



20 April 2011

**Production Report and Interim Management Statement  
for the 3 months ended 31 March 2011**

**Highlights**

- Q1 2011 production of 5.6 million attributable silver equivalent ounces, on track to deliver 2011 production target of 22.5 million attributable silver equivalent ounces
- Ongoing delivery of organic growth strategy:
  - In January, the Company announced a positive scoping study at 100% owned Crespo property with initial projected production of 2.3 million silver equivalent ounces per annum from the end of 2013
  - In February, Hochschild announced a significant increase in grades & resources at the Inmaculada project - Measured & Indicated resources, up 59% to 76.0 million silver equivalent ounces
  - Feasibility studies on track at all three advanced projects, Inmaculada, Azuca and Crespo
- César Aguirre appointed Vice President of Exploration & Geology and David Hopper appointed Exploration Manager for Chile
- In January 2011, the Company repaid its entire existing syndicated loan facility of US\$114.3 million
- In February 2011, Hochschild disposed of its remaining 6% stake in Lake Shore Gold with total net proceeds of C\$79.7 million
- Solid financial position with total cash of approximately US\$540 million as at 31 March 2011 and minority investments of over US\$450 million

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

*"I am pleased to announce a solid set of production results, which place us firmly on track to achieve our full year production target of 22.5 million attributable silver equivalent ounces. We are progressing well with our advanced projects at Inmaculada, Azuca, and Crespo, which have the potential to significantly increase our production profile. Our exploration programme is also moving forward with active drilling at each of our three core operations as well as across our greenfield targets in Peru, Chile, Mexico and Argentina.*

*I am also pleased to welcome César Aguirre as our new Vice President of Exploration & Geology and David Hopper as Exploration Manager for Chile, both of whom bring extensive experience and expertise to the Company."*

**Overview**

Hochschild delivered attributable production of 5.6 million silver equivalent ounces in Q1 2011, comprised of 3.7 million ounces of silver and 31.3 thousand ounces of gold, placing it firmly on track to achieve its full year production target of 22.5 million attributable silver equivalent ounces in 2011.

Compared to Q1 2010, attributable silver equivalent production decreased 8% due to the expected decline in production from the Company's two ageing mines, Ares and Moris, which are scheduled for closure this year, and lower production from the Arcata operation as the Company moves towards its previously mentioned long term goal of mining close to the average reserve grade at each of its core operations. Compared to the previous quarter, production at all operations has been impacted by the seasonal effect of fewer production days in the first quarter relative to the fourth quarter of the year.

**Production**

*Main operations*

San Jose delivered a solid performance in Q1 with silver equivalent production of 2.8 million ounces, up 55% compared to Q1 2010. This is due to the anticipated increase in volume and grades from new mining areas,

including the high grade Kospi vein, which has resulted in silver grades and production rising 57% and 85% year-on-year respectively.

As mentioned, Arcata's production decreased in Q1 as the Company reduces the extraction grade towards the average reserve grade level in order to ensure a consistent and sustainable level of production. Silver equivalent production of 1.8 million ounces was 19% lower than Q1 2010, comprised of 1.6 million ounces of silver and 4.3 thousand ounces of gold.

At Pallancata, the Company's other main Peruvian operation, silver equivalent production decreased 12% year-on-year to 2.5 million silver equivalent ounces, mainly driven by lower grades which decreased 11% and 6% year-on-year for silver and gold respectively. The first quarter 2011 mine plan focused on deeper and narrower veins compared to Q1 2010 with mined grades in line with the reserve grade.

#### *Other operations*

The Company's ageing Ares mine produced 0.5 million silver equivalent ounces in Q1 2011 (Q1 2010: 0.8 million silver equivalent ounces), while Moris, the Company's operation in Mexico, produced 0.3 million silver equivalent ounces (Q1 2010: 0.4 million silver equivalent ounces). As previously reported, both operations are scheduled to cease production in 2011. Management is monitoring the grade and cost profile of each mine to ensure that they are in line with the Company's policy of producing profitable ounces.

#### **Average realisable prices and sales**

Average realisable precious metal prices (which are reported before the deduction of commercial discounts) in Q1 2011 were US\$1,391.4/ounce for gold and US\$36.2/ounce for silver.

#### **Exploration appointments**

Hochschild is pleased to announce the appointment of César Aguirre as Vice President of Exploration and Geology. César has over 20 years' experience in exploration and project management in South America, principally in Peru, Argentina and Chile. Prior to joining Hochschild, he worked for Newcrest Mining, Yanacocha, Noranda Inc. and Barrick Gold Corp. César holds a BSc in Geological Engineering from the Universidad Nacional de Ingeniería and an MSc in Economic Geology from the University of Tasmania.

The Company is also pleased to announce the appointment of David Hopper to the role of Exploration Manager for Chile. David is a geologist with over 20 years of global experience within major diversified mining companies. Between 1990 and 2009, David held various positions at Rio Tinto plc, primarily in South America, and was most recently Exploration Manager for Kinross Gold Corp in Chile.

#### **Advanced projects**

##### *Crespo*

During the quarter, Hochschild reported positive results from a scoping study completed by an independent company, Ausenco, at the Company's 100% owned Crespo project, located in the Company's existing operating cluster in southern Peru. The scoping study is based on resources of 31.3 million silver equivalent ounces (measured and indicated) and estimates initial production of 2.3 million silver equivalent ounces per annum starting from 2013. Hochschild already has 5.0 million ounces of Measured & Indicated resources that will be added for the feasibility study. For further details of the scoping study, please see the press release published on 19 January 2011.

##### *Inmaculada*

On 25 February 2011, the Company announced an increase in both the total Mineral Resource estimate and Measured and Indicated Resources for the Inmaculada gold-silver project located in Hochschild's existing southern Peru cluster, following the announcement of a positive scoping study published by International Minerals Inc ("IMZ") in September 2010. The project, in which Hochschild now owns a controlling 60% stake (IMZ holds the remaining 40%), is currently at feasibility stage with completion expected in Q4 2011. The Company expects to commence production in December 2013 at a processing capacity of 3,000 tonnes per day. The highlights of the announcement were:

- 59% increase in Measured & Indicated Resources to 76.0 million silver equivalent ounces
- 29% increase in silver equivalent grades to 498 g/t
- Total resources of 128.3 million silver equivalent ounces

Hochschild expects the results to significantly improve the economics of the project detailed in the 2010 scoping study. A 14,360 metre campaign commenced at the property in March 2011 with 800 metres of

discontinuous quartz outcrops recognised to the northeast of the property. Brownfield drilling commenced at the Jimena vein and mapping and sampling were completed at the Angela vein with geophysical magnetometry testing scheduled for March. A total drill programme of 36,000 metres is planned for the full year 2011.

*Azuca*

Intensive drilling continues at the 100% owned Azuca property with the aim of expanding the scale of the project. The Company expects to complete feasibility in Q1 2012 with production targeted for Q4 2013 at an initial estimate of 3.5 million silver equivalent ounces per year.

Year to date, 40,116 metres of infill drilling has been completed at the Yanamayo, Vivian and Azuca veins which aims to transform Inferred Resources to the Indicated category and advance the project to feasibility study. Assays are pending from drilling at the Karina, Milagros and Yola veins where magnetometry geophysical anomalies have been identified. The Environmental Impact Study is also underway and is expected to be submitted in Q3 2011.

**Core operations**

*Arcata*

The 2011 drill programme is underway at Arcata and aims to incorporate new resources at the Blanca, Amparo and Baja veins. A magnetometry geophysical survey started in March to test northern and western targets. Positive results from the drill programme have been reported in Q1 with intercepts including:

Amparo	DDH-935: 3.0 metres at 3.3 g/t Au and 1,736 g/t Ag DDH-951: 0.7 metres at 0.4 g/t Au and 641g/t Ag
Blanca	DDH-948: 0.4 metres at 2.3 g/t Au and 924 g/t Ag DDH-914: 0.9 metres at 4.3 g/t Au and 2,579 g/t Ag DDH-971: 0.8 metres at 6.0 g/t Au and 1,450 g/t Ag
Baja	DDH-185: 0.8 metres at 7.1 g/t Au and 360 g/t Ag

*Pallancata*

Underground development continues at the Pallancata, San Javier and Virgen del Carmen veins. Drill results in Q1 2011 include:

Thalia	DLPL-A713 triple intersected: 0.9 metres at 2.84 g/t Au and 837 g/t Ag; 1.4 metres width at 0.65 g/t Au and 245 g/t Ag; 0.8 metres at 5.0 g/t Au and 3,069 g/t Ag
Pallancata West	DLPL-A708 double intersect: 0.4 metres at 1.7 g/t Au and 461 g/t Ag; 3.1 metres at 1.3 g/t Au and 332 g/t DLPL-A710: 1.8 metres at 0.9 g/t Au and 294 g/t Ag

*San Jose*

During the quarter, diamond drilling was carried out at the Antonella and Sanson veins.

**Greenfield pipeline**

*Victoria*

The Victoria project in Chile is 60% owned by Hochschild, with the remaining 40% held by Iron Creek Capital. Eight drill holes were completed at the Cenizas, Incahausi and Vida targets in Q1 2011 totaling 2,327 metres.

*Valeriano*

At the Valeriano property which is located 27 kilometres north of Barrick Gold Corporation's Pascua Lama project, preliminary results received to date have confirmed the anomalies identified in past drill reports. Results of the geophysical survey have been very good with the definition of a porphyry-like anomaly at depth which corresponds with the surface geochemistry studies as well as the historic magnetic survey. Preliminary drill targets have been selected and the Company is planning to commence a 2,500 metre drill campaign in H2 2011.

### *Mercurio*

At the 100% owned Mercurio project in Mexico, surface mapping and sampling have taken place at the southern end of the property identifying a number of new vein sets which tend to be associated with local zones of silicification in this region. Soil sampling lines are also planned to help locate traces of veins on surface. The drilling campaign in 2011 will be focused on deeper areas of the project to evaluate potential areas similar to comparable mineralised mines in the vicinity.

### *Mosquito*

At the 100% owned Mosquito project in Argentina, strong anomalous mineralisation results have been reported for a number of the drill holes completed in Q1 2011 with results due to be assessed at the end of the drill programme and new targets identified.

Drill programmes are also scheduled to commence at the Company's other key targets including Company Makers, Sabina, Parihuana and Apacheta and at its medium scale projects Encrucijada, Cricket and La Flora.

### **Financial position**

In the period from 1 January 2011, Hochschild's operating and financial performance continues to be strong. The Company's financial position remains robust with total cash of approximately US\$540 million as at 31 March 2011 and minority investments of over US\$450 million.

Other than as described in this announcement, there have been no material events or transactions in the period from 1 January 2011 to 20 April 2011 which have affected Hochschild's financial position.

### **Outlook**

The Company is well positioned to achieve its full year production target of 22.5 million attributable silver equivalent ounces in 2011 with broadly stable production at San Jose and Pallancata, offset by lower production at Arcata. Key stage development at all three advanced projects remains on track and we will provide further updates on progress over the course of the year.

---

A conference call will be held at 2pm (London time) on Wednesday 20 April 2011 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 5322353#

---

### **Enquiries:**

#### **Hochschild Mining plc**

Charles Gordon  
Head of Investor Relations

+44 (0)20 7907 2934

#### **Finsbury**

Faeth Birch  
Public Relations

+44 (0)20 7251 3801

---

### **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 forty years' experience in the mining of precious metal epithermal vein deposits and currently operates four underground epithermal vein mines, three located in southern Peru, one in southern Argentina and one open pit mine in northern Mexico. Hochschild also has numerous long-term projects throughout the Americas.

## **PRODUCTION & SALES INFORMATION\***

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

	<b>Q1 2011</b>	<b>Q4 2010</b>	<b>Q1 2010</b>
Silver production (koz)	<b>5,240</b>	6,780	5,290
Gold production (koz)	<b>44.92</b>	54.27	46.29
Total silver equivalent (koz)	<b>7,935</b>	10,037	8,068
Total gold equivalent (koz)	<b>132.24</b>	167.28	134.46
Silver sold (koz)	<b>5,100</b>	6,826	5,031
Gold sold (koz)	<b>39.12</b>	56.18	37.14

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

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

	<b>Q1 2011</b>	<b>Q4 2010</b>	<b>Q1 2010</b>
Silver production (koz)	<b>3,687</b>	4,758	3,953
Gold production (koz)	<b>31.31</b>	37.44	34.95
Attrib. silver equivalent (koz)	<b>5,565</b>	7,005	6,051
Attrib. gold equivalent (koz)	<b>92.76</b>	116.75	100.84

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

## **QUARTERLY PRODUCTION BY MINE**

### **ARCATA**

<b>Product</b>	<b>Q1 2011</b>	<b>Q4 2010</b>	<b>Q1 2010</b>
Ore production (tonnes)	<b>156,976</b>	171,270	142,680
Average head grade silver (g/t)	<b>349</b>	404	458
Average head grade gold (g/t)	<b>0.95</b>	1.20	1.53
Silver produced (koz)	<b>1,550</b>	1,945	1,867
Gold produced (koz)	<b>4.34</b>	5.81	6.14
Silver equivalent produced (koz)	<b>1,810</b>	2,294	2,236
Silver sold (koz)	<b>1,316</b>	2,077	1,815
Gold sold (koz)	<b>3.69</b>	5.77	5.24

**ARES**

<b>Product</b>	<b>Q1 2011</b>	<b>Q4 2010</b>	<b>Q1 2010</b>
Ore production (tonnes)	<b>73,502</b>	76,596	78,641
Average head grade silver (g/t)	<b>64</b>	82	112
Average head grade gold (g/t)	<b>3.03</b>	3.35	3.94
Silver produced (koz)	<b>134</b>	182	242
Gold produced (koz)	<b>6.69</b>	7.72	9.34
Silver equivalent produced (koz)	<b>535</b>	646	802
Silver sold (koz)	<b>102</b>	214	238
Gold sold (koz)	<b>5.57</b>	8.75	4.21

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

<b>Product</b>	<b>Q1 2011</b>	<b>Q4 2010</b>	<b>Q1 2010</b>
Ore production (tonnes)	<b>242,061</b>	281,035	248,032
Average head grade silver (g/t)	<b>303</b>	358	339
Average head grade gold (g/t)	<b>1.31</b>	1.51	1.39
Silver produced (koz)	<b>2,018</b>	2,763	2,334
Gold produced (koz)	<b>7.78</b>	10.04	8.22
Silver equivalent produced (koz)	<b>2,485</b>	3,365	2,827
Silver sold (koz)	<b>2,327</b>	2,549	2,204
Gold sold (koz)	<b>8.63</b>	8.33	7.20

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

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

<b>Product</b>	<b>Q1 2011</b>	<b>Q4 2010</b>	<b>Q1 2010</b>
Ore production (tonnes)	<b>113,696</b>	135,710	96,484
Average head grade silver (g/t)	<b>459</b>	475	293
Average head grade gold (g/t)	<b>6.08</b>	6.34	5.92
Silver produced (koz)	<b>1,522</b>	1,871	823
Gold produced (koz)	<b>21.41</b>	26.14	16.43
Silver equivalent produced (koz)	<b>2,807</b>	3,440	1,809
Silver sold (koz)	<b>1,342</b>	1,962	749
Gold sold (koz)	<b>17.63</b>	27.45	14.58

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

## MORIS

<b>Product</b>	<b>Q1 2011</b>	<b>Q4 2010</b>	<b>Q1 2010</b>
Ore production (tonnes)	<b>305,411</b>	249,150	302,321
Average head grade silver (g/t)	<b>4.12</b>	4.30	3.86
Average head grade gold (g/t)	<b>0.76</b>	0.83	1.23
Silver produced (koz)	<b>16</b>	19	24
Gold produced (koz)	<b>4.69</b>	4.55	6.16
Silver equivalent produced (koz)	<b>298</b>	292	394
Silver sold (koz)	<b>12.8</b>	24.8	23.9
Gold sold (koz)	<b>3.59</b>	5.87	5.90

*\* Q1 2010 ounces sold have been restated to include gross revenue divided by gross ounces sold (previously included net revenue divided by net ounces sold)*

### **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.*

- ends -