



21 July 2016

Production Report for the 6 months ended 30 June 2016

Ignacio Bustamante, Chief Executive Officer said:

"The first half of 2016 has proved to be pivotal in Hochschild's recent history with the delivery of strong production results, continued cost reduction, further debt repayments and recently, re-entry into the FTSE 250 Index. Our Inmaculada operation has performed above expectations and is on track to exceed its production and cost targets for the year emphasising its world class competitive position. We are now raising our target for overall 2016 production by 6% to 34 million silver equivalent ounces whilst at revising our all-in sustaining cost down to between \$11.0 and \$11.5 per silver equivalent ounce. Furthermore, despite additional debt repayment, our cash position remains very strong at over \$100 million."

Operational highlights

- Q2 2016 attributable production exceeded expectations¹
 - 4.5 million ounces of silver
 - 67.0 thousand ounces of gold
 - 9.5 million silver equivalent ounces, up 86% versus Q2 2015 (5.1 million ounces)
 - 128.5 thousand gold equivalent ounces
- H1 2016 attributable production driven by strong Inmaculada performance
 - 8.2 million ounces of silver
 - 118.1 thousand ounces of gold
 - 17.0 million silver equivalent ounces
 - 229.1 thousand gold equivalent ounces
 - Inmaculada produced 111.2 thousand gold equivalent ounces

Strengthening financial position

- \$70m of debt repaid to date in 2016
- Total cash of approximately \$103 million as at 30 June 2016 (\$84 million as at 31 December 2015)
- Net debt of approximately \$280 million as at 30 June 2016 (\$366 million as at 31 December 2015)

Revised outlook

- Full year production now forecast to be 34 million silver equivalent ounces (460 thousand gold equivalent ounces) from 32 million ounces
- All-in sustaining costs per silver equivalent ounce now expected to be between \$11.0-11.5 for 2016 (previously \$12.0-12.5)

Capital Markets Event

- Capital Markets Event to be held on 6th September 2016 in London

A conference call will be held at 2.30pm (London time) on Thursday 21 July 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: 38264089#

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: 674714#

¹ All equivalent figures assume the average gold/silver ratio for 2015 of 74x.

Overview

In Q2 2016, the Company delivered attributable production of 128.5 thousand gold equivalent ounces or 9.5 million silver equivalent ounces. This comprised of 4.5 million ounces of silver and 67.0 thousand ounces of gold. Overall, in the first half of 2016, the Company delivered attributable production of 229.1 thousand gold equivalent ounces or 17.0 million silver equivalent ounces, including 8.2 million ounces of silver and 118.1 thousand ounces of gold.

TOTAL GROUP PRODUCTION

	Q2 2016	Q1 2016	Q2 2015	H1 2016	H1 2015
Silver production (koz)	5,415	4,329	4,178	9,744	7,701
Gold production (koz)	79.39	60.04	34.67	139.43	61.33
Total silver equivalent (koz)	11,290	8,772	6,744	20,062	12,240
Total gold equivalent (koz)	152.57	118.54	91.13	271.11	165.40
Silver sold (koz)	5,614	4,471	4,437	10,085	7,785
Gold sold (koz)	83.55	62.54	32.36	146.10	58.01

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

ATTRIBUTABLE GROUP PRODUCTION

	Q2 2016	Q1 2016	Q2 2015	H1 2016	H1 2015
Silver production (koz)	4,548	3,662	3,386	8,210	6,265
Gold production (koz)	67.04	51.08	23.40	118.12	40.60
Silver equivalent (koz)	9,509	7,442	5,117	16,951	9,269
Gold equivalent (koz)	128.50	100.56	69.15	229.06	125.26

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

Production

Inmaculada

Product	Q2 2016	Q1 2016	Q2 2015	H1 2016	H1 2015
Ore production (tonnes treated)	338,630	280,530	52,325	619,161	52,325
Average grade silver (g/t)	142	121	89.16	132	89.16
Average grade gold (g/t)	4.42	4.05	2.92	4.25	2.92
Silver produced (koz)	1,396	974	95	2,370	95.45
Gold produced (koz)	45.18	34.02	3.42	79.20	3.42
Silver equivalent (koz)	4,739	3,492	348	8,231	348
Gold equivalent (koz)	64.04	47.19	4.71	111.23	4.71
Silver sold (koz)	1,585	882	-	2,468	-
Gold sold (koz)	50.26	31.91	-	82.17	-

Inmaculada delivered its strongest quarter since commissioning with gold production at 45,000 ounces and silver production of 1.4 million ounces (gold equivalent production of 64 thousand ounces). Throughout the first half, grades and silver recoveries have been better than expected in the original mine plan and, combined with the ongoing improved tonnage per day rates, H1 production was able to reach 111 thousand gold equivalent ounces (8.2 million silver equivalent ounces).

Arcata

Product	Q2 2016	Q1 2016	Q2 2015	H1 2016	H1 2015
Ore production (tonnes treated)	172,305	161,092	155,373	333,397	300,924
Average grade silver (g/t)	345	309	349.56	327	340
Average grade gold (g/t)	1.31	1.13	0.97	1.22	0.97
Silver produced (koz)	1,592	1,377	1,439	2,970	2,726
Gold produced (koz)	5.68	4.68	3.69	10.36	7.17
Silver equivalent (koz)	2,013	1,724	1,713	3,736	3,256
Gold equivalent (koz)	27.20	23.29	23.14	50.49	44.00
Silver sold (koz)	1,572	1,349	1,626	2,922	2,683
Gold sold (koz)	5.70	4.43	4.07	10.14	6.92

At Arcata, silver production in the second quarter was 1.6 million ounces with gold production of 5,700 ounces which results in silver equivalent production of 2.0 million ounces, an 18% improvement on the first quarter of 2015 (Q2 2015: 1.7 million ounces). As in the first quarter this has been driven by better than expected mined tonnage resulting from the success of the Company's 2015 brownfield exploration programme in addition to higher silver recoveries. Overall in the first half Arcata has produced a very solid 3.7 million silver equivalent ounces (H1 2015: 3.3 million ounces).

Pallancata

Product	Q2 2016	Q1 2016	Q2 2015	H1 2016	H1 2015
Ore production (tonnes treated)	66,313	69,423	140,829	135,736	289,551
Average grade silver (g/t)	358	324	268	341	248
Average grade gold (g/t)	1.85	1.69	1.32	1.77	1.19
Silver produced (koz)	658	615	1,026	1,273	1,948
Gold produced (koz)	3.32	3.05	4.55	6.37	8.44
Silver equivalent (koz)	903	841	1,363	1,745	2,573
Gold equivalent (koz)	12.21	11.37	18.42	23.58	34.77
Silver sold (koz)	757	559	1,135	1,315	1,986
Gold sold (koz)	3.76	2.74	4.85	6.50	8.33

At Pallancata, as expected, tonnage through the plant in the first half was lower than the average 2015 rate with operations in a transitional period before the introduction of feed from the new Pablo vein towards the end of the year. Production in Q2 was 658,000 ounces of silver and 3,320 ounces of gold bringing the silver equivalent total to 903,000 ounces (Q2 2015: 1.1 million).

The 950 metre ramp to reach the Pablo vein has now been completed and approximately 600 metres of further mine infrastructure has also been developed. Currently work is advancing on the vein gallery. The Company remains on track to start production at the end of 2016.

San Jose

Product	Q2 2016	Q1 2016	Q2 2015	H1 2016	H1 2015
Ore production (tonnes treated)	146,829	101,937	124,224	248,766	232,995
Average grade silver (g/t)	428	470	466	446	448
Average grade gold (g/t)	6.09	6.27	6.47	6.16	6.34
Silver produced (koz)	1,770	1,362	1,617	3,132	2,932
Gold produced (koz)	25.21	18.28	23.01	43.49	42.30
Silver equivalent (koz)	3,635	2,715	3,320	6,350	6,062
Gold equivalent (koz)	49.12	36.39	44.86	85.81	81.92
Silver sold (koz)	1,699	1,681	1,676	3,380	3,115
Gold sold (koz)	23.83	23.46	23.45	47.29	42.75

The Company has a 51% interest in San Jose.

The San Jose operation delivered yet another solid quarter at 3.6 million silver equivalent ounces, slightly ahead of the corresponding period of 2015, resulting from better than planned grades (gold and silver) and higher than expected tonnage. Silver production in the first half totalled 3.1 million ounces and gold production was 43,490 ounces resulting in silver equivalent production of 6.4 million ounces, a 5% improvement on the H1 2015 (6.1 million ounces).

Average realisable prices and sales

Average realisable precious metal prices in Q2 2016 (which are reported before the deduction of commercial discounts and include the effects of the existing hedging agreements) were \$1,213/ounce for gold and \$17.9/ounce for silver (Q2 2015: \$1,212/ounce for gold and \$16.3/ounce for silver). For H1 2016, average realisable precious metal prices were \$1,236/ounce for gold and \$17.1/ounce for silver (H1 2015: \$1,227/ounce for gold and \$16.9/ounce for silver).

Brownfield exploration

Due to the rainy season in Peru, exploration programmes only commenced in the second quarter.

At Arcata 2,135 metres were drilled in the first half to test North-South structures in the central area of the mine. The plan for the remainder of the year is to drill in the Tunel 4 zone to extend existing structures and identify new ones. Some highlights are presented below:

Vein	Results
Ramal Marion Sur	DDH-941-GE16:1.3m @ 1.8 g/t Au & 576 g/t Ag DDH-943-GE16:1.3m @ 4.1 g/t Au & 2,157 g/t Ag
Tunel 4	DDH-912-GE16:7.8m @ 1.1 g/t Au & 205 g/t Ag DDH-939-LM16:1.3m @ 3.6 g/t Au & 2,655 g/t Ag

At Pallancata, a drilling campaign has just begun to the north and south of the Pablo structure to test anomalies and add potential resources (potentially an extension of the Luisa vein). So far, 698m have been drilled with results pending.

At San Jose 1,240m has been drilled mainly in the Aguas Vivas area with the programme ongoing.

Financial position

Total cash was approximately \$103 million with net debt of approximately \$280 million as at 30 June 2016.

On 8 June 2016, the remaining \$50 million of the original \$100 million Scotiabank medium term loan was prepaid with no penalties. In addition, on 17 June 2016 and 4 July 2016, a further \$15 million and \$5 million respectively of short term debt was repaid to BBVA in Peru. All payments were financed from existing cash resources.

Outlook

Following better than expected performances from the Inmaculada and Arcata mines, Hochschild has increased its full year production guidance from 32.0 million to 34 million of attributable silver equivalent ounces.

The all-in sustaining cost per silver equivalent ounce target has also been revised and is now expected to be between \$11.0 to \$11.5, a significant improvement on the previous guidance of \$12.0 to \$12.5 per ounce.

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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.

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.

This announcement contains information which prior to its release could be considered inside information.

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