HOCHSCHILD MINING

20 October 2010

Production Report and Interim Management Statement for the three months to 30 September 2010 ("Q3 2010")

Highlights

- Q3 2010 production of 6.6 million attributable silver equivalent ounces
- Production of 19.4 million attributable silver equivalent ounces in the first nine months of 2010
- On track to achieve 2010 production target of 26.3 million attributable silver equivalent ounces
- Continued delivery of organic growth strategy:
  - Positive scoping results at Inmaculada project: increased holding to a controlling 60% interest[1]
  - Positive scoping results at 100% owned Azuca project: progressed to pre-feasibility stage
  - Estimated production at Azuca & Inmaculada represents 38% of Hochschild's anticipated 2010 production
  - New discovery at San Jose, resource life of mine significantly increased to approximately 12.5 years[2]
  - Reduction in Lake Shore Gold investment from 35% to 6% with gross proceeds of C$392 million[3]
- Continued focus on profitability and cost control – costs remain in line with guidance
- Settlement of lawsuit with joint venture partner at San Jose operation

Ignacio Bustamante, Chief Executive Officer commented:

"This has been an exciting period for Hochschild where we have refined our strategy and delivered in several key areas. Our investment in exploration is reaping rewards including a material increase in resource life of mine at our San Jose property and the progression of Azuca to pre-feasibility stage. I am also delighted that we now have a controlling stake in the Inmaculada project which has impressive geological potential, similar to our current Pallancata operation. Finally, we have realised an excellent return on our investment in Lake Shore Gold and will use the funds to further accelerate our organic growth pipeline and to pursue other value accretive opportunities.

Underpinning all of this activity is our operating base and, with another solid quarter of production, I am pleased to announce that we are on track to achieve our full year target of 26.3 million attributable silver equivalent ounces."

Overview

Hochschild Mining plc ("Hochschild" or "the Company") delivered a solid performance in Q3 2010 with production of 6.6 million attributable silver equivalent ounces, comprised of 4.5 million ounces of silver and 34.4 thousand ounces of gold. With production in the first nine months of the year of 19.4 million attributable silver equivalent ounces, Hochschild remains on track to achieve its 2010 target of 26.3 million attributable silver equivalent ounces from its current operations.

Unit cost per tonne for the full year is in line with the Company's annual guidance of a 10% increase on 2009 which is primarily the result of inflation related to labour and supply costs. Hochschild takes an extremely rigorous approach to managing costs and is currently undertaking a number of cost efficiency and productivity initiatives which will contribute to continued cost containment.

Main operations

Pallancata continues to deliver strong results with production in the first nine months up 30% and 19% year-on-year for silver and gold respectively, to 8.9 million silver equivalent ounces. Since June 2009, the Selene plant has exclusively processed Pallancata's ore and, as a result, treated tonnage at Pallancata is up by 23% year-on-year.

[1] Announced on 13 October 2010
[2] Unaudited figure, announced on 19 October 2010
[3] Announced on 14 October 2010

As a result of the expected improvement in grade profile connected to the ongoing development of the high grade Kospi vein, the Company's San Jose operation reported a strong quarter, with silver and gold production up 15% and 12% quarter-on-quarter respectively. The Company has also agreed to settle the lawsuit with its joint venture partner, Minera Andes Inc ("MAI"), regarding the $65 million project financing loan provided by Hochschild to the San Jose project. The companies have agreed to a repayment schedule for both the project finance loan and the 2004 shareholder loan of $50 million, over a maximum period of 8 years with a fixed interest rate of 7% per annum. Future payments on both loans may be accelerated based on mine performance and metal prices, maximising cash flows for Hochschild and MAI. Both companies are committed to working together to deliver the full potential of this asset.

As reported earlier this year, Arcata's production continues to be impacted by lower silver grades as a result of higher dilution due to narrower veins in the accessible mine areas and changing geotechnical conditions. Management continues to forecast Arcata's silver grades to be close to Q4 2009 levels over the medium term.

Other operations

Production at Ares remains relatively stable with 2.1 million silver equivalent ounces produced in the first nine months of the year. Depending on conditions in the next quarter, production at Ares may continue beyond the scheduled closure this year, in line with the Company's policy of only mining profitable ounces. Moris, the Company's only open pit operation, which produced 1.1 million silver equivalent ounces in the first nine months of 2010, is expected to close in the first half of 2011, as previously indicated.

Average realisable prices and sales

Average realisable prices (after commercial discounts) in Q3 2010 were $1,235/oz for gold and $20.15/oz for silver. Average realisable prices for the first nine months of the year were $1,184/oz for gold and $18.28/oz for silver.

As disclosed in May 2009, in order to ensure an ongoing level of cash flow stability to fund its growth strategy, Hochschild secured a 'zero cost collar' for 5.2 million ounces of its 2010 silver production, with an average 'floor' at $12.7/oz and an average 'cap' at $19.7/oz. For the first nine months of 2010, the Company has realised a marginal loss of $1.3 million relating to the collar.

Acquisitions & divestments

Inmaculada project

During the quarter, the Company's joint venture partner International Minerals Corporation ("IMZ") reported positive scoping results from the Inmaculada project, a 20,000 hectare gold-silver project located in southern Peru. As a result of this, on 13 October 2010, Hochschild announced an agreement to increase its holding in the project from 30% to a controlling 60% interest[4]. Under the terms of the agreement, Hochschild will pay IMZ $15 million and will fund 100% of the first $100 million of capital expenditure towards the project's feasibility and development. Any further capital expenditure required to achieve commercial production will be contributed by each joint venture partner in proportion to their ownership interests. Additionally, the Company will acquire approximately 3.7 million shares or 3.2% of the issued and outstanding share capital of IMZ[5], by way of a private placement which is expected to close by the end of this month, for a total cash consideration of $20 million.

Scoping results estimate average annual total silver equivalent production of 11 million ounces from the project's main Angela vein, with significant potential in the surrounding property. On an attributable basis, estimated average annual silver equivalent production of 6.6 million ounces represents 25% of Hochschild's anticipated 2010 production. Results of the scoping study indicate that, at base case gold and silver price assumptions of $1,000/oz and $17/oz respectively, the project could return a cumulative total pre-tax cash flow[6] of $660 million, with a pre-tax internal rate of return ("IRR") of 41%. Using spot prices of $1,300/oz and $22.1/oz for gold and silver respectively, the project could return a cumulative total pre-tax cash flow[7] of approximately $1,026 million, equivalent to $699 million at a 5% discount rate and $483 million at a 10% discount rate, with an IRR for the project of approximately 58%. Hochschild is now fast tracking the project and aims to complete feasibility by the end of 2011 with production targeted for 2014.

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[4] *Based on IMZ's stated intention to earn-in a 70% interest by funding and completing a feasibility study by September 2013 and by issuing 200,000 IMZ shares to Hochschild*
[5] *Based on prevailing exchange rates*
[6] *Non-discounted*
[7] *Non-discounted*

Lake Shore Gold

Also following the quarter end, Hochschild announced the reduction of its stake in Lake Shore Gold Corp ("Lake Shore Gold") from approximately 35% to 6% for total gross proceeds of C$392.4 million. Proceeds will be used to support the Company's organic growth strategy, including funding Azuca and Inmaculada to production and also to pursue further opportunities which provide a positive capital return. RBC Dominion Securities Inc., BMO Nesbitt Burns Inc. and CIBC World Markets Inc. have agreed to purchase 109,000,000 of the common shares of Lake Shore Gold held by Hochschild, on a bought deal basis for onward sale. The purchase price of C$3.60 represents a 33% gain on Hochschild's average purchase price of C$2.70 per share.

Gold Resource Corp

Finally, the Company's stake in Gold Resource Corp ("GRC") was reduced from 30% to 28%, following the capital raising undertaken by GRC during the quarter. Hochschild remains supportive of GRC, however, the Company decided not to participate in the transaction in order to focus on its own extensive and rapidly expanding exploration pipeline.

Exploration

- New discovery at San Jose resulting in a significant increase in resource life to approximately 12.5 years[8]
- Positive scoping results at 100% owned Azuca project: progressed to pre-feasibility stage
- 100% owned Crespo project at scoping stage with results expected in H1 2011
- Active drilling undertaken at potential company maker projects; Victoria in Chile, Mercurio in Mexico and Sabina in Peru

Exploration is a vital part of Hochschild's growth strategy and the Company has committed $50 million in 2010 to increasing the resource life of its main operations as well as developing its extensive project portfolio.

Resource life of mine

Hochschild continues to build on the significant progress made in the first half of the year, when resource life of mine increased by 11% from 7.1 years as at 31 December 2009 to 7.9 years[9] as at 30 June 2010. The Company has materially increased the resource life of the San Jose property from 8.4 to approximately 12.5 years[10] following the discovery of nine new high-grade gold/silver veins and two extensions, announced earlier this month. This is a result of an intensive 47,431 metre drilling programme undertaken by the Company in the first nine months of the year which has increased total resources by 63 million ounces. To date, a significant portion of the San Jose property continues to be open at depth and laterally. Exploration drilling is focused on expanding resources in the known veins, including Ayelén and Odin, and in other areas of the property, such as the Saavedra and Aguas Vivas targets.

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, resources are also economic and the Company has a high rate of conversion from resources to reserves.

Hochschild is also undertaking intensive drilling campaigns at its other core properties. At Arcata, the Company continues to increase resources at the Socorro and Luz veins through diamond drilling. Significant intercepts were in Luz DDH-791, 0.6m at 1.2 g/t Au & 484 g/t Ag; in Socorro DDH-789, 0.8m at 8.1 g/t Au and 1,214 g/t Ag and DDH 148, 0.8m at 4.0 g/t Au and 846 g/t Ag.

At Pallancata, underground preparation and development continues at the Virgen del Carmen, Diana and Pallancata veins. In addition, diamond drilling is underway at the San Cayetano, Pallancata Oeste and Este veins with results including DLPL-A583 which double intersected 2.7 metres at 10.7 g/t Au and 1,471 g/t Ag and 1.9 metres at 0.9 g/t Au and 292 g/t Ag.

Project pipeline

During the quarter, Hochschild announced positive results from a scoping study completed by an independent party at the 100% owned Azuca project in southern Peru, one of the key 'company maintainer' projects. Results

[8] Unaudited figure, announced on 19 October 2010
[9] Unaudited figure
[10] Unaudited figure, announced on 19 October 2010

estimate initial silver equivalent production of 3.5 million ounces per year on average, representing more than 13% of Hochschild's 2010 attributable production. At base case gold and silver prices of $1,000/oz and $17/oz respectively, the project could return a cumulative total pre-tax cash flow[11] of approximately $107 million and 21% IRR. Using spot prices for gold and silver of $1,300/oz and $21.9/oz respectively, the project could return a cumulative total pre-tax cash flow[12] of approximately $247 million and 46% IRR. The study assumes initial plant throughput of 750 tonnes per day with engineering designed to easily accommodate future capacity increases. Azuca has reached resources of 60.8 million silver equivalent ounces and is now in pre-feasibility stage with targeted completion in H2 2011. The Company is undertaking an intensive drilling campaign to develop additional resources with a view to continue extending the scale and profitability of the project.

'Company maintainers' are projects that have the potential to deliver 5-10 million silver equivalent ounces of production per year. This includes the Crespo project where the Company is building on the 44.1 million silver equivalent ounces reported at the end of 2009 with the aim of completing scoping in H1 2011. The exploration cross-cut to confirm drill-hole grades and controls of the Au-Ag disseminated mineralisation continues to advance and underground resource development drilling will follow once the cross-cut is completed.

As previously mentioned, Hochschild has increased its ownership of 'company maintainer', Inmaculada, which is located approximately 40km south of Hochschild's Pallancata operation from 30% to 60%. The property consists of 40 mining concessions and is characterised by both low and high sulphidation epithermal mineralised systems, hosted by veins, breccias and disseminations within tertiary volcanics. The new 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).

In addition, the Company is undertaking diamond drilling at the 100% owned Cerro Blanco Au-Ag epithermal vein project in its southern Peru cluster totaling 3,200 metres and also at the La Flora and Mosquito Au-Ag epithermal vein projects in Argentina.

The Company is also continuing to focus on 'company makers' which are projects with the potential to achieve 20-30 million silver equivalent ounces per year. During the quarter, Hochschild reported positive drill results at the Victoria joint venture in northern Chile, a property which covers 37km of continuous strike length of the highly productive Domeyko Fault Zone. Hochschild's work to date is focused on the Vaquillas mine which is part of the Victoria joint venture with Iron Creek Capital Corp. ("Iron Creek"). Highlights include diamond drill hole VVQDD-10-033 that cut 10.50 metres at 8.90 g/t Au and 116.31 g/t Ag including one exceptional intercept of 1.13 metres with grades of 78.3 g/t Au and 802 g/t Ag. Hochschild is currently undertaking a new 5,000 metre programme of diamond core drilling to further test the oxide Au and Ag resource at Vaquillas. Hochschild has the option to acquire a 60% interest in the Victoria joint venture by incurring $6.0 million in exploration expenditures by 31 December 2013.

Sabina is a 100% owned project in Peru where the Company has completed field work and commenced drilling in June 2010. In addition, during H1 2010, Hochschild acquired two new early stage projects which have the potential to be 'company makers', Corazon de Tinieblas in Mexico and Apacheta in Peru where preliminary field work is underway.

Summary

The Company is in a strong financial position and remains focused on delivering its organic growth strategy by developing its extensive exploration programme, maximising resource life of mine at its core operations and securing early stage, highly value accretive projects which have significant upside potential and a clear path to control.

Other than as described in this announcement, there have been no material events or transactions in the period from 1 July 2010 to 20 October 2010 which have affected Hochschild's financial position.

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[11] *Non-discounted*
[12] *Non-discounted*

A conference call will be held at 2pm (London time) on Wednesday 20 October 2010 for analysts and investors.

Dial in details as follows:
+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:

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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 prospects throughout the Americas.

TOTAL GROUP PRODUCTION (100% of all operations)

	Q3 2010	Q2 2010	Q3 2009
Silver production (koz)	6,227	6,133	6,668
Gold production (koz)	48.53	50.95	56.80
Total silver equivalent (koz)	**9,139**	**9,191**	**10,075**
Total gold equivalent (koz)	152.31	153.18	167.92
Silver sold (koz)	5,693	6,328	6,722
Gold sold (koz)	44.00	60.62	57.69

ATTRIBUTABLE GROUP PRODUCTION (Production attributable to Hochschild[1])

	Q3 2010	Q2 2010	Q3 2009
Silver production (koz)	4,532	4,524	4,978
Gold production (koz)	34.44	37.57	41.94
Attrib. silver equivalent (koz)	**6,598**	**6,778**	**7,494**
Attrib. gold equivalent (koz)	109.97	112.97	124.90

[1] *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 (100% owned)

Product	Q3 2010	Q2 2010	Q3 2009
Ore production (tonnes)	179,270	152,754	168,718
Average head grade silver (g/t)	418	483	494
Average head grade gold (g/t)	1.27	1.65	1.68
Concentrate produced (tonnes)	5,533	5,449	5,456
Silver grade in concentrate (kg/t)	12.07	12.43	14.21
Gold grade in concentrate (kg/t)	0.04	0.04	0.05
Silver produced (koz)	2,130	2,156	2,475
Gold produced (koz)	6.66	7.22	8.31
Silver equivalent produced (koz)	**2,529**	**2,590**	**2,973**
Silver sold (koz)	1,882	2,142	2,512
Gold sold (koz)	5.87	7.50	8.04

ARES (100% owned)

Product	Q3 2010	Q2 2010	Q3 2009
Ore production (tonnes)	68,524	77,965	88,933
Average head grade silver (g/t)	81	92	107
Average head grade gold (g/t)	3.35	3.62	3.91
Doré total (koz)	165	214	274
Silver produced (koz)	158	204	262
Gold produced (koz)	6.91	8.56	10.30
Silver equivalent produced (koz)	**572**	**717**	**880**
Silver sold (koz)	171	187	246.5
Gold sold (koz)	7.1	12.6	10.4

PALLANCATA (60% owned)

Product	Q3 2010	Q2 2010	Q3 2009
Ore production (tonnes)	273,239	269,311	269,128
Average head grade silver (g/t)	337	341	335
Average head grade gold (g/t)	1.32	1.39	1.49
Concentrate produced (tonnes)	2,360	2,558	2,160
Silver grade in concentrate (kg/t)	33.10	30.77	36.10
Gold grade in concentrate (kg/t)	0.11	0.11	0.14
Silver produced (koz)	2,511	2,528	2,507
Gold produced (koz)	8.27	9.32	9.62
Silver equivalent produced (koz)	**3,007**	**3,087**	**3,085**
Silver sold (koz)	2,407	2,672	2,351
Gold sold (koz)	7.7	10.0	8.8

SAN JOSE (51% owned)

Product	Q3 2010	Q2 2010	Q3 2009
Ore production (tonnes)	112,681	116,259	122,342
Average head grade silver (g/t)	423	368	407
Average head grade gold (g/t)	6.42	5.81	6.65
Silver produced (koz)	1,409	1,221	1,402
Gold produced (koz)	22.02	19.71	22.47
Silver equivalent produced (koz)	**2,730**	**2,403**	**2,751**
Silver sold (koz)	1,220	1,295	1,536
Gold sold (koz)	19.9	22.2	24.7

MORIS (100% owned)

Product	Q3 2010	Q2 2010	Q3 2009
Ore production (tonnes)	251,260	346,095	316,725
Average head grade silver (g/t)	4.67	4.89	5.04
Average head grade gold (g/t)	1.16	1.26	1.44
Silver produced (koz)	20	24	22
Gold produced (koz)	4.67	6.15	6.09
Silver equivalent produced (koz)	**300**	**393**	**387**
Silver sold (koz)	13.4	33.0	16.0
Gold sold (koz)	3.4	8.3	5.5

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.

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