



27 April 2017

## Production Report for the 3 months ended 31 March 2017

### Ignacio Bustamante, Chief Executive Officer said:

*I am pleased to report that we have delivered another solid operational period and remain on track to meet our 2017 output and cost targets. In addition, our new Pablo vein is showing better than expected grades, whilst the Company's 2017 brownfield exploration programme is underway with some encouraging results achieved so far at San Jose."*

### Operational highlights

- Strong Q1 2017 attributable production<sup>1</sup>
  - 4.1 million ounces of silver
  - 60.6 thousand ounces of gold
  - 8.6 million silver equivalent ounces, up 16% versus Q1 2016 (7.4 million ounces)
  - 116.2 thousand gold equivalent ounces (Q1 2016: 100.6 thousand ounces)
- Production performance achieved despite stoppages at Pallancata and Inmaculada
- On track to deliver overall 2017 production target of 37 million silver equivalent ounces
- 2017 all-in sustaining costs per silver equivalent ounce on track to meet \$12.2-12.7 guidance

### Strengthening financial position

- Total cash of approximately \$98 million as at 31 March 2017 (\$140 million as at 31 December 2016)
- \$25 million of debt repaid in Q1 2017
- Stoppage related delays in Q1 at Pallancata and Inmaculada and a commercial delay at Arcata temporarily impacted working capital. Full recovery expected from Q2 onwards.
- Net debt of approximately \$199 million as at 31 March 2017 (\$187 million as at 31 December 2016)
- Current Net Debt/LTM EBITDA of approximately 0.6x as of 31 March 2017

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A conference call will be held at 2.30pm (London time) on Thursday 27 April 2017 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: 77185861#**

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: 686128#**

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<sup>1</sup> All equivalent figures assume a gold/silver ratio of 74x.

## Overview

In Q1 2017, the Company delivered attributable production of 116.2 thousand gold equivalent ounces or 8.6 million silver equivalent ounces. This was comprised of 4.1 million ounces of silver and 60.6 thousand ounces of gold.

The Company reiterates that its all-in sustaining costs per silver equivalent ounce for 2017 is on track to be between \$12.2 and \$12.7.

### TOTAL GROUP PRODUCTION

	Q1 2017	Q4 2016	Q1 2016	12 mths 2016
Silver production (koz)	<b>4,830</b>	4,910	4,329	20,562
Gold production (koz)	<b>70.98</b>	74.29	60.04	292.63
Total silver equivalent (koz)	<b>10,083</b>	10,407	8,772	42,217
Total gold equivalent (koz)	<b>136.26</b>	140.63	118.54	570.50
Silver sold (koz)	<b>4,600</b>	4,996	4,471	21,091
Gold sold (koz)	<b>67.72</b>	75.02	62.54	298.96

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

### ATTRIBUTABLE GROUP PRODUCTION

	Q1 2017	Q4 2016	Q1 2016	12 mths 2016
Silver production (koz)	<b>4,113</b>	4,075	3,662	17,284
Gold production (koz)	<b>60.62</b>	61.57	51.08	246.08
Silver equivalent (koz)	<b>8,599</b>	8,631	7,442	35,493
Gold equivalent (koz)	<b>116.20</b>	116.64	100.56	479.64

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

## Production

### Inmaculada

Product	Q1 2017	Q4 2016	Q1 2016	12 mths 2016
Ore production (tonnes treated)	<b>283,959</b>	344,199	280,530	1,306,606
Average grade silver (g/t)	<b>135</b>	134	121	133
Average grade gold (g/t)	<b>4.33</b>	4.26	4.05	4.21
Silver produced (koz)	<b>1,239</b>	1,220	974	4,908
Gold produced (koz)	<b>41.79</b>	41.03	34.02	162.71
Silver equivalent (koz)	<b>4,331</b>	4,256	3,492	16,948
Gold equivalent (koz)	<b>58.53</b>	57.51	47.19	229.03
Silver sold (koz)	<b>1,195</b>	1,266	882	5,004
Gold sold (koz)	<b>39.98</b>	41.93	31.91	164.75

Inmaculada's overall first quarter production was 41,790 ounces of gold and 1.2 million ounces of silver which amounts to gold equivalent production of 59 thousand ounces and represents a 24% increase on the same period in 2016. However, as has already been reported by the Company, on 31 January an accident occurred underground at the mine and operations were temporarily halted in order to carry out a full investigation. Whilst this procedure, as well as a full review of safety measures was ongoing, the plant continued to operate and process existing high-grade stockpiled material. A total of 79,000 tonnes of this ore was treated in the period at average grades of 5.6 grammes of gold per tonne and 191 grammes of silver per tonne. Mining operations are currently being steadily ramped up back to full production and Inmaculada remains on track to meet its full year forecast of approximately 230,000 gold equivalent ounces (17 million silver equivalent ounces).

### Arcata

Product	Q1 2017	Q4 2016	Q1 2016	12 mths 2016
Ore production (tonnes treated)	<b>132,428</b>	170,128	161,092	677,309
Average grade silver (g/t)	<b>310</b>	344	309	337
Average grade gold (g/t)	<b>1.12</b>	1.21	1.13	1.24
Silver produced (koz)	<b>1,165</b>	1,669	1,377	6,343
Gold produced (koz)	<b>4.14</b>	5.85	4.68	22.54
Silver equivalent (koz)	<b>1,471</b>	2,101	1,724	8,011
Gold equivalent (koz)	<b>19.88</b>	28.40	23.29	108.26
Silver sold (koz)	<b>1,121</b>	1,673	1,349	6,346
Gold sold (koz)	<b>4.23</b>	5.65	4.43	22.04

At Arcata, silver production in the first quarter was 1.2 million ounces with gold production of 4,141 ounces which resulted in silver equivalent production of 1.5 million ounces. Tonnage and silver grades fell following a revision of the mine plan to accommodate a reduced number of stopes and narrower veins, although silver grades are expected to increase from the second quarter. The focus at Arcata is to improve its cost position whilst increasing high quality resources through the brownfield exploration programme.

### Pallancata

Product	Q1 2017	Q4 2016	Q1 2016	12 mths 2016
Ore production (tonnes treated)	<b>71,662</b>	26,881	69,423	244,765
Average grade silver (g/t)	<b>468</b>	414	324	381
Average grade gold (g/t)	<b>1.94</b>	1.98	1.69	1.86
Silver produced (koz)	<b>964</b>	317	615	2,620
Gold produced (koz)	<b>3.89</b>	1.47	3.05	12.37
Silver equivalent (koz)	<b>1,252</b>	426	841	3,536
Gold equivalent (koz)	<b>16.92</b>	5.75	11.37	47.78
Silver sold (koz)	<b>878</b>	322	559	2,660
Gold sold (koz)	<b>3.49</b>	1.45	2.74	12.41

At Pallancata, production in Q1 2017 was 964,000 ounces of silver and 3,895 ounces of gold bringing the silver equivalent total to 1.3 million ounces. This material improvement was partially offset by the previously reported road blockade at the mine which resulted in output this year commencing later than expected.

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

Product	Q1 2017	Q4 2016	Q1 2016	12 mths 2016
Ore production (tonnes treated)	<b>114,956</b>	<b>146,892</b>	101,937	536,024
Average grade silver (g/t)	<b>458</b>	<b>418</b>	470	444
Average grade gold (g/t)	<b>6.50</b>	<b>6.32</b>	6.27	6.28
Silver produced (koz)	<b>1,463</b>	<b>1,704</b>	1,362	6,691
Gold produced (koz)	<b>21.15</b>	<b>25.95</b>	18.28	95.01
Silver equivalent (koz)	<b>3,029</b>	<b>3,624</b>	2,715	13,721
Gold equivalent (koz)	<b>40.93</b>	<b>48.97</b>	36.69	185.42
Silver sold (koz)	<b>1,405</b>	<b>1,734</b>	1,681	7,081
Gold sold (koz)	<b>20.02</b>	<b>26.00</b>	23.46	99.76

In a traditionally shorter period of operation due to scheduled hourly workers vacation in March, San Jose has continued to be a consistent performer with production of 1.5 million ounces of silver and 21,155 ounces of gold (3.0 million silver equivalent ounces) principally driven by higher than expected tonnage.

### Average realisable prices and sales

Average realisable precious metal prices in Q1 2017 (which are reported before the deduction of commercial discounts) were \$1,238/ounce for gold and \$18.3/ounce for silver (Q1 2016: \$1,266/ounce for gold and \$16.2/ounce for silver).

## Brownfield exploration

At Arcata, 2,366m of resource drilling was carried out at the Tunel 4, Paralela 3, Ramal Marion and Paralela Sur veins although there were a few delays in surface drilling due to the heavy rain in Peru. During the second quarter, 14,400m of further resource drilling is planned.

Long horizontal drilling for potential resources has also started recently in the Pamela vein system with 2,000m due to be completed in the second quarter along with a similar programme of 1,700m through the Paralelas veins.

At Pallancata, the plan for the second quarter is to drill 1,000m of potential resource drilling in the Marco vein, a structure identified close to the Pablo vein.

At San Jose, 4,837m of potential drilling has been carried out at the Aguas Vivas zone as well as the Juanita structure with preliminary results from Aguas Vivas below:

Vein	Results
Aguas Vivas NW	SJD-1627: 2.6m @ 0.1g/t Au, 43g/t Ag, 8.2% Pb & 5.5% Zn SJD-1616: 2.8m @ 0.3g/t Au, 40g/t Ag, 7.0% Pb & 6.0% Zn

In the second quarter, a further 4,000m of potential drilling will be carried out in structures in the Platifero zone to the south of San Jose.

## Financial position

Total cash was approximately \$98 million as at 31 March 2017 resulting in net debt of approximately \$199 million. The cash figure reflects the repayment of short term debt in February (\$25 million) but also a temporary increase in accounts receivable of approximately \$35 million arising from timing differences on sales contracts at Arcata and San Jose as well as at Pallancata which experienced shipment delays resulting from the stoppage.

## Outlook

The Company remains on track to deliver its overall production target for 2017 of 37.0 million silver equivalent ounces or 500 thousand gold equivalent ounces and also reiterates its all-in sustaining cost per silver equivalent ounce forecast of between \$12.2 and \$12.7.

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## About Hochschild Mining plc

Hochschild Mining plc is a leading precious metals company listed on the London Stock Exchange (HOCML.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.

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## 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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