions under the related asset purchase agreement in respect of exploration expenditures to be incurred at the Hemco Property have been released. Mineros has also relinquished its 50% joint venture interest in the GNM Exploration Target to Royal Road. Mineros and Royal Road have also annulled a cooperation agreement relating to Mineros' Gualcamayo Project in Argentina.

Subsequent events

Temporary suspension of the main processing plant at the Hemco Property in Nicaragua and Review of 2023 Guidance

On July 31, 2023, Mineros determined to temporarily suspend operations at its main processing plant, which processes 89% of the material and disposal of tailings at its Hemco Property in Nicaragua. The suspension is precautionary in nature and is designed to allow for the swift completion of the expansion of its detoxification capacity at the tailings facility prior to hurricane season in Nicaragua. This work had been planned for earlier in 2023 but had been delayed by post-pandemic equipment supply constraints. Given the shutdown, the Company has taken this opportunity to perform certain plant maintenance work which was originally scheduled for later this year. During the suspension period, which is estimated to last for approximately 20 days, industrial and artisanal mining activities will continue and the Vesmisa and La Curva plants will also continue to operate. This precautionary suspension is expected to reduce the Hemco Property's output by approximately 5,000 to 10,000 ounces of gold for the month of August. Mineros is currently reviewing its mining plan for the Hemco Property for the second half of 2023 with a view to minimizing the impact, if any, on our production guidance for 2023.

In light of the recent temporary suspension of operations at the main facility at the Hemco Property, the Company's 2023 guidance is currently under review. Mineros will keep the market informed of further developments.

GROWTH AND EXPLORATION PROJECT UPDATES

Porvenir Project, Nicaragua: A total of 4,957 metres of diamond drilling in 36 holes was completed in the second quarter of 2023, achieving 85% of the program, with the objective of providing material for metallurgical test work. The metallurgical drilling campaign is expected to be completed by the third quarter of 2023.

Luna Roja Deposit, Nicaragua: In the second quarter of 2023, the Company has been working to update the geological model for the Luna Roja Deposit and is continuing to interpret the results of its 2022 drilling campaign.

CONFERENCE CALL AND WEBCAST DETAILS

The Company will host a conference call on Friday, August 4, 2023, at 9:00 am EST (8:00 am COT) to discuss the results. The conference call will be in Spanish with simultaneous translation in English.

A live webcast of the conference call will be available at:
<https://app.webinar.net/almDxXWgv8W>

Live webcast requires previous registration, and interested parties are advised to access the webcast approximately ten minutes prior to the start of the call. The webcast will be archived on the Company's website at www.mineros.com.co for approximately 30 days following the call.

Participants may also dial in (charges may apply):

US:	+1 720-527-5937
Colombia	+57 601-485-0334
Pin for English:	10178681#
Pin for Spanish:	87924011#

The list of all local and international dial in numbers can be found at the end of this document or at <https://fccdl.in/i/webcastatmedios>.

ABOUT MINEROS S.A.

Mineros is a gold mining company headquartered in Medellin, Colombia. The Company has a diversified asset base, with mines in Colombia, Nicaragua and Argentina and a pipeline of development and exploration projects throughout the region.

The board of directors and management of Mineros have extensive experience in mining, corporate development, finance and sustainability. Mineros has a long track record of maximizing shareholder value and delivering solid annual dividends. For almost 50 years Mineros has operated with a focus on safety and sustainability at all its operations.

Mineros' common shares are listed on the Toronto Stock Exchange under the symbol "MSA", and on the Colombia Stock Exchange under the symbol "MINEROS".

The Company has been granted an exemption from the individual voting and majority voting requirements applicable to listed issuers under Toronto Stock Exchange policies, on grounds that compliance with such requirements would constitute a breach of Colombian laws and regulations which require the directors to be elected on the basis of a slate of nominees proposed for election pursuant to an electoral quotient system. For further information, please see the Company's most recent annual information form filed on SEDAR at www.sedar.com.

QUALIFIED PERSON

The scientific and technical information contained in this news release has been reviewed and approved by Luis Fernando Ferreira de Oliveira, MAusIMM CP (Geo), Mineral Resources and Reserves Manager for [Mineros S.A.](#), who is a qualified person within the meaning of NI 43-101.

FORWARD-LOOKING STATEMENTS

This news release contains "forward looking information" within the meaning of applicable Canadian securities laws. Forward looking information includes statements that use forward looking terminology such as "may", "could", "would", "will", "should", "intend", "target", "plan", "expect", "budget", "estimate", "forecast", "schedule", "anticipate", "believe", "continue", "potential", "view" or the negative or grammatical variation thereof or other variations thereof or comparable terminology. Such forward looking information includes, without limitation, statements with respect to the Company's outlook for 2023; the suspension of operations at the main plant at the Hemco Property, and potential impacts on the Company's 2023 guidance; estimates for future mineral production and sales; the Company's expectations, strategies and plans for the Material Properties; plans in respect of the wind-down of its open pit and underground oxide gold mining operations at the Gualcamayo Property; the Company's planned exploration, development and production activities; completion of the drilling program; statements regarding the projected exploration and development of the Company's projects; adding or upgrading Mineral Resources and developing new mineral deposits; estimates of future capital and operating costs; the costs and timing of future exploration and development; the timing, receipt and maintenance of necessary approvals, licenses and permits from applicable governments, regulators or third parties; estimates for future prices of gold and other minerals; future financial or operating performance and condition of the Company and its business, operations and

properties, including, without limitation, expectations regarding liquidity, capital structure, competitive position and payment of dividends; expectations regarding future currency exchange rates; and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

Forward looking information is based upon estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this news release including, without limitation, assumptions about; favourable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the production, development and exploration of the Company's properties and assets; future prices of gold and other metal prices; the timing and results of exploration and drilling programs, and technical and economic studies; the accuracy of any Mineral Reserve and Mineral Resource estimates; the geology of the Material Properties being as described in the applicable technical reports; production costs; the accuracy of budgeted exploration and development costs and expenditures; the timing and complexity of the work required to complete the expansion of the detoxification capacity at the Hemco Property's main processing plant; availability of skilled labour and equipment required to complete the capacity expansion; the orderly wind-down of its open pit and underground oxide gold mining operations at the Gualcamayo Property; the price of other commodities such as fuel; future currency exchange rates and interest rates; operating conditions being favourable such that the Company is able to operate in a safe, efficient and effective manner; political and regulatory stability; the receipt of governmental, regulatory and third party approvals, licenses and permits on favourable terms; obtaining required renewals for existing approvals, licenses and permits on favourable terms; requirements under applicable laws; sustained labour stability; stability in financial and capital goods markets; inflation rates; availability of labour and equipment; positive relations with local groups, including artisanal mining cooperatives in Nicaragua, and the Company's ability to meet its obligations under its agreements with such groups; and satisfying the terms and conditions of the Company's current loan arrangements. While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward looking information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

For further information of these and other risk factors, please see the "Risk Factors" section of the Company's annual information form dated March 31, 2022 (as it may be updated or replaced from time to time), available on SEDAR at www.sedar.com.

The Company cautions that the foregoing lists of important assumptions and factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward looking information contained herein. There can be no assurance that forward looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward looking information.

Forward looking information contained herein is made as of the date of this news release and the Company disclaims any obligation to update or revise any forward looking information, whether as a result of new information, future events or results or otherwise, except as and to the extent required by applicable securities laws.

NON-IFRS AND OTHER FINANCIAL MEASURES

The Company has included certain Non-IFRS financial measures and Non-IFRS ratios in this news release. Management believes that Non-IFRS financial measures and Non-IFRS ratios, when supplementing measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-IFRS financial measures and Non-IFRS ratios do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. For a discussion of the use of Non-IFRS financial measures and reconciliations thereof to the most directly comparable IFRS measures, see below.

EBIT, EBITDA and Adjusted EBITDA

The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use the earnings before interest and tax ("EBIT"), earnings before interest, tax, depreciation and amortization ("EBITDA"), and adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA"), which excludes certain non-operating income and expenses, such as financial income or expenses, hedging operations, exploration expenses, impairment of assets, foreign currency exchange differences, and other expenses (principally, donations, corporate projects and taxes incurred). The Company believes that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results because it is consistent with the indicators management uses internally to measure the Company's performance, and is an indicator of the performance of the Company's mining operations.

The following table provides a reconciliation of the Adjusted EBITDA for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
NET PROFIT FOR THE PERIOD / YEAR	12,552	11,399	27,956	21,871
Less: Interest income	(341)	(203)	(806)	(518)
Add: Interest expense	4,090	1,388	6,067	2,324
Add: Current tax ¹	11,544	11,042	23,107	20,289
Add/less: Deferred tax ¹	(4,179)	4,662	(7,158)	3,356
EBIT	23,666	28,288	49,166	47,322
Add: Depreciation and amortization	13,562	14,887	26,571	28,826
EBITDA	37,228	43,175	75,737	76,148
Less: Other income ²	352	46	(4,847)	(702)
Less: Finance income (excluding interest income)	(2,203)	(41)	(2,231)	(94)
Add: Finance expense (excluding interest expense)	84	1,357	1,548	2,739
Add: Other expenses ³	6,849	1,949	8,989	4,153
Add: Exploration expenses	4,920	3,611	7,279	6,296
Less: Foreign exchange differences	735	(3,387)	2,093	(683)
Adjusted EBITDA	47,965	46,710	88,568	87,857

1.	For additional information regarding taxes, see Note 18 of our unaudited condensed interim financial statements, for the three and six months ended June 30 2023 and 2022
2.	For additional information regarding other income, see Note 10 of unaudited condensed interim financial statements, for the three and six months ended June 30 2023 and 2022.
3.	For additional information regarding other expenses, see Note 11 of our unaudited condensed interim financial statements for the three and six months ended June 30, 2023 and 2022
4.	The reconciliation above does not include adjustments for Share of results of investments in associates, or (Impairment) reversal of Assets, because there would be a nil adjustment for the three and six months ended June 30, 2023 and 2022.

Cash Cost

The objective of Cash Cost is to provide stakeholders with a key indicator that reflects as close as possible the direct cost of producing and selling an ounce of gold.

The Company reports Cash Cost per ounce of gold sold which is calculated by deducting revenue from silver sales and depreciation and amortization from Cost of sales, and dividing the difference by the number of gold ounces sold. Production Cash Cost includes mining, milling, mine site security, royalties, and mine site administration costs, and excludes non-cash operating expenses. Cash Cost per ounce of gold sold is a Non-IFRS financial measure used to monitor the performance of our gold mining operations and their ability to generate profit, and is consistent with the guidance methodology set out by the World Gold Council.

The following table provides a reconciliation of Cash Cost per ounce of gold sold on a by-product basis to cost of sales for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Cost of sales	99,801	99,487	185,621	191,492
Less: Cost of sales of non-mining operations ¹	(192)	(184)	(299)	(344)
Less: Depreciation and amortization	(13,166)	(14,511)	(25,800)	(28,093)
Less: Sales of silver	(3,673)	(2,045)	(6,661)	(4,458)
Cash Cost	82,770	82,747	152,861	158,597
Gold sold (oz)	68,570	73,147	129,263	137,684
Cash Cost per ounce of gold sold (\$/oz)	1,207	1,131	1,183	1,152

1.	Refers to cost of sales incurred in the Company's "Others" segment. See Note 6 to the Company's unaudited condensed interim financial statements for three and six months ended June 30, 2023 and 2022. The majority of this amount relates to the cost of sales of latex.
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All-in Sustaining Costs

The objective of AISC is to provide stakeholders with a key indicator that reflects as close as possible the full cost of producing and selling an ounce of gold. AISC per ounce of gold sold is a Non-IFRS ratio that is intended to provide investors with transparency regarding the total costs of producing one ounce of gold in the relevant period.

The Company reports AISC per ounce of gold sold on a by-product basis. The methodology for calculating AISC per ounce of gold sold is set out below and is consistent with the guidance methodology set out by the World Gold Council. The World Gold Council definition of AISC seeks to extend the definition of total Cash Cost by deducting administrative expenses, cost of sales of non-mining operations, sustaining exploration, sustaining leases and leaseback, and sustaining capital expenditures. Non-sustaining costs are primarily those related to new operations and major projects at existing operations that are expected to materially benefit the current operation. The determination of classification of sustaining versus non-sustaining requires judgment by management. AISC excludes current and deferred income tax payments, finance expenses and other expenses. Consequently, these measures are not representative of all of the Company's cash expenditures. In addition, the calculation of AISC does not include depreciation and amortization cost or expense as it does not reflect the impact of expenditures incurred in prior periods. Therefore, it is not indicative of the Company's overall profitability. Other companies may quantify these measures differently because of different underlying principles and policies applied. Differences may also occur due to different definitions of sustaining versus non-sustaining.

The following table provides a reconciliation of AISC per ounce of gold sold to cost of sales for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Cost of sales	99,801	99,487	185,621	191,492
Less: Cost of sales of non-mining operations ¹	(192)	(184)	(299)	(344)
Less: Depreciation and amortization	(13,166)	(14,511)	(25,800)	(28,093)
Less: Sales of silver	(3,673)	(2,045)	(6,661)	(4,458)
Less: Sales of electric energy	(1,195)	(1,010)	(2,156)	(1,802)
Add: Administrative expenses	4,622	5,976	9,298	11,413
Less: Depreciation and amortization of administrative expenses ²	(396)	(376)	(771)	(733)
Add: Sustaining leases and leaseback ³	3,166	2,876	6,821	4,547
Add: Sustaining exploration ⁴	160	2,844	292	4,304
Add: Sustaining capital expenditures ⁵	6,018	8,435	14,417	14,058
AISC	95,145	101,492	180,762	190,384
Gold sold (oz)	68,570	73,147	129,263	137,684
All-in sustaining costs per ounce of gold sold (\$/oz)	\$1,388	\$1,388	\$1,398	\$1,383

1.	Cost of sales of non-mining operations is the cost of sales excluding cost incurred by non-mining operations and the majority of this cost comprises cost of sales of latex.
2.	Depreciation and amortization of administrative expenses is included in the administrative expenses line on the unaudited condensed interim financial statements, and is mainly related to depreciation for corporate office spaces and local administrative buildings at the Gualcamayo Property and Hemco Property.
3.	Represents most lease payments as reported on the unaudited condensed interim financial statements of cash flows and is made up of the principal component of such cash payments, less non-sustaining lease payments. Lease payments for new development projects and capacity projects are classified as non-sustaining.
4.	Sustaining exploration: Exploration expenses and exploration and evaluation projects as reported on the unaudited condensed interim financial statements, less non-sustaining exploration. Explorations are classified as either sustaining or non-sustaining based on a determination of the type and location of the exploration expenditure. Exploration expenditures within the footprint of operating mines are considered costs required to sustain current operations and so are included in sustaining costs. Exploration expenditures focused on new ore bodies near existing mines (i.e. brownfield), new exploration projects (i.e. greenfield) or for other generative exploration activity not linked to existing mining operations are classified as non-sustaining.
5.	Sustaining capital expenditures: Represents the capital expenditures at existing operations including, periodic capitalized stripping and underground mine development costs, ongoing replacement of mine equipment and overhaul of existing equipment, and is calculated as total additions to property, plant and equipment (as reported on the consolidated statements of cash flows), less non-sustaining capital. Non-sustaining capital represents capital expenditures for major projects, including projects at existing operations that are expected to materially benefit the operation and provide a level of growth, as well as enhancement capital for significant infrastructure improvements at existing operations. Non-sustaining capital expenditures during the three months ended June 30, 2023 are primarily related to major projects at Hemco Property, Norchi Alluvial Property and Gualcamayo Property. The sum of sustaining capital expenditures and non-sustaining capital expenditures is reported as the total of additions of property plant and equipment in the unaudited condensed interim financial statements.

The Company uses the financial measure "net free cash flow", which is a Non-IFRS financial measure, to supplement information regarding cash flows generated by operating activities. The Company believes that in addition to IFRS financial measures, certain investors and analysts use this information to evaluate the Company's performance with respect to its operating cash flow capacity to meet recurring outflows of cash.

Net free cash flow is calculated as cash flows generated by operating activities less non-discretionary sustaining capital expenditures and interest and dividends paid related to the relevant period.

The following table sets out the calculation of the Company's net free cash flow to net cash flows generated by operating activities for the three months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net cash flows generated by operating activities	30,154	17,853	32,652	23,156
Non-discretionary items:				
Sustaining capital expenditures	(6,018)	(8,435)	(14,417)	(14,058)
Interest paid	(1,807)	(1,309)	(3,744)	(2,170)
Dividends paid	(5,213)	(7,875)	(10,050)	(12,473)
Net free cash flow	17,116	234	4,441	(5,545)

Return on Capital Employed

The Company uses ROCE as a measure of long-term operating performance to measure how effectively management utilizes the capital it has provided. This Non-IFRS ratio is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The calculation of ROCE, expressed as a percentage, is Adjusted EBIT (calculated in the manner set out in the table below) divided by the average of the opening and closing capital employed for the 12 months preceding the period end. Capital employed for a period is calculated as total assets at the beginning of that period less total current liabilities. The following table sets out the calculation of ROCE as at June 30, 2023 and 2022.

	June 30,	
	2023	2022
Adjusted EBITDA (Last 12 months)	177,680	155,665
Less: Depreciation and amortization (Last 12 months)	(55,025)	(53,934)
Adjusted EBIT (A)	122,655	101,731
Total Assets at the beginning of the Period	569,543	580,046
Less: Total current liabilities at the beginning of the Period	(134,581)	(110,601)
Opening Capital Employed (B)	434,962	469,445
Total Assets at the end of the Period	605,354	603,477
Less: Current Liabilities at the end of the Period	(164,024)	(135,161)
Closing Capital employed (C)	441,330	468,316
Average Capital employed (D)= (B) + (C) /2	438,146	468,881
ROCE (A/D)	28 %	22 %

Net Debt to Adjusted EBITDA Ratio

Net Debt to Adjusted EBITDA ratio is a non-IFRS ratio that provides the liquidity position of the Company. The calculation of net debt shown below is calculated as nominal undiscounted debt including leases, less cash and cash equivalents. The following sets out the calculation of Net Debt to Adjusted EBITDA ratio as at June 30, 2023 and 2022.

	June 30,	
	2023	2022
Loans and other borrowings	43,595	56,322
Less: Cash and cash equivalents	(47,415)	(38,805)
Net Debt	(3,820)	17,517
Adjusted EBITDA (Last 12 months)	177,680	155,665
Net Debt to Adjusted EBITDA ratio	(0.02)x	0.11x

Average Realized Price

The Company uses "average realized price per ounce of gold" and "average realized price per ounce of silver", which are Non-IFRS financial measures. Average realized metal price represents the revenue from the sale of the underlying metal as per the statement of operations, adjusted to reflect the effect of trading at holding level (parent Company) on the sales of gold purchased from subsidiaries. Average realized prices are calculated as the revenue related to gold and silver sales divided by the number of ounces of metal sold. The following table sets out the reconciliation of average realized metal prices to sales of gold and sales of silver for the three months ended June 30, 2023 and 2022:

	Three Months Ended June 30,	
	2023	2022
Sales of gold	133,569	134,401
Gold sold (oz)	68,570	73,147
Average realized price per ounce of gold sold (\$/oz)	1.948	1.837
Sales of silver	3,673	2,045
Silver sold (oz)	152,027	93,528
Average realized price per ounce of silver sold (\$/oz)	24	22

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