



16 October 2013

**Interim Management Statement and
Production Report for the 3 months ended 30 September 2013**

Highlights

- Q3 2013 attributable production of 5.4 million silver equivalent ounces¹
- On track to achieve 2013 attributable production target of 20.0 million silver equivalent ounces
- Proposed Acquisition of Pallancata and Inmaculada Minorities announced:
 - Net cash consideration of \$271 million
 - Consolidates minority shareholding in assets already controlled and operated by Hochschild
 - Reduces average unit cost
 - Equity placing completed - raising \$72.8 million
 - \$340 million acquisition bridge financing facility arranged
- Cashflow optimisation programme delivering material cost and expenses savings
- Inmaculada mill construction permit approved by Peruvian government

Ignacio Bustamante, Chief Executive Officer commented:

"I am pleased to report that Hochschild has enjoyed another solid quarter and is very much on track to meet our full year production target of 20m silver equivalent ounces.

We have had an exciting quarter with the Inmaculada Advanced Project receiving its mill construction permit, as expected, as well as the recent announcement of our proposed buyout of the International Minerals minorities in Peru. In addition, Hochschild's cashflow optimisation programme continues apace and I am confident that we will be able to demonstrate significant savings at our Full Year results early in 2014."

A conference call will be held at 3pm (London time) on Wednesday 16 October 2013 for analysts and investors.

Dial in details as follows:

UK: +44 (0) 20 3003 2666
Password: Hochschild

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: 8143722

¹Silver equivalent production assumes a gold/silver ratio of 60:1

Overview

In Q3 2013 the Company produced 5.4 million attributable silver equivalent ounces, comprised of 3.6 million ounces of silver and 30 thousand ounces of gold. Overall, in the first nine months of 2013, the Company delivered attributable production of 15.1 million silver equivalent ounces, including 9.8 million ounces of silver and 88 thousand ounces of gold, and remains on track to meet its full year production target of 20.0 million attributable silver equivalent ounces.

Production

Main operations

At Arcata, total silver equivalent production in Q3 2013 was 1.6 million ounces (Q3 2013: 1.6 million ounces). Tonnage in Q3 was in line with Q2 but grades improved considerably as tonnage increased from stopes and developments gradually replacing, as expected, volumes processed from the low-grade Macarena Waste Dam Deposit.

Table Showing Contribution From Macarena Waste Dam Deposit

	Q3 2013	YTD 2013
Total		
Tonnage	229,462	656,736
Average head grade gold (g/t)	0.76	0.72
Average head grade silver (g/t)	231	207
Macarena		
Tonnage	66,414	210,764
Average head grade gold (g/t)	0.29	0.29
Average head grade silver (g/t)	82	81
Stopes and Developments		
Tonnage	163,048	445,972
Average head grade gold (g/t)	0.95	0.92
Average head grade silver (g/t)	292	267

The Pallancata operation delivered another consistent quarter with tonnage and grades in line with the previous quarter and the same period of 2012 resulting in total silver equivalent production of 2.3 million ounces (Q3 2012: 2.4 million ounces). Year-to-date, Pallancata has produced 6.7 million silver equivalent ounces (Q3 YTD 2012: 6.6 million ounces).

San Jose once again delivered a strong quarter of production in Q3 2013 with increased silver grades and improved recoveries resulting in total silver equivalent production of 3.2 million ounces (Q3 2012: 2.8 million ounces). Year-to-date San Jose has produced 9.0 million silver equivalent ounces up 9% from the same period of 2012.

Other operations

The Company's Ares mine in Peru continued to operate in Q3 2013, delivering total silver equivalent production of 635 thousand ounces (Q3 2012: 559 thousand ounces).

At Moris, the Company's open pit operation in Mexico, leaching of the pads continued during Q3 2013, producing a further 86 thousand silver equivalent ounces (Q3 2012: 155 thousand silver equivalent ounces). Moris remains in the final stages of the pads' cyanidation process with exploration continuing at the property.

Proposed Acquisition of Pallancata and Inmaculada Minorities

On 2 October 2013, Hochschild announced that it has entered into a binding agreement to acquire the 40% interests held by International Minerals Corporation ("IMZ") in the Pallancata mine and Inmaculada Advanced Project in Peru (the "Peruvian Assets", and collectively the "Acquisition"). The transaction will be executed by way of a court-approved Plan of Arrangement under the Business Corporations Act (Yukon) (the "Canadian Act"). Hochschild currently holds a 60% interest in the Peruvian Assets.

In connection with the Acquisition, each IMZ shareholder (other than Hochschild or its affiliates) will receive a cash payment of \$2.38 per IMZ share (for aggregate cash consideration of \$271 million) and each IMZ shareholder (including Hochschild or its affiliates) will receive one common share of a newly incorporated British Columbia, Canada company ("SpinCo") per share. Under the terms of the Acquisition, Hochschild will

acquire the Peruvian Assets for a total value of approximately \$280 million, taking into account the cash payment of \$271 million, the undisturbed market value of Hochschild's existing 3.2% shareholding in IMZ, and the 3.2% shareholding in SpinCo which Hochschild will retain.

Assuming all conditions are satisfied or waived (where applicable), Hochschild currently expects the Acquisition to be completed by the end of Q4 2013.

Average realisable prices and sales

Average realisable precious metal prices in Q3 2013 (which are reported before the deduction of commercial discounts) were \$1,417/ounce for gold and \$23.24/ounce for silver (Q3 2012: \$1,729/ounce for gold and \$34.13/ounce for silver). For the first nine months of 2013, average realisable precious metal prices were \$1,384/ounce for gold and \$23.11/ounce for silver (Q3 2012 YTD: \$1,694/ounce for gold and \$32.30/ounce for silver).

Project pipeline & exploration

Following a detailed review of discretionary elements of its 2013 exploration budget, the Company announced, earlier in the year, a reduction in its exploration budget, from \$77 million to \$50 million.

Brownfield exploration²

Arcata

In Q3 2013, 3,207 metres of drilling were carried out at Arcata with a total of 8,472 metres having been drilled year-to-date. The exploration programme focused on the definition of new high-grade structures from known vein systems and also a new geological interpretation of the Amparo-Blanca corridor that has identified high-grade structures. In addition, diamond drilling was conducted at the Pamela, Blanca 2, Tunel 4, Tunel 3 SE and Irma veins. Significant intercepts include¹:

Vein	Results
Blanca 2	DDH487-LM13: 1.26m at 1.31 g/t Au & 312 Ag
Tunel 4	DDH506-LM13: 1.20m at 1.65 g/t Au & 1,054 Ag
Tunel 3 SE	DDH506-LM13: 1.00m at 0.45 g/t Au & 392 Ag
Irma	DDH492-GE13: 1.18m at 0.75 g/t Au & 5,029 g/t Ag

In Q4, the near-mine exploration programme will continue with drilling focused on the definition of new high-grade structures in the Tunel 3&4, Alexia and Amparo veins.

Pallancata

In Q3 2013, 3,774 metres of drilling were carried out at Pallancata with the total for the year-to-date at 13,742 metres. New gold-rich high-grade structures were identified in the northern part of the district with resource development drilling continuing at the Yurika and Charo veins. Step-out drilling was conducted in the Teresa vein with strong silicification results.

In Q4, the exploration programme at the operation will continue to focus on completing the delineation of new potential structures and incorporating new resources.

San Jose

In Q3 2013, the exploration programme at San Jose focused on the geological mapping and sampling of the district area and identifying new structures. A total of 4,362 metres of diamond drilling was completed during the quarter with the year-to-date total at 10,105 metres. Detailed surface mapping and sampling was completed over the Juanita vein and the Saavedra Open Pit and a drilling campaign is scheduled to start early in the quarter. Significant intercepts in the quarter included¹:

Vein	Results
Kospi SE	SJD-1408: 1.00m at 7.42 g/t Au & 522 g/t Ag

In the last quarter, exploration will focus on the delineation of the Juanita vein system to study the vein and the disseminated potential.

²Please note that in line with industry-wide standards, all mineralised intersections in this release are quoted as true widths.

Ares

The exploration programme at Ares in Q3 2013 focused on the exploration of potential mineralisation in known vein extensions and the definition of new high-grade structures. In addition, exploration continued at the Paola, Karina and Victoria veins. In the Paola vein, surface mapping and sampling was conducted over a 2,871 ha area. In the last quarter of the year, the exploration and drilling programme at Ares will focus on potential resources.

Moris

In Q3 2013, exploration work at Moris continued to focus on identifying new economic structures and the completion of a geological model update of the property to identify new drill targets. During this quarter a 4,000 metre drilling programme has been defined at Los Alamos which will be completed in January 2014.

Advanced Projects

On 20 September 2013, Hochschild announced that the Peruvian government had approved the mill construction permit for the Inmaculada project representing completion of the final stage of the project's construction permitting process.

Inmaculada

Project development continued at Inmaculada in the third quarter. Detailed underground mine engineering is on track to be completed early in Q3 and the procurement of the main mine equipment as well as the transmission line components is also close to completion. Almost 2.3km of tunneling and 1.3km of raised boring has been carried out in 2013 with a total over 6km achieved since the projects commencement. Finally, with the approval of the mill construction permit, the contractor, Grana y Montero, has recently commenced construction work at the site.

During the third quarter surface mapping and sampling campaigns started over the Huarmapata 3 area identifying a high sulphidation system with advanced argillic alteration. An exploration drilling programme has been defined and will start in early Q4 with targets in the Huarmapata and Mayte veins.

Crespo

At the Company's 100% owned Crespo project, in Q3 2013 the detailed integration engineering continued with basic and detailed mine engineering also in progress during the quarter whilst construction of the new access road to the mine site progressed and is anticipated to be completed in Q4 2013.

In July, the Company received the Environmental Impact Study ('EIS') permit for Crespo. The Company submitted the project's construction permit application at the end of February and received positive feedback from the Peruvian government, to move to the next stage in the process.

Volcan

At the Volcan company maker project in Chile, work through H2 comprised systematic relogging of Andina Minerals drill core in order to construct a more robust geological model of the porphyry system. This will continue through the rest of 2013 in conjunction with orebody modelling, to be followed by an updated resource calculation in 2014.

Greenfield pipeline

In the period to 30 September 2013, a total of 23,524 metres were drilled on eight projects as part of the Greenfield exploration programme.

Highlights of the Greenfield exploration programme during the period are provided below.

Valeriano

At the Valeriano Company Maker project, also in Chile, field work through most of Q3 was stopped for the winter season, with efforts focused on the compilation and interpretation of last season's encouraging drilling results. A further drill programme of this deep porphyry target is currently being planned for the coming season.

Mercurio

At the Mercurio Company Maker project in Mexico, in line with the cashflow optimisation programme, the project target area was significantly reduced to concentrate on the more prospective north-western Barite area with soil sampling delineating a zone of gold mineralisation. The next stage will be to carry out a geochemical grid survey over the area.

Pachuca

At the Pachuca Company Maker project in Mexico, the JV with Solitario has been focusing on the northwestern extension of the historical vein mining district. Promising gold and silver intersections encountered in previous campaigns (mainly by Newmont) will be followed up by drilling within the next few months with 3D modelling of all historic data already contributing to target generation.

Julieta

At the Julieta project in Peru, geologists continued their surface exploration efforts, identifying new mineralised structures along strike of the main structural control. These recent discoveries extend the mineralisation by at least another 400 metres. A 2,000 metre diamond drill programme is scheduled to begin in Q4 2013, once final government authorisation is received.

Fresia

At the Fresia Medium Scale project in Peru, an environmental assessment report, required to obtain a drill permit, was completed and will be filed with the Ministry of Mines in Q4 2013. 1,500 metres of diamond drilling are planned for early next year.

Ibel

At the Ibel Medium Scale project in Peru, surface mapping and sampling has identified at least five distinct exploration targets, including a large gold-bearing hydrothermal breccia with consistent anomalous gold values over an area measuring 1.5km x 300 metres. Additional surface work is planned for Q4 2013.

Riverside

Hochschild has supplied Riverside with additional funding to carry out further target generation on the Clemente project in the north Sonora, Mexico, later this year. The funding will be used for further mapping, geochemistry and trenching work in order to better delineate drill targets within the highly prospective mega shear.

Financial position

The Company's financial position remains strong, with total cash of approximately \$345 million³ and minority investments valued at approximately \$69 million with short term borrowings of approximately \$90 million⁴.

In connection with the proposed acquisition of the Pallancata and Inmaculada minorities (mentioned above), Hochschild has also announced the first stage of a broader corporate refinancing initiative and has:

- raised commitments for a \$340 million acquisition bridge financing facility, subject to cancellation of the \$140 million Suyamarca loan facility; and
- completed an equity placing to institutional investors, including Eduardo Hochschild, of 29,000,000 new ordinary shares of 25 pence each in Hochschild at a price of 155 pence per Placing Share, raising gross proceeds of approximately \$72.8 million (£45.0 million) and representing approximately 8.6% of Hochschild's issued ordinary share capital prior to the Placing.

³Includes gross proceeds of approximately \$72.8 million from equity placing on 2 October 2013.

⁴Minority investments and short term borrowings as at 30 September 2013.

These facilities have been sized to provide Hochschild with the requisite funding to fully support the Company's anticipated capital expenditure at Inmaculada of \$230 million and to provide capacity to satisfy the Company's upcoming convertible bond maturity in October 2014.

A review of bond and bank refinancing alternatives for the second stage of Hochschild's balance sheet refinancing is being undertaken by Hochschild and its advisers.

Outlook

Hochschild is on track to achieve its full year production target of 20.0 million attributable silver equivalent ounces in 2013, with production at its core operations set to remain broadly stable throughout the rest of 2013.

With regards to Full Year 2013 unit costs, the Company is maintaining its Interim Results guidance of a 0-5% increase in Peru and a 5-10% increase at San Jose 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**

	Q3 2013	Q2 2013	Q3 2012	YTD 2013	YTD 2012
Silver production (koz)	5,180	4,770	4,942	14,279	14,670
Gold production (koz)	45.02	44.76	41.53	131.42	123.00
Total silver equivalent (koz)	7,881	7,456	7,434	22,164	22,050
Total gold equivalent (koz)	131.36	124.27	123.90	369.40	367.50
Silver sold (koz)	4,660	5,651	5,263	13,813	13,859
Gold sold (koz)	41.43	54.03	47.95	125.00	113.86

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

ATTRIBUTABLE GROUP PRODUCTION

	Q3 2013	Q2 2013	Q3 2012	YTD 2013	YTD 2012
Silver production (koz)	3,594	3,228	3,424	9,845	10,311
Gold production (koz)	29.76	29.18	28.53	87.65	84.5
Silver equivalent (koz)	5,380	4,979	5,136	15,104	15,379
Gold equivalent (koz)	89.67	82.99	85.60	251.74	256.31

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

Product	Q3 2013	Q2 2013	Q3 2012	YTD 2013	YTD 2012
Ore production (tonnes treated)	229,462	223,386	194,484	656,736	539,144
Average grade silver (g/t)	231	188	260	207	291
Average grade gold (g/t)	0.76	0.66	0.78	0.72	0.86
Silver produced (koz)	1,355	1,101	1,358	3,647	4,370
Gold produced (koz)	4.62	3.72	4.15	12.51	13.19
Silver equivalent produced (koz)	1,633	1,325	1,607	4,397	5,162
Silver sold (koz)	1,188	1,401	1,297	3,520	3,956
Gold sold (koz)	3.70	4.73	3.78	11.52	11.58

ARES

Product	Q3 2013	Q2 2013	Q3 2012	YTD 2013	YTD 2012
Ore production (tonnes treated)	87,665	72,469	86,437	237,493	247,069
Average grade silver (g/t)	96	79	55	80	52
Average grade gold (g/t)	2.58	2.70	2.83	2.54	2.66
Silver produced (koz)	235	162	128	563	355
Gold produced (koz)	6.66	5.82	7.19	18.50	19.82
Silver equivalent produced (koz)	635	511	559	1,673	1,544
Silver sold (koz)	213	202	141	547	319
Gold sold (koz)	6.01	7.26	7.74	17.98	17.68

PALLANCATA

Product	Q3 2013	Q2 2013	Q3 2012	YTD 2013	YTD 2012
Ore production (tonnes treated)	273,147	272,122	277,093	796,972	805,392
Average grade silver (g/t)	264	266	257	257	256
Average grade gold (g/t)	1.12	1.17	1.18	1.12	1.09
Silver produced (koz)	1,896	1,926	1,893	5,430	5,499
Gold produced (koz)	6.76	7.58	6.81	20.86	18.83
Silver equivalent produced (koz)	2,302	2,380	2,302	6,682	6,629
Silver sold (koz)	1,599	2,050	1,652	5,189	5,208
Gold sold (koz)	5.49	7.74	5.88	19.16	17.31

The Company has a 60% interest in Pallancata.

SAN JOSE

Product	Q3 2013	Q2 2013	Q3 2012	YTD 2013	YTD 2012
Ore production (tonnes treated)	131,592	140,816	136,577	380,787	380,911
Average grade silver (g/t)	446	407	402	435	416
Average grade gold (g/t)	6.59	6.34	5.24	6.57	5.71
Silver produced (koz)	1,689	1,575	1,552	4,616	4,408
Gold produced (koz)	25.61	25.61	20.97	72.30	63.27
Silver equivalent produced (koz)	3,226	3,112	2,810	8,953	8,204
Silver sold (koz)	1,656	1,991	2,166	4,536	4,344
Gold sold (koz)	24.71	31.99	29.13	69.50	61.13

The Company has a 51% interest in San Jose.

MORIS

Product	Q3 2013	Q2 2013	Q3 2012	YTD 2013	YTD 2012
Ore production (tonnes treated)	-	-	-	-	-
Average grade silver (g/t)	-	-	-	-	-
Average grade gold (g/t)	-	-	-	-	-
Silver produced (koz)	4	6	11	24	39
Gold produced (koz)	1.36	2.03	2.41	7.25	7.89
Silver equivalent produced (koz)	86	128	155	459	512
Silver sold (koz)	5	8	7	22	32
Gold sold (koz)	1.52	2.31	1.43	6.83	6.16

*Silver equivalent production assumes a gold/silver ratio of 60:1

**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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