



21 January 2015

Production Report for the 12 months ended 31 December 2014

2014 Highlights

- Full year production of 22.2 million attrib. silver equivalent ounces substantially exceeding 21.0 million target
- Main operation all-in sustaining costs per silver equivalent ounce expected to fall by up to 5% in 2014, within guidance (2013:\$18.6/oz)
- Total cash of approximately \$115 million as at 31 December 2014

2015 Outlook

- Further progress achieved at Inmaculada Advanced Project:
 - 2015 production target of 6-7 million silver equivalent ounces remains in place despite some construction delays
 - Overall project 86% complete
 - Plant construction 85% complete vs 57% in Q3; contractor expected to commission plant in Q2 2015
 - Key underground development plan ahead of schedule - 157,449 tonnes of development mineral already stockpiled
 - Remaining construction capital expenditure of \$72 million in 2015
- Core operation mine plans revised to deliver profitable ounces in lower precious metal price environment
- 2015 attributable production target of 24.0 million silver equivalent ounces
- 2015 all-in sustaining costs expected to be \$15-16 per silver equivalent ounce
- 6.0 million silver ounces sold forward for 2015 at \$17.75 per ounce
- 38,000 gold ounces already sold forward for 2015 at \$1,300 per ounce

Ignacio Bustamante, Chief Executive Officer commented:

“Despite the complex precious metal environment, our core assets have once again surpassed their annual target, this time by almost 6%. Several cost cutting initiatives were also successfully implemented during the year materially improving our operations’ competitiveness for the year ahead. The Company will grow its production to 24 million silver equivalent ounces in 2015 while maintaining the management’s focus on reducing costs and improving efficiencies.”

Our flagship Inmaculada project is close to completion, with the mine itself already ramping up and the plant construction moving towards its final stages. We are excited about Inmaculada as it will not only be the cornerstone of our production base in Peru but also will contribute significantly to reinforcing our strong cash cost position.”

A conference call will be held at 2.30pm (London time) on Wednesday 21 January 2015 for analysts and investors.

Dial in details as follows:
UK: +44 (0) 20 3139 4830
Pin: 16963109#

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 3426 2807
Pin: 653659#

Overview

In Q4 2014, the Company delivered attributable production of 5.6 million silver equivalent ounces, comprised of 4.1 million ounces of silver and 24.4 thousand ounces of gold. This has brought the total for 2014 to 22.2 million silver equivalent ounces, a 6% increase on the 2014 production target of 21.0 million ounces and comprised of 16.2 million ounces of silver and 101 thousand ounces of gold.

The Company reiterates that it expects its 2014 main operation all-in sustaining costs per silver equivalent ounce to have fallen by up to 5% (2013: \$18.6/ounce).

Production

Arcata

At Arcata, total silver equivalent production in Q4 was 1.8 million ounces (Q4 2013: 1.6 million ounces), a 17% improvement on the previous quarter. Full year silver equivalent production at Arcata was 6.8 million ounces, a very creditable 13% improvement on the 2013 result (6.0 million ounces) and was principally driven by a planned move to higher grade areas of the mine.

Pallancata

At Pallancata, as a result of the Company's adjustment of mine plans to ensure the extraction of profitable ounces, as detailed in the November 2014 Operational Update, tonnage in the fourth quarter was moved downwards with grades increasing and resulting in production of 1.9 million silver equivalent ounces (Q4 2013: 2.6 million ounces). For the full year, Pallancata produced 8.0 million silver equivalent ounces (2013: 9.3 million ounces) with the fall in the second half reflecting the scheduled move to thinner veins in the mix.

San Jose

The San Jose operation delivered a strong quarter with 3.6 million silver equivalent ounces produced, a 21% improvement on the Q3 2014 result (2.9 million ounces) and was the result of higher tonnage and higher silver and gold grades. In 2014 as a whole, San Jose again proved to be a very consistent performer with increased tonnage offsetting lower grades and resulting in almost flat year-on-year production of 12.1 million silver equivalent ounces (2013: 12.3 million ounces).

Average realisable prices and sales

Average realisable precious metal prices in Q4 2014 (which are reported before the deduction of commercial discounts and include the effects of the announced hedging agreements) were \$1,222/ounce for gold and \$16.95/ounce for silver (Q4 2013: \$1,209/ounce for gold and \$19.74/ounce for silver). For the full year 2014, average realisable precious metal prices were \$1,279/ounce for gold and \$18.87/ounce for silver (2013: \$1,338/ounce for gold and \$22.12/ounce for silver).

Brownfield exploration¹

Arcata

In Q4 2014, 7,203 metres have been drilled at Arcata. Significant intercepts included:

Vein	Results
Pamela Sur	DDH739-LM14: 1.42m at 12.42 g/t Au & 2,245 g/t Ag
Pamela	DDH743-LM14: 0.86m at 0.95 g/t Au & 303 g/t Ag
Socorro+400	DDH741-LM14: 1.05m at 1.14 g/t Au & 479 g/t Ag
Lucero	DDH742-LM14: 0.97m at 11.12 g/t Au & 1,437 g/t Ag
Sorpresa 4	DDH742-LM14: 2.55m at 8.47 g/t Au & 1,930 g/t Ag
Tunel 3	DDH737-GE14: 0.81m at 3.11g/t Au & 1,824 g/t Ag

Pallancata

In Q4, 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 686ha including areas such as Ranichico, Yanacochita, Roiropata and Yurika.

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

San Jose

In Q4 2014, 2,111 metres were drilled at San Jose with mapping of the south side of the San Jose area covering an area of 211ha. Significant results include:

Vein	Results
Karina	DDH-SJD1483: 0.94m at 9.51 g/t Au & 1,318 g/t Ag

Advanced Project

Inmaculada

During the fourth quarter at the Inmaculada project, construction of the plant was continued by the EPC contractor, Graña y Montero, and has currently reached 85% completion. Delays remain at the plant site itself and, in particular, the concrete foundations for the plant's SAG mill were found to not meet contractual technical specifications and are consequently having to be rebuilt. The effect of this and other previously mentioned minor delays is that the plant is now expected to be commissioned in the second quarter of 2015.

However, continuing good progress in the originally envisaged bottleneck area of mine development has been made by the Hochschild team and is expected to ensure that a stockpile of approximately 263,000 tonnes will be available for processing on completion of the plant. Consequently, the Company reiterates that the overall production forecast of 6-7 million silver equivalent ounces for 2015 remains in place.

A total of 15,406 metres of tunnelling and 2,445 metres of raise boring have been carried out to date at the project. In addition, construction continued in the fourth quarter on the tailings dam, warehouses, laboratories and workshops as well as work on the paste backfill plant.

Construction capital expenditure at the project to date is \$348 million with the remaining construction capital expenditure for 2015 expected to be \$72 million bringing the total to \$420 million.

Exploration pipeline

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

Mexico

During Q4 2014, the Company decided to close its exploration office in Chihuahua and focus on financing and supporting the Riverside Resources Joint Venture in the Sonora gold belt from the head office. The venture continues to explore new opportunities in this prolific, low-cost mineral district.

Peru

Exploration efforts during Q4 2014 were focused on the Corina project, optioned from Lara Exploration earlier in 2014. Company community relations teams are currently negotiating access agreements that would allow the Company to drill in late 2015, subject to government permit approvals.

Financial position

Total cash was approximately \$115 million as at 31 December 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 with Scotiabank which was subsequently drawn down on 29 October. In addition, the Company reinforced its liquidity position further this month by utilising its lines of credit in Peru to secure short term funding of \$50 million at advantageous rates, bringing the current cash level to approximately \$170 million.

On 19 January 2015, the Company signed agreements to hedge the sale of 6,000,000 ounces of silver at \$17.75 per ounce for 2015. This is in addition to the previous agreement to hedge 38,000 ounces of gold for 2015 at \$1,300 per ounce.

Outlook

As previously disclosed, the mine plans of the Arcata and Pallancata operations have been optimised with the operational focus expected to be on accessible ore areas requiring reduced capital expenditure with cut-off grades reflecting the current weaker metal price environment. Plant throughput is expected to be reduced to 1,500 tonnes per day at Arcata and 1,800 tonnes per day at Pallancata, with the San Jose operation in Argentina continuing at its current level. The resulting production target for 2015 from the three current operations plus the Inmaculada project (expected to deliver 6-7 million silver equivalent ounces) is 24 million silver equivalent ounces.

The disciplined focus on profitable ounces at all operations with reduced levels of sustainable capital expenditure for 2015 is expected to have a positive effect on the Company's overall costs with the all-in sustaining cost for the Company now expected to be reduced to between \$15 to \$16 per ounce in 2015 with the full effect expected to be felt in the second half of the year. Sustaining capital expenditure for current operations is budgeted at approximately \$45 million, in part reflecting a significant temporary cut in mine development capital expenditure. Additional mine development capital expenditure at Inmaculada is expected to be approximately \$33 million in 2015.

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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

	Q4 2014	Q3 2014	Q4 2013	12 mths 2014	12 mths 2013
Silver production (koz)	5,075	4,298	5,475	19,357	19,754
Gold production (koz)	37.72	32.34	43.80	147.03	175.22
Total silver equivalent (koz)	7,338	6,239	8,103	28,179	30,267
Total gold equivalent (koz)	122.31	103.98	135.05	469.65	504.45
Silver sold (koz)	5,236	3,659	5,742	18,981	19,555
Gold sold (koz)	40.00	26.47	43.56	142.77	168.56

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

	Q4 2014	Q3 2014	Q4 2013	12 mths 2014	12 mths 2013
Silver production (koz)	4,115	3,546	4,622	16,187	16,639
Gold production (koz)	24.38	21.06	30.80	100.89	126.80
Silver equivalent (koz)	5,578	4,810	6,470	22,241	24,247
Gold equivalent (koz)	92.96	80.17	107.83	370.68	404.11

Attributable production for Q4 2014 and Full Year 2014 includes 100% of all production from Arcata, Pallancata and Ares and 51% from San Jose. Comparatives for 2013 have been restated to include 100% of production from Pallancata and also include production from the now-sold Moris operation.

QUARTERLY PRODUCTION BY MINE

ARCATA

Product	Q4 2014	Q3 2014	Q4 2013	12 mths 2014	12 mths 2013
Ore production (tonnes treated)	186,486	149,888	244,125	701,947	900,861
Average grade silver (g/t)	307	319	242	286	217
Average grade gold (g/t)	0.90	0.90	0.81	0.85	0.74
Silver produced (koz)	1,579	1,353	1,337	5,827	4,984
Gold produced (koz)	4.40	3.74	4.32	16.89	16.83
Silver equivalent produced (koz)	1,843	1,578	1,597	6,841	5,994
Silver sold (koz)	1,550	1,124	1,404	5,621	4,924
Gold sold (koz)	4.06	3.02	4.42	15.66	15.95

ARES

Product	Q4 2014	Q3 2014	Q4 2013	12 mths 2014	12 mths 2013
Ore production (tonnes treated)	-	-	91,602	167,331	329,095
Average grade silver (g/t)	-	-	86	110	82
Average grade gold (g/t)	-	-	2.00	2.34	2.39
Silver produced (koz)	-	8	195	534	757
Gold produced (koz)	-	0.17	4.90	11.63	23.40
Silver equivalent produced (koz)	-	19	489	1,232	2,162
Silver sold (koz)	17	6	214	540	761
Gold sold (koz)	-	0.45	5.27	11.45	23.25

PALLANCATA

Product	Q4 2014	Q3 2014	Q4 2013	12 mths 2014	12 mths 2013
Ore production (tonnes treated)	256,299	271,074	291,740	1,051,068	1,088,712
Average grade silver (g/t)	224	199	285	238	264
Average grade gold (g/t)	1.00	0.89	1.14	1.03	1.13
Silver produced (koz)	1,537	1,402	2,198	6,527	7,628
Gold produced (koz)	6.09	5.41	6.97	24.34	27.83
Silver equivalent produced (koz)	1,902	1,727	2,616	7,988	9,298
Silver sold (koz)	1,506	1,381	2,378	6,502	7,567
Gold sold (koz)	5.80	5.11	7.51	24.02	26.67

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

SAN JOSE

Product	Q4 2014	Q3 2014	Q4 2013	12 mths 2014	12 mths 2013
Ore production (tonnes treated)	152,689	141,666	156,150	571,017	536,937
Average grade silver (g/t)	454	388	399	404	425
Average grade gold (g/t)	6.19	5.66	6.03	5.77	6.42
Silver produced (koz)	1,959	1,535	1,741	6,469	6,357
Gold produced (koz)	27.23	23.02	26.53	94.16	98.83
Silver equivalent produced (koz)	3,593	2,916	3,333	12,119	12,286
Silver sold (koz)	2,163	1,150	1,742	6,316	6,278
Gold sold (koz)	30.13	17.89	25.25	91.28	94.76

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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