



12 July 2017

Production Report for the 6 months ended 30 June 2017

Ignacio Bustamante, Chief Executive Officer said:

Hochschild has continued to deliver a strong and steady production performance in the first half of the year and we are therefore pleased to reiterate both our 2017 output and cost forecasts. During the second half, we can look forward to increasing contributions from our new Pablo vein at Pallancata as well as starting the key portion of our 2017 brownfield exploration programme."

Operational highlights

- Robust Q2 2017 attributable production¹
 - 4.8 million ounces of silver
 - 60,815 ounces of gold
 - 9.3 million silver equivalent ounces
 - 126,007 gold equivalent ounces
- H1 2017 attributable production in line with expectations
 - 8.9 million ounces of silver
 - 121,430 ounces of gold
 - 17.9 million silver equivalent ounces (H1 2016: 17.0 million silver equivalent ounces)
 - 242,208 gold equivalent ounces (H1 2016: 229,063 gold equivalent ounces)
- On track to deliver overall 2017 production target of 37 million silver equivalent ounces
- 2017 all-in sustaining costs per silver equivalent ounce expected to meet \$12.2-12.7 guidance
- 22,000 metres of drilling scheduled for H2 2017

Strengthening financial position

- Total cash of approximately \$144 million as at 30 June 2017 (\$140 million as at 31 December 2016)
- \$18.5 million of debt repaid in H1 2017
- Net debt of approximately \$160 million as at 30 June 2017 (\$187 million as at 31 December 2016)
- Current Net Debt/LTM EBITDA of approximately 0.5x as of 30 June 2017

A conference call will be held at 2.30pm (London time) on Wednesday 12 July 2017 for analysts and investors.

Dial in details as follows:

International Dial in: +44 333 300 0804

UK Toll-Free Number: 0800 358 9473

Pin: 27820958#

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

International: +44 333 300 0804

UK Toll Free: 0800 358 9473

Pin: 07800091#

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

Overview

In H1 2017, the Company delivered attributable production of 242,208 gold equivalent ounces or 17.9 million silver equivalent ounces. Pallancata is delivering grades above expectations and was significantly ahead of the H1 2016 result despite a community-related stoppage in the first quarter. At Inmaculada, mining operations were boosted by a contribution from existing high grade stockpiles whilst there was also another solid performance from the 51% owned San Jose operation.

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

TOTAL GROUP PRODUCTION

	Q2 2017	Q1 2017	Q2 2016	H1 2017	H1 2016
Silver production (koz)	5,599	4,830	5,415	10,429	9,744
Gold production (koz)	73.29	70.98	79.39	144.27	139.43
Total silver equivalent (koz)	11,022	10,083	11,290	21,105	20,062
Total gold equivalent (koz)	148.95	136.26	152.57	285.21	271.11
Silver sold (koz)	5,908	4,600	5,614	10,508	10,085
Gold sold (koz)	75.70	67.72	83.55	143.42	146.10

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

ATTRIBUTABLE GROUP PRODUCTION

	Q2 2017	Q1 2017	Q2 2016	H1 2017	H1 2016
Silver production (koz)	4,824	4,113	4,548	8,938	8,210
Gold production (koz)	60.81	60.62	67.04	121.43	118.12
Silver equivalent (koz)	9,324	8,599	9,509	17,923	16,951
Gold equivalent (koz)	126.01	116.20	128.50	242.21	229.06

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

Production

Inmaculada

Product	Q2 2017	Q1 2017	Q2 2016	H1 2017	H1 2016
Ore production (tonnes treated)	330,393	283,959	338,630	614,352	619,161
Average grade silver (g/t)	148	135	142	142	132
Average grade gold (g/t)	3.80	4.33	4.42	4.04	4.25
Silver produced (koz)	1,405	1,239	1,396	2,644	2,370
Gold produced (koz)	38.03	41.79	45.18	79.82	79.20
Silver equivalent (koz)	4,219	4,331	4,739	8,550	8,231
Gold equivalent (koz)	57.01	58.53	64.04	115.55	111.23
Silver sold (koz)	1,448	1,195	1,585	2,642	2,468
Gold sold (koz)	38.35	39.98	50.26	78.32	82.17

Inmaculada's second quarter production was 38,029 ounces of gold and 1.4 million ounces of silver which amounts to gold equivalent production of 57,014 ounces. Following the stoppage at the operation in Q1 2017, mining operations were steadily ramped up back to full production in the second quarter with throughput and grades reverting to the budgeted level. Overall in the first half, the operation was ahead of the same period of 2016, with gold equivalent production of 115,547 ounces (H1 2016: 111,233 ounces), consisting of 79,820 ounces of gold and 2.6 million ounces of silver. Inmaculada remains on track to meet its full year forecast of approximately 230,000 gold equivalent ounces (17 million silver equivalent ounces).

Arcata

Product	Q2 2017	Q1 2017	Q2 2016	H1 2017	H1 2016
Ore production (tonnes treated)	129,215	132,428	172,305	261,643	333,397
Average grade silver (g/t)	308	310	345	309	327
Average grade gold (g/t)	1.06	1.12	1.31	1.09	1.22
Silver produced (koz)	1,138	1,165	1,592	2,303	2,970
Gold produced (koz)	3.90	4.14	5.68	8.04	10.36
Silver equivalent (koz)	1,427	1,471	2,013	2,898	3,736
Gold equivalent (koz)	19.28	19.88	27.20	39.16	50.49
Silver sold (koz)	1,139	1,121	1,572	2,261	2,922
Gold sold (koz)	3.71	4.23	5.70	7.94	10.14

At Arcata, silver production in the second quarter was 1.1 million ounces with gold production of 3,901 ounces which resulted in silver equivalent production of 1.4 million ounces. Overall in the first half, production was 2.9 million silver equivalent ounces (H1 2016: 3.7 million ounces) as tonnage and silver grades were reduced following a revision of the mine plan to accommodate a reduced number of stopes and narrower veins. The focus at Arcata is to improve its cost position by increasing the quality of resources through the brownfield exploration programme as well as other efficiency and productivity measures.

Pallancata

Product	Q2 2017	Q1 2017	Q2 2016	H1 2017	H1 2016
Ore production (tonnes treated)	121,282	71,662	66,313	192,744	135,736
Average grade silver (g/t)	424	468	358	440	341
Average grade gold (g/t)	1.75	1.94	1.85	1.82	1.77
Silver produced (koz)	1,475	964	658	2,439	1,273
Gold produced (koz)	5.90	3.89	3.32	9.79	6.37
Silver equivalent (koz)	1,912	1,252	903	3,163	1,745
Gold equivalent (koz)	25.83	16.92	12.21	42.75	23.58
Silver sold (koz)	1,558	878	757	2,437	1,315
Gold sold (koz)	6.23	3.49	3.76	9.72	6.50

Production in Q2 2017 at Pallancata was 1.5 million ounces of silver and 5,899 ounces of gold bringing the silver equivalent total to 1.9 million ounces. The first half of the year's performance was thus a better-than-expected 3.2 million silver equivalent ounces (H1 2016: 1.7 million ounces) with a significant improvement versus the same period of 2016.

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

Product	Q2 2017	Q1 2017	Q2 2016	H1 2017	H1 2016
Ore production (tonnes treated)	135,439	114,956	146,829	250,396	248,766
Average grade silver (g/t)	418	458	428	436	446
Average grade gold (g/t)	6.68	6.50	6.09	6.60	6.16
Silver produced (koz)	1,581	1,463	1,770	3,044	3,132
Gold produced (koz)	25.46	21.15	25.21	46.62	43.49
Silver equivalent (koz)	3,465	3,029	3,635	6,494	6,350
Gold equivalent (koz)	46.82	40.93	49.12	87.75	85.81
Silver sold (koz)	1,763	1,405	1,699	3,168	3,380
Gold sold (koz)	27.41	20.02	23.83	47.43	47.29

The Company's 51% owned San Jose mine in Argentina has continued to be a solid performer with production of 1.6 million ounces of silver and 25,463 ounces of gold (3.5 million silver equivalent ounces). The first half's production was therefore 3.0 million ounces of silver and 46,618 ounces of gold which is 6.5 million silver equivalent ounces, a 2% improvement on the same period of 2016 principally driven by better gold grades.

Average realisable prices and sales

Average realisable precious metal prices in Q2 2017 (which are reported before the deduction of commercial discounts) were \$1,262/ounce for gold and \$16.2/ounce for silver (Q2 2016: \$1,213/ounce for gold and \$17.9/ounce for silver). For H1 2017, average realisable precious metal prices were \$1,251/ounce for gold and \$17.1/ounce for silver (H1 2016: \$1,236/ounce for gold and \$17.1/ounce for silver).

Brownfield exploration

At Arcata, 5,419m of resource drilling was carried out at the Ramal Marion and Paralela veins whilst long horizontal drilling for potential resources also started in the Pamela and Paralelas vein systems with results still pending.

At Pallancata, during the quarter 1,000m of resource drilling was carried out in the Marco vein, a structure identified close to the Pablo vein with selected results below:

Vein	Results
Marco	DLYU-A92A: 1.4m @ 0.7g/t Au & 235g/t Ag DLYU-A88: 1.1m @ 2.2g/t Au & 1,108g/t Ag DLNE-A05: 0.6m @ 1.1g/t Au & 470g/t Ag DLYU-A92A: 2.0m @ 0.7g/t Au & 169g/t Ag DLNE-A07: 0.6m @ 1.1g/t Au & 152g/t Ag

During the second half of 2017, just over 22,000 metres of drilling will be executed as part of the Company's brownfield exploration programme. Targets include: 3,100 metres of long horizontal drilling for potential resources at Arcata as well as a further 10,000 metres of resource drilling; 1,000 metres of potential drilling to test the Millet structure at Inmaculada; 2,500 metres of potential drilling to the north east of Inmaculada at the Puquiopata area; and 5,500 metres at the Aguas Vivas zone to the north west of San Jose. Further drilling campaigns are subject to the receipt of the requisite permits.

Financial position

Total cash was approximately \$144 million as at 30 June 2017 resulting in net debt of approximately \$160 million. The Company's cash balance has, as expected, significantly improved in the second quarter following stoppage related delays in the first quarter at Pallancata and Inmaculada and a commercial delay at Arcata temporarily impacting working capital.

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 reaffirms its all-in sustaining cost per silver equivalent ounce forecast of between \$12.2 and \$12.7.

Enquiries:

Hochschild Mining plc

Charles Gordon
Head of Investor Relations

+44 (0)20 3709 3264

Hudson Sandler

Charlie Jack
Public Relations

+44 (0)207 796 4133

About Hochschild Mining plc

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