



13 October 2016

Production Report for the 3 months ended 30 September 2016

Ignacio Bustamante, Chief Executive Officer said:

“The third quarter of 2016 has delivered a record performance from our operations and continued the strong trend from the first half with Inmaculada and Arcata in particular performing better than expected. We are therefore pleased to announce that we have raised our target for the year to 35 million silver equivalent ounces. We have also continued to strengthen our balance sheet with almost \$123 million of debt repaid year-to-date and our cash balance remaining close to \$100 million. Regarding exploration, we have reported some important progress in Pallancata, with confirmation of several structures as well as a high grade area within Pablo.”

Operational highlights

- Record attributable production in Q3 2016¹
 - 5.0 million ounces of silver
 - 66.4 thousand ounces of gold
 - 9.9 million silver equivalent ounces, up 19% versus Q3 2015 (8.4 million ounces)
 - 133.9 thousand gold equivalent ounces
- Q3 YTD 2016 attributable production driven by strong Inmaculada performance
 - 13.2 million ounces of silver
 - 184.5 thousand ounces of gold
 - 26.9 million silver equivalent ounces
 - 363.0 thousand gold equivalent ounces

Exploration strategy

- Significant brownfield exploration plan in place which is expected to extend life of mine (“LOM”) and deliver additional low cost growth
- Exploration progress at Pallancata delivering positive results
 - Presence of Pablo Pisos confirmed
 - High grade area confirmed within Pablo Piso

Strengthening financial position

- Further \$58 million of debt repaid in Q3
- \$123 million of debt repaid to date in 2016
- Total cash of approximately \$96 million as at 30 September 2016 (\$84 million as at 31 December 2015)
- Net debt of approximately \$230 million as at 30 September 2016 (\$366 million as at 31 December 2015)
- Current Net debt/LTM EBITDA of approximately 0.65x as of 30 September 2016

Outlook

- Full year production forecast upgraded to 35 million silver equivalent ounces (470 thousand gold equivalent ounces)
- All-in sustaining costs per silver equivalent ounce on track to be between \$11.0-11.5 for 2016

¹ All equivalent figures assume the average gold/silver ratio for 2015 of 74x.

A conference call will be held at 2.30pm (London time) on Thursday 13 October 2016 for analysts and investors.

Dial in details as follows:

International Dial in: +44 (0) 20 3139 4830

UK Toll-Free Number: +44(0) 808 237 0030

Pin: 56197308#

A recording of the conference call will be available for one week following its conclusion, accessible from the following telephone number:

International: +44 (0) 20 3426 2807

UK Toll Free: +44(0) 808 237 0026

Pin: 677672#

Overview

In Q3 2016, the Company delivered a record attributable production of 133.9 thousand gold equivalent ounces or 9.9 million silver equivalent ounces. This comprised of 5.0 million ounces of silver and 66.4 thousand ounces of gold. Overall, in the first nine months of 2016, the Company delivered attributable production of 363.0 thousand gold equivalent ounces or 26.9 million silver equivalent ounces, including 13.2 million ounces of silver and 184.5 thousand ounces of gold.

TOTAL GROUP PRODUCTION

	Q3 2016	Q2 2016	Q3 2015	YTD 2016	YTD 2015
Silver production (koz)	5,908	5,415	5,014	15,652	12,715
Gold production (koz)	78.91	79.39	69.18	218.34	130.51
Total silver equivalent (koz)	11,747	11,290	10,133	31,810	22,373
Total gold equivalent (koz)	158.75	152.57	136.93	429.86	302.34
Silver sold (koz)	6,011	5,614	3,612	16,095	11,397
Gold sold (koz)	77.85	83.55	32.78	223.95	90.78

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

ATTRIBUTABLE GROUP PRODUCTION

	Q3 2016	Q2 2016	Q3 2015	YTD 2016	YTD 2015
Silver production (koz)	4,999	4,548	4,142	13,209	10,407
Gold production (koz)	66.38	67.04	56.97	184.50	97.58
Silver equivalent (koz)	9,911	9,509	8,358	26,862	17,627
Gold equivalent (koz)	133.94	128.50	112.94	363.00	238.21

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

Production

Inmaculada

Product	Q3 2016	Q2 2016	Q3 2015	YTD 2016	YTD 2015
Ore production (tonnes treated)	343,247	338,630	277,486	962,407	329,811
Average grade silver (g/t)	132	142	116	132	112
Average grade gold (g/t)	4.09	4.42	4.39	4.19	4.15
Silver produced (koz)	1,318	1,396	875	3,688	970
Gold produced (koz)	42.48	45.18	36.12	121.68	39.53
Silver equivalent (koz)	4,461	4,739	3,547	12,692	3,896
Gold equivalent (koz)	60.29	64.04	47.94	171.52	52.65
Silver sold (koz)	1,270	1,585	92	3,738	92
Gold sold (koz)	40.66	50.26	3.64	122.83	3.64

Inmaculada delivered another strong quarter with gold production at 42,480 ounces and silver production of 1.3 million ounces (gold equivalent production of 60 thousand ounces) although grades were moderately lower than the second quarter due to the higher proportion of ore from stopes versus developments. Throughout the first nine months, grades and silver recoveries have been better than expected in the original mine plan and, combined with the improved tonnage per day rates, Q3 YTD production has been able to reach 171.5 thousand gold equivalent ounces (12.7 million silver equivalent ounces).

Arcata

Product	Q3 2016	Q2 2016	Q3 2015	YTD 2016	YTD 2015
Ore production (tonnes treated)	173,784	172,305	162,133	507,181	463,057
Average grade silver (g/t)	348	345	331	334	337
Average grade gold (g/t)	1.30	1.31	0.99	1.25	0.97
Silver produced (koz)	1,705	1,592	1,434	4,675	4,160
Gold produced (koz)	6.33	5.68	3.92	16.69	11.09
Silver equivalent (koz)	2,174	2,013	1,725	5,910	4,981
Gold equivalent (koz)	29.37	27.20	23.31	79.87	67.31
Silver sold (koz)	1,751	1,572	1,172	4,672	3,855
Gold sold (koz)	6.26	5.70	3.07	16.39	9.99

At Arcata, silver production in the second quarter was 1.7 million ounces with gold production of 6,330 ounces which results in silver equivalent production of 2.2 million ounces, a 26% improvement on the third quarter of 2015 (Q3 2015: 1.7 million ounces). As has been the case in the first two quarters of 2016, this has been driven by better than expected mined tonnage in addition to higher silver recoveries. Year-to-date Arcata has produced a very solid 5.9 million silver equivalent ounces, a 19% improvement on the same period of 2015 (Q3 YTD 2015: 5.0 million ounces).

Pallancata

Product	Q3 2016	Q2 2016	Q3 2015	YTD 2016	YTD 2015
Ore production (tonnes treated)	82,147	66,313	125,560	217,884	415,111
Average grade silver (g/t)	438	358	272	377	255
Average grade gold (g/t)	1.98	1.85	1.36	1.85	1.24
Silver produced (koz)	1,030	658	925	2,303	2,873
Gold produced (koz)	4.54	3.32	4.23	10.91	12.68
Silver equivalent (koz)	1,365	903	1,238	3,110	3,811
Gold equivalent (koz)	18.45	12.21	16.73	42.03	51.50
Silver sold (koz)	1,023	757	729	2,338	2,715
Gold sold (koz)	4.46	3.76	3.2	10.96	11.53

At Pallancata, production in Q3 was 1.0 million ounces of silver and 4,540 ounces of gold bringing the silver equivalent total to 1.4 million ounces, a slight improvement on the third quarter of 2015 (Q3 2015: 1.2 million). Pallancata itself remains in a transitional period before the introduction of commercial production from the Pablo vein in 2017.

San Jose

Product	Q3 2016	Q2 2016	Q3 2015	YTD 2016	YTD 2015
Ore production (tonnes treated)	140,366	146,829	144,851	389,132	377,846
Average grade silver (g/t)	469	428	441	454	445
Average grade gold (g/t)	6.44	6.09	6.09	6.26	6.25
Silver produced (koz)	1,855	1,770	1,780	4,987	4,712
Gold produced (koz)	25.57	25.21	24.90	69.06	67.20
Silver equivalent (koz)	3,747	3,635	3,623	10,097	9,685
Gold equivalent (koz)	50.64	49.12	48.96	136.45	130.88
Silver sold (koz)	1,967	1,699	1,620	5,347	4,735
Gold sold (koz)	26.47	23.83	22.87	73.77	65.62

The Company has a 51% interest in San Jose.

San Jose again delivered a strong performance with production of 3.7 million silver equivalent ounces, a 3% improvement on the corresponding period of 2015, resulting from increased grades (gold and silver). Silver production in the first nine months totalled 5.0 million ounces and gold production was 69,060 ounces resulting in silver equivalent production of 10.1 million ounces, a 4% improvement on the first nine months of 2015 (9.7 million ounces).

Average realisable prices and sales

Average realisable precious metal prices in Q3 2016 (which are reported before the deduction of commercial discounts and include the effects of the existing hedging agreements) were \$1,254/ounce for gold and \$18.6/ounce for silver (Q3 2015: \$1,165/ounce for gold and \$15.5/ounce for silver). For the first nine months of 2016, average realisable precious metal prices were \$1,242/ounce for gold and \$17.7/ounce for silver (Q3 YTD 2015: \$1,205/ounce for gold and \$16.4/ounce for silver).

Brownfield exploration²

On 6 September 2016, the Company announced details of a new five year brownfield exploration plan. Significant brownfield potential has been identified which is expected to extend LOM at all operations and deliver additional low cost growth.

Drilling has continued in the third quarter at the Pablo vein in Pallancata. The results indicate the presence of several extensional vein sets adjacent to the main Pablo structure – Pablo Pisos (See figure 1 below). The full extension of these veins will be determined in the next few months pending further planned exploration in the fourth quarter. In addition, the Company has identified an area in Pablo Piso that appears to host higher grade mineralisation (See table 2).

Updated mineral resources for Pablo and associated structures will be included at the end of the year within the Company's annual reserve and resource statement.

Figure 1: Plan view of Pablo Area drill holes showing associated structures

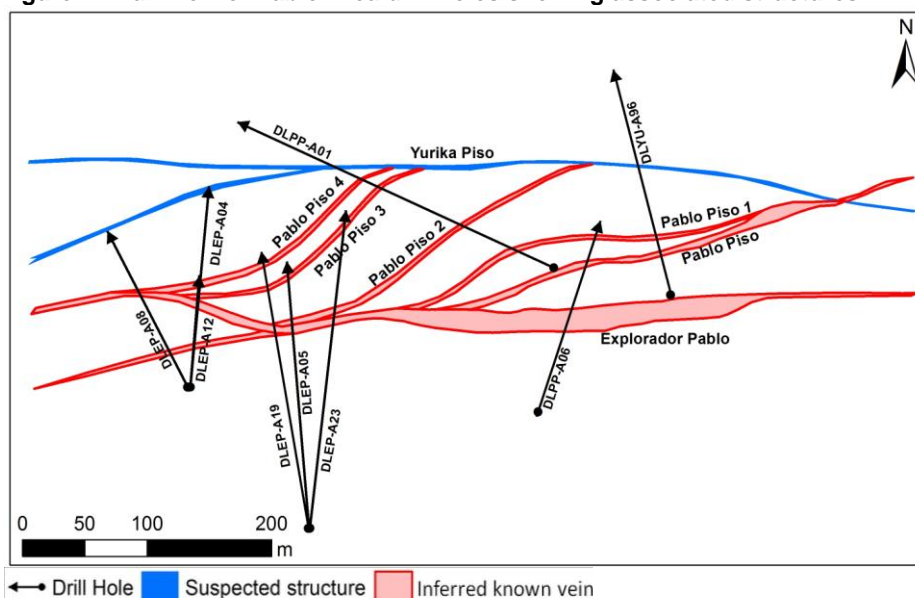


Table 1 – Drill results in the Pablo Area

Vein	Results
Pablo Piso 1	DLPP-A06: 0.8m @ 0.4g/t Au & 126g/t Ag DLPP-A01: 1.1m @ 1.3g/t Au & 176g/t Ag
Pablo Piso 2	DLPP-A01: 0.9m @ 2.4g/t Au & 721g/t Ag DLEP-A23: 1.4m @ 7.1g/t Au & 3,416g/t Ag DLEP-A05: 2.3m @ 0.9g/t Au & 291g/t Ag DLEP-A19: 1.3m @ 0.5g/t Au & 196g/t Ag DLEP-A12: 1.4m @ 0.9g/t Au & 299g/t Ag
Pablo Piso 3	DLPP-A01: 1.1m @ 0.6g/t Au & 207g/t Ag DLEP-A12: 1.3m @ 2.8g/t Au & 795g/t Ag DLPP-A08: 1.3m @ 1.0g/t Au & 268g/t Ag
Pablo Piso 4	DLPP-A01: 0.2m @ 0.7g/t Au & 222g/t Ag DLEP-A12: 0.8m @ 1.4g/t Au & 493g/t Ag DLEP-A04: 5.2m @ 4.1g/t Au & 1,285g/t Ag DLEP-A08: 0.9m @ 0.2g/t Au & 134g/t Ag
Yurika Piso	DLYU-A96: 2.1m @ 1.4g/t Au & 248g/t Ag

² Please note that in line with industry-wide standards, all mineralised intersections in this release are quoted as calculated true widths subject to error

Table 2: Selected Drill Hole Results from Pablo Piso

Hole	Results
DLEP-A16	2.1m @ 11.0g/t Au & 3,395g/t Ag including 1.5m @ 14.6g/t Au & 4,581g/t Ag
DLEP-A21	4.2m @ 2.8g/t Au & 579g/t Ag including 2.2m @ 2.6g/t Au & 842g/t Ag
DLEP-A24	3.2m @ 1.6g/t Au & 606g/t Ag including 2.0m @ 2.2g/t Au & 860g/t Ag
DLPP-A05	6.6m @ 1.1g/t Au & 322g/t Ag including 1.8m @ 2.7g/t Au & 782g/t Ag
DLPP-A06	4.6m @ 2.6g/t Au & 813g/t Ag including 2.8m @ 3.6g/t Au & 1,140g/t Ag
DLPP-A07	4.1m @ 1.4g/t Au & 483g/t Ag including 2.3m @ 1.8g/t Au & 644g/t Ag
DLYU-A31	1.8m @ 1.6g/t Au & 471g/t Ag including 0.9m @ 2.1g/t Au & 590g/t Ag

At Arcata, 2,586 metres have been drilled in the third quarter with results currently pending. In Q4, the Company is planning to drill 1,400 metres in the Ramal Marion, Roxana and Tunel 4 structures.

At San Jose, no drilling was possible due to the winter season but in Q4 5,000 metres will be drilled in the Cerro Colorado Grande area as well as 1,500 metres to the south of the mine.

Financial position

Total cash of approximately \$96 million as at 30 September 2016 resulting in net debt of approximately \$230 million.

During the period \$35 million of short term debt was repaid to local banks in Peru whilst a further \$3 million of short term debt was repaid in Argentina. All payments were financed from existing cash resources.

In addition, on 29 September 2016, Hochschild paid the remaining \$20 million to Graña y Montero (GyM), the Inmaculada EPC contractor, representing additional amounts payable in final settlement of all claims made by GyM for additional costs under the EPC Contract.

Outlook

The flagship Inmaculada mine as well as the Arcata and San Jose operations are delivering a consistently better than expected production performance and, with Pallancata beginning to improve its production outlook, the Company is increasing its overall 2016 production forecast from 34 million to 35 million silver equivalent ounces.

The all-in sustaining cost per silver equivalent ounce target for 2016 remains on track to be between \$11.0 to \$11.5 with the positive impact on mining costs of the increased production expected to be offset by one-off increases in capital expenditure at Inmaculada, Pallancata and San Jose.

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About Hochschild Mining plc

Hochschild Mining plc is a leading precious metals company listed on the London Stock Exchange (HOCM.L / HOC LN) 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 four underground epithermal vein mines, three 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.

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