



19 January 2011

Production Report for the 12 months ended 31 December 2010

Highlights

- Full year production of 26.4 million attributable silver equivalent ounces achieved in 2010 in line with expectations
- Ongoing delivery of organic growth strategy:
 - Positive scoping study at 100% owned Crespo property announced with projected annual silver equivalent production of 2.3 million ounces from 2014
 - Pre-feasibility and feasibility studies on track at advanced projects, Azuca & Inmaculada, with the potential to add over 10 million attributable silver equivalent ounces of production from 2014
 - Signing of definitive joint venture agreement with IMZ for the Inmaculada property in southern Peru
 - New discovery at San Jose, resource life significantly increased
 - Signing of option agreement for Valeriano property in northern Chile
 - Exercise of option to increase holding in Victoria project in Chile to controlling 60%
 - Divestment of stake in Lake Shore Gold Corp, generating net proceeds of US\$454 million
- Continued focus on exploration: 2011 budget up 40% to US\$70 million
- 2011 production target of 22.5 million silver equivalent ounces, in line with guidance
- Solid financial position with total cash of approximately US\$530 million

Ignacio Bustamante, Chief Executive Officer commented:

"I am pleased that we have once again met our full year production target, delivering 26.4 million attributable silver equivalent ounces in 2010. I am also delighted to report positive scoping results at our 100% owned advanced project, Crespo, where annual production has the potential to be 2.3 million silver equivalent ounces from 2014.

In line with our commitment to deliver value to shareholders through organic growth, we are further increasing our exploration budget by 40% to US\$70 million in 2011. This will be invested in our long term pipeline which currently includes 28 different drill targets at our mines and exploration sites throughout the Americas, including seven potential 'company makers'. Also, we will be progressing feasibility studies at our advanced projects, Inmaculada, Azuca and Crespo, which together have the potential to add over 12 million attributable silver equivalent ounces per year to our production profile from 2014."

2010 Overview

The Company delivered another solid performance in Q4 2010 with attributable production of 7.0 million silver equivalent ounces comprised of 4.8 million ounces of silver and 37.4 thousand ounces of gold. As a result, Hochschild has successfully achieved its full year production target, producing 26.4 million attributable silver equivalent ounces in 2010, containing 17.8 million ounces of silver and 144.4 thousand ounces of gold.

The Company expects its overall 2010 unit cost per tonne increase to be slightly higher than expected as a result of substantially higher metal prices which have increased royalties (particularly in the fourth quarter), the effect of the longer than anticipated mine life at the high cost Ares operation and local price inflation in Argentina. Excluding these effects, the cost increases achieved by the Company are within previous guidance.

Main operations

Pallancata continues to deliver strong results with Q4 production up 10% and 22% on the previous quarter, for silver and gold respectively. For the full year, treated tonnage is up 16% on 2009, due to the Selene plant exclusively processing Pallancata's ore. As a result of this, as well as higher extracted silver grades, year-on-year silver equivalent production increased 19% with total 2010 production of 12.3 million ounces.

In order to ensure a consistent and sustainable level of production and, in light of ongoing changing geotechnical conditions at the mine, Arcata grades were reduced during 2010 as they moved towards reserve grade level and consequently, 2010 equivalent silver production fell by 14% to 9.6 million ounces.

Production performance at San José in Q4 was stronger than that of Q3 due to higher volumes from new mining areas. Compared to the previous quarter, silver and gold production increased 33% and 19% respectively with full year silver equivalent production up 8% to 10.4 million silver equivalent ounces. This strong result was also helped by one-off contributions from a tailings recovery project. Despite the continuing challenging economic and operating environment in Argentina, the Company remains positive about the high grade potential of the San Jose mine and surrounding property.

Other operations

As a result of the significant increase in prices in the second half of 2010, the Company's Ares mine continued to operate for the full year, albeit at a lower level, producing 2.7 million silver equivalent ounces (2009: 3.5 million silver equivalent ounces). Moris, the Company's open pit operation, produced 1.4 million silver equivalent ounces in 2010 (2009: 1.8 million silver equivalent ounces).

Average realisable prices and sales

Average realisable precious metal prices¹ (including commercial discounts) in Q410 were US\$1,414.4/ounce for gold and US\$31.2/ounce for silver (excluding forward sales contracts). Average realisable precious metals prices for the full year 2010 were US\$1,266.2/ounce for gold and US\$22.6/ounce for silver.

Project pipeline & exploration

Exploration is a key part of Hochschild's growth strategy as demonstrated by a further increase in budget to US\$70 million in 2011 which represents a 40% increase on 2010. Since 2008, the Company has more than doubled investment in this area with positive results, particularly with regards to its key objective of increasing the resource life of its main operations and on expanding its project pipeline which now includes three advanced projects and seven potential 'company makers' (projects with the potential to achieve 20-30 million silver equivalent ounces per year).

The significant investment in 2011 will support the delivery of an extensive and targeted drill programme covering 335,000 metres at 28 targets across four countries - Peru, Argentina, Chile and Mexico. The budget will be split between exploration work at the Company's existing operations and on identifying and developing high-quality, early stage projects which have the potential to move through the pipeline to production. The approximate split is expected to be as follows:

Brownfield

- 33% - current operations mainly focused on extending life of mine. Following success in this regard during 2010 at the San Jose mine in Argentina, Hochschild is looking to further capitalise on the opportunities that this discovery presented.
- 14% - increasing resources at the three advanced projects - Azuca, Inmaculada and Crespo. This expenditure represents brownfield investment with the aim of adding to the reserves and resources of our advanced projects rather than infill drilling which falls under the capital expenditure budget.

Greenfield

- 15% - developing the "company maintainers" pipeline, with targets concentrated in Peru.
- 18% - drilling at our seven "company makers" with Victoria (Chile), Mercurio (Mexico) and Sabina (Peru) continuing programmes begun in 2010 and new programmes commencing in 2011 at Corazon de Tinieblas (Mexico), Josnitoro and Apacheta (Peru) and Valeriano (Chile).
- 4% - continuing work at its copper projects in Peru (started in 2010). These projects, located in the southern Andes, were acquired as part of the Southwestern transaction and are within a highly prospective area for copper deposits.
- 6% - progressing the Company's "Generative" initiative which aims to further expand its land package of premium properties in the four key countries

¹ Figures restated to include gross revenue divided by gross ounces (previously included net revenue divided by net ounces)

Other

- 10% - corporate and support activities. The Company currently employs 75 geologists and has exploration support offices in Peru, Argentina, Chile and Mexico.

Advanced projects

The Company continues to progress its advanced projects, Inmaculada, Azuca and Crespo, which have the combined potential to add approximately 12 million attributable silver equivalent ounces per annum to the Company's production profile from 2014².

Crespo

As announced today in a separate release, Hochschild reports 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 annual silver equivalent production of 2.3 million ounces starting from 2014. For further details of the scoping study, please see the press release published today.

Inmaculada

As announced in October 2010, Inmaculada, a 20,000 hectare gold-silver project located in the Company's existing operational cluster in southern Peru, is now 60% owned and controlled by Hochschild. The independent Preliminary Economic Assessment (scoping study), published by IMZ in September 2010, estimated average annual total silver equivalent production of 11 million ounces from the project's Angela vein and total resources of 115 million silver equivalent ounces (1.9 million gold equivalent ounces). Hochschild is now progressing the project with the aim of completing feasibility by the end of 2011, moving to production by December 2013.

The Company is also moving forward with the exploration programme at the property which consists of 40 mining concessions. The joint venture will undertake a 20,000 metre drilling programme annually for the first three years to further develop resources which are currently estimated at a total of 115 million silver equivalent ounces (1.9 million gold equivalent ounces).

Azuca

Intensive drilling continues at the 100% owned Azuca property with the aim of expanding the scale and profitability of the project. The Company expects to complete feasibility in Q4 2011 with production targeted for Q4 2013 at an initial estimate of 3.5 million silver equivalent ounces per year, representing more than 16% of Hochschild's expected 2011 attributable production. 30,181 metres of drilling was undertaken in Q410 with positive results at the Karla, Vivian and a new vein, Prometida, including:

Vein	Results
Karla	DAKA-A1007 0.9m at 1.3 g/t Au & 1,318 g/t Ag DAKA-A1008 1.0m 2.3 g/t Au & 946 g/t
Vivian	DAVI-A1026 0.8m at 11.3 g/t Au & 2,567 g/t Ag; 0.5m at 1.2 g/t Au & 651 g/t Ag; 0.6m at 0.7 g/t Au & 632 g/t Ag
Prometida	DAAW-A1007 2.1m at 2.6 g/t Au & 686 g/t Ag
Prometida Ramal Techo	DAAW-A1007 1.1m at 2.0 g/t Au & 1,050 g/t Ag

Mine-site exploration

San José

As previously announced, the Company has materially increased the resource life of the San José property following the discovery of nine new high-grade gold/silver veins and two extensions. To date, a significant portion of the San Jose property continues to be open at depth and laterally. During the quarter, 8,386 metres of diamond drilling was completed focused on the Kospi, Micaela, Ayelen and Ramal Kospi veins with significant intercepts including:

Vein	Results
Ayelen	SJD-816 1.9m at 2.3 g/t Au & 251 g/t Ag SJD-799 3.50 m at 2.98 g/t Au & 268.53 g/t Ag
Micaela	SJD-806 0.7m at 12.3 g/t Au & 2,389 g/t Ag SJD-797 0.3m at 8.4 g/t Au & 485 g/t Ag
Kospi	SJD 594 0.8m at 4.8 g/t Au & 296 g/t Ag

² Results of scoping study can vary by +/- 40%

Ramal Kospi	SJD 582 1.5m at 60.9 g/t Au & 1,376 g/t Ag
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Arcata

Exploration work is focused on increasing resources at the Socorro, Sorpresa, Rita and Barbara veins through diamond drilling with significant intercepts including:

Vein	Results
Sorpresa	DDH-831 0.9m at 5.3 g/t Au & 733 g/t Ag DDH 823 0.9m at 1.9 g/t Au & 1,201 g/t Ag
Socorro	DDH-169 0.8m at 13.5 g/t Au & 130 g/t Ag

Pallancata

The Company continued to advance underground development at the Mariana and Virgen del Carmen veins. Diamond drilling was executed at the Cimoide and Pallancata Oeste veins with intercepts including:

Vein	Results
Cimoide	DLPL-A605 1.3m at 1.5 g/t Au & 404 g/t Ag
Pallancata Oeste	DLPL-A606 7.0m at 1.3 g/t Au & 446 g/t Ag

Hochschild takes a very conservative approach to resource delineation and is one of the few companies that apply the same cut off grades to reserves and resources. As a result, the Company has a high rate of conversion from resources to reserves. Hochschild will publish audited reserves and resources tables as at 31 December 2010 on 29 March 2011.

Company makers

As mentioned above, the Company is also continuing to focus on 'company makers' which, as mentioned above, are projects with the potential to achieve 20-30 million silver equivalent ounces per year.

Victoria (Chile)

Exploration work is delivering positive results at the Victoria project in northern Chile, a property which covers 37 kilometres of continuous strike length at the highly productive Domeyko Fault Zone. A total of 18 core holes (over 3,904 metres) were completed in the last drill campaign at the Vaquillas deposit. Drilling indicates mineralisation of up to 30 metres wide with recent results including 8 metres at 10.5 g/t Au and 29 g/t Ag. During Q4, the Company exercised its option to increase its holding in the project to 60% with Iron Creek Capital holding the remaining 40%.

Valeriano (Chile)

In November 2010, Hochschild entered into an option agreement with Sociedad Contractual Minera Valleno for the Valeriano property which is located 27 kilometres north of Barrick Gold Corporation's Pascua Lama project. Valeriano covers an area of 3,750 hectares in close proximity to the Argentinian border and hosts both high-sulphidation as well as porphyry style disseminated gold mineralisation.

The property has been explored by a number of mining companies in the past including Phelps Dodge (1989-1991) and Barrick (1995-1997), both of which completed drill campaigns totalling 12,575 metres. No significant exploration has been undertaken at the property since 1997. A number of highly mineralised intercepts have been reported from this drilling including:

- 100 metres at 1.37 g/t Au in typical shallow high sulphidation style mineralisation starting at 19 metres depth
- 41 metres at 0.61 g/t Au, 12 g/t Ag and 0.30% Cu, porphyry type mineralisation starting at 70 metres depth

Other projects

During the quarter, 2,022 metres of drilling was undertaken at the Company's 100% owned Mercurio project in Mexico and results are currently under evaluation. At the 100% owned Sabina project in Peru, 1,022 metres of drilling was completed in Q4. To date, drilling has not reported significant mineralisation, however, a vertical anomalous feeder system has been identified at the Chaquella target. The intensity of the alteration system indicates a powerful hydrothermal system and the Company therefore plans to complete the current drill programme.

2011 Overview

Hochschild's production target for 2011 is 22.5 million silver equivalent ounces. The Company expects stable production at San José and Pallancata, offset by lower production at Arcata 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.

As anticipated, production at the ageing Ares mine will continue to decline, with closure expected in the second half of 2011. Management is monitoring the grade and cost profile of the operation to ensure that it is in line with the Company's policy of producing profitable ounces. Moris, the Company's Mexican operation is also scheduled for closure in 2011.

The Company expects overall 2011 unit cost per tonne performance in Peru to be broadly in line with industry cost inflation of around 10% whilst in Argentina, the rate is expected to continue to be higher as a result of expected ongoing local price inflation of around 25-30%.

Hochschild is in a strong financial position, with total cash of approximately US\$530 million on the balance sheet as at 31 December 2010. This, in conjunction with cash generated from the business will enable the Company to deliver its organic growth strategy. Key to this is the significant increase in exploration budget from US\$50 million in 2010 to US\$70 million in 2011 which will be invested in extending the resource life of existing operations, further developing our three advanced projects and on identifying high-quality, early stage projects.

A conference call will be held at 2pm (London time) on Wednesday 19 January 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 9816575#

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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 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 PRODUCTION¹

	Q4 2010	Q3 2010	Q4 2009	12 mths 2010	12 mths 2009
Silver production (koz)	6,780	6,227	6,125	24,430	24,585
Gold production (koz)	54.27	48.53	51.11	200.05	211.64
Total silver equivalent (koz)	10,037	9,139	9,191	36,434	37,283
Total gold equivalent (koz)	167.28	152.31	153.19	607.23	621.38
Silver sold (koz)	6,826	5,882	6,120	24,283	24,330
Gold sold (koz)	56.2	44.8	48.5	199.9	207.8

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

ATTRIBUTABLE GROUP PRODUCTION¹

	Q4 2010	Q3 2010	Q4 2009	12 mths 2010	12 mths 2009
Silver production (koz)	4,758	4,532	4,526	17,768	18,754
Gold production (koz)	37.44	34.44	37.23	144.40	156.77
Attrib. silver equivalent (koz)	7,005	6,598	6,760	26,432	28,160
Attrib. gold equivalent (koz)	116.7	109.97	112.67	440.53	469.34

¹ 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

Product	Q4 2010	Q3 2010	Q4 2009	12 mths 2010	12 mths 2009
Ore production (tonnes)	171,270	179,270	162,835	645,974	643,059
Average head grade silver (g/t)	404	418	442	439	503
Average head grade gold (g/t)	1.20	1.27	1.33	1.40	1.56
Concentrate produced (tonnes)	5,926	5,533	5,509	21,443	22,352
Silver produced (koz)	1,945	2,130	2,097	8,099	9,542
Gold produced (koz)	5.81	6.66	6.25	25.83	28.64
Silver equivalent produced (koz)	2,294	2,529	2,472	9,649	11,261
Silver sold (koz)	2,077	1,965	2,150	8,095	9,138
Gold sold (koz)	5.77	6.13	6.25	24.94	27.17

ARES

Product	Q4 2010	Q3 2010	Q4 2009	12 mths 2010	12 mths 2009
Ore production (tonnes)	76,596	68,524	90,376	301,726	341,273
Average head grade silver (g/t)	82	81	96	92	96
Average head grade gold (g/t)	3.35	3.35	3.06	3.58	4.17
Doré total (koz)	191	165	248	822	947
Silver produced (koz)	182	158	239	786	900
Gold produced (koz)	7.72	6.91	8.13	32.53	42.59
Silver equivalent produced (koz)	646	572	726	2,738	3,455
Silver sold (koz)	214	171	232	810.31	873
Gold sold (koz)	8.8	7.1	7.8	32.70	42

PALLANCATA¹

Product	Q4 2010	Q3 2010	Q4 2009	12 mths 2010	12 mths 2009
Ore production (tonnes)	281,035	273,239	277,552	1,071,617	922,521
Average head grade silver (g/t)	358	337	354	344	327
Average head grade gold (g/t)	1.51	1.32	1.49	1.41	1.43
Concentrate produced (tonnes)	2,283	2,360	2,520	9,541	7,684
Silver produced (koz)	2,763	2,511	2,731	10,135	8,420
Gold produced (koz)	10.04	8.27	10.24	35.85	31.97
Silver equivalent produced (koz)	3,365	3,007	3,346	12,286	10,339
Silver sold (koz)	2,549	2,490	2,679	9,998	8,405
Gold sold (koz)	8.3	7.9	9.8	33.7	30.7

¹The Company has a 60% interest in Pallancata.

SAN JOSÉ¹

Product	Q4 2010	Q3 2010	Q4 2009	12 mths 2010	12 mths 2009
Ore production (tonnes)	135,710	112,681	100,460	461,134	460,971
Average head grade silver (g/t)	475	423	351	397	398
Average head grade gold (g/t)	6.34	6.42	7.34	6.14	6.19
Silver produced (koz)	1,871	1,409	1,032	5,324	4,998
Gold produced (koz)	26.14	22.02	19.96	84.30	77.08
Silver equivalent produced (koz)	3,440	2,730	2,230	10,382	9,622
Silver sold (koz)	1,962	1,243	1,011	5,284	5,174
Gold sold (koz)	27.5	20.2	19.5	85.0	78.8

¹The Company has a 51% interest in San José.

MORIS

Product	Q4 2010	Q3 2010	Q4 2009	12 mths 2010	12 mths 2009
Ore production (tonnes)	249,150	251,260	333,240	1,148,826	1,282,461
Average head grade silver (g/t)	4.30	4.67	5.01	4.44	5.02
Average head grade gold (g/t)	0.83	1.16	1.34	1.14	1.38
Silver produced (koz)	19	20	25	86	97
Gold produced (koz)	4.55	4.67	6.52	21.532	28
Silver equivalent produced (koz)	292	300	417	1,378	1,797
Silver sold (koz)	24.8	13.4	21.2	95.1	86.7
Gold sold (koz)	5.9	3.4	5.1	23.5	26.3

* Ounces sold figures for all operations have been restated to include gross revenue divided by gross ounces (previously included net revenue divided by net ounces)

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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