HOCHSCHILD MINING

20 January 2016

Production Report for the 12 months ended 31 December 2015

Strong 2015 operational delivery

- Full year production of 24.7 million attributable silver equivalent ounces exceeding 24.0 million target[1]
    - 14.8 million ounces of silver
    - 166.0 thousand ounces of gold
    - 27.0 million silver equivalent ounces using 2015 average gold/silver ratio
- Inmaculada mine produced 7.1 million silver equivalent ounces exceeding 6-7 million ounce forecast[1]
    - 84.6 thousand ounces of gold
    - 2.1 million ounces of silver
    - 8.3 million silver equivalent ounces using 2015 average gold/silver ratio
- 2015 all-in sustaining costs per silver equivalent ounce on track to meet $13-14 guidance

Improved financial position

- $100 million equity rights issue completed
- $105 million of debt repaid in Q4
- Total cash of approximately $83 million as at 31 December 2015
- Net debt of approximately $366 million as at 31 December 2015
- Argentina macroeconomic & tax reforms expected to significantly improve San Jose cash flows
- Cashflow further strengthened by 2016 precious metal hedges:
    - 71,000 ounces of gold at $1,154 per ounce
    - 29,000 ounces of gold at $1,145 per ounce
    - 6.0 million ounces of silver at $15.93 per ounce

2016 guidance

- Attributable production target of 32.0 million silver equivalent ounces
- All-in sustaining costs expected to be $12-13 per silver equivalent ounce
    - Inmaculada costs expected to be $9-10 per silver equivalent ounce
- Total sustaining and development capital expenditure expected to be approximately $100 million including $10 million to develop Pablo vein
- Pablo vein preliminary economics indicate:
    - NAV of $25-50 million
    - All in sustaining costs to average $10-11 per silver equivalent ounce

Ignacio Bustamante, Chief Executive Officer commented:

"The operational performance during 2015 exceeded expectations as we once again beat our annual production target and are maintaining our guidance on full year costs. The mines delivered a very solid fourth quarter with our new low cost Inmaculada mine performing particularly strongly. We are building on this positive momentum by focusing on delivering low cost production from Pablo which we expect will further demonstrate our brownfield potential and ability to deliver strong cash flow generation from our existing assets. In addition, the recent regulatory and economic policy changes in Argentina offer a promising future for our high grade San Jose mine which, supported by the solid operational performance, is now in a good position to improve its cashflow contribution.

We have also made substantial progress in strengthening our balance sheet through our own cash generation and the rights issue completed in the fourth quarter of last year. Following large debt repayments in the period, we have ended the

[1] *Calculated using the previous Company gold/silver ratio of 60x. All other equivalent figures assume the average gold/silver ratio for 2015 of 74x.*

year with net debt reduced by approximately 20% versus the half year position. The maturities of the bulk of the remaining debt are also adequately profiled.

We enter 2016 with a renewed sense of excitement: a fourth consecutive year of production increases and reduced costs; a low risk organic project; a stronger balance sheet; and several brownfield exploration targets with the potential to continue improving the quality and quantity of our existing resources."

A conference call will be held at 2.30pm (London time) on Wednesday 20 January 2016 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: 47755168#

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: 666619#

Note: silver/gold equivalent production figures assume the average gold/silver ratio for 2015 of 74:1.

Overview

In Q4 2015, the Company delivered attributable production of 9.4 million silver equivalent ounces, comprised of 4.3 million ounces of silver and 68.4 thousand ounces of gold. This has brought the total for 2015 to 27.0 million silver equivalent ounces (24.7 million ounces using the Company's previous gold/silver ratio of 60:1), comprising 14.8 million ounces of silver and 166 thousand ounces of gold.

The Company reiterates that its all-in sustaining costs per silver equivalent ounce for 2015 is expected to be between $13 and $14.

Production

Inmaculada

Following a successful ramp-up in the third quarter, total silver equivalent production in Q4 at Inmaculada reached 4.4 million silver equivalent ounces consisting of 45.1 thousand ounces of gold and 1.1 million ounces of silver, driven by consistent gold and silver grades and increased tonnage as the processing plant operated at closer to 3,850 tonnes per day in the period.

Production therefore in 2015 slightly improved on the targeted range, coming in at 8.3 million silver equivalent ounces consisting of 84.6 thousand ounces of gold and 2.1 million ounces of silver.

Arcata

At Arcata, total silver equivalent production in Q4 was 1.8 million ounces (Q4 2014: 1.9 million ounces) which brought the year-to-date total to 6.8 million ounces (2014: 7.1 million ounces). Despite introducing an adjusted mine plan at the start of 2015 to ensure the extraction of profitable ounces, Arcata has delivered a much stronger year than expected. A successful brownfield exploration programme has ensured considerable tonnage at higher silver grades than expected.

Pallancata

At Pallancata, tonnage in the fourth quarter was lower due to ongoing effects of the above-mentioned adjusted mine plans resulting in production of 1.1 million silver equivalent ounces (Q4 2014: 2.0 million ounces), although grades continued to be consistent. The total for the year, at 4.9 million silver equivalent ounces (2014: 8.3 million ounces), reflects the adjusted mining plan with the Selene plant expected to transition to the new Pablo vein later in 2016. See further details of the Pablo vein below.

San Jose

The San Jose operation once again delivered a strong fourth quarter, as expected, with rising tonnage and strong grades, delivering 4.2 million silver equivalent ounces (Q4 2014: 4.0 million ounces). For the whole of 2015, the operation produced a record 13.9 million silver equivalent ounces (2014: 13.4 million ounces) driven by better than projected silver and gold grades.

On 17 December 2015, the Argentinean peso fell by approximately 40% against the dollar following the decision by the government to lift capital controls. With approximately 70% of operating costs at San Jose incurred in pesos, the effect of this significant devaluation is already having a material impact on the mine's cost position.

The Argentinean government published a decree on 2 November 2015 restoring the right to receive a rebate from goods exported through Patagonian ports (previously cancelled in 2009). This benefit is applicable to Hochschild at a rate of approximately 9% of the FOB value of its exports which amounts to approximately $15 million per annum. The current estimate for collection is approximately two years.

In late December 2015, following an announcement by the new government that they would remove export taxes on agricultural and industrial products, it was subsequently confirmed that the decree included removal of the 5% export tax on finished mining products such as dore (approximately 50% of the mine's output). Along with the above-mentioned recent elimination of exchange controls and import restrictions within the country as well as the resulting devaluation of the peso, the Company expects overall economic and operating environment in Argentina to improve significantly.

Average realisable prices and sales

Average realisable precious metal prices in Q4 2015 (which are reported before the deduction of commercial discounts and include the effects of the existing hedging agreements) were $1,116/ounce for gold and $15.0/ounce for silver (Q4 2014: $1,222/ounce for gold and $17.1/ounce for silver).

For 2015 as a whole, average realisable precious metal prices were $1,159/ounce for gold and 16.0/ounce for silver (2014: $1,279/ounce for gold and $18.9/ounce for silver).

Brownfield exploration[2]

Arcata
In Q4 2015, 5,956 metres were drilled in the Stephani, Macarena, Tunel 3 & Tunel 4 veins. Some highlights are presented below:

Vein	Results
Tunel 3	DDH871-GE15:1.2m @1.04 g/t Au & 1,135 g/t Ag DDH872-GE15:1.3m @2.09 g/t Au & 1,196 g/t Ag
Tunel 4	DDH878-GE15:1.0m @ 2.4 g/t Au & 3,479 g/t Ag DDH883-GE15:1.7m @ 1.6 g/t Au & 1,729 g/t Ag

Pallancata
Following the initial discovery of the Pablo vein during the third quarter, drilling has continued and an initial inferred resource has been achieved. The Company's preliminary economics for a two year mine life for the Pablo vein are detailed below. Resources (unaudited) are estimates based on a cut-off grade of 103g/t silver equivalent.

Pablo	
Inferred resources (kt) (unaudited)	1,251
Ag grade (g/t)	344
Au grade (g/t)	1.3
LOM production (M oz Ag Eq)	12.6
LOM AISC ($/oz Ag Eq)	10.6

LOM Cashflows ($m)	
Revenue	161.4
Costs	(108.5)
Selling expenses	(3.0)
Capital expenditure	(19.7)
Taxes (SMT & Royalties)	(2.4)
Pre-tax total	27.9
NAV @5% (spot metal prices)	**24.3**
NAV @5% (analyst consensus prices)	**51.8**

Spot metal prices: $14/oz Ag; $1,100/oz Au
Analyst Consensus: $17/oz Ag; $1,196/oz Au

Work has started on mine development to access the vein and the Company currently expects to have initial production from Pablo towards the end of 2016.

Drilling has continued at the deposit and 7,242 metres were drilled at Pablo and Yurika veins during the quarter. Preliminary results are below:

Vein	Results
Pablo	DLEP-A21: 9.0m @0.68 g/t Au & 225 g/t Ag DLEP-A23: 7.1m @1.09 g/t Au & 389 g/t Ag DLEP-A24: 2.9m @1.34 g/t Au & 334 g/t Ag DLEP-A25: 9.0m @1.20 g/t Au & 324 g/t Ag DLEP-A26: 4.7m @0.73 g/t Au & 290 g/t Ag
Yurika	DLYU-A97: 2.8m @1.66 g/t Au & 438 g/t Ag
Yurika ceiling	DLYU-A97: 1.5m @ 3.94 g/t Au & 748 g/t Ag DLYU-A99: 1.0m @ 0.89 g/t Au & 231 g/t Ag

Financial position

During the period the Company repaid $105 million of debt financed from the proceeds of the rights issue completed on 4 November 2015 and existing cash resources. $50 million of the $100 million Scotiabank medium term loan was repaid with the remaining balance to now amortise on a quarterly basis in 2018 and 2019, representing a maturity extension from the original terms at the same interest rate. In addition, $55 million of the $350 million Senior Notes due 2021 have been repurchased at a discount to par and have been subsequently cancelled.

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

Furthermore, the terms of $25 million of short term debt due December 2015 have been renegotiated such that this tranche of debt has been rolled over for a further year at an interest rate of 1.35% per annum.

Following this debt repayment programme, total cash was approximately $83 million as at 31 December 2015, resulting in net debt of approximately $366 million.

On 6 October 2015, the Company signed agreements to hedge the sale of 29,000 ounces of gold at $1,145 per ounce and 6.0 million ounces of silver at $15.93 per ounce for 2016. This is in addition to a previous agreement for 2016 to hedge the sale of 71,000 ounces of gold at a price of $1,154 per ounce.

Outlook

The overall production target for 2016 is 32.0 million silver equivalent ounces, assuming the average silver-to-gold ratio for 2015, which consists of just over 14 million ounces from Inmaculada, approximately 7 million attributable ounces from the 51% owned San Jose and the balance from the remaining two Peruvian operations.

The all-in sustaining cost per silver equivalent ounces in 2016 is expected to be between $12 and $13 (projected assuming the average silver-to-gold ratio for 2015) with Inmaculada costs forecast to be between $9 and $10 per ounce and San Jose at approximately $13 per ounce with the remaining Peruvian mines at approximately $14.5 per ounce.

The overall capital expenditure budget for 2016 is approximately $100 million allocated to sustaining and development expenditure. This consists of: approximately $35 million at Inmaculada; $10 million to develop the Pablo vein structure; $23 million at Arcata; and the balance of $30 million at the San Jose operation.

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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 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

	Q4 2015	Q3 2015	Q4 2014	**12 mths 2015**	12 mths 2014
Silver production (koz)	**5,322**	5,014	5,075	**18,037**	19,357
Gold production (koz)	**82.87**	69.18	37.72	**213.37**	147.03
Total silver equivalent (koz)	**11,454**	10,133	7,866	**33,827**	30,237
Total silver equivalent (koz) (60:1)	**10,294**	9,165	7,338	**30,840**	28,179
Total gold equivalent (koz)	**154.78**	136.93	106.30	**457.12**	408.61
Total gold equivalent (koz) (60:1)	**171.57**	152.74	122.31	**513.99**	469.65
Silver sold (koz)	**5,866**	3,612	5,236	**17,263**	18,981
Gold sold (koz)	**96.61**	32.78	40.00	**187.39**	142.77

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

ATTRIBUTABLE GROUP PRODUCTION

	Q4 2015	Q3 2015	Q4 2014	**12 mths 2015**	12 mths 2014
Silver production (koz)	**4,345**	4,142	4,115	**14,752**	16,187
Gold production (koz)	**68.44**	56.97	24.38	**166.02**	100.89
Silver equivalent (koz)	**9,410**	8,358	5,919	**27,037**	23,653
Silver equivalent (koz) (60:1)	**8,452**	7,560	5,578	**24,713**	22,241
Gold equivalent (koz)	**127.16**	112.94	79.99	**365.37**	319.64
Gold equivalent (koz) (60:1)	**140.86**	126.00	92.96	**411.88**	370.68

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

QUARTERLY PRODUCTION BY MINE

ARCATA

Product	**Q4 2015**	Q3 2015	Q4 2014	**12 mths 2015**	12 mths 2014
Ore production (tonnes treated)	**184,994**	162,133	186,486	**648,051**	701,947
Average grade silver (g/t)	**288**	331	307	**323**	286
Average grade gold (g/t)	**1.03**	0.99	0.90	**0.99**	0.85
Silver produced (koz)	**1,453**	1,434	1,579	**5,613**	5,827
Gold produced (koz)	**4.58**	3.92	4.40	**15.67**	16.89
Silver equivalent (koz)	**1,792**	1,725	1,904	**6,772**	7,077
Silver equivalent (koz) (60:1)	**1,728**	1,670	1,843	**6,553**	6,841
Silver sold (koz)	**1,798**	1,172	1,550	**5,653**	5,621
Gold sold (koz)	**5.30**	3.07	4.06	**15.29**	15.66

ARES

Product	**Q4 2015**	Q3 2015	Q4 2014	**12 mths 2015**	12 mths 2014
Ore production (tonnes treated)	**-**	-	-	-	167,331
Average grade silver (g/t)	**-**	-	-	-	110
Average grade gold (g/t)	**-**	-	-	-	2.34
Silver produced (koz)	**-**	-	-	-	534
Gold produced (koz)	**-**	-	-	-	11.63
Silver equivalent (koz)	**-**	-	-	-	1,395
Silver equivalent (koz) (60:1)	**-**	-	-	-	1,232
Silver sold (koz)	**-**	-	17	-	540
Gold sold (koz)	**-**	-	-	-	11.45

INMACULADA

Product	**Q4 2015**	Q3 2015	Q4 2014	**12 mths 2015**	12 mths 2014
Ore production (tonnes treated)	**329,925**	277,486	-	**659,737**	-
Average grade silver (g/t)	**118**	116	-	**115**	-
Average grade gold (g/t)	**4.57**	4.39	-	**4.36**	-
Silver produced (koz)	**1,084**	875	-	**2,055**	-
Gold produced (koz)	**45.11**	36.12	-	**84.64**	-
Silver equivalent (koz)	**4,423**	3,547	-	**8,318**	-
Silver equivalent (koz) (60:1)	**3,791**	3,042	-	**7,133**	-
Silver sold (koz)	**1,546**	92	-	**1,638**	-
Gold sold (koz)	**63.87**	3.64	-	**67.51**	-

PALLANCATA

Product	**Q4 2015**	Q3 2015	Q4 2014	**12 mths 2015**	12 mths 2014
Ore production (tonnes treated)	**107,320**	125,560	256,299	**522,431**	1,051,068
Average grade silver (g/t)	**272**	272	224	**259**	238
Average grade gold (g/t)	**1.40**	1.36	1.00	**1.28**	1.03
Silver produced (koz)	**791**	925	1,537	**3,664**	6,527
Gold produced (koz)	**3.74**	4.23	6.09	**16.42**	24.34
Silver equivalent (koz)	**1,068**	1,238	1,988	**4,879**	8,329
Silver equivalent (koz) (60:1)	**1,016**	1,179	1,902	**4,649**	7,988
Silver sold (koz)	**918**	729	1,506	**3,632**	6,502
Gold sold (koz)	**4.27**	3.20	5.80	**15.80**	24.02

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SAN JOSE

Product	**Q4 2015**	Q3 2015	Q4 2014	**12 mths 2015**	12 mths 2014
Ore production (tonnes treated)	**154,642**	144,851	152,689	**532,488**	571,017
Average grade silver (g/t)	**453**	441	454	**448**	404
Average grade gold (g/t)	**6.63**	6.09	6.19	**6.36**	5.77
Silver produced (koz)	**1,994**	1,780	1,959	**6,706**	6,469
Gold produced (koz)	**29.44**	24.90	27.23	**96.64**	94.16
Silver equivalent (koz)	**4,172**	3,623	3,974	**13,857**	13,437
Silver equivalent (koz) (60:1)	**3,760**	3,274	3,593	**12,504**	12,119
Silver sold (koz)	**1,604**	1,620	2,163	**6,340**	6,316
Gold sold (koz)	**23.17**	22.87	30.13	**88.79**	91.28

The Company has a 51% interest in San Jose.

**Silver equivalent production assumes the average gold/silver ratio for 2015 of 74:1 unless otherwise stated.*

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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