



18 July 2018

## Production Report for the 6 months ended 30 June 2018

### Ignacio Bustamante, Chief Executive Officer said:

*“Hochschild has delivered another very strong operational quarter with output at all our mines in line with expectations and therefore completes a record half for the Company. We are firmly on track to meet our production target for the year of 514,000 gold equivalent ounces (38 million silver equivalent ounces) within our guided cost levels.*

*We have also continued to see exciting results from our ambitious brownfield exploration plan. In particular, drilling at Inmaculada is expected to add substantial resources close to the current mining infrastructure whilst the programme at Arcata has also made good progress.”*

### Another very strong quarter

- Attributable production<sup>1</sup>
  - 5.0 million ounces of silver
  - 68,477 ounces of gold
  - 10.1 million silver equivalent ounces
  - 136,201 gold equivalent ounces
- Record half attributable production
  - 9.7 million ounces of silver
  - 137,507 ounces of gold
  - 19.9 million silver equivalent ounces
  - 268,237 gold equivalent ounces
- 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 programme delivering exciting results

- Brownfield programme continuing to add resources
  - Further encouraging results from Inmaculada at Millet, Divina and Lola veins
  - Estimated resource update for Inmaculada expected at interim results in August
  - Encouraging results also being delivered at Arcata – developments being prioritised over inferred resource additions
  - San Jose drilling set to restart after poor seasonal weather conditions
  - Good progress on permitting for exciting 2019 drilling programme

### Robust financial position

- Total cash of approximately \$142 million as at 30 June 2018 (\$109 million as at 31 March 2018)
- Net debt of approximately \$66 million as at 30 June 2018 (\$100 million as at 31 March 2018)
- Current Net Debt/LTM EBITDA of approximately 0.20x as at 30 June 2018

---

A conference call will be held at 2.30pm (London time) on Wednesday 18 July 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: 74314873#**

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: 301233618#**

---

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

## Overview

Hochschild delivered a new record half of attributable production with 268,237 gold equivalent ounces or 19.9 million silver equivalent ounces primarily driven by significant increases at Inmaculada and Pallancata, as well as another robust result from the 51% owned San Jose mine.

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

	Q2 2018	Q1 2018	Q2 2017	H1 2018	H1 2017
Silver production (koz)	<b>5,781</b>	5,355	5,599	<b>11,135</b>	10,429
Gold production (koz)	<b>80.62</b>	79.85	73.29	<b>160.47</b>	144.27
Total silver equivalent (koz)	<b>11,746</b>	11,264	11,022	<b>23,010</b>	21,105
Total gold equivalent (koz)	<b>158.73</b>	152.21	148.95	<b>310.94</b>	285.21
Silver sold (koz)	<b>5,785</b>	5,282	5,908	<b>11,067</b>	10,508
Gold sold (koz)	<b>81.10</b>	76.91	75.70	<b>158.01</b>	143.42

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

### ATTRIBUTABLE GROUP PRODUCTION

	Q2 2018	Q1 2018	Q2 2017	H1 2018	H1 2017
Silver production (koz)	<b>5,012</b>	4,662	4,824	<b>9,674</b>	8,938
Gold production (koz)	<b>68.48</b>	69.03	60.81	<b>137.51</b>	121.43
Silver equivalent (koz)	<b>10,079</b>	9,771	9,324	<b>19,850</b>	17,923
Gold equivalent (koz)	<b>136.20</b>	132.04	126.01	<b>268.24</b>	242.21

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

## Production

### Inmaculada

Product	Q2 2018	Q1 2018	Q2 2017	H1 2018	H1 2017
Ore production (tonnes treated)	<b>333,207</b>	337,507	330,393	<b>670,713</b>	614,352
Average grade silver (g/t)	<b>148</b>	158	148	<b>153</b>	142
Average grade gold (g/t)	<b>4.57</b>	4.60	3.80	<b>4.58</b>	4.04
Silver produced (koz)	<b>1,445</b>	1,670	1,405	<b>3,115</b>	2,644
Gold produced (koz)	<b>46.55</b>	49.78	38.03	<b>96.33</b>	79.82
Silver equivalent (koz)	<b>4,890</b>	5,354	4,219	<b>10,244</b>	8,550
Gold equivalent (koz)	<b>66.08</b>	72.35	57.01	<b>138.43</b>	115.55
Silver sold (koz)	<b>1,517</b>	1,591	1,448	<b>3,108</b>	2,642
Gold sold (koz)	<b>48.41</b>	46.95	38.35	<b>95.35</b>	78.32

Inmaculada's strong second quarter production of 66,076 gold equivalent ounces was due to better than expected gold grades. Overall in the first half, Inmaculada produced 138,427 gold equivalent ounces, a 20% improvement on H1 2017 (115,547 gold equivalent ounces), driven by better than expected grades, lower dilution and a contribution from products in process from Q4 2017.

### Pallancata

Product	Q2 2018	Q1 2018	Q2 2017	H1 2018	H1 2017
Ore production (tonnes treated)	<b>157,434</b>	128,134	121,282	<b>285,568</b>	192,744
Average grade silver (g/t)	<b>411</b>	384	424	<b>399</b>	440
Average grade gold (g/t)	<b>1.47</b>	1.47	1.75	<b>1.47</b>	1.82
Silver produced (koz)	<b>1,866</b>	1,412	1,475	<b>3,278</b>	2,439
Gold produced (koz)	<b>6.57</b>	5.29	5.90	<b>11.86</b>	9.79
Silver equivalent (koz)	<b>2,352</b>	1,803	1,912	<b>4,155</b>	3,163
Gold equivalent (koz)	<b>31.78</b>	24.37	25.83	<b>56.15</b>	42.75
Silver sold (koz)	<b>1,855</b>	1,401	1,558	<b>3,256</b>	2,437
Gold sold (koz)	<b>6.48</b>	5.11	6.23	<b>11.58</b>	9.72

Current mining operations at Pallancata saw average grades from the mix of material from the Pablo vein, developments and ancillary veins continuing to be better than planned in the second quarter although this is expected to be only a temporary effect and will not continue once Pablo is fully ramped up. The operation produced 1.9 million ounces of silver and 6,569 ounces of gold, a significant improvement on the corresponding period of 2017. This brought the total for the half to a robust 4.2 million silver equivalent ounces (H1 2017: 3.2 million ounces).

The ramp up of tonnage from Pablo continued in the second quarter although a small delay in the installation of the ventilation systems resulted in tonnage reaching approximately 1,900 tonnes per day by the end of June, slightly lower than the forecast 2,200 tonnes per day. The Company expects to achieve a run-rate of around 2,800 tonnes per day in the fourth quarter.

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

Product	Q2 2018	Q1 2018	Q2 2017	H1 2018	H1 2017
Ore production (tonnes treated)	<b>142,452</b>	121,889	135,439	<b>264,341</b>	250,396
Average grade silver (g/t)	<b>400</b>	415	418	<b>407</b>	436
Average grade gold (g/t)	<b>6.26</b>	6.44	6.68	<b>6.34</b>	6.60
Silver produced (koz)	<b>1,570</b>	1,412	1,581	<b>2,982</b>	3,044
Gold produced (koz)	<b>24.77</b>	22.08	25.46	<b>46.86</b>	46.62
Silver equivalent (koz)	<b>3,403</b>	3,047	3,465	<b>6,450</b>	6,494
Gold equivalent (koz)	<b>45.99</b>	41.17	46.82	<b>87.16</b>	87.75
Silver sold (koz)	<b>1,521</b>	1,434	1,763	<b>2,955</b>	3,168
Gold sold (koz)	<b>23.66</b>	22.34	27.41	<b>46.00</b>	47.43

San Jose has once again experienced a steady period with tonnage slightly higher than the corresponding period of 2017 as well as the first quarter of this year but this was partially offset by lower grades resulting in production of 3.4 million silver equivalent ounces. This therefore amounts to a first half total of 6.5 million silver equivalent ounces, in line with the same period of 2017 (H1 2017: 6.5 million ounces).

Work on the \$14 million hydraulic backfill project has progressed steadily in the second quarter although poor seasonal weather conditions have affected deliveries of materials and equipment. Testing of the completed pumping process is scheduled for August with full operation due in October.

## Arcata

Product	Q2 2018	Q1 2018	Q2 2017	H1 2018	H1 2017
Ore production (tonnes treated)	<b>97,347</b>	91,175	129,215	<b>188,522</b>	261,643
Average grade silver (g/t)	<b>322</b>	330	308	<b>326</b>	309
Average grade gold (g/t)	<b>0.98</b>	1.04	1.06	<b>1.01</b>	1.09
Silver produced (koz)	<b>900</b>	860	1,138	<b>1,760</b>	2,303
Gold produced (koz)	<b>2.73</b>	2.69	3.90	<b>5.42</b>	8.04
Silver equivalent (koz)	<b>1,102</b>	1,060	1,427	<b>2,161</b>	2,898
Gold equivalent (koz)	<b>14.89</b>	14.32	19.28	<b>29.21</b>	39.16
Silver sold (koz)	<b>893</b>	855	1,139	<b>1,748</b>	2,261
Gold sold (koz)	<b>2.56</b>	2.52	3.71	<b>5.08</b>	7.94

The Arcata mine operated as expected during the second quarter with production of 900,035 ounces of silver and 2,725 ounces of gold which resulted in a silver equivalent figure of 1.1 million ounces. Tonnage and grades remained broadly consistent throughout the first half of the year 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. Total production for the half was 2.2 million silver equivalent ounces, which places the mine on track to meet the 2018 forecast of just over 4 million ounces.

### Average realisable prices and sales

Average realisable precious metal prices in Q2 2018 (which are reported before the deduction of commercial discounts) were \$1,270/ounce for gold and \$16.3/ounce for silver (Q2 2017: \$1,262/ounce for gold and \$16.2/ounce for silver). For H1 2018, average realisable precious metal prices were \$1,309/ounce for gold and \$16.2/ounce for silver (H1 2017: \$1,251/ounce for gold and \$17.1/ounce for silver).

### Brownfield exploration

#### Inmaculada

In Q2, the Company continued its comprehensive drilling programme with encouraging results indicating substantial additions to the deposit's resource base close to the existing mine infrastructure. The current campaign is focused to the east of the Angela vein with almost 20,000m of resource drilling carried out in Q2 focused on the Millet, Divina, Lola and Lizina veins. Selected results are presented below:

Vein	Results
Millet	MIL-18-024: 7.0m @ 2.4g/t Au & 135g/t Ag MIL-18-026: 1.2m @ 2.5g/t Au & 177g/t Ag MIL-18-028: 3.1m @ 1.8g/t Au & 64g/t Ag MIL-18-029: 3.9m @ 1.8g/t Au & 121g/t Ag MIL-18-030: 4.8m @ 1.7g/t Au & 80g/t Ag MIL-18-031: 1.3m @ 3.3g/t Au & 91g/t Ag MIL-18-032: 1.6m @ 2.6g/t Au & 80g/t Ag
Divina	LOL-18-003: 12.0m @ 6.2g/t Au & 46g/t Ag LOL-18-004: 3.0m @ 3.7g/t Au & 23g/t Ag LOL-18-005: 2.2m @ 4.2g/t Au & 5g/t Ag LOL-18-006: 7.0m @ 2.3g/t Au & 28g/t Ag LOL-18-008: 3.7m @ 2.2g/t Au & 66g/t Ag LOL-18-010: 3.8m @ 2.3g/t Au & 53g/t Ag LOL-18-013: 1.8m @ 2.3g/t Au & 140g/t Ag LOL-18-014: 2.9m @ 1.9g/t Au & 256g/t Ag LOL-18-014: 8.7m @ 1.3g/t Au & 93g/t Ag LOL-18-014: 9.3m @ 3.1g/t Au & 258g/t Ag LAD-18-001: 1.0m @ 4.2g/t Au & 181g/t Ag
Lola	LOL-18-004: 2.3m @ 2.1g/t Au & 37g/t Ag LOL-18-005: 8.8m @ 5.1g/t Au & 356g/t Ag LOL-18-006: 3.3m @ 1.8g/t Au & 55g/t Ag LOL-18-008: 4.0m @ 4.1g/t Au & 82g/t Ag LOL-18-013: 1.5m @ 2.9g/t Au & 29g/t Ag
Lizina	LOL-18-003: 1.0m @ 2.1g/t Au & 8g/t Ag LOL-18-006: 6.2m @ 2.9g/t Au & 16g/t Ag LOL-18-007: 1.2m @ 1.5g/t Au & 49g/t Ag LOL-18-008: 1.6m @ 2.2g/t Au & 88g/t Ag LOL-18-010: 0.8m @ 4.9g/t Au & 183g/t Ag LOL-18-011: 1.0m @ 8.6g/t Au & 135g/t Ag LAD-18-013: 0.9m @ 4.0g/t Au & 11g/t Ag
Olinda	LOL-18-001: 2.2m @ 2.7g/t Au & 225g/t Ag
Veronica	MIL-18-028: 3.5m @ 2.0g/t Au & 91g/t Ag

The Company expects to be able to provide an update on estimated resource additions to date at the interim results in August and then at the end of the third and fourth quarters. The programme is continuing in Q3 and 10,000m of drilling is planned for the Millet West, Divina West and Misterio structures.

#### *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 with such resources being prioritised over inferred resource incorporation. In the second quarter of 2018, the programme continued with over 2,300m of potential drilling in the Silvia and Anomaly North structures whilst 10,300m of resource drilling targeted the Ruby 2, Ruby 3, Cristina, Rosalia, Pablito East, Veta X and Fryda veins. Results are included below:

Vein	Results
Cristina	DDH-267-ST-18: 1.1m @ 1.3g/t Au & 454g/t Ag DDH-286-EX-18: 4.4m @ 0.4g/t Au & 145g/t Ag
Cristina Techo	DDH-286-EX-18: 2.0m @ 0.4g/t Au & 173g/t Ag DDH-279-ST-18: 1.0m @ 2.0g/t Au & 547g/t Ag
Fryda	DDH-267-ST-18: 1.2m @ 0.9g/t Au & 300g/t Ag
Pablito	DDH-267-ST-18: 1.2m @ 3.6g/t Au & 1,535g/t Ag DDH-279-ST-18: 1.4m @ 6.9g/t Au & 2,852g/t Ag
Pablito East	DDH-259-DI-18: 1.0m @ 0.2g/t Au & 93g/t Ag
Pamela	DDH-286-EX-18: 1.3m @ 0.8g/t Au & 269g/t Ag
Pamela New	DDH-278-ST-18: 1.1m @ 0.5g/t Au & 118g/t Ag
Rosalita	DDH-267-ST-18: 1.3m @ 0.4g/t Au & 142g/t Ag DDH-290-EX-18: 0.7m @ 1.2g/t Au & 372g/t Ag
Ruby 2	DDH-276-DI-18: 1.2m @ 1.4g/t Au & 547g/t Ag
Ruby 3	DDH-259-DI-18: 0.9m @ 0.2g/t Au & 57g/t Ag
Vein X	DDH-285-ST-18: 4.6m @ 3.0g/t Au & 2,714g/t Ag DDH-255-DI-18: 3.2m @ 1.3g/t Au & 447g/t Ag

In the third quarter, the programme will focus on 7,000m of drilling at the Ruby 2, Ruby 3 and Pamela (New) structures.

#### *Pallancata*

Approximately 1,000m of potential underground drilling was carried out in Pablo Sur structures with the campaign in this area continuing into the third quarter. Much of the focus for 2018 is currently on securing exploration permits for potential 2019 campaigns for the Pallancata East area, for the Cochaloma structures to the south east and for highly promising areas further to the south.

#### *San Jose*

In Q2, 4,708m of potential drilling was executed before the winter weather disrupted progress. The targets were the Maia and Guadalupe structures in the south of the deposit with resource drilling beginning at Maia. 300m were completed with the following results so far:

Vein	Results
S.Odin	SJD-1737: 2.4m @ 6.8g/t Au & 778g/t Ag
Guadalupe	SJD-1737: 1.5m @ 5.4g/t Au & 525g/t Ag SJD-1725: 2.8m @ 6.0g/t Au & 13g/t Ag

During Q3, resource drilling will continue to focus on Guadalupe and Maia and in September, when weather conditions improve, drilling will be restarted at Aguas Vivas to complete the ongoing potential programme.

#### **Financial position**

Total cash was approximately \$142 million as at 30 June 2018 resulting in net debt of approximately \$66 million.

#### **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 (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.*

LEI: 549300JK10TVQ3CCJQ89

- ends -