UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): **March 7, 2022**

GATOS SILVER, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-39649**	**27-2654848**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

8400 E. Crescent Parkway, Suite 600 **Greenwood Village, CO** (Address of principal executive offices)	**80111** (Zip Code)

Registrant's telephone number, including area code: **(303) 784-5350**

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.001 per share	GATO	New York Stock Exchange Toronto Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Item 1.01. Entry into a Material Definitive Agreement.

On March 7, 2022, Gatos Silver, Inc. (the "Company") and certain of its subsidiaries entered into an Amendment and Waiver (the "Amendment") to the Company's revolving credit agreement dated as of July 12, 2021 (the "Credit Agreement") with Bank of Montreal, Chicago Branch and certain financial institutions from time to time, as lenders, Bank of Montreal, Chicago Branch, as bookrunner and mandated lead arranger, and Bank of Montreal, Chicago Branch, as administrative agent for and on behalf of the lenders. The Amendment was entered into to address potential loan covenant deficiencies arising from the Company's January 25, 2022 disclosure regarding certain errors identified in the Company's financial model, including an overestimation of the mineral reserves at the Cerro Los Gatos Mine. Under the terms of the Amendment, (i) the Company is required to deliver to the administrative agent on or prior to September 30, 2022 an updated financial model, including an updated mineral reserve statement, and (ii) the maximum amount that can be borrowed under the Credit Agreement is reduced to $30 million (the "Review Cap"). Upon receipt of the updated financial model, the administrative agent, in its sole discretion, will determine whether such model is satisfactory to it. If the administrative agent determines that the updated financial model is satisfactory to it, the Review Cap will be removed. If the administrative agent determines that the updated financial model is not satisfactory to it, the Review Cap will be reduced by $5 million on the last day of each fiscal quarter, commencing the fiscal quarter ending March 31, 2023 and ending with the fiscal quarter ending June 30, 2024. In addition, the Amendment waives certain defaults, events of defaults, representations and warranties and covenants arising out of the Company's January 25, 2022 disclosure. The $13 million currently drawn under the Credit Agreement will remain outstanding.

The foregoing description does not purport to be complete and is qualified in its entirety by reference to the Credit Agreement, which was filed on a Current Report on Form 8-K on July 12, 2021, and the Amendment, which is filed as Exhibit 1.1 to this Current Report on Form 8-K and incorporated by reference herein.

Item 2.02. Results of Operations and Financial Condition.

On March 8, 2022, Gatos Silver, Inc. issued a press release announcing unaudited financial and production results for the quarter and the fiscal year ended December 31, 2021 and providing certain corporate updates. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein.

The information included in Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 attached hereto are being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in any such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
1.1	Amendment and Waiver to the Revolving Credit Agreement, dated March 7, 2022, among Gatos Silver, Inc., certain subsidiaries of Gatos Silver, Inc. from time to time, Bank of Montreal, Chicago Branch and certain financial institutions from time to time, as lenders, Bank of Montreal, Chicago Branch, as bookrunner and mandated lead arranger, and Bank of Montreal, Chicago Branch, as administrative agent for and on behalf of the lenders
99.1	Press Release, dated March 8, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GATOS SILVER, INC.

Date: March 8, 2022

By: /s/ Roger Johnson
Roger Johnson
Chief Financial Officer

THIS AMENDMENT AND WAIVER TO THE REVOLVING CREDIT AGREEMENT (this "**Amendment**")
is dated March 7, 2022 and made between:

(1) **GATOS SILVER, INC.**, a corporation existing under the Laws of Delaware, and its successors and permitted assigns (the "**Borrower**");

(2) **CERTAIN SUBSIDIARIES OF THE BORROWER** from time to time, (collectively, the "**Guarantors**");

(3) **BANK OF MONTREAL, CHICAGO BRANCH** and **CERTAIN FINANCIAL INSTITUTIONS** from time to time, as lenders (the "**Lenders**");

(4) **BANK OF MONTREAL, CHICAGO BRANCH** as bookrunner and mandated lead arranger (the "**Arranger**"); and

(5) **BANK OF MONTREAL, CHICAGO BRANCH**, in its capacity as administrative agent for and on behalf of the Lenders (the "**Administrative Agent**").

RECITALS:

(A) Certain credit facilities were made available to the Borrower pursuant to the revolving credit agreement dated as of July 12, 2021 (the "**Credit Agreement**") among, *inter alia*, the Borrower, as borrower, the Guarantors, as guarantors (the Borrower and the Guarantors, collectively, the "**Obligors**"), the Administrative Agent, as administrative agent, the Arranger, as Bookrunner and mandated lead arranger, and the Lenders, as lenders.

(B) The Borrower has advised that certain errors have been identified in the Financial Model delivered by the Borrower to the Administrative Agent in connection with the Credit Agreement, including an overestimation of the mineral reserves at the Mine (the "**Mineral Reserve Overestimate**").

(C) The Administrative Agent and the Lenders have determined, and the Borrower has acknowledged, that the Mineral Reserve Overestimate has caused, or is likely to cause, the following Events of Default to occur under the Credit Agreement:

(i) Under Section 13.1(e) of the Credit Agreement, an Event of Default has occurred due to representations or warranties made by, or for and on behalf of, any Obligor in the Credit Agreement or in any other document, agreement or instrument delivered pursuant to the Credit Agreement or referred to in the Credit Agreement or any material information furnished in writing to the Administrative Agent by any Obligor or Specified Entity having been incorrect when made or furnished; and

(ii) Pursuant to Section 13.1(q) of the Credit Agreement, a Material Adverse Change has occurred,

(collectively, the "**Mineral Reserve Estimate Defaults**").

(D) The Borrower has requested that the Administrative Agent and each of the Lenders waive its rights as a result of the Mineral Reserve Estimate Defaults solely to permit the Borrower additional time to deliver an updated Financial Model described below.

(E) The Lenders would not have agreed to extend the amount of the Credit Limit to the Borrower on the terms of the Credit Agreement if the Mineral Reserve Overestimate had been known by the Lenders at the time the Credit Agreement was entered into and require an updated Financial

Model to determine, in their sole discretion, if they will lower Borrower's Credit Limit based on the updated Financial Model described below.

(F) The Administrative Agent and each of the Lenders are willing to agree, subject to the terms and conditions set forth in this Amendment, to provide certain waivers and consents and to amend the Credit Agreement as set forth in this Amendment.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1 Interpretation

1.1 Capitalized terms used in this Amendment and not otherwise defined have the meanings given to them in the Credit Agreement.

1.2 This Amendment constitutes a Finance Document under the Credit Agreement and the other Finance Documents.

1.3 The recitals and statements set out above are true and correct and are hereby incorporated into this Amendment.

2 Waiver

2.1 The Borrower hereby:

(a) represents and warrants that as of the date hereof no Default or Event of Default has occurred and is continuing, other than the Mineral Reserve Estimate Defaults; and

(b) acknowledges, confirms and agrees that the Administrative Agent and the Lenders have not waived, nor do they intend to waive, any Events of Default other than the Mineral Reserve Estimate Defaults and nothing contained in this Amendment or the transactions contemplated hereby shall be deemed to constitute any such waiver.

2.2 Subject to satisfaction of the conditions set forth in Section 4 of this Amendment and in reliance on the representations and warranties set forth in Section 5 of this Amendment, notwithstanding anything to the contrary in the Credit Agreement or any Finance Document, the Administrative Agent and the Lenders, hereby waive:

(a) any Default or Event of Default under Sections 13.1(e) and 13.1(q) of the Credit Agreement caused solely by the Mineral Reserve Overestimate;

(b) for the 2022 Fiscal Year only, the Borrower's obligation under Section 11.1(b)(v) to furnish the Administrative Agent with a Financial Model which is substantially consistent with the Financial Model delivered to the Administrative Agent pursuant to Section 12.2(h);

(c) for the 2021 Fiscal Year and the first two Fiscal Quarters of the 2022 Fiscal Year, the Borrower's obligations under Sections 11.1(b)(i) and 11.1(b)(ii); provided, however, that (x) the Borrower shall furnish to the Administrative Agent unaudited financial statements, subject to appropriate qualifications as a result solely of the Mineral Reserve Overestimate, at the same times and at the same frequency as required under Sections 11.1(b)(i) and 11.1(b)(ii), and (y) the Borrower shall furnish the financial statements required to be furnished under Sections 11.1(b)(i) and 11.1(b)(ii) in full compliance with such Sections as soon as practicable and, in any event, no later than November 14, 2022;

(d) until March 31, 2023, any non-compliance by the Borrower with the conditions set forth in Section 12.1 of the Credit Agreement resulting solely from the Mineral Reserve Overestimate, including, without limitation, any action, suit, inquiry, claim or other proceeding arising out of the Mineral Reserve Overestimate, provided that no judgment or award has been granted against any Obligor, and any such action, suit, inquiry, claim or other proceeding is being diligently contested in good faith by appropriate proceedings by the Borrower; and

(e) after March 31, 2023, any non-compliance by the Borrower with the conditions set forth in Section 12.1 of the Credit Agreement resulting solely from any action, suit, inquiry, claim or other proceeding arising out of the Mineral Reserve Overestimate filed or otherwise initiated on or before March 31, 2023, provided that no judgment or award has been granted against any Obligor, any such action, suit, inquiry, claim or other proceeding is being diligently contested in good faith by appropriate proceedings by the Borrower.

3 Amendments

3.1 Effective on the Effective Date, the Credit Agreement shall be amended as follows:

(a) The definitions of “Accordion” and “Accordion Request” in Section 1.1 are hereby deleted.

(b) The definition of “Credit Limit” in Section 1.1 is hereby amended and restated entirely as follows:

“**Credit Limit**” means, subject to the conditions and restrictions set out in Section 11.4, $50,000,000, as such amount may be reduced pursuant to Section 2.5.

(c) The following definitions shall be added in alphabetical order to Section 1.1:

“**LOM Review Cap**” has the meaning given to that term in Section 11.4(a).

“**LOM Review Reduction Schedule**” has the meaning given to that term in Section 11.4(d).

“**LOM Review Period**” the period commencing on the earlier of:

(a) September 30, 2022; and

(b) the date on which the Administrative Agent has received the LOM Review Financial Model,

and ending on December 31, 2022.”

“**LOM Review**” has the meaning given to it in Section 11.4(b).”

“**LOM Review Financial Model**” has the meaning given to it in Section 11.4(b).”

(d) Section 2.4 is hereby amended and restated entirely as follows:

“**2.4 [Reserved]**”

(e) Article 11 is hereby amended by adding a new Section 11.4 as follows:

"**11.4 LOM Review**

(a) Notwithstanding the amount of the Credit Limit or any other contrary provision of this Agreement, subject to Sections 11.4(d) and 11.4(e) below, the Borrower shall not be entitled to any extensions of credit under the Facility, and shall not request any Loan or Loans, the aggregate amount of which would exceed $30,000,000 (the "**LOM Review Cap**"), and each reference under this Agreement to the 'Credit Limit' shall refer to the Credit Limit as reduced pursuant to the LOM Review Cap.

(b) The Borrower shall deliver to the Administrative Agent on or prior to September 30, 2022 an updated Financial Model which, for the avoidance of doubt, shall include (but shall not be limited to) an updated mineral reserve statement (the "**LOM Review Financial Model**"), together with such supporting documentation and other information as the Administrative Agent may reasonably request, in order to enable the Administrative Agent to determine whether or not the Borrower's updated mineral reserve estimates in respect of the Mine are satisfactory to it, in its sole and absolute discretion (the "**LOM Review**").

(c) The Administrative Agent shall review the LOM Review Financial Model during the LOM Review Period in order to determine, in its sole and absolute discretion, if the LOM Review has been satisfied.

(d) Subject to Section 11.4(e) below, from and after the expiration of the LOM Review Period, the Credit Limit shall be automatically reduced by the amount of $5,000,000 on the last day of each Fiscal Quarter, commencing with the Fiscal Quarter ending March 31, 2023 and ending with the Fiscal Quarter ending June 30, 2024, at which point the Credit Limit shall be reduced to zero (the "**LOM Review Reduction Schedule**"). On each date that the Credit Limit is reduced in accordance with the LOM Review Reduction Schedule, the Borrower shall immediately repay any Credit Excess resulting therefrom.

For the avoidance of doubt, Administrative Agent shall not be required to advance any proceeds under the Credit Limit which would cause a Credit Excess as a result of the immediately subsequent reduction of the Credit Limit in accordance with the LOM Review Reduction Schedule.

(e) The Administrative Agent may, in its sole and absolute discretion, notify the Borrower in writing on or prior to the expiration of the LOM Review Period that the LOM Review has been satisfied, in which case the LOM Review Cap and the LOM Review Reduction Schedule will cease to apply.

4 Conditions to the Effectiveness of this Amendment

The waivers and amendments set forth in this Amendment shall become effective on the date (the "**Effective Date**") that the Administrative Agent shall have received counterparts of this Amendment, duly executed, authorized and delivered by the Administrative Agent, the Lenders, and the Obligors.

5 Representations and Warranties

5.1 Each Obligor represents and warrants to the Administrative Agent and Lenders as follows:

(a) the recitals to this Amendment are true and complete;

(b) the representations and warranties of the Obligors contained in the Finance Documents are true and complete on and as of the Effective Date, other than to the extent such representations and warranties of the Obligors are not true and complete as a result solely of the Mineral Reserve Overestimate, including, without limitation, any action, suit, inquiry, claim or other proceeding arising out of the Mineral Reserve Overestimate for which no judgment or award has been granted against any Obligor, and which is being diligently contested in good faith by appropriate proceedings by the Borrower.

(c) each Obligor is in full compliance with all of its covenants in the Finance Documents, other than as waived herein; and

(d) no Default or Event of Default, other than as waived herein, has occurred or is continuing or would result from the execution and delivery of this Amendment.

6 References to and Effect on Other Finance Documents

6.1 On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", the “Credit Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Finance Documents to the “Credit Agreement”, “thereunder”, “thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as modified by this Amendment.

6.2 The Credit Agreement, as specifically modified by this Amendment, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Security Documents shall continue to secure the payment of all obligations of the Obligors under the Finance Documents, as modified by this Amendment.

6.3 The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein: (i) operate as a waiver of any right, power or remedy of any of the Finance Parties under any of the Finance Documents, nor constitute a waiver of any provision of any of the Finance Documents, (ii) prejudice any other right, power or remedy which the Finance Parties now have or may have in the future under or in connection with the Credit Agreement or the other Finance Documents, (iii) operate as a forbearance with respect to any of its rights or remedies concerning any Events of Default which may have occurred or are continuing as of the date hereof or which may occur after the date hereof (other than the Existing Defaults, which shall be waived in accordance with the terms hereof as of the date hereof), or (iv) be a novation of the obligations of the Obligors under any of the Finance Documents.

7 Incorporation by Reference

Sections 1.5 (*Currency*), 1.7 (*Time of the Essence*), 1.6 (*Applicable Law*), 16.15 (*Waivers and Amendments*), 18.2 (*Severability*), 18.3 (*Counterparts*), 18.8 (*Waiver of Trial by Jury*), and 18.10 (*No Third Party Beneficiaries*) of the Credit Agreement are hereby incorporated by reference herein, *mutatis mutandis*.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the parties to this Agreement have executed and delivered this Agreement on the date first written above.

GATOS SILVER, Inc., as Borrower

Per: /s/ Roger Johnson
Name: Roger Johnson
Title: CFO

Per: /s/ Stephen Orr
Name: Stephen Orr
Title: CEO

BANK OF MONTREAL, CHICAGO BRANCH,
as Lender

Per: /s/ Darren Thomas
Name: Darren Thomas
Title: Director

BANK OF MONTREAL, CHICAGO BRANCH,
as Administrative Agent

Per: /s/ Darren Thomas
Name: Darren Thomas
Title: Director

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GATOS SILVER REPORTS 2021 YEAR END RESULTS AND PROVIDES CORPORATE UPDATE

Denver, CO — March 8, 2022 — Gatos Silver, Inc. (NYSE/TSX: GATO) ("Gatos Silver" or the "Company") today reported unaudited 2021 year-end results and provided a corporate update. Gatos Silver is focused on producing a new life-of-mine ("LOM") plan and updating its mineral resources and mineral reserves following its January 25, 2022 announcement regarding a reduction in metal content of its previously stated mineral reserve figures. The Company continues to expect to generate significant free cash flow at its 70%-owned Cerro Los Gatos ("CLG") operation.

Q4 and Year-end 2021 Highlights

- **Record Production:** 2.3 million ounces of silver produced in the fourth quarter of 2021 ("Q4") and 7.6 million ounces of silver produced in 2021. Achieved original 2021 guidance for contained silver of 7.5 to 7.9 million ounces and for all other payable metals.
- **Cost Performance:** Gatos Silver expects CLG's 2021 all-in sustaining cost ("AISC") after by-product credits to be at the lower end of its 2021 guidance.
- **Capital Expenditures:** $73 million, with the largest spend on underground development to access lower-level mining zones. Significant investment was made in new dewatering and ventilation systems to support improved production, development and cost performance going forward.
- **Balance Sheet:** The Los Gatos Joint Venture ("LGJV") had debt of $6 million related to equipment loans and had more than $20 million in cash as of year-end.

Corporate Update and Outlook

The Company is pleased to report that an amendment to its credit facility (as amended, the "Revolver") has been arranged with the lender, Bank of Montreal ("BMO"), to address potential loan covenant deficiencies arising from the Company's January 25, 2022 press release. The $13 million, currently drawn under the Revolver, will remain intact. The Revolver includes the following revisions:

- the credit limit under the Revolver to be reduced to $30 million, until the Company delivers to BMO a new LOM CLG financial model with updated mineral reserves;
- upon assessment of the new CLG financial model, BMO, in its sole discretion, may increase the credit limit up to the original $50 million;
- if the new CLG financial model is not delivered to BMO by September 30, 2022, or if delivered and the assessment by BMO is deemed not satisfactory, commencing on March 31, 2023, and then subsequently at the end of each fiscal quarter thereafter, the $30 million maximum credit limit would be further reduced in $5 million increments, and the Company would be required to immediately repay drawn amounts exceeding the corresponding reduced credit facility limit; and
- waivers of certain defaults, events of default, representations and warranties and covenants arising out of the facts that led to the potential reduction in metal content of the Company's previously stated mineral reserve figures.

The Company continues to advance efforts to update its mineral resources and mineral reserves and produce an updated LOM plan. Gatos Silver expects to produce a new CLG financial model complete with an updated technical report during the second half of 2022.

CLG is on target to achieve 2,600 tpd processed during the first half of 2022 and plans to increase plant throughput levels to 2,700 tpd in the second half. The CLG operation continues to perform well, and the Company reconfirms the following annual 2022 guidance:

2022 Guidance

Contained Metal in Concentrate

• Silver	8.5 – 9.0 million ounces
• Zinc (in zinc conc.)	49 – 54 million pounds
• Lead (in lead conc.)	36 – 40 million pounds
• Gold (in lead conc.)	4.0 – 4.5 thousand ounces

AISC[1]
• Co-product basis $16.50/oz – $18.50/oz payable silver
• By-product basis $13.00/oz – $15.00/oz payable silver

Unaudited Operational and Financial Highlights

Gatos Silver

Financial	**Year Ended December 31,**		**Three Months Ended December 31,**	
Amounts in millions	**2021 (unaudited)**	**2020**	**2021**	**2020**
Exploration expenses	$1.7	$0.8	$0.3	$0.3
G&A expenses	17.5	7.8	3.5	3.4
Amortization	0.1	0.0	0.0	0.0
Operating expenses	**$19.3**	**$8.6**	**$3.8**	**$3.7**

Operating expenses for the year ended December 31, 2021, increased $10.7 million to $19.3 million compared to 2020 primarily due to higher legal, consulting and insurance costs, higher stock-based compensation expense and one-time severance costs, in addition to higher 2021 exploration costs related to drilling activities on the 100% owned Santa Valeria target. Operating expenses for the fourth quarter of 2021 ("Q4") were consistent with the fourth quarter of 2020.

LGJV

Financial	**Year Ended December 31,**		**Three Months Ended December 31,**	
Amounts in millions	**2021 (unaudited)**	**2020**	**2021**	**2020**
Sales	$251.2	$121.5	$72.9	$40.3
Cost of sales	$98.1	$65.0	$27.8	$19.5
Royalties	$4.8	$2.1	$1.3	$0.7
G&A expenses	$12.8	$9.7	$3.3	$3.1
Other expenses	$13.6	$23.2	$0.9	$1.9

[1] AISC is a non-GAAP measure. The Company does not provide a reconciliation of forward-looking AISC to the GAAP measure of the LGJV expenses due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, and as a result, is not able to provide a reconciliation of AISC without unreasonable effort. The amount of the non-GAAP adjustments may be material and, therefore, could result in projected AISC being materially different than projected LGJV GAAP expenses. See "Non-GAAP Measures" for additional information.

LGJV sales for the three months and year ended December 31, 2021, were $72.9 million and $251.2 million, respectively. These sales increased, compared to the same periods in 2020, primarily as a result of higher metals prices, higher production rates and higher ore grades.

Cost of sales increased to $98.1 million for the year ended December 31, 2021, compared to $65.0 million for the same period in 2020, primarily due to higher 2021 production, and higher mining, dewatering and labor costs.

Other expenses decreased to $13.6 million for the year ended December 31, 2021, compared to $23.2 million, for the same period in 2020, primarily due to lower interest rates, lower borrowings and lower arrangement fees resulting from the retirement of the LGJV Working Capital Facility and Term Loan. This decrease was partially offset by accelerated expense recognition of the Term Loan origination costs for debt extinguishment.

CLG Production (100% Basis)	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**2021 FY**	**2020 FY**
Tonnes milled (dmt)	241,397	234,054	230,656	203,479	909,586	667,422
Tonnes milled per day (dmt)	2,624	2,544	2,535	2,261	2,492	1,829
Average grades						
Silver grade (g/t)	331	256	322	261	295	229
Gold grade (g/t)	0.30	0.30	0.35	0.32	0.32	0.42
Lead grade (%)	2.18	2.35	2.51	2.01	2.27	2.27
Zinc grade (%)	3.90	4.10	4.41	3.24	3.94	3.64
Contained metal						
Silver ounces (millions)	2.3	1.7	2.1	1.5	7.6	4.2
Gold ounces - in lead conc. (thousands)	1.3	1.3	1.5	1.1	5.2	4.9
Lead pounds - in lead conc. (millions)	10.2	10.8	11.2	7.6	39.8	27.4
Zinc pounds - in zinc conc. (millions)	12.9	13.5	14.5	8.7	49.6	34.2
Recoveries (combined concentrates)						
Silver	90%	89%	89%	85%	88%	84%
Gold	63%	63%	63%	60%	63%	62%
Lead	91%	91%	90%	87%	90%	87%
Zinc	73%	74%	75%	71%	73%	73%
Average realized price per silver ounce	$23.08	$23.31	$26.18	$24.15	$24.51	$19.97
Average realized price per gold ounce	$1,804	$1,776	$1,830	$1,812	$1,804	$1,709
Average realized price per lead pound	$1.04	$0.99	$1.00	$0.93	$0.99	$0.83
Average realized price per zinc pound	$1.58	$1.40	$1.33	$1.16	$1.36	$1.03

CLG achieved record throughput during Q4 and continued to achieve strong recoveries in all payable metals. CLG also achieved record silver grades during Q4 and record silver and zinc grades for the year-ended 2021.

The Company also announces the postponement of its Q4 and year-end 2021 conference call to provide sufficient time for the completion of the 2021 annual financial statements as they may be affected by the ongoing analysis of the CLG mineral resource and mineral reserve matters, and any potential financial statement impacts.

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. More than 85% of the approximately 103,087-hectare mineral rights package has yet to be drilled, representing a highly prospective and under-explored district with numerous silver-zinc-lead epithermal mineralized zones identified as priority targets. As a 70% owner of the LGJV, the Company recently built and commissioned its first operating mine and mineral processing plant at the LGJV's CLG deposit.

Non-GAAP Measures

AISC is calculated as the sum of total operating costs, treatment and refining charges, transportation, royalties and capital costs for the applicable period. Management believes that AISC provides additional information to management, investors and analysts to help in the understanding of the economics of our operations and performance compared to other producers. AISC is intended to provide additional information only and does not have any standardized meaning prescribed by GAAP and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Other companies may calculate this measure differently, and accordingly it may not be comparable to similarly titled measures from other companies.

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. 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.

Investors and Media Contact

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