



15 July 2015

Production Report for the 6 months ended 30 June 2015

Highlights

- Q2 2015 production of 4.8 million attributable silver equivalent ounces consisting of:
 - 3.4 million ounces of silver
 - 23,400 ounces of gold
- Includes first contribution of just over 5,000 gold equivalent ounces from flagship low cost Inmaculada mine
- H1 2015 production of 8.7 million attributable silver equivalent ounces consisting of:
 - 6.3 million ounces of silver
 - 40,600 ounces of gold
- On track to achieve 2015 production target of 24.0 million attributable silver equivalent ounces
- 2015 all-in sustaining costs on track to be \$15-16 per silver equivalent ounce (\$13-14 assuming current silver-to-gold ratio)
- Cash optimisation programme expected to deliver further efficiencies
- Flagship Inmaculada project already producing:
 - First production achieved on 3 June
 - Plant ramp-up continues to progress
 - Stope mining commenced; 270,000 tonnes stockpile of development mineral being processed
 - Discussions ongoing with plant contractor over completion of EPC contract
- Total cash of approximately \$84 million as at 30 June 2015

Ignacio Bustamante, Chief Executive Officer commented:

"We are excited to report that our Inmaculada mine delivered its first production in early June and the other operations also contributed to what was a solid operating quarter with costs for the half year expected to be in line with expectations. The ramp-up process at Inmaculada is progressing and we expect to hit our six to seven million ounce production target for 2015. The Company is on the point of converting its significant long term investment into low cost value accretive growth."

A conference call will be held at 2.30pm (London time) on Wednesday 15 July 2015 for analysts and investors.

Dial in details as follows:

International Dial in: +44 (0) 20 3139 4830

UK Toll-Free Number: +44(0) 808 237 0030

Pin: 28103422#

A recording of the conference call will be available for one week following its conclusion, accessible from the following telephone number:

International: +44 (0) 20 3426 2807

UK Toll Free: +44(0) 808 237 0026

Pin: 658744#

Overview

In Q2 2015, the Company delivered attributable production of 4.8 million silver equivalent ounces, comprised of 3.4 million ounces of silver and 23.4 thousand ounces of gold. Overall, in the first half of 2015, the Company delivered attributable production of 8.7 million silver equivalent ounces, including 6.3 million ounces of silver and 40.6 thousand ounces of gold. With production from the newly commissioned Inmaculada mine ramping up, the Company is on track to meet its full year production target of 24.0 million attributable silver equivalent ounces.

The Company can report that its all-in sustaining costs per silver equivalent ounce are on track to fall to between \$15 to \$16 in 2015, assuming a silver-to-gold ratio of 60:1 or \$13 to \$14 per ounce assuming the current silver-to-gold ratio.

Production

Arcata

At Arcata, total silver equivalent production in Q2 was 1.7 million ounces (Q2 2014: 1.6 million ounces) which brought the first half total to 3.2 million ounces (H1 2014: 3.4 million ounces). Despite the imposition of the Company's adjusted mine plans for 2015 to ensure the extraction of profitable ounces, Arcata delivered a stronger than expected first half with higher than expected tonnage and silver grades in particular.

Pallancata

At Pallancata, tonnage in the second quarter was lower than the equivalent period in 2014 due to the above-mentioned adjusted mine plans resulting in production of 1.3 million silver equivalent ounces (Q2 2014: 2.1 million ounces), an improvement on the first quarter with grades rising to their expected level. The total for the first half was 2.5 million silver equivalent ounces. (H1 2014: 4.4 million ounces).

San Jose

The San Jose operation improved, as expected, from its seasonally shorter first quarter to deliver 3.0 million silver equivalent ounces (Q2 2014: 2.8 million ounces) driven by higher silver grades and recoveries. The operation as a whole produced 5.5 million ounces (H1 2014: 5.6 million ounces) with the second half expected to be stronger.

Average realisable prices and sales

Average realisable precious metal prices in Q2 2015 (which are reported before the deduction of commercial discounts and include the effects of the existing hedging agreements) were \$1,212/ounce for gold and \$16.3/ounce for silver (Q2 2014: \$1,310/ounce for gold and \$20.3/ounce for silver). For H1 2015, average realisable precious metal prices were \$1,227/ounce for gold and \$16.9/ounce for silver (H1 2014: \$1,328/ounce for gold and \$20.5/ounce for silver).

Brownfield exploration¹

Arcata

In Q2 2015, the Arcata exploration programme has focused on the incorporation of resources from the Stephani, Cristina, Soledad, Macarena and Nicolle veins with permitting for further exploration of the Tunel 4 vein system still outstanding.

Pallancata

The exploration team at Pallancata received permits in May to begin a 19,100 metre exploration and drilling programme with the aim of focusing on inferred resource exploration at surface and also geological mapping of the west and south side of the district for new target definition. Results are expected in the second half of the year on drilling in the Yurika area in particular.

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

Inmaculada

During the second quarter, plant construction continued with first dore production achieved on 3 June 2015. By the end of June, as part of the ramp-up phase to achieve full commercial design capacity, 52,325 tonnes of low grade development material have been treated at the plant producing approximately 3,420 ounces of gold and 95,450 ounces of silver (approximately 5,000 gold equivalent ounces).

Ramp-up in mill throughput has continued throughout June with tonnes per day reaching an average of 2,500 and expected to hit the forecast capacity of 3,500 tonnes per day at the beginning of August whilst gold and silver recoveries have trended, as expected, to around 80% in June with the target of reaching 95% in gold and 90% in silver by the end of the year.

The Hochschild team has continued underground mine development and currently a stockpile of approximately 270,000 tonnes is available for processing whilst stope mining activities have commenced utilising long hole and breasting methods. The Company reiterates that the overall production forecast of 6-7 million silver equivalent ounces for 2015 remains in place and that it is on course to receive its plant operating permit which will allow the Company to begin commercial sales.

Construction of the paste backfill plant has reached 65% with work on the laboratories, warehouses and workshops now complete.

The Company and the contractor are currently in discussions over a number of contract change orders presented by the contractor relating to the completion of the EPC contract for Inmaculada. Based on Hochschild's own evaluation work and advice received from external advisers, the Company believes that the majority of the change orders are without any merit or will be subject to significant downward adjustment. In addition, the Company believes that it is entitled to compensation from the contractor for certain breaches of contract. A further update will be provided at the Interim Results announcement in August.

The exploration focus near the Inmaculada mine remains on the Palca area to the North East and following a mapping programme in 2014 at the Palca 1 zone, six promising vein structures have been selected amongst others in a corridor of almost five kilometres with work at Palca 2 zone starting later on in the year.

Financial position

Total cash was approximately \$84 million as at 30 June 2015, which reflects approximately \$63 million of further investment in Inmaculada during the half.

In January and February 2015, the Company drew down \$75 million of its short-term credit lines in Peru. Subsequently in June 2015, the Company refinanced and extended the maturity profile of the debt with \$25 million now set to mature in December 2015, \$15 million in June 2016 and \$35 million in July 2016. The average annual interest rate for those short term facilities is now 0.9%.

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

In the third quarter, Hochschild expects to receive final permits, complete the ramp-up process and achieve commercial production at its Inmaculada project. The mine is set to deliver 6-7 million ounces of silver equivalent production in 2015 with all-in sustaining cost per silver equivalent ounce expected to be an average of \$11.8 over the life-of-mine at the 60:1 gold:silver ratio and \$10.3 at the current gold:silver ratio.

The Company is on track to achieve its full year production target of 24.0 million attributable silver equivalent ounces in 2015 with all-in sustaining cost per silver equivalent ounces expected to be between \$15 to \$16 in line with guidance (\$13 to \$14 per ounce assuming current silver-to-gold ratio)

Having already achieved over \$300 million of savings to date, Hochschild remains focused and confident on delivering further efficiencies throughout the Company.

Enquiries:**Hochschild Mining plc**

Charles Gordon
Head of Investor Relations

+44 (0)20 3714 9040

Hudson Sandler

Charlie Jack
Public Relations

+44 (0)207 796 4133

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 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

	Q2 2015	Q1 2015	Q2 2014	H1 2015	H1 2014
Silver production (koz)	4,178	3,523	4,992	7,701	9,983
Gold production (koz)	34.67	26.66	38.67	61.33	76.97
Total silver equivalent (koz)	6,258	5,123	7,312	11,381	14,602
Total gold equivalent (koz)	104.31	85.38	121.87	189.69	243.36
Silver sold (koz)	4,437	3,348	4,974	7,785	10,086
Gold sold (koz)	32.36	25.64	38.18	58.01	76.29

Total production includes 100% of all production, including production attributable to Hochschild's joint venture partner at San Jose.

ATTRIBUTABLE GROUP PRODUCTION

	Q2 2015	Q1 2015	Q2 2014	H1 2015	H1 2014
Silver production (koz)	3,386	2,879	4,255	6,265	8,526
Gold production (koz)	23.40	17.20	27.92	40.6	55.45
Silver equivalent (koz)	4,790	3,911	5,930	8,701	11,853
Gold equivalent (koz)	79.83	65.19	98.83	145.02	197.55

Attributable production includes 100% of all production from Arcata, Pallancata and Ares and 51% from San Jose.

QUARTERLY PRODUCTION BY MINE

ARCATA

Product	Q2 2015	Q1 2015	Q2 2014	H1 2015	H1 2014
Ore production (tonnes treated)	155,373	145,551	171,334	300,924	365,573
Average grade silver (g/t)	350	330	277	340	262
Average grade gold (g/t)	0.97	0.97	0.85	0.97	0.81
Silver produced (koz)	1,439	1,287	1,321	2,726	2,895
Gold produced (koz)	3.69	3.47	3.96	7.17	8.76
Silver equivalent produced (koz)	1,661	1,495	1,559	3,156	3,420
Silver sold (koz)	1,626	1,057	1,293	2,683	2,947
Gold sold (koz)	4.07	2.85	3.66	6.92	8.58

ARES

Product	Q2 2015	Q1 2015	Q2 2014	H1 2015	H1 2014
Ore production (tonnes treated)	-	-	89,853	-	167,331
Average grade silver (g/t)	-	-	114	-	110
Average grade gold (g/t)	-	-	2.26	-	2.34
Silver produced (koz)	-	-	282	-	525
Gold produced (koz)	-	-	5.73	-	11.46
Silver equivalent produced (koz)	-	-	626	-	1,213
Silver sold (koz)	-	-	325	-	518
Gold sold (koz)	-	-	6.68	-	11.00

INMACULADA

Product	Q2 2015	Q1 2015	Q2 2014	H1 2015	H1 2014
Ore production (tonnes treated)	52,325	-	-	52,325	-
Average grade silver (g/t)	89	-	-	89	-
Average grade gold (g/t)	2.92	-	-	2.92	-
Silver produced (koz)	95.45	-	-	95.45	-
Gold produced (koz)	3.42	-	-	3.42	-
Silver equivalent produced (koz)	301	-	-	301	-
Silver sold (koz)	-	-	-	-	-
Gold sold (koz)	-	-	-	-	-

PALLANCATA

Product	Q2 2015	Q1 2015	Q2 2014	H1 2015	H1 2014
Ore production (tonnes treated)	140,829	148,722	269,213	289,551	523,695
Average grade silver (g/t)	268	229	269	248	264
Average grade gold (g/t)	1.32	1.08	1.19	1.19	1.12
Silver produced (koz)	1,026	922	1,885	1,948	3,588
Gold produced (koz)	4.55	3.89	7.05	8.44	12.84
Silver equivalent produced (koz)	1,299	1,155	2,307	2,455	4,358
Silver sold (koz)	1,135	851	1,844	1,986	3,615
Gold sold (koz)	4.85	3.48	6.88	8.33	13.11

SAN JOSE

Product	Q2 2015	Q1 2015	Q2 2014	H1 2015	H1 2014
Ore production (tonnes treated)	124,224	108,771	142,074	232,995	276,663
Average grade silver (g/t)	466	428	378	448	385
Average grade gold (g/t)	6.47	6.20	5.45	6.34	5.60
Silver produced (koz)	1,617	1,315	1,504	2,932	2,975
Gold produced (koz)	23.01	19.29	21.94	42.30	43.91
Silver equivalent produced (koz)	2,998	2,472	2,820	5,470	5,610
Silver sold (koz)	1,676	1,439	1,511	3,115	3,004
Gold sold (koz)	23.45	19.31	20.95	42.75	43.25

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.

- ends -