



23 October 2014

**Interim Management Statement and
Production Report for the 3 months ended 30 September 2014**

Highlights

- Q3 2014 production of 4.8 million attributable silver equivalent ounces
- Q3 YTD production of 16.7 million attributable silver equivalent ounces
- On track to achieve 2014 production target of 21.0 million attributable silver equivalent ounces
- Further progress achieved at Inmaculada Advanced Project:
 - 2015 production target of 6-7 million silver equivalent ounces remains in place
 - Overall project 73% complete
 - Key underground mine development plan ahead of schedule
 - Company working with contractor to overcome delays in plant construction
- Cashflow optimisation programme continuing to reduce costs:
 - Approximately \$270 million of savings already achieved
 - Further savings of approximately \$50 million identified for 2015
- Total cash of approximately \$180 million as at 30 September 2014
- \$115 million convertible bond repaid on 20 October 2014
- 38,000 ounces of gold hedged for 2015 at \$1,300 per ounce
- Final Gold Resource Corporation holding sold in August 2014:
 - Total cash proceeds from sales in 2014 of \$46 million

Ignacio Bustamante, Chief Executive Officer commented:

“Hochschild remains comfortably on course to achieve its full year production forecast of 21 million silver equivalent ounces despite the absence of a contribution from the now-closed Ares mine. Furthermore, our cash optimisation programme has also continued to make substantial progress with an additional \$50 million of operational, administrative and exploration savings identified.”

Construction continued at our exciting Inmaculada project and whilst we are working with the contractor to overcome delays with the construction of the plant, the strong progress made by our own teams with other key deliverables is expected to ensure no changes to our 2015 production forecast from that project.”

A conference call will be held at 2.30pm (London time) on Thursday 23 October 2014 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: 7798602

Overview

In Q3 2014, the Company delivered attributable production of 4.8 million silver equivalent ounces, comprised of 3.5 million ounces of silver and 21.1 thousand ounces of gold. The Company remains on track to meet its full year production target of 21.0 million attributable silver equivalent ounces.

Production

Main operations

At Arcata, total silver equivalent production in Q3 was 1.6 million ounces (Q3 2013: 1.6 million ounces). Despite the loss of fourteen days of production due to industrial action in August and the absence of a contribution from the now-depleted low-grade Macarena waste deposit, a planned move to higher grade areas of the mine (Tunel 4) and higher recoveries led to production being similar to the level of Q2 2014.

At Pallancata, as a result of the Company's rigorous policy of mining average reserve grades and the necessary adjustment of mine plans arising from the cash optimisation programme to ensure the extraction of profitable ounces, grades in the third quarter were adjusted downwards with production at 1.7 million silver equivalent ounces (Q3 2013: 2.3 million ounces).

The San Jose operation enjoyed another solid quarter with total silver equivalent production at 2.9 million ounces, a 3% improvement on the previous quarter, driven by better gold grades and higher recoveries.

Average realisable prices and sales

Average realisable precious metal prices in Q3 2014 (which are reported before the deduction of commercial discounts and include the effects of the announced hedging agreements) were \$1,226/ounce for gold and \$17.13/ounce for silver (Q3 2013: \$1,417/ounce for gold and \$23.24/ounce for silver). For the first nine months of 2014, average realisable precious metal prices were \$1,302/ounce for gold and \$19.61/ounce for silver (Q3 2013 YTD: \$1,384/ounce for gold and \$23.11/ounce for silver).

In August, the Company signed a further agreement to hedge the sale of 38,000 ounces of gold at \$1,300/ounce for 2015.

Brownfield exploration¹

Arcata

In Q3 7,203 metres have been drilled at Arcata including two holes in the Paralela 2 vein and two holes in the Marciano and Luisa veins. Drilling campaigns at new potential areas are scheduled for the rest of the year subject to obtaining the relevant environmental permits from local authorities. Significant intercepts included:

Vein	Results
Marciano	DDH501-S14: 0.8m at 1.04 g/t Au & 12.21 g/t Ag
Paralela 2	DDH648-LM14: 0.98m at 1.16 g/t Au & 91.61 g/t Ag DDH649-LM14: 0.95m at 5.20 g/t Au & 668.92 g/t Ag DDH653-LM14: 2.0m at 10.10 g/t Au & 2,431.38 g/t Ag

Pallancata

In Q3, 2,924 metres of drilling was carried out at Pallancata focusing on potential areas such as East Larissa, Isis, East Pallancata, Pucanta and Emilia NW. Mapping campaigns were carried out over 135 ha. including areas such as Ranichico, Yanacochita, Roiropata and Yurika.

San Jose

In Q3 2014, 3,102 metres were drilled at San Jose. Mapping of the Los Pinos vein, over an area of 3,500 ha, has been completed. Geophysics studies over three lines in the El Retiro zone totalled 4.5 km with several epithermal veins found.

Ares

Geological mapping over an area of 4,300 ha surrounding the now closed Ares mine was completed and included areas such as Vizcacuto, Machucocha, Lola and Karina. Two drilling campaigns totalling 5,500 metres are expected to begin in the fourth quarter.

¹Please note that in line with industry-wide standards, all mineralised intersections in this release are quoted as calculated true widths.

Advanced Project

Inmaculada

At the Inmaculada project, the EPC contractor Graña y Montero continued construction of the plant in the third quarter and currently has reached 57% completion. Although some delays remain at the plant site itself, the substantial progress made by the Hochschild team in the area of mine development, the key potential bottleneck, is expected to ensure that a significant stockpile will be available for processing on completion of the plant. Consequently, the overall production forecast of 6-7 million silver equivalent ounces for 2015 is not expected to be impacted.

A total of 13,709 metres of tunnelling and 2,445 metres of raise boring have been carried out to date at the project. In addition, construction started in early September on the warehouses, laboratories and workshops whilst work on the paste backfill plant commenced in early October.

During September 2014, relogging of the Angela vein system was completed and will be used to generate a new geological model. In addition, a project has started in order to review the properties available between the Pallancata mine and the Inmaculada project. Six structures have been selected - Escandalosa, Vanessa, Alejandra, Prometida Escondida and Rafaela. Mapping has already been carried out as well as some geochemical studies with results at Prometida, Alejandra, Escondida and Rafaela showing anomalies.

Exploration pipeline

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

Mexico

Riverside JV

Two targets, Bohemia and Cajon, were proposed by Riverside, our JV partners in the western Sonora in Mexico. However sampling at Bohemia did not show continuity in the mineralisation displaying poor gold values and consequently work at the target was halted. Trenching at Cajon has already concluded and a drilling campaign will be performed in 2015.

The JV will present a new project, Glor, which is located to the north west of the El Chanate mine owned by AuRico Gold which exhibits similar geology.

Peru

During Q3 2014, the Company's exploration work in Peru focused on reviewing new opportunities that have become available as a result of the weakness in the mining industry. One of these relates to the Corina project owned by Lara Exploration which is located 15-20 km from the Selene plant. The agreement includes the grant of an option to Hochschild entitling the Company to acquire 100% of the project over four years. Besides this, the exploration team is evaluating a number of properties including the Ibel prospect.

Financial position

The Company's financial position remains robust, with total cash of approximately \$180 million as at 30 September 2014. On 21 October, Hochschild announced that following maturity of its 5.75 per cent senior unsecured convertible bonds on 20 October 2014, all outstanding convertible bonds have been redeemed. As a result, the principal amount of \$114.9 million has been repaid in full, financed from existing cash resources.

In early October, Hochschild successfully secured a \$100 million medium term loan facility at LIBOR +2.6% with Scotiabank Peru. This facility has not yet been drawn down.

During Q3 2014, the Company sold the final tranche of its holding in Gold Resource Corporation totalling 6.3 million shares for a net consideration of \$32.7 million in line with its policy of monetising non-core investments.

Outlook

The Company is on track to achieve its full year production target of 21.0 million attributable silver equivalent ounces. With the original cash optimisation programme already delivering approximately \$270 million of

savings, the Company has identified approximately \$50 million of further initiatives for 2015, again focused on administration, operations and exploration savings.

The Company confirms that all-in sustaining costs per silver equivalent ounce are on track to fall by 0-5% in 2014.

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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 three underground epithermal vein mines, two 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 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Silver production (koz)	4,298	4,992	5,180	14,282	14,279
Gold production (koz)	32.34	38.67	45.02	109.31	131.42
Total silver equivalent (koz)	6,239	7,312	7,881	20,840	22,164
Total gold equivalent (koz)	103.98	121.87	131.36	347.34	369.40
Silver sold (koz)	3,659	4,974	4,660	13,745	13,813
Gold sold (koz)	26.47	38.18	41.43	102.77	125.00

Total production includes 100% of all production, including production attributable to Hochschild's joint venture partner at San Jose as well as production in 2013 from the recently-sold Moris operation.

ATTRIBUTABLE GROUP PRODUCTION

	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Silver production (koz)	3,546	4,255	4,353	12,072	12,017
Gold production (koz)	21.06	27.92	32.47	76.52	95.99
Silver equivalent (koz)	4,810	5,930	6,301	16,663	17,777
Gold equivalent (koz)	80.17	98.83	105.01	277.72	296.28

Attributable production for Q2 2014 and H1 2014 includes 100% of all production from Arcata, Pallancata and Ares and 51% from San Jose. Comparatives from 2013 for Pallancata have been restated to 100% of production and also include production from the recently-sold Moris operation.

QUARTERLY PRODUCTION BY MINE

ARCATA

Product	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Ore production (tonnes treated)	149,888	171,334	229,462	515,461	656,736
Average grade silver (g/t)	319	277	231	278	207
Average grade gold (g/t)	0.90	0.85	0.76	0.84	0.72
Silver produced (koz)	1,353	1,321	1,355	4,248	3,647
Gold produced (koz)	3.74	3.96	4.62	12.50	12.51
Silver equivalent produced (koz)	1,578	1,559	1,633	4,998	4,397
Silver sold (koz)	1,124	1,293	1,188	4,070	3,520
Gold sold (koz)	3.02	3.66	3.70	11.60	11.52

ARES

Product	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Ore production (tonnes treated)	-	89,853	87,665	167,331	237,493
Average grade silver (g/t)	-	114	96	110	80
Average grade gold (g/t)	-	2.26	2.58	2.34	2.54
Silver produced (koz)	8	282	235	534	563
Gold produced (koz)	0.17	5.73	6.66	11.63	18.50
Silver equivalent produced (koz)	19	626	635	1,232	1,673
Silver sold (koz)	6	325	213	524	547
Gold sold (koz)	0.45	6.68	6.01	11.45	17.98

PALLANCATA

Product	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Ore production (tonnes treated)	271,074	269,213	273,147	794,769	796,972
Average grade silver (g/t)	199	269	264	242	257
Average grade gold (g/t)	0.89	1.19	1.12	1.04	1.12
Silver produced (koz)	1,402	1,885	1,896	4,990	5,430
Gold produced (koz)	5.41	7.05	6.76	18.25	20.86
Silver equivalent produced (koz)	1,727	2,307	2,302	6,085	6,682
Silver sold (koz)	1,381	1,844	1,599	4,996	5,189
Gold sold (koz)	5.11	6.88	5.49	18.22	19.16

Comparatives from 2013 for Pallancata have been restated to 100% of production.

SAN JOSE

Product	Q3 2014	Q2 2014	Q3 2013	YTD 2014	YTD 2013
Ore production (tonnes treated)	141,666	142,074	131,592	418,329	380,787
Average grade silver (g/t)	388	378	446	386	435
Average grade gold (g/t)	5.66	5.45	6.59	5.62	6.57
Silver produced (koz)	1,535	1,504	1,689	4,510	4,616
Gold produced (koz)	23.02	21.94	25.61	66.93	72.30
Silver equivalent produced (koz)	2,916	2,820	3,226	8,526	8,953
Silver sold (koz)	1,150	1,511	1,656	4,154	4,536
Gold sold (koz)	17.89	20.95	24.71	61.15	69.50

The Company has a 51% interest in San Jose.

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

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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