



17 October 2018

## Production Report for the 9 months ended 30 September 2018

### Full year guidance on production increased and costs decreased

#### Ignacio Bustamante, Chief Executive Officer said:

*“Hochschild has once again completed a robust quarter with production at all our mines in line with expectations, therefore completing a record nine months for the Company. We are pleased to now raise our production target for the year to 520,000 gold equivalent ounces (38.5 million silver equivalent ounces) and to lower our all-in sustaining cost guidance to between \$940 and \$970 per gold equivalent ounce (\$12.7 to \$13.1 per silver equivalent ounce).”*

*We are continuing to see strong results from our ambitious brownfield exploration plan and in particular drilling at Inmaculada is expected to increase the estimated inferred resource figure we disclosed in August. We look forward to our Capital Markets Day on 7<sup>th</sup> November when we will give a detailed overview of our exploration programme and the progress made to date.”*

#### Another strong quarter

- Q3 attributable production<sup>1</sup>
  - 5.1 million ounces of silver
  - 62,432 ounces of gold
  - 9.7 million silver equivalent ounces
  - 130,685 gold equivalent ounces
- Q3 YTD 2018 attributable production record
  - 14.7 million ounces of silver
  - 199,939 ounces of gold
  - 29.5 million silver equivalent ounces
  - 398,922 gold equivalent ounces
- Revised overall 2018 production target of 520,000 gold equivalent ounces (38.5 million silver equivalent ounces)
- 2018 all-in sustaining costs guidance revised to \$940-\$970 per gold equivalent ounce (\$12.7-13.1 per silver equivalent ounce) from \$960-\$990 per gold equivalent ounce (\$13.0-13.4 per silver equivalent ounce)

#### Exploration programme delivering

- Brownfield programme continuing to add resources
  - Q3 drilling at Inmaculada expected to increase inferred resource additions from the 800,000 gold equivalent ounces figure disclosed at Interim Results
  - Updated estimate expected at Capital Markets Day on 7<sup>th</sup> November
  - Ongoing encouraging results at Arcata currently being assessed against medium-term operational viability
  - San Jose drilling programme also delivering positive results with activity weighted towards the end of the year
  - Good progress on permitting for 2019 drilling programme at Pallancata

#### Robust financial position

- Total cash of approximately \$143 million as at 30 September 2018 (\$142 million as at 30 June 2018)
- Net debt of approximately \$63 million as at 30 September 2018 (\$67 million as at 30 June 2018)
- Current Net Debt/LTM EBITDA of approximately 0.21x as at 30 September 2018

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

A conference call will be held at 2.30pm (London time) on Wednesday 17 October 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: 74366882#

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: 301247688#

## Overview

Hochschild delivered another strong quarter of attributable production with 130,685 gold equivalent ounces or 9.7 million silver equivalent ounces primarily driven by the ramp-up of production from the Pablo vein at Pallancata and a consistent performance at San Jose partially offsetting a scheduled period of lower output at Inmaculada. Overall year-to-date production is a record 29.5 million silver equivalent ounces (398,922 gold equivalent ounces) resulting in an upgrade to the full year guidance from 38 to 38.5 million silver equivalent ounces (520,000 gold equivalent ounces)

The Company has revised its all-in sustaining cost forecast for 2018 from \$960-\$990 per gold equivalent ounce (\$13.0-13.4 per silver equivalent ounce) to \$940-\$970 per gold equivalent ounce (\$12.7-13.1 per silver equivalent ounce).

## TOTAL GROUP PRODUCTION

	Q3 2018	Q2 2018	Q3 2017	YTD 2018	YTD 2017
Silver production (koz)	5,794	5,781	6,087	16,929	16,516
Gold production (koz)	74.20	80.62	79.10	234.67	223.37
Total silver equivalent (koz)	11,285	11,746	11,940	34,295	33,046
Total gold equivalent (koz)	152.49	158.73	161.36	463.44	446.56
Silver sold (koz)	5,845	5,785	5,726	16,912	16,234
Gold sold (koz)	74.27	81.10	73.99	232.29	217.41

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

## ATTRIBUTABLE GROUP PRODUCTION

	Q3 2018	Q2 2018	Q3 2017	YTD 2018	YTD 2017
Silver production (koz)	5,051	5,012	5,339	14,725	14,277
Gold production (koz)	62.43	68.48	67.23	199.94	188.66
Silver equivalent (koz)	9,671	10,079	10,315	29,520	28,238
Gold equivalent (koz)	130.68	136.20	139.39	398.92	381.60

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

## Production

### Inmaculada

Product	Q3 2018	Q2 2018	Q3 2017	YTD 2018	YTD 2017
Ore production (tonnes treated)	332,411	333,207	343,990	1,003,124	958,343
Average grade silver (g/t)	138	148	149	148	145
Average grade gold (g/t)	3.96	4.57	4.19	4.38	4.10
Silver produced (koz)	1,320	1,445	1,499	4,435	4,143
Gold produced (koz)	40.13	46.55	43.72	136.46	123.54
Silver equivalent (koz)	4,289	4,890	4,735	14,532	13,285
Gold equivalent (koz)	57.96	66.08	63.98	196.38	179.53
Silver sold (koz)	1,317	1,517	1,410	4,425	4,052
Gold sold (koz)	39.77	48.41	40.52	135.12	118.84

Inmaculada's continued its robust 2018, producing 57,958 gold equivalent ounces in the third quarter with grades, as expected, slightly lower than in the first half of the year. Year-to-date, Inmaculada's output remains a record 196,385 gold

equivalent ounces, a 9% improvement on the first 9 months of 2017 (Q3 YTD 2017: 179,528 gold equivalent ounces), driven by better than expected grades, lower dilution and a contribution from products in process from Q4 2017.

*Pallancata*

<b>Product</b>	<b>Q3 2018</b>	Q2 2018	Q3 2017	<b>YTD 2018</b>	YTD 2017
Ore production (tonnes treated)	<b>201,009</b>	157,434	152,087	<b>486,577</b>	345,031
Average grade silver (g/t)	<b>362</b>	411	471	<b>384</b>	454
Average grade gold (g/t)	<b>1.29</b>	1.47	1.80	<b>1.39</b>	1.81
Silver produced (koz)	<b>2,086</b>	1,866	2,058	<b>5,364</b>	4,497
Gold produced (koz)	<b>7.34</b>	6.57	7.65	<b>19.20</b>	17.44
Silver equivalent (koz)	<b>2,629</b>	2,352	2,624	<b>6,784</b>	5,788
Gold equivalent (koz)	<b>35.53</b>	31.78	35.46	<b>91.68</b>	78.21
Silver sold (koz)	<b>2,090</b>	1,855	1,838	<b>5,346</b>	4,275
Gold sold (koz)	<b>7.30</b>	6.48	6.85	<b>18.88</b>	16.57

At Pallancata, tonnage extracted from the Pablo vein continued to increase in the third quarter with grades reducing in line with expectations resulting in production of 2.6 million silver equivalent ounces. Overall in the first nine months of the year, Pallancata has delivered 6.8 million silver equivalent ounces (Q3 2017 YTD: 5.8 million ounces) and is on track to meet the forecast of 9.5 million ounces. The Company expects to achieve a throughput of 2,800 tonnes per day during the fourth quarter.

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

<b>Product</b>	<b>Q3 2018</b>	Q2 2018	Q3 2017	<b>YTD 2018</b>	YTD 2017
Ore production (tonnes treated)	<b>144,852</b>	142,452	137,548	<b>409,193</b>	387,943
Average grade silver (g/t)	<b>376</b>	400	406	<b>396</b>	425
Average grade gold (g/t)	<b>5.93</b>	6.26	6.35	<b>6.20</b>	6.51
Silver produced (koz)	<b>1,517</b>	1,570	1,526	<b>4,499</b>	4,570
Gold produced (koz)	<b>24.02</b>	24.77	24.21	<b>70.88</b>	70.83
Silver equivalent (koz)	<b>3,294</b>	3,403	3,318	<b>9,743</b>	9,811
Gold equivalent (koz)	<b>44.51</b>	45.99	44.84	<b>131.67</b>	132.59
Silver sold (koz)	<b>1,573</b>	1,521	1,489	<b>4,527</b>	4,657
Gold sold (koz)	<b>24.66</b>	23.66	23.22	<b>70.66</b>	70.65

San Jose has delivered another robust period with tonnage steadily rising since the first quarter and versus the corresponding period of 2017 with a partial offset from lower grades resulting in production of 3.3 million silver equivalent ounces. This amounts to a year-to-date total of 9.7 million silver equivalent ounces, in line with the same period of 2017 (Q3 YTD 2017: 9.8 million ounces).

On 4 September 2018, the Argentinian Government issued an Executive Order establishing a temporary export tax over all goods exported from Argentina, applicable from 4 September 2018 to 31 December 2020. The rate that applies for San Jose's production is AR\$3 per U.S. dollar exported. The Company expects the negative effects will be fully offset by unit cost savings related to the very significant year-to-date currency devaluation.

## Arcata

Product	Q3 2018	Q2 2018	Q3 2017	YTD 2018	YTD 2017
Ore production (tonnes treated)	<b>93,381</b>	97,347	117,358	<b>281,903</b>	379,001
Average grade silver (g/t)	<b>327</b>	322	300	<b>326</b>	306
Average grade gold (g/t)	<b>1.01</b>	0.98	1.05	<b>1.01</b>	1.08
Silver produced (koz)	<b>872</b>	900	1,003	<b>2,632</b>	3,306
Gold produced (koz)	<b>2.72</b>	2.73	3.52	<b>8.14</b>	11.56
Silver equivalent (koz)	<b>1,073</b>	1,102	1,264	<b>3,234</b>	4,162
Gold equivalent (koz)	<b>14.50</b>	14.89	17.08	<b>43.70</b>	56.24
Silver sold (koz)	<b>866</b>	893	990	<b>2,614</b>	3,250
Gold sold (koz)	<b>2.55</b>	2.56	3.41	<b>7.63</b>	11.35

The Arcata mine operated in line with current expectations with production of 872,666 ounces of silver and 2,719 ounces of gold which resulted in a silver equivalent figure of 1.1 million ounces. Tonnage and grades remained broadly consistent with first half rates and the focus remains on improving the cost position and increasing the quality of resources through the 2018 brownfield exploration programme. Total production for first nine months was 3.2 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 Q3 2018 (which are reported before the deduction of commercial discounts) were \$1,187/ounce for gold and \$13.7/ounce for silver (Q3 2017: \$1,293/ounce for gold and \$16.9/ounce for silver). For the first nine months of 2018, average realisable precious metal prices were \$1,270/ounce for gold and \$15.3/ounce for silver (Q3 YTD 2017: \$1,265/ounce for gold and \$17.1/ounce for silver).

### Brownfield exploration

#### Inmaculada

In Q3, the Company continued its comprehensive drilling programme with almost 27,000m of resource drilling carried out in the Millet, Divina, Lola, Lizina, Thalia and Barbara veins. Further additions are expected to be made to the already announced 59.2 million silver equivalent ounces (800,000 gold equivalent ounces) of the Inferred resource category. The Company expects to be able to provide a further update on estimated resource additions to date at the Capital Markets Day on 7<sup>th</sup> November 2018. Selected intercepts are included below:

Vein	Results
Bella	BEL-18-001: 2.5m @ 14.5g/t Au & 1,453g/t Ag
Divina	LOL-18-015: 9.2m @ 1.8g/t Au & 86g/t Ag LOL-18-017: 13.9m @ 2.4g/t Au & 101g/t Ag LOL-18-019: 1.7m @ 2.0g/t Au & 43g/t Ag LOL-18-020: 11.3m @ 0.7g/t Au & 37g/t Ag LOL-18-022: 20.6m @ 1.7g/t Au & 45g/t Ag LOL-18-025: 3.1m @ 1.4g/t Au & 109g/t Ag LOL-18-028: 7.3m @ 1.6g/t Au & 200g/t Ag LOL-18-030: 1.7m @ 5.1g/t Au & 186g/t Ag LOL-18-031: 1.0m @ 1.7g/t Au & 197g/t Ag LAD-18-004: 3.0m @ 2.0g/t Au & 141g/t Ag
Lady	LAD-18-004: 5.5m @ 25.9g/t Au & 213g/t Ag LAD-18-005: 6.7m @ 3.6g/t Au & 138g/t Ag LAD-18-006: 1.2m @ 5.2g/t Au & 19g/t Ag LAD-18-007: 1.2m @ 0.8g/t Au & 82g/t Ag LAD-18-008: 1.1m @ 2.4g/t Au & 85g/t Ag LAD-18-010: 0.9m @ 2.6g/t Au & 110g/t Ag
Lizina	LOL-18-016: 1.1m @ 1.7g/t Au & 54g/t Ag
Lola	LOL-18-011: 2.3m @ 2.3g/t Au & 50g/t Ag LOL-18-012: 1.6m @ 2.7g/t Au & 64g/t Ag LOL-18-017: 8.4m @ 2.1g/t Au & 40g/t Ag LOL-18-022: 2.3m @ 3.6g/t Au & 15g/t Ag LOL-18-024: 3.8m @ 5.6g/t Au & 8g/t Ag
Millet	MIS-18-003: 4.3m @ 4.1g/t Au & 109g/t Ag MIS-18-005: 1.9m @ 0.8g/t Au & 556g/t Ag MIS-18-007: 1.3m @ 3.9g/t Au & 102g/t Ag
Misterio	MIS-18-002: 1.2m @ 2.5g/t Au & 40g/t Ag
Thalia	LIA-18-006: 1.8m @ 3.9g/t Au & 20g/t Ag LIA-18-007: 1.1m @ 1.1g/t Au & 69g/t Ag

The programme is continuing in Q4 with 5,400m of drilling planned in the Barbara and Thalia veins with 1,700m of potential drilling to explore the west of the Angela vein.

#### *Arcata*

In the third quarter of 2018, the drilling programme continued with almost 15,000m of resource drilling in the 1<sup>st</sup> and 4<sup>th</sup> Quadrants and focused on the Pamela New, Ruby 2, Ruby 3, Cristina, Rosalia, Pablito East & West, Vein X and Frida veins. Selected intercepts are included below:

Vein	Results
Frida	DDH-279-ST-18: 1.7m @ 3.6g/t Au & 1,461g/t Ag DDH-269-ST-18: 0.8m @ 1.0g/t Au & 501g/t Ag DDH-302-DI-18: 1.1m @ 0.6g/t Au & 338g/t Ag
Rosalia	DDH-300-EX-18: 1.0m @ 2.1g/t Au & 908g/t Ag DDH-290-EX-18: 1.1m @ 0.9g/t Au & 254g/t Ag DDH-339-DI-18: 2.4m @ 2.2g/t Au & 1,504g/t Ag
Pamela W	DDH-301-EX-18: 1.3m @ 2.5g/t Au & 446g/t Ag DDH-311-EX-18: 1.2m @ 1.6g/t Au & 193g/t Ag DDH-286-EX-18: 2.4m @ 5.1g/t Au & 402g/t Ag
Pamela New	DDH-305-ST-18: 2.2m @ 2.7g/t Au & 758g/t Ag DDH-329-VE-18: 1.0m @ 0.6g/t Au & 320g/t Ag DDH-332-VE-18: 1.1m @ 0.9g/t Au & 282g/t Ag DDH-301-EX-18: 1.8m @ 0.9g/t Au & 264g/t Ag DDH-342-VE-18: 1.0m @ 3.4g/t Au & 2,019g/t Ag
Elena	DDH-269-ST-18: 1.0m @ 1.2g/t Au & 584g/t Ag DDH-339-DI-18: 1.0m @ 5.5g/t Au & 2,175g/t Ag
Alexia	DDH-318-EX-18: 1.3m @ 3.3g/t Au & 563g/t Ag DDH-337-DE-18: 1.1m @ 5.3g/t Au & 336g/t Ag DDH-344-DI-18: 2.5m @ 2.0g/t Au & 238g/t Ag
Ruby 3	DDH-239-DI-18: 1.1m @ 0.3g/t Au & 264g/t Ag DDH-231-DI-18: 1.1m @ 0.5g/t Au & 327g/t Ag DDH-291-DE-18: 2.4m @ 0.8g/t Au & 314g/t Ag
Carolina	DDH-299-VE-18: 0.8m @ 3.0g/t Au & 405g/t Ag
Vein X	DDH-285-ST-18: 3.0m @ 1.9g/t Au & 2,714g/t Ag
Cristina	DDH-308-EX-18: 2.2m @ 2.6g/t Au & 1,089g/t Ag
Diana	DDH-350-DI-18: 2.2m @ 1.4g/t Au & 648g/t Ag
Paloma	DDH-342-VE-18: 2.2m @ 1.7g/t Au & 468g/t Ag

In the fourth quarter, the programme will focus on 7,200m of drilling at Pamela (New) and Frida structures.

#### *Pallancata*

The focus for 2018 remains on securing exploration permits for the planned 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 Q3, following disruption from adverse winter weather, the programme recommenced with 3,200m of reverse circulation drilling in the Saavedra zone to the south of the mine as well as long drill holes from the mine to look for potential east-west structures. 5,700m of resource drilling was focused on the Lita, Ayelen, Tensional Perla, Perla and Sigmoide Luli veins with results pending.

During Q4, 5,000m of potential resource drilling will focus on the Antonella east-west structure and a further programme at the Aguas Vivas area to the North West of the mine.

#### **Financial position**

Total cash was approximately \$143 million and net debt was approximately \$63 million as at 30 September 2018. This cash balance reflects substantially lower precious metal prices in the period and the payment in the third quarter of: the interim dividend; a number of strategic investments; the ongoing investment in the hydraulic backfill project at San Jose; increased investment in the Company's brownfield exploration programme; and debt repayment in Argentina.

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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.

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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.*

### **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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