



NEWS RELEASE

# Gatos Silver Continues to Successfully Expand Operations at Cerro Los Gatos In 2020

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DENVER--(BUSINESS WIRE)-- Gatos Silver, Inc. (NYSE/TSX: GATO) ("Gatos Silver" or the "Company") is pleased to provide a 2020 Cerro Los Gatos ("CLG") operating update encompassing its final commissioning phase and inaugural full year of production.

This press release features multimedia. View the full release here:

<https://www.businesswire.com/news/home/20210119005378/en/>

Cerro Los Gatos Mine Overview (Photo: Business Wire)

Q4 and 2020 Production

During 2020, the CLG mine achieved steady improvement in its mining rates reaching 2,324 tonnes/day of production by year-end despite a Mexican government emergency health declaration and mandated temporary suspension in April and May. While CLG was able to adopt effective COVID-19 prevention protocols, mining activities were suspended until sufficient testing capabilities were implemented for the large mining labor complement. Mining activities resumed in early June 2020 and daily production progressively increased with COVID-19 prevention protocols fully implemented (see Figure 1).

Mine development was not impacted by the temporary suspension and has consistently exceeded plan since the initial commissioning of CLG. By the end of 2020, the mine had achieved just under 16,000 meters of development in the NW and Central Zones, providing ample ore access to maintain mining rates (see Figure 2 and Figure 3).

The CLG processing facility is highly automated and recommissioned quickly following the COVID-19 temporary suspension. Prior to the suspension, the processing facility had already demonstrated an ability to achieve its 2,500

tonne/day design processing rate. Post suspension, the plant throughput was controlled to match production from the mine. During 2020, the processing team focused on achieving high-quality concentrate and by year-end, average metal recoveries exceeded plan for the four payable metals (see Figure 4).

During 2020, CLG produced 4.2 million silver ounces in concentrate, 34.2 million zinc pounds in zinc concentrate, 27.4 million lead pounds in lead concentrate and 4.9 thousand gold ounces in lead concentrate.

## Exploration

In December 2020, Gatos Silver and its Los Gatos Joint Venture (“LGJV”) partner, Dowa Metals & Mining Co., Ltd. (“Dowa”), commenced a 27,000-meter exploration program to convert CLG’s established 3.2 million tonnes of inferred resources to the measured and indicated category and to discover additional resources along the northwest and southeast extensions of the CLG deposit. The LGJV also intends to reactivate Los Gatos District exploration in early 2021, starting with the Esther resource located four kilometers from CLG.

During the first quarter of 2021, Gatos Silver will begin a 5,400-meter exploration program on its wholly-owned Santa Valeria project. The Santa Valeria target has been developed through regional geologic work by Gatos Silver’s exploration team, which defined a large basin structure hosting the mineralization zones that reside within the LGJV land package. Santa Valeria is geologically comparable to CLG and may contain similar mineral content.

The commencement of this extensive program reaffirms Gatos Silver’s commitment to create value through advancement of its exceptional assets. The multiple prospective zones of identified mineralization located in the highly prolific Los Gatos District position the Company to add substantial new resources on the extensive LGJV mineral rights package and its 100%-owned mineral rights at Santa Valeria. Gatos Silver expects to extend its historical exploration success by identifying additional areas of mineral endowment and further upgrading the existing resources.

In late October 2020, Gatos Silver applied for public listing on the NYSE and TSX and successfully completed an initial public offering (“IPO”) of 24,644,500 shares, raising gross proceeds of US\$172.5 million.

Stephen Orr, the Company’s Chief Executive Officer, said “We are delighted with Gatos Silver’s achievements to-date. The Company has created substantial value over the last decade by progressing the Los Gatos District from a single discovery to an entire new silver-dominant mineral district containing 14 zones of mineralization. Through its joint venture, it was able to finance, construct and commission CLG as its maiden mine in this prolific new district. By year-end, the Company reached a major milestone by successfully completing a precious metals IPO on the NYSE/TSX, the largest of its kind in the last decade.”

## About Gatos Silver

Gatos Silver is a silver dominant exploration, development and production company that discovered a new silver and zinc-rich mineral district in southern Chihuahua State, Mexico. To-date, 14 zones of mineralization have been defined within the district and all are characterized by silver-zinc-lead epithermal mineralization. More than 85% of the approximately 103,087-hectare mineral rights package has yet to be drilled, representing a highly prospective and underexplored district. The Company recently built and commissioned its first operating mine and mineral processing plant at the Cerro Los Gatos deposit, which is expected to produce 12.2 million silver equivalent ounces annually.

## Forward-Looking Statements

This press release contains statements that constitute “forward looking information” and “forward-looking statements” within the meaning of U.S. and Canadian securities laws. All statements other than statements of historical facts contained in this press release, including statements regarding the expected average annual production are forward-looking statements. Forward-looking statements are based on management’s beliefs and assumptions and on information currently available to management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors described in our filings with the U.S. Securities and Exchange Commission and Canadian securities commissions. Certain forward-looking statements are based on assumptions, qualifications and procedures which are set out only in the technical report entitled “Los Gatos Project, Chihuahua, Mexico,” dated July, 2020 with an effective date of July 1, 2020 (the “Los Gatos Technical Report”) filed with the U.S. Securities and Exchange Commission and Canadian securities commissions. Scientific and technical disclosures in this press release were approved by Philip Pyle, Vice President of Exploration and Chief Geologist of Gatos Silver who is a “Qualified Person,” as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators. For a complete description of assumptions, qualifications and procedures associated with such information, reference should be made to the full text of the Los Gatos Technical Report. Gatos Silver expressly disclaims any obligation or undertaking to update the forward-looking statements contained in this press release to reflect any change in its expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law. No assurance can be given that such future results will be achieved. Forward-looking statements speak only as of the date of this press release.

## Availability of Other Information About Gatos Silver

Investors and others should note that Gatos Silver communicates with its investors and the public using its company website (<https://gatossilver.com/>) as well as other channels, including but not limited to presentations, Securities and Exchange Commission filings, press releases, public conference calls and webcasts. The information

Gatos Silver communicates through these channels could be deemed to be material information. As a result, Gatos Silver encourages investors and others interested in Gatos Silver to review the information it disseminates through these channels on a regular basis. The contents of Gatos Silver's website or other channels, or any other website that may be accessed from its website or these channels, shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

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