



18 April 2018

Production Report for the 3 months ended 31 March 2018

Ignacio Bustamante, Chief Executive Officer said:

“Hochschild has delivered a strong start to the year with better than expected contributions from Inmaculada and Pallancata and our other mines performing as planned. We are therefore firmly on track to meet our stated production and cost targets for 2018.

We have also made an encouraging start to our ambitious 2018 brownfield exploration plan with campaigns already commenced at Inmaculada, Arcata and San Jose. Early results support our confidence in the programme’s ability to deliver resource additions to our mineral base during 2018.”

Operational highlights

- Record 1st quarter attributable production¹
 - 4.7 million ounces of silver
 - 69,030 ounces of gold
 - 9.8 million silver equivalent ounces
 - 132,036 gold equivalent ounces
- Strong performance achieved despite scheduled annual stoppage at San Jose
- Value accretive \$14 million hydraulic backfill project at San Jose on track for completion at end H1 2018
- On track to deliver overall 2018 production target of 514,000 gold equivalent ounces (38 million silver equivalent ounces)
- 2018 all-in sustaining costs on track to meet \$960-\$990 per gold equivalent ounce guidance (\$13.0-13.4 per silver equivalent ounce)

Exploration highlights

- Brownfield programme already adding further resources
 - Inmaculada – further encouraging results from the Millet vein and surrounding structures
 - Arcata and San Jose programmes identifying resources close to existing mine infrastructure

Strengthening financial position

- Total cash of approximately \$109 million as at 31 March 2018 (\$257 million as at 31 December 2017)
- Net debt of approximately \$100 million as at 31 March 2018 (\$103 million as at 31 December 2017)
- 7.75% Senior Notes repaid in Q1 2018 financed by cash resources and significantly lower cost short-to-medium term debt
- Current Net Debt/LTM EBITDA of approximately 0.33x as at 31 March 2018

A conference call will be held at 1.30pm (London time) on Wednesday 18 April 2018 for analysts and investors.

Dial in details as follows:

International Dial in: +44 333 300 0804

UK Toll-Free Number: 0800 358 9473

Pin: **29664780#**

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 0819

Pin: **301225293#**

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

Overview

Hochschild delivered a record first quarter attributable production result of 9.8 million silver equivalent ounces (132,036 gold equivalent ounces) mostly due to record output at Inmaculada as well as a strong result from Pallancata.

The Company reiterates that its all-in sustaining cost for 2018 is on track to be \$960-\$990 per gold equivalent ounce (\$13.0-13.4 per silver equivalent ounce).

TOTAL GROUP PRODUCTION

	Q1 2018	Q4 2017	Q1 2017	12 mths 2017
Silver production (koz)	5,355	5,784	4,830	22,301
Gold production (koz)	79.85	80.80	70.98	304.16
Total silver equivalent (koz)	11,264	11,763	10,083	44,809
Total gold equivalent (koz)	152.21	158.96	136.26	605.52
Silver sold (koz)	5,282	6,061	4,600	22,295
Gold sold (koz)	76.91	82.79	67.72	300.21

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

ATTRIBUTABLE GROUP PRODUCTION

	Q1 2018	Q4 2017	Q1 2017	12 mths 2017
Silver production (koz)	4,662	4,864	4,113	19,141
Gold production (koz)	69.03	66.27	60.62	254.93
Silver equivalent (koz)	9,771	9,768	8,599	38,006
Gold equivalent (koz)	132.04	132.00	116.20	513.60

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

Production

Inmaculada

Product	Q1 2018	Q4 2017	Q1 2017	12 mths 2017
Ore production (tonnes treated)	337,507	337,358	283,959	1,295,701
Average grade silver (g/t)	158	146	135	145
Average grade gold (g/t)	4.60	4.29	4.33	4.15
Silver produced (koz)	1,670	1,363	1,239	5,506
Gold produced (koz)	49.78	41.53	41.79	165.07
Silver equivalent (koz)	5,354	4,436	4,331	17,721
Gold equivalent (koz)	72.35	59.95	58.53	239.48
Silver sold (koz)	1,591	1,445	1,195	5,498
Gold sold (koz)	46.95	43.48	39.98	162.32

Inmaculada's first quarter production was 49,781 ounces of gold and 1.7 million ounces of silver which amounts to a record gold equivalent output of 72,351 ounces and was principally driven by higher than expected gold grades, lower dilution and a contribution from products in process from the previous period.

Pallancata

Product	Q1 2018	Q4 2017	Q1 2017	12 mths 2017
Ore production (tonnes treated)	128,134	125,872	71,662	470,903
Average grade silver (g/t)	384	408	468	442
Average grade gold (g/t)	1.47	1.70	1.94	1.78
Silver produced (koz)	1,412	1,459	964	5,956
Gold produced (koz)	5.29	6.03	3.89	23.47
Silver equivalent (koz)	1,803	1,905	1,252	7,693
Gold equivalent (koz)	24.37	25.74	16.92	103.95
Silver sold (koz)	1,401	1,665	879	5,940
Gold sold (koz)	5.11	6.72	3.49	23.29

At Pallancata, the ramp up of tonnage from the Pablo vein continued according to plan with the operation on track to mine approximately 2,200 tonnes per day by the end of the first half. Average grades from the mix of several veins were better than expected in the first quarter although this is expected to be only a seasonal effect. The operation produced 1.4 million ounces of silver and 5,292 ounces of gold bringing the silver equivalent production total to 1.8 million ounces, a 44% improvement on the corresponding period of 2017.

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

Product	Q1 2018	Q4 2017	Q1 2017	12 mths 2017
Ore production (tonnes treated)	121,889	144,732	114,956	532,676
Average grade silver (g/t)	415	465	458	436
Average grade gold (g/t)	6.44	7.26	6.50	6.71
Silver produced (koz)	1,412	1,877	1,463	6,448
Gold produced (koz)	22.08	29.65	21.15	100.47
Silver equivalent (koz)	3,047	4,071	3,029	13,883
Gold equivalent (koz)	41.17	55.02	40.93	187.60
Silver sold (koz)	1,434	1,845	1,405	6,501
Gold sold (koz)	22.34	28.98	20.02	99.63

San Jose delivered a steady start to 2018 despite the traditionally shorter operational period due to the scheduled hourly workers holiday in February. Tonnage was slightly higher than the corresponding period of 2017 but this was offset by lower silver grades resulting in production of 1.4 million ounces of silver and 22,085 ounces of gold which makes 3.0 million silver equivalent ounces. Work on the highly value accretive \$14 million hydraulic backfill project has progressed well in the first quarter and is on track to be completed, as scheduled, by the end of the first half.

Arcata

Product	Q1 2018	Q4 2017	Q1 2017	12 mths 2017
Ore production (tonnes treated)	91,175	120,384	132,428	499,385
Average grade silver (g/t)	330	312	310	308
Average grade gold (g/t)	1.04	1.04	1.12	1.07
Silver produced (koz)	860	1,085	1,165	4,391
Gold produced (koz)	2.69	3.59	4.14	15.15
Silver equivalent (koz)	1,060	1,350	1,471	5,512
Gold equivalent (koz)	14.32	18.25	19.88	74.49
Silver sold (koz)	855	1,106	1,121	4,357
Gold sold (koz)	2.52	3.61	4.23	14.96

The Arcata mine operated according to plan during the period with production of 860,000 ounces of silver and 2,693 ounces of gold which gives a silver equivalent figure of 1.1 million ounces. Both tonnage and grades remained consistent at the operation with the focus still on improving the cost position and increasing the quality of resources through the 2018 brownfield exploration programme, as well as other efficiency and productivity measures.

Average realisable prices and sales

Average realisable precious metal prices in Q1 2018 (which are reported before the deduction of commercial discounts) were \$1,350/ounce for gold and \$16.1/ounce for silver (Q1 2017: \$1,238/ounce for gold and \$18.3/ounce for silver).

Brownfield exploration

Inmaculada

At Inmaculada, the Company has maintained the momentum in its current drill programme with a total of 11 drill rigs now on site and ongoing results indicating substantial additions to the deposit's resource base close to the existing mine infrastructure. The campaign is focusing to the East of the Angela vein (the Millet zone) with a further update expected to be given later in the year. In the first quarter of 2018, 7,650m of resource drilling targeted the Millet vein whilst 2,157m of potential drilling was also carried out at the Thalia vein. Selected results below:

Vein	Results
Millet	MIL-17-008: 5.1m @ 1.8g/t Au & 72g/t Ag MIL-17-010: 9.9m @ 2.0g/t Au & 61g/t Ag MIL-18-012: 0.9m @ 2.8g/t Au & 18g/t Ag MIL-18-013: 5.0m @ 6.7g/t Au & 43g/t Ag MIL-18-014: 14.3m @ 4.0g/t Au & 205g/t Ag MIL-18-015: 8.0m @ 1.3g/t Au & 75g/t Ag MIL-18-015: 3.1m @ 2.0g/t Au & 127g/t Ag MIL-18-018: 7.8m @ 2.6g/t Au & 37g/t Ag MIL-18-018: 4.2m @ 3.9g/t Au & 27g/t Ag MIL-18-019: 7.7m @ 1.8g/t Au & 78g/t Ag MIL-18-019: 3.8m @ 3.2g/t Au & 108g/t Ag
Alessandra	MIL-17-002: 2.3m @ 2.2g/t Au & 122g/t Ag MIL-17-003: 1.0m @ 2.7g/t Au & 126g/t Ag MIL-17-004A: 1.8m @ 1.9g/t Au & 154g/t Ag
Vero	MIL-17-003: 1.3m @ 1.7g/t Au & 57g/t Ag MIL-17-010: 9.3m @ 3.3g/t Au & 24g/t Ag OLI-17-001: 1.0m @ 3.5g/t Au & 82g/t Ag

The programme will continue throughout the year and in the second quarter, 25,000m of drilling will focus on the Millet, Olinda and Lola veins. In addition, the brownfield team is also planning to carry out a number of underground camera drill holes in order to identify structures parallel to the Angela vein to the West.

Finally, the successful campaign surrounding the mine infrastructure has facilitated a reinterpretation of approximately fifty older drill holes which will add further resources with an update expected to be given in the third quarter.

Arcata

At Arcata, an underground drilling programme for the year is focused on areas close to the existing mine infrastructure with strong potential to be rapidly incorporated into the short-term Arcata mine plan. In the first quarter of 2018, despite the rainy season, the programme was able to begin with over 3,000m of resource drilling in the Ruby 2 & 3 veins whilst 6,550m of potential drilling was carried out in the Tunel 4, Barbara and Tres Reyes veins. Selected results below:

Vein	Results
Alexia T2	DDH-209-ST-17: 0.7m @ 0.6g/t Au & 264g/t Ag DDH-218-ST-18: 0.9m @ 0.3g/t Au & 115g/t Ag
Alexia T3	DDH-218-ST-18: 0.5m @ 0.9g/t Au & 298g/t Ag
Amparo	DDH-218-ST-18: 1.5m @ 0.6g/t Au & 64g/t Ag
Pablito	DDH-231-DI-18: 1.6m @ 0.2g/t Au & 146g/t Ag DDH-239-DI-18: 1.0m @ 2.4g/t Au & 819g/t Ag DDH-248-DI-18: 1.7m @ 0.2g/t Au & 269g/t Ag
Ruby 2	DDH-198-EX-17: 1.0m @ 0.2g/t Au & 5g/t Ag DDH-207-DI-17: 1.0m @ 0.1g/t Au & 53g/t Ag DDH-217-DI-18: 1.2m @ 0.7g/t Au & 236g/t Ag DDH-222-DI-18: 0.8m @ 0.5g/t Au & 156g/t Ag DDH-225-DI-18: 1.0m @ 0.4g/t Au & 133g/t Ag DDH-231-DI-18: 1.2m @ 0.7g/t Au & 317g/t Ag DDH-239-DI-18: 0.6m @ 0.3g/t Au & 152g/t Ag DDH-248-DI-18: 1.0m @ 2.3g/t Au & 1,003g/t Ag
Ruby 3	DDH-212-DI-18: 1.3m @ 0.7g/t Au & 396g/t Ag

In the second quarter the programme will be focused on Ruby 2 and 3 and Pablito veins with 15,000m of drilling scheduled.

Pallancata

At Pallancata, as part of the 2018 aim of drilling for potential resources from the extension of Pablo and from the Marco vein to the north, drilling was carried out at Marco with results pending. In the second quarter, the focus will be on the Farallon area where Pablo and Marco meet and in addition underground drilling is to be carried out to the south of the Pablo vein with the aim of intercepting the continuation of the Pallancata and Luisa veins.

San Jose

At San Jose, resources are expected to be added from the ongoing drilling campaign (1,115m in Q1) close to the mine infrastructure particularly from the Ayelen S.E., Molle and Odin veins.

The Company is also in the middle of executing a potential drilling campaign incorporating sixteen drill holes to the North West at the Aguas Vivas zone.

Vein	Results
Ayelen S.E. extension	SJD-1708: 2.4m @ 8.7g/t Au & 652g/t Ag SJD-1711: 4.9m @ 6.7g/t Au & 151g/t Ag
Odin	SJM-351: 1.1m @ 5.6g/t Au & 739g/t Ag
Perla	SJM-351: 0.3m @ 1.9g/t Au & 149g/t Ag
Molle	SJM-351: 2.6m @ 1.6g/t Au & 320g/t Ag
Aguas Vivas	SJD-1703: 0.4m @ 0.3g/t Au, 7g/t Ag, 1.3% Pb & 2.8% Zn SJD-1704: 1.4m @ 0.5g/t Au, 32g/t Ag, 2.5% Pb & 1.6% Zn SJD-1704: 0.6m @ 3.4g/t Au, 14g/t Ag, 1.0% Pb & 0.6% Zn SJD-1704: 1.2m @ 2.3g/t Au, 13g/t Ag, 0.2% Pb & 0.3% Zn SJD-1705: 0.4m @ 0.2g/t Au, 3g/t Ag, 1.8% Pb & 3.5% Zn SJD-1705: 0.3m @ 0.3g/t Au, 12g/t Ag, 1.6% Pb & 1.7% Zn

Financial position

Total cash was approximately \$109 million as at 31 March 2018 resulting in net debt of approximately \$100 million.

On 10 January 2018, Hochschild signed a short-term loan with Nova Scotia Bank of \$50 million (at an interest rate of 3 months LIBOR plus 0.32%) and on 17 January 2018, the Company signed a medium-term loan with Nova Scotia Bank and Citibank of \$100 million (at an interest rate of 3 months LIBOR plus 0.70%). The proceeds were used to redeem the Senior Unsecured Notes of Compañía Minera Ares S.A.C.

On 23 January 2018, the Company redeemed in full all of the \$294.8 million outstanding principal amount of the Senior Unsecured Notes. The redemption price was \$317.6 million which included the principal amount of \$294.8 million as well as the total unpaid interest of \$11.4 million and a premium of \$11.4 million. This repayment and refinancing has significantly reduced the company's interest cost going forward.

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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.

Note

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (Regulation (EU) No.596/2014). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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