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18 October 2012

**Interim Management Statement and  
Production Report for the 3 months ended 30 September 2012**

**Highlights**

- Q3 2012 attributable production of 5.1 million silver equivalent ounces
- 2012 attributable production target of 20.0 million silver equivalent ounces on track
- Strong brownfield exploration results:
  - Discovery of Emilia vein at San Jose
  - Discovery of new vein and a significant vein extension at Arcata in addition to further strong intercepts from Tunel 4 area
  - Pallancata's Huararani and Luisa veins continue to yield good results
- Significant progress at Inmaculada Advanced Project:
  - Environmental Impact Study approved by Peruvian Government
  - EPC contract for plant construction awarded (\$142 million) in line with budget
  - Discovery of Susana vein
  - Strong intercepts reported at Lourdes and Martha veins
- Positive intercepts reported at Azuca Advanced Project
- Baborigame prospect in Mexico added to project pipeline - potential 'Company Maker' project
- Excess concentrate inventory at San Jose sold during the quarter
- Solid financial position with total cash of approximately \$477m and minority investments valued at \$351m as at 30 September 2012

**Ignacio Bustamante, Chief Executive Officer, commented:**

*"Hochschild remains firmly on track to achieve its annual production target of 20.0 million attributable silver equivalent ounces after another solid operational performance in the third quarter. I am also particularly pleased with some of the exciting results we have seen in the period from our brownfield exploration programme which clearly demonstrate the strong potential at our current mines as well as the ever growing resource base at our Advanced Projects, particularly Inmaculada."*

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A conference call will be held at 2pm (London time) on Thursday 18 October 2012 for analysts and investors.

Dial in details as follows:

UK: +44 (0) 20 3003 2666

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

UK: +44 (0) 20 8196 1998

Access code: 3690396

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## Production

In Q3 2012, Hochschild produced 5.1 million attributable silver equivalent ounces which comprised 3.4 million ounces of silver and 28.5 thousand ounces of gold.

### *Main operations*

At Arcata, silver equivalent production was 1.6 million ounces (Q3 2011: 1.7 million ounces). A rise in treated tonnage resulted from a planned increase in volumes from the Macarena Waste Dam deposit, with grades falling as a result, in line with the same period of 2011. The tonnage increase was facilitated by a 500 tonne per day capacity expansion achieved at the Arcata plant in the period.

The Arcata dore project remains on schedule for completion in Q4 2012, with dore production already having increased by more than 30% compared to Q3 2011, resulting in significant commercial savings which more than offset the decrease in ounces recovered from the process. Excluding the effect of the dore project, production at Arcata in Q3 2012 would have been broadly flat versus Q3 2011.

*Table Showing Contribution From Macarena Waste Dam Deposit*

	Q3 2012	YTD 2012
<b>Total</b>		
Tonnage	194,484	539,144
Average head grade gold (g/t)	0.78	0.86
Average head grade silver (g/t)	260	291
<b>Macarena</b>		
Tonnage	40,838	62,392
Average head grade gold (g/t)	0.30	0.30
Average head grade silver (g/t)	110	107
<b>Stopes and Developments</b>		
Tonnage	153,646	476,752
Average head grade gold (g/t)	0.90	0.93
Average head grade silver (g/t)	299	315

San Jose delivered silver equivalent production of 2.8 million ounces in Q3 2012, broadly in line with the same period of 2011. The rise in overall tonnage resulted from a greater availability of lower grade economic development material as well as operational efficiencies that allowed for an increase in mill throughput. The decrease in grades reflected this higher proportion of development material as well as the Company's policy of mining close to the average reserve grade at each of its core operations.

At Pallancata, silver equivalent production of 2.3 million ounces in Q3 2012 was lower than that of Q3 2011 (2.9 million ounces), mainly a result of lower grades, reflecting the Company's policy of mining close to the average reserve grade at its core assets, as well as the processing of a higher proportion of mineral from narrower structures with higher mine dilution and lower metallurgic recovery during the quarter. There was however a small increase in production compared to the second quarter of 2012 as the temporary delays in the mine execution plan were resolved and mining resumed in higher grade areas of the mine.

### *Other operations*

Production at the Company's ageing Ares mine in Peru continued in Q3 2012, with 559 thousand silver equivalent ounces produced during the quarter (Q3 2011: 585 thousand silver equivalent ounces). The Company continues to monitor production closely at Ares to ensure the extraction of profitable ounces during the last stage of its life cycle. Production at Ares is expected to continue throughout the rest of the year and into 2013, broadly at the current levels. Exploration continues at the property.

At Moris, the Company's open pit operation in Mexico, despite mine production having ceased in September 2011, continued leaching of the pads produced a further 155 thousand silver equivalent ounces in Q3 2012. Moris remains in the final stages of the pads' cyanidation process and the Company expects to continue recovering mineral from the pads into 2013, although this is not expected to be material. Exploration continues at the property.

### Average realisable prices and sales

Average realisable precious metal prices (which are reported before the deduction of commercial discounts) in Q3 2012 were US\$1,728.55/ounce for gold and US\$34.13/ounce for silver. Average realisable precious metal prices for the first nine months of 2012 were US\$1,694.08/ounce for gold and US\$32.30/ounce for silver.

Following the temporary accumulation of concentrate inventory at the San Jose mine during Q2 2012 due to the impact of industry-wide regulatory changes in Argentina, exports resumed at the end of Q2 2012 and sales of this inventory were completed in Q3 2012.

### Brownfield exploration<sup>1</sup>

#### San Jose

In Q3 2012, a total of 26.0 thousand metres of exploration drilling was carried out at San Jose to incorporate further resources and new economic areas. A new vein was also discovered during the quarter, within the known San Jose area - the Emilia vein. Significant intercepts included<sup>1</sup>:

Vein	Results
Emilia	SJD- 496: 1.00m @ 46.37g/t Au & 6,951g/t Ag SJD-1246: 1.00m @ 71.31g/t Au & 3,579g/t Ag SJD-1264: 0.90m @ 147.04g/t Au & 1,276g/t Ag SJD-1269: 1.00m @ 30.38g/t Au & 212g/t Ag

#### Arcata

In Q3 2012, a total of 16.9 thousand metres of drilling was carried out at Arcata. Exploration work focused on the definition of new high grade structures and the incorporation of high quality resources from known vein systems, as well as to provide further geological interpretation of the area. Continued positive results were received from the Tunel 4 area and from the Socorro +800 vein. In addition, a new vein, Katty was discovered, and the Alexia vein was considerably extended. Positive intercepts included<sup>1</sup>:

Vein	Results
Alexia	DDH367-S-12: 1.71m @ 3.19g/t Au & 577g/t Ag DDH380-S-12: 2.00m @ 4.56g/t Au & 814g/t Ag DDH400-S-12: 9.34m @ 3.34g/t Au & 984g/t Ag
Katty	DDH354-S-12: 1.45m @ 13.69g/t Au & 1,965g/t Ag DDH397-S-12: 1.50m @ 47.01g/t Au & 3,642g/t Ag
Socorro +800	DDH349-S-12: 0.71m @ 2.31g/t Au & 391g/t Ag
Tunel 4	DDH355-S-12: 2.24m @ 4.68g/t Au & 1,162g/t Ag DDH373-S-12: 2.01m @ 3.44g/t Au & 640g/t Ag

#### Pallancata

In Q3 2012, exploration work at Pallancata focused on identifying wider structures and the incorporation of new resources. A total of 17.2 thousand metres of drilling was completed, with focus on the Luisa, Pilar and Huararani veins. Promising intercepts included<sup>1</sup>:

Vein	Results
Huararani 02	DLHU-A13: 1.46m @ 1.36g/t Au & 287g/t Ag DLHU-A14: 3.01m @ 3.61g/t Au & 1,236g/t Ag
Luisa	DLLU-A95: 0.74m @ 1.48g/t Au & 242g/t Ag DLLU-A99: 1.20m @ 12.17g/t Au & 1,670g/t Ag DLLU-A100: 0.91m @ 1.44g/t Au & 346g/t Ag

#### Ares

In Q3 2012, a full geophysical survey was conducted at Ares. Also during the quarter, 5.6 thousand metres of drilling was carried out and new intersections at the Isabel vein were discovered. Positive intercepts included<sup>1</sup>:

Vein	Results
Isabel	AM-1493: 1.35m @ 9.83g/t Au & 68g/t Ag
Rosario	AM-1492: 1.05m @ 1.01g/t Au & 240g/t Ag

<sup>1</sup>Please note that all mineralised intersections referred to in this release are quoted as down-hole lengths, not true widths.

### *Moris*

Exploration work at Moris during Q3 2012 focused on identifying new economic structures. During the quarter, 5.9 thousand metres of drilling was carried out on the La Nopalera, Creston and Eureka areas.

### **Advanced Projects**

On 11 January 2012, Hochschild announced the successful completion of the Inmaculada and Crespo feasibility studies which are forecast to contribute 10 million silver equivalent ounces of attributable production on average per annum at an initial combined capital cost of \$335 million (attributable). Full details of the feasibility studies can be found in the announcement.

### *Inmaculada*

In Q3 2012, the Company continued to make good progress at Inmaculada. The Environmental Impact Study ('EIS') for the project was awarded, representing a key step in the project's permitting process. Following the awarding of the contract for plant construction in August for \$142 million, further progress was seen in Q3 2012. The purchasing of the main plant equipment was completed and the construction of the three exploration tunnels continued, with over two thousand metres executed year to date. The construction of the main access road also progressed and is scheduled for completion by the end of the year. The basic and detailed engineering for the workshops, warehouses and offices is on track to be completed in Q4 2012 as is the final layout and basic and detailed engineering for the camps and facilities. Work also continued on the construction of the electricity transmission line during the quarter.

In Q3 2012, the exploration drilling programme in and around the Inmaculada project continued to yield encouraging results. Exploration was focused on the definition and incorporation of potential systems outside of the current resource area. During the quarter, four drill rigs were in operation and a total of 13.5 thousand metres of drilling was carried out, focused on the Lourdes, Angela NE, Marina and Martha veins, as well as the newly discovered Susana vein. Positive results included<sup>2</sup>:

<b>Vein</b>	<b>Results</b>
Lourdes	LOU12-001: 3.50m @ 7.12g/t Au & 369g/t Ag LOU12-003: 1.32m @ 3.10g/t Au & 121g/t Ag LOU12-004: 1.50m @ 6.34g/t Au & 180g/t Ag LOU12-005: 1.02m @ 8.21g/t Au & 194g/t Ag LOU12-007: 0.80m @ 3.49g/t Au & 398g/t Ag LOU12-009: 3.12m @ 31.55g/t Au & 199g/t Ag LOU12-010: 0.90m @ 5.26g/t Au & 72g/t Ag
Martha	MAR12-001: 0.60m @ 6.57g/t Au & 30g/t Ag MAR12-004: 0.90m @ 1.08g/t Au & 75g/t Ag
Susana	MAR12-004: 1.03m @ 17.15g/t Au & 1,851g/t Ag MAR12-005: 2.25m @ 6.05g/t Au & 157g/t Ag

During the remainder of the year, exploration will continue to focus on the definition and incorporation of potential systems outside of the current resource area.

### *Crespo*

At the Company's 100% owned Crespo project, the detailed planning is progressing according to schedule. The detailed engineering for the access road and the final engineering for the camp layout and construction were completed in September. The detailed engineering for the mine and plant is expected to be completed in Q4 2012.

In April 2012, the Company held a successful public hearing in relation to the project's EIS permit. During the quarter, the Company continued the process of responding to the relevant observations and the permit is expected to be granted at the end of Q4 2012. Community relations support programmes also continued during the quarter.

The exploration programme at Crespo saw good progress during the quarter. Surface sampling was finalised and exploration and infill drilling in the Crespo and Queshca areas commenced in September, with two drill rigs in operation. A total of 1.1 thousand metres was drilled.

<sup>2</sup> Please note that all mineralised intersections referred to in this release are quoted as down-hole lengths, not true widths.

### *Azuca*

The drilling programme continued at Azuca during Q3 2012; four drill rigs were in operation and a total of 12.4 thousand metres of drilling was completed during the quarter. Positive results were reported at the Azuca West and Yanamayo NE veins, with intercepts including<sup>3</sup>:

<b>Vein</b>	<b>Results</b>
Azuca West	DAAW-A1202: 1.20m @ 1.39g/t Au & 9g/t Ag 2.20m @ 12.13g/t Au & 114g/t Ag 1.00m @ 3.03g/t Au & 72g/t Ag DAAW-A1203: 1.00m @ 1.33g/t Au & 153g/t Ag
Yanamayo NE	DAYA-A1204: 1.20m @ 3.65g/t Au & 764g/t Ag DAYA-A1205: 0.9m @ 4.11g/t Au & 513g/t Ag

### **Greenfield pipeline**

In Q3 2012, a total of 11.1 thousand metres was drilled as part of the greenfield exploration programme with the Company remaining broadly on track to meet its full year drilling targets. In Q3 2012, drilling was carried out at seven projects, of which, four were 'Company Makers' and three were 'Medium Scale' projects.

Highlights of the Greenfield exploration programme in Q3 2012 included the addition to the project pipeline of the Baborigame project in Mexico, which has the potential to become a Company Maker project. The Baborigame project is a series of low sulphidation veins with disseminated mineralisation. The permitting process is underway at the project and a surface mapping and sampling programme is scheduled to take place in 2012. Further highlights of the Greenfield exploration programme during the quarter are provided below.

### *Mercurio*

At the Mercurio Company Maker project in Mexico, a total of 3.4 thousand metres was drilled during Q3 2012 on a silver-based vein corridor in the Santa Rosa area. Positive intercepts included<sup>3</sup>:

<b>Intercept</b>	<b>Results</b>
DDHME 12-35	From 404.4-1.0m @ 114.0 g/t Ag, 1.8% Cu, 9.4% Pb, 13.6% Zn
DDHME 12-36	From 345.3-2.4m @ 84.4 g/t Ag, 1.8% Cu, 4.8% Pb, 4.7% Zn

### *Cuello Cuello*

At the Cuello Cuello Medium Scale project in Peru, almost 500 metres were drilled during Q3 2012. Near surface silver structures were intersected and work is now focused on delineating additional new structures. Positive intercepts included<sup>3</sup>:

<b>Intercept</b>	<b>Results</b>
DDH-CC-12003	From 63.2-64.0m - 0.8m @ 0.328g/t Au & 1,159g/t Ag From 65.55-68.8m - 3.25m @ 0.189g/t Au & 362g/t Ag From 70.0-71.1m - 1.1m @ 0.157g/t Au & 596g/t Ag
DDH-CC-12001	From 117.7-113.8m - 2.1m @ 1.60g/t Au & 335g/t Ag From 245-246.5m - 1.5m @ 7.00g/t Au & 56g/t Ag

### **Financial position**

The Company's financial position remains strong, with total cash of \$476.7 million and minority investments valued at \$351.4 million as at 30 September 2012. The decrease in the cash position versus the end of the previous quarter (\$543.6 million as at 30 June 2012) mainly reflects investment in the Advanced Projects and debt repayments made during the quarter.

### **Outlook**

The Company remains firmly on track to achieve its full year production target of 20.0 million attributable silver equivalent ounces in 2012 with production at its core operations expected to remain broadly stable for the remainder of 2012 as it continues to mine close to average reserve grades in order to ensure a consistent level of long-term production. Furthermore, the Company's brownfield exploration programme will continue to focus not only on resource additions but also on improving the grade quality of these resources in the long-term.

<sup>3</sup> Please note that all mineralised intersections referred to in this release are quoted as down-hole lengths, not true widths.

The Company maintains its full year cost guidance of a 15% increase versus 2011 at its operations in Peru, and of around 15-20% 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 almost 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.

## **PRODUCTION & SALES INFORMATION**

### **TOTAL GROUP PRODUCTION<sup>1</sup>**

	<b>Q3 2012</b>	Q3 2011	YTD 2012	YTD 2011
Silver production (koz)	<b>4,942</b>	5,473	14,670	15,886
Gold production (koz)	<b>41.53</b>	47.48	123.00	136.39
Total silver equivalent (koz)	<b>7,434</b>	8,321	22,050	24,070
Total gold equivalent (koz)	<b>123.90</b>	138.69	367.50	401.16
Silver sold (koz)	<b>5,263</b>	4,708	13,859	15,466
Gold sold (koz)	<b>47.95</b>	38.43	113.86	127.82

<sup>1</sup> Total production includes 100% of all production, including production attributable to joint venture partners at San Jose and Pallancata.

### **ATTRIBUTABLE GROUP PRODUCTION<sup>1</sup>**

	<b>Q3 2012</b>	Q3 2011	YTD 2012	YTD 2011
Silver production (koz)	<b>3,424</b>	3,791	10,311	11,131
Gold production (koz)	<b>28.53</b>	33.49	84.5	96.75
Attrib. silver equivalent (koz)	<b>5,136</b>	5,800	15,379	16,936
Attrib. gold equivalent (koz)	<b>85.60</b>	96.67	256.31	282.27

<sup>1</sup> Attributable production includes 100% of all production from Arcata, Ares and Moris, 60% from Pallancata and 51% from San Jose.

## **QUARTERLY PRODUCTION BY MINE**

### **ARCATA**

	<b>Q3 2012</b>	Q3 2011	YTD 2012	YTD 2011
Ore production (tonnes)	<b>194,484</b>	181,271	539,144	497,357
Average head grade silver (g/t)	<b>260</b>	277	291	318
Average head grade gold (g/t)	<b>0.78</b>	0.80	0.86	0.89
Silver produced (koz)	<b>1,358</b>	1,433	4,370	4,489
Gold produced (koz)	<b>4.15</b>	4.24	13.19	12.90
Silver equivalent produced (koz)	<b>1,607</b>	1,688	5,162	5,263
Silver sold (koz)	<b>1,297</b>	1,228	3,956	4,247
Gold sold (koz)	<b>3.78</b>	3.40	11.58	11.76

**ARES**

	<b>Q3 2012</b>	Q3 2011	YTD 2012	YTD 2011
Ore production (tonnes)	<b>86,437</b>	91,287	247,069	246,970
Average head grade silver (g/t)	<b>55</b>	63	52	64
Average head grade gold (g/t)	<b>2.83</b>	2.58	2.66	2.85
Silver produced (koz)	<b>128</b>	164	355	448
Gold produced (koz)	<b>7.19</b>	7.02	19.82	21.09
Silver equivalent produced (koz)	<b>559</b>	585	1,544	1,714
Silver sold (koz)	<b>141</b>	121	319	409
Gold sold (koz)	<b>7.74</b>	5.03	17.68	19.35

**PALLANCATA<sup>1</sup>**

	<b>Q3 2012</b>	Q3 2011	YTD 2012	<b>YTD 2011</b>
Ore production (tonnes)	<b>277,093</b>	268,673	805,392	777,407
Average head grade silver (g/t)	<b>257</b>	313	256	304
Average head grade gold (g/t)	<b>1.18</b>	1.44	1.09	1.36
Silver produced (koz)	<b>1,893</b>	2,291	5,499	6,478
Gold produced (koz)	<b>6.81</b>	9.37	18.83	25.58
Silver equivalent produced (koz)	<b>2,302</b>	2,853	6,629	8,013
Silver sold (koz)	<b>1,652</b>	1,935	5,208	6,428
Gold sold (koz)	<b>5.88</b>	8.02	17.31	24.59

<sup>1</sup> The Company holds a 60% interest in Pallancata.

**SAN JOSE<sup>1</sup>**

	<b>Q3 2012</b>	Q3 2011	YTD 2012	<b>YTD 2011</b>
Ore production (tonnes)	<b>136,577</b>	124,204	380,911	336,151
Average head grade silver (g/t)	<b>402</b>	448	416	456
Average head grade gold (g/t)	<b>5.24</b>	5.75	5.71	5.93
Silver produced (koz)	<b>1,552</b>	1,562	4,408	4,416
Gold produced (koz)	<b>20.97</b>	20.91	63.27	60.02
Silver equivalent produced (koz)	<b>2,810</b>	2,816	8,204	8,017
Silver sold (koz)	<b>2,166</b>	1,409	4,344	4,336
Gold sold (koz)	<b>29.13</b>	18.14	61.13	57.47

<sup>1</sup> The Company holds a 51% interest in San Jose.



**MORIS**

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	<b>Q3</b>	Q3	YTD	<b>YTD</b>
	<b>2012</b>	2011	2012	<b>2011</b>
Ore production (tonnes)	-	245,771	-	858,028
Average head grade silver (g/t)	-	5.5	-	5.0
Average head grade gold (g/t)	-	1.00	-	0.96
Silver produced (koz)	<b>11</b>	23	39	55
Gold produced (koz)	<b>2.41</b>	5.94	7.89	16.80
Silver equivalent produced (koz)	<b>155</b>	380	512	1,063
Silver sold (koz)	<b>7</b>	15	32	46
Gold sold (koz)	<b>1.43</b>	3.84	6.16	14.66

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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.*

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