

Hochschild Mining plc

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# Notice of Annual General Meeting

THURSDAY, 11 MAY 2017 AT 3PM



## This document is important and requires your immediate attention

If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising in connection with shares and other securities. If you have sold or otherwise transferred all of your shares in Hochschild Mining plc (the "Company") please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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## Letter from the Chairman

**Hochschild Mining plc**  
(incorporated and registered in England and Wales No. 05777693)

Registered Office:  
17 Cavendish Square  
London  
W1G 0PH

3 April 2017

### Dear Shareholder

I am pleased to invite you to attend the eleventh Annual General Meeting (the "AGM") of Hochschild Mining plc (the "Company") which will be held at 3pm on Thursday, 11 May 2017 at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ.

The business to be conducted at the meeting is set out in the Notice of AGM on pages 4 and 5 which is followed by some explanatory notes on each of the proposed resolutions.

This year we are seeking approval for those matters that we routinely put to shareholders at the AGM including the renewal of the authority to call a shareholders' meeting (other than an AGM) on no less than 14 clear days' notice as set out in Resolution 17.

Voting at the AGM will be conducted by way of poll vote in keeping with the Company's usual practice. In addition, in compliance with the Listing Rules' requirements that apply to the Company, the resolutions seeking the election and re-election of the Company's independent Directors (Resolutions 3, 4, 5, 8, 9 and 10) will only be passed if approved by both (i) a majority of all votes cast and (ii) a majority of the votes cast but excluding my votes.

Biographical details of the independent Directors are provided on page 40 of the 2016 Annual Report and Accounts and further information with respect to each one is provided in the explanatory notes from page 8 of this document. Among those seeking election are Eileen Kamerick and Sanjay Sarma, who I am delighted were appointed to the Board since the last AGM.

As previously announced, Roberto Dañino and Nigel Moore will be retiring from the Board at the conclusion of the AGM. I wish to record my gratitude to them both on behalf of my fellow Directors for their longstanding support of the Company since its listing in London in 2006. We wish them both well for the future.

The Directors regard the AGM as a valuable opportunity for shareholders to communicate with their Board and we welcome your participation and support.

Your Board considers that the proposals described in this document are likely to promote the success of the Company for the benefit of shareholders as a whole and unanimously recommends shareholders to vote in favour of the resolutions proposed.

Those Directors who hold Ordinary Shares in the Company intend to vote their shares in favour of all of the resolutions.

I would encourage shareholders to exercise their right to vote on the business of the meeting by completing and submitting the Form of Proxy in accordance with the accompanying instructions or, alternatively, by visiting [www.capitashareportal.com](http://www.capitashareportal.com).

I look forward to seeing you at the AGM.

**Eduardo Hochschild**  
**Chairman**

# Notice of 2017 Annual General Meeting

Notice is hereby given that the eleventh Annual General Meeting of Hochschild Mining plc (the 'company') will be held at 3pm on Thursday, 11 May 2017 at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ to consider the following resolutions of which resolutions 1 to 13 will be proposed as ordinary resolutions and resolutions 14 to 17 will be proposed as special resolutions.

## Ordinary resolutions

- 1 THAT, the audited accounts of the Company for the year ended 31 December 2016, together with the Directors' Report and the Auditors' Report thereon be received.
- 2 THAT, the Directors' Remuneration Report (excluding the summary of the Directors' Remuneration Policy on pages 57 to 60) for the year ended 31 December 2016 be approved.
- 3 THAT, Graham Birch be re-elected as a Director of the Company.
- 4 THAT, Enrico Bombieri be re-elected as a Director of the Company.
- 5 THAT, Jorge Born Jr be re-elected as a Director of the Company.
- 6 THAT, Ignacio Bustamante be re-elected as a Director of the Company.
- 7 THAT, Eduardo Hochschild be re-elected as a Director of the Company.
- 8 THAT, Eileen Kamerick be elected as a Director of the Company.
- 9 THAT, Michael Rawlinson be re-elected as a Director of the Company.
- 10 THAT, Sanjay Sarma be elected as a Director of the Company.
- 11 THAT, Ernst & Young LLP be re-appointed as auditors of the Company (the 'Auditors') until the conclusion of the next general meeting at which accounts are laid before the Company.
- 12 THAT, the Audit Committee of the Company be authorised to set the remuneration of the Auditors.

13 THAT, the Directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the '2006 Act') to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares:

13.1 up to an aggregate nominal amount of £42,269,359

13.2 comprising equity securities (as defined in Section 560(1) of the 2006 Act) up to a further aggregate nominal amount of £42,269,359 in connection with an offer by way of a rights issue

such authorities to apply in substitution for all previous authorities and to expire at the end of the next Annual General Meeting of the Company or on 30 June 2018, whichever is the earlier but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority ends.

For the purposes of this Resolution 'rights issue' means an offer to:

- (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities, to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

## Special resolutions

14 THAT, subject to the passing of Resolution 13 above, the Directors be authorised to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash:

14.1 pursuant to the authority given by paragraph 13.1 of Resolution 13 above or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the 2006 Act in each case:

(i) in connection with a pre-emptive offer; and

(ii) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £6,340,403.75; and

14.2 pursuant to the authority given by paragraph 13.2 of Resolution 13 above in connection with a rights issue, as if Section 561(1) of the 2006 Act did not apply to any such allotment;

such authority to expire at the end of the next Annual General Meeting of the Company or at the close of business on 30 June 2018, whichever is earlier but so that the Company may, before such expiry, make offers and enter into agreements during this period which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this resolution has expired and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the authority had not expired.

For the purposes of this Resolution:

- (i) 'rights issue' has the same meaning as in Resolution 13 above;
- (ii) 'pre-emptive offer' means an offer of equity securities open for acceptance for a period fixed by the Directors to (a) holders (other than the Company) on the register on a record date fixed by the Directors of Ordinary Shares in proportion to their respective holdings and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;
- (iii) references to an allotment of equity securities shall include a sale of treasury shares; and
- (iv) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

15 THAT, subject to the passing of Resolution 13 above and in addition to any authority granted under Resolution 14 above, the Directors be authorised to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash pursuant to the authority given by Resolution 13 above or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the 2006 Act as if Section 561(1) of the 2006 Act did not apply to any such allotment, such authority to be:

- 15.1 limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £6,340,403.75; and

15.2 used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of Directors of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the end of the next Annual General Meeting of the Company or at the close of business on 30 June 2018, whichever is the earlier, but so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this resolution has expired and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the authority had not expired.

16 THAT, the Company be and is hereby generally and unconditionally authorised for the purpose of Section 701 of the 2006 Act to make one or more market purchases (as defined in Section 693 of that Act) of Ordinary Shares of £0.25 each in the capital of the Company provided that:

- 16.1 the maximum aggregate number of Ordinary Shares authorised to be purchased is 50,723,231 (representing an amount equal to 10 per cent of the Company's issued ordinary share capital as at 1 April 2017);
- 16.2 the minimum price which may be paid for an Ordinary Share is £0.25 per Ordinary Share;

16.3 the maximum price which may be paid for an Ordinary Share is an amount equal to the higher of (i) an amount equal to 5% above the average closing price of such Ordinary Shares for the five business days on the London Stock Exchange prior to the date of purchase; and (ii) an amount equal to the higher of the price of the last independent trade of any Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Electronic Trading Service;

16.4 this authority shall expire at the conclusion of the Annual General Meeting of the Company held in 2018 or, if earlier, 30 June 2018 (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to such time.

17 THAT, a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By Order of the Board

**R D Bhasin**  
**Company Secretary**  
3 April 2017

Hochschild Mining plc  
Registered Office:  
17 Cavendish Square  
London  
W1G 0PH

## Notes to the Notice of AGM

- 1 A member is entitled to appoint another person as his or her proxy to exercise all or any of his rights to attend and to speak and vote on his or her behalf at the AGM. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. To appoint more than one proxy please follow the notes contained in the proxy form.
- 2 The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("2006 Act") ("Nominated Persons"). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
- 3 A Form of Proxy is enclosed. Completion and return of a Form of Proxy will not prevent a member from subsequently attending the AGM and voting in person.
- 4 To appoint a proxy either (a) the Form of Proxy and any power of attorney or other authority under which it is signed (or a duly certified copy of any such authority) must be deposited with the Company's registrars, Capita Asset Services ("Capita"), at PXS1, 34 Beckenham Road, Beckenham BR3 4ZF, United Kingdom or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with note 6 below or (c) the proxy appointment must be made by visiting [www.capitashareportal.com](http://www.capitashareportal.com), in each case, not less than 48 hours before the time of the holding of the AGM or any adjournment thereof.
- 5 Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755), the Company specifies that only those shareholders registered on the register of members of the Company at close of business on 9 May 2017 shall be entitled to attend and vote at the AGM in respect of the number of Ordinary Shares registered in their name at that time. Changes to the register of members after close of business on 9 May 2017 shall be disregarded in determining the rights of any person to attend and vote at the AGM.
- 6 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message must, in order to be valid, (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him or her by other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 7 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- 8 Copies of (i) the Letters of Appointment between the Company and its Non-Executive Directors; and (ii) the service contract of the Chief Executive Officer; will be available for inspection at the registered office of the Company and at the offices of Linklaters LLP at One Silk Street, London EC2Y 8HQ, United Kingdom during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) until the date of the AGM and also on the date and at the place of the AGM from 15 minutes prior to the commencement of the meeting until the conclusion thereof.

- 9 Members should note that, under Section 527 of the 2006 Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on its website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM for the financial year beginning 1 January 2012; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year beginning 1 January 2012 who ceases to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the 2006 Act. Where the Company is required to place a statement on its website under Section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on its website. The business which may be dealt with at the AGM for the relevant financial year includes any statement that the Company has been required to publish on its website under Section 527 of the 2006 Act.
- 10 Holders of Ordinary Shares are entitled to attend and vote at general meetings of the Company. The total number of issued Ordinary Shares in the Company on 1 April 2017, which is the latest practicable date before the publication of this document, is 507,232,310 carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 1 April 2017 is 507,232,310.
- 11 Any member with special needs wishing to attend the AGM should contact the Company's London office on +44 (0) 20 3709 3260, so that appropriate arrangements can be made.
- 12 Persons who are not members of the Company will not be admitted to the AGM unless prior arrangements have been made with the Company. Investors holding Ordinary Shares through nominees are welcome to attend provided that they bring proof of their holding with them to the AGM (see notes 1 and 2 above).
- 13 Members should note that doors to the AGM will open at 2.30pm.
- 14 Please note that, for security reasons, all hand luggage may be subject to examination prior to entry being granted to the AGM. Cameras, tape recorders, laptop computers and similar equipment may not be taken into the AGM.
- 15 We ask all those present at the AGM to facilitate the orderly conduct of the meeting and the Company reserves the right, if orderly conduct is threatened by a person's behaviour, to require that person to leave.
- 16 Members may not use any electronic address provided in this Notice (or in any related documents including the Chairman's letter and Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
- 17 Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 18 A copy of this notice, and other information required by Section 311A of the 2006 Act, can be found at [www.hochschildmining.com](http://www.hochschildmining.com).
- 19 Each of the resolutions to be put to the meeting will be voted on by poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting. Members and proxies will be asked to complete a poll card to indicate how they wish to cast their votes. These cards will be collected at the end of the meeting. The results of the poll will be published on the Company's website and notified to the UK Listing Authority once the votes have been counted and verified.



# Explanatory Notes on Resolutions

## Resolution 1

### Annual Report and Accounts

The first item of business is the receipt, by shareholders, of the 2016 accounts together with the Directors' Report and the Auditor's Report. The accounts are prepared in accordance with International Financial Reporting Standards.

## Resolution 2

### Directors' Remuneration Report

The Directors' Remuneration Report comprises:

- a statement by Enrico Bombieri, as the Chairman of the Company's Remuneration Committee;
- a summary of the Directors' Remuneration policy in relation to future payments to the directors and former directors as approved by shareholders at the 2016 AGM; and
- the annual report on remuneration, which sets out payments made in respect of the financial year ended 31 December 2016.

As there are no changes envisaged to the Directors' Remuneration policy approved by shareholders at the 2015 AGM, it is not being put to shareholder vote at this AGM. The statement by the Chairman of the Company's Remuneration Committee and the annual report on remuneration (the "Relevant Sections of the 2016 Directors' Remuneration Report") are, in keeping with prior years, being put to an annual advisory shareholder vote by ordinary resolution.

The Directors' Remuneration Report is set out in full in the Annual Report on pages 57 to 67.

Resolution 2 is the ordinary resolution to approve the Relevant Sections of the 2016 Directors' Remuneration Report and is an advisory resolution and does not affect the future remuneration paid to any director.

## Resolutions 3 to 10

### Annual election of Directors

In line with the recommendation of the UK Corporate Governance Code, each Board member who has previously been elected is retiring at the AGM and submits himself for re-election (or election, in the case of Eileen Kamerick and Sanjay Sarma) by shareholders.

Full biographical details of the Directors can be found on page 40 of the 2016 Annual Report and Accounts. As set out more fully in the Corporate Governance

report from page 47 of the Annual Report and Accounts, the Directors seeking re-election were subject to an internally-led evaluation process which concluded that each Board member makes a valued and effective contribution. This assessment was carried out in relation to the fulfilment of each Director's duty to act in the long-term interest of the Company, on behalf of its members, while also having due regard for other stakeholders.

Under the Listing Rules, Eduardo Hochschild (through his control of the shareholdings of Pelham Investment Corporation) is classed as a "controlling shareholder" of the Company. This means that the independent non-executive directors of the Company must be elected or re-elected by a majority of the votes cast by the 'independent shareholders' of the Company as well as by a majority of the votes cast by all the shareholders. The 'independent shareholders' of the Company means all the shareholders of the Company other than Eduardo Hochschild and entities he controls. Therefore, the resolutions for the re-election of the independent non-executive directors (Resolutions 3, 4, 5, 8, 9 and 10) will be taken on a poll and the votes cast by the independent shareholders and by all the shareholders will be calculated separately. Such resolutions will be passed only if a majority of the votes cast by the independent shareholders are in favour, in addition to a majority of the votes cast by all the shareholders being in favour.

Under the Listing Rules, if a resolution to re-elect an independent non-executive director is not approved by a majority vote of both the shareholders as a whole and the independent shareholders, a further resolution may be put forward to be approved by the shareholders as a whole at a meeting which must be held more than 90 days after the date of the first vote but within 120 days of the first vote.

Accordingly, if any of Resolutions 3, 4, 5, 8, 9 and 10 is not approved by a majority vote of the Company's independent shareholders at the AGM, the relevant Director(s) will be treated as having been re-elected only for the period from the date of the AGM until the earlier of (i) the close of any general meeting of the Company, convened for a date more than 90 days after the AGM but within 120 days of the AGM, to propose a further resolution to re-elect him, (ii) the date which is 120 days

after the AGM and (iii) the date of any announcement by the Board that it does not intend to hold a second vote. In the event that the Director's re-election is approved by a majority vote of all shareholders at a second meeting, the Director will then be re-elected until the next AGM.

The following information is provided in compliance with Listing Rule 13.8.17R (1) in relation to the Company's independent Directors who are seeking re-election at the AGM.

For the purposes of this section, a "Relevant Party" means each of Hochschild Mining plc, the Directors of Hochschild Mining plc, any controlling shareholder of Hochschild Mining plc and any associate of a controlling shareholder of Hochschild Mining plc (the italicised terms having the same meanings given to them in the Listing Rules of the Financial Conduct Authority).

### Graham Birch

#### GB1. Details of any existing or previous relationship, transaction or arrangement with a Relevant Party

Graham Birch was, until his retirement in 2009, a Director of Blackrock Commodities Investment Trust plc, and Manager of Blackrock's World Mining Trust and Gold and General Unit Trust. Blackrock has been, since the Company's listing in 2006 and until recently, one of Hochschild Mining plc's largest shareholders; and Mr Birch served between 2010 and 2015 on the Board of Petropavlovsk Plc as a Non-Executive Director, together with Sir Malcolm Field (who will be retiring from the Hochschild Mining Board at the conclusion of the forthcoming AGM).

#### GB2. Reasons why Director is considered to be effective

Given Mr Birch's prior experience as a fund manager investing in the mining sector, he provides insight into the investor's perspective with respect to the Company's corporate and financial strategies. In addition, his academic background in geology is a valuable resource for the Board in appraising the Company's exploration activities and results. In keeping with the Company's usual approach, the board evaluation process undertaken in 2016 sought the opinion of Board members on the performance of their fellow Directors which concluded that Mr Birch continues to make a significant and valued contribution to the Board.



### **GB3. How the Director is considered to be independent**

Taking all relevant factors into consideration, including as described in GB1 above, the Board has concluded that Mr Birch is independent of character and judgement, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, his judgement.

### **GB4. Process of Selection**

Having been known to the Company since its IPO in 2006, Mr Birch was invited to join the Board in light of his relevant professional skill base.

### **Enrico Bombieri**

#### **EB1. Details of any existing or previous relationship, transaction or arrangement with a Relevant Party**

None

#### **EB2. Reasons why Director is considered to be effective**

The Board benefits greatly from Mr Bombieri's knowledge of corporate finance given his extensive career in investment banking. He has made significant contributions to the Company's financing and hedging strategies. In keeping with the Company's usual approach, the board evaluation process undertaken in 2015 sought the opinion of Board members on the performance of their fellow Directors which concluded that Mr Bombieri continues to make a significant and valued contribution to the Board.

#### **EB3. How the Director is considered to be independent**

Taking all relevant factors into consideration, the Board has concluded that Mr Bombieri is independent of character and judgement, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, his judgement.

#### **EB4. Process of Selection**

Mr Bombieri was invited to join the Board in 2012 to ensure the continued presence of a professional with corporate financial experience following the retirement of Dionisio Romero.

### **Jorge Born Jr**

#### **JB1. Details of any existing or previous relationship, transaction or arrangement with a Relevant Party**

As previously disclosed in past Annual Report and Accounts, Mr Born served on an advisory board of one of the Group's companies prior to the Company's listing

in 2006; and Mr Born has served on the Board since the Company's listing in 2006.

#### **JB2. Reasons why Director is considered to be effective**

Mr Born has extensive experience gained from a number of senior executive positions both internationally and in his native Argentina where the Company has its only non-Peruvian operation. The Board benefits from Mr Born's experience in general and in particular his insight with regards to managing the Group's exposure to geopolitical risk and developing the Latin American growth strategy in general. In keeping with the Company's usual approach, the board evaluation process undertaken in 2015 sought the opinion of Board members on the performance of their fellow Directors which concluded that Mr Born continues to make a significant and valued contribution to the Board.

#### **JB3. How the Director is considered to be independent**

Taking all relevant factors into consideration, including as described in JB1 above, the Board has concluded that Mr Born is independent of character and judgement, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, his judgement.

#### **JB4. Process of Selection**

Mr Born was appointed in preparation for the Company's listing in 2006 following the short listing of candidates by the Chairman with support from the Company's professional advisers.

### **Eileen Kamerick**

#### **EK1. Details of any existing or previous relationship, transaction or arrangement with a Relevant Party**

None

#### **EK2. Reasons why Director is considered to be effective**

Mrs Kamerick brings expertise in relation to financial reporting and risk management given her career as a senior finance professional working across sectors including investment banking, recruitment, healthcare and the extractive industry. These skills were identified as of particular benefit to the Board in light of Mrs Kamerick's succession to the Chair of the Audit Committee following Nigel Moore's retirement at the forthcoming AGM. Mrs Kamerick serves as a Non-Executive Director (and in one case as Chair of the Audit Committee) of a number of other listed companies in the U.S. and lectures at a number of universities on

corporate governance. The Board is therefore able to benefit from Mrs Kamerick's expertise in relation to the Group's governance framework. In light of the timing of her appointment, Mrs Kamerick's performance has not yet been evaluated by fellow Board members.

#### **EK3. How the Director is considered to be independent**

Taking all relevant factors into consideration, the Board has concluded that Mrs Kamerick is independent of character and judgement, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, her judgement.

#### **EK4. Process of Selection**

Mrs Kamerick's appointment was the culmination of a search process which was overseen by a working group on behalf of the Nominations Committee with support from Odgers Berndtson who provided a long-list of potential candidates for consideration.

### **Michael Rawlinson**

#### **MR1. Details of any existing or previous relationship, transaction or arrangement with a Relevant Party**

None

#### **MR2. Reasons why Director is considered to be effective**

Mr Rawlinson brings expertise of the sector in light of his wide ranging experience as a corporate financier and research analyst specialising in the mining sector. Mr Rawlinson has extensive capital markets experience having advised on the IPOs and following-on offerings for a number of companies including the Company's own IPO in 2006. In addition, Mr Rawlinson served as a Non-Executive Director of Talvivaara Mining Company Plc between 2012 and 2013. Given the timing of his appointment, Mr Rawlinson's performance has not yet been evaluated by fellow Board members.

#### **MR3. How the Director is considered to be independent**

Taking all relevant factors into consideration, the Board has concluded that Mr Rawlinson is independent of character and judgement, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, his judgement.

#### **MR4. Process of Selection**

Having been known to the Company since its IPO in 2006, Mr Rawlinson was invited to join the Board in light of his breadth of experience and knowledge of the sector.

## *Explanatory Notes on Resolutions continued*

### **Sanjay Sarma**

#### **SS1. Details of any existing or previous relationship, transaction or arrangement with a Relevant Party**

Mr Sarma is a director and shareholder of Top Flight Technologies, a company in which Eduardo Hochschild has a 1.25% shareholding.

#### **SS2. Reasons why Director is considered to be effective**

Mr Sarma is a professor of Mechanical Engineering at the Massachusetts Institute of Technology and has a personal interest in innovation in the mining industry. The sector, in general, faces a number of long-term challenges and therefore Mr Sarma's knowledge of new technologies and innovative approaches to mining is considered to be of strategic importance to the Group. Even though the timing of his appointment has meant that Mr Sarma's performance has not yet been evaluated by fellow Board members, his perspective and contributions have added a new dimension to board discussions.

#### **SS3. How the Director is considered to be independent**

Taking all relevant factors into consideration, the Board has concluded that Mr Sarma is independent of character and judgement, and that the circumstances described in SS1 above are not of sufficient materiality such that they are likely to affect, or could appear to affect, his judgement.

#### **SS4. Process of Selection**

Having been known for his interest in the use of technology and innovation in mining, Mr Sarma was invited to join the Board.

### **Resolution 11**

#### **Re-appointment of auditors**

The Company is required, at each general meeting at which accounts are presented, to appoint auditors to hold office until the next such meeting.

As detailed in the Audit Committee section of the Corporate Governance Report (from page 44 of the 2016 Annual Report), a formal tender for the Group's 2016 external audit contract was held in Q1 2016 which was deliberately timed to co-incide with the mandatory rotation of the Signing Partner at the current audit firm, Ernst & Young LLP ("E&Y").

The tender process, which is more fully described in the above section of the Annual Report resulted in the recommendation to the Board that E&Y be re-appointed as the Group's auditors (the "Auditors").

Accordingly, the Board recommends the re-appointment of Ernst & Young LLP to hold office until the next meeting at which accounts are laid.

### **Resolution 12**

#### **Remuneration of the auditors**

Resolution 12 seeks shareholder consent for the Company's Audit Committee to set the remuneration of the Auditors.

### **Resolution 13**

#### **Authority to allot shares**

The purpose of Resolution 13 is to renew the Directors' power to allot shares.

The authority in paragraph 13.1 will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to a nominal value of £42,269,359, which is equivalent to 33 per cent of the total issued ordinary share capital of the Company, exclusive of treasury shares, as at 1 April 2017.

The authority in paragraph 13.2 will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares only in connection with a rights issue up to a further nominal value of £42,269,359, which is equivalent to approximately 33 per cent of the total issued ordinary share capital of the Company, exclusive of treasury shares, as at 1 April 2017.

This is in line with corporate governance guidelines.

At 1 April 2017, the Company did not hold any shares in treasury.

There are no present plans to undertake a rights issue or to allot new shares. The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place when considered appropriate. If the resolution is passed, the authority will expire on the earlier of 30 June 2018 and the end of the AGM in 2018.

### **Resolutions 14 and 15**

#### **Disapplication of pre-emption rights**

If the Directors wish to allot new shares or other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme) company law requires that these shares are offered first to shareholders in proportion to their existing holdings (known as pre-emption rights).

The purpose of paragraphs 14.1(i) and 14.2 of Resolution 14 is to authorise Directors to allot a limited number of ordinary shares or other equity securities, or sell treasury shares, for cash on a pre-emptive basis but subject to such exclusions or arrangements as the Directors may deem appropriate to deal with certain legal, regulatory or practical difficulties. For example, in a pre-emptive rights issue, there may be difficulties in relation to fractional entitlements or the issue of new shares to certain shareholders, particularly those resident in certain overseas jurisdictions. The Board has no current intention of exercising the authority under paragraph 14.1 of Resolution 14 but considers the authority to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or pre-emptive rights issue having made appropriate exclusions or arrangements to address such difficulties.

In addition, there may be circumstances when the Directors consider it in the best interests of the Company to allot a limited number of ordinary shares or other equity securities, or sell treasury shares for cash on a non pre-emptive basis. The Pre-Emption Group's Statement of Principles, as updated in March 2015, supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than 5 per cent of issued ordinary share capital (exclusive of treasury shares), without restriction as to the use of proceeds of those allotments.

Accordingly, the purpose of paragraph 14.1(ii) of Resolution 14 is to authorise Directors to allot new shares and other equity securities pursuant to the allotment authority given by paragraph 13.1 of Resolution 13, or sell treasury shares, for cash up to a nominal value of £6,340,403.75, equivalent to 5 per cent of the total issued ordinary share capital of the Company as at 1 April 2017, without the shares first being offered to existing shareholders in proportion to their existing holdings.

The Pre-Emption Group's Statement of Principles also supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than an additional 5 per cent of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-Emption Group's Statement of Principles defines "specified capital investment" as meaning one or more specific capital investment related uses for the proceeds of an issue of equity securities, in respect of which sufficient information regarding the effect of the transaction on the Company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-Emption Group in May 2016, the purpose of Resolution 15 is to authorise the Directors to allot new shares and other equity securities pursuant to the allotment authority given by Resolution 13, or sell treasury shares, for cash up to a further nominal amount of £6,340,403.75, equivalent to 5 per cent of the total issued ordinary share capital of the Company as at 1 April 2017, in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue. If the authority given in Resolution 15 is used, the Company will publish details of the placing in its next annual report.

The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles and not to allot shares or other equity securities or sell treasury shares for cash on a non pre-emptive basis pursuant to the authority in Resolution 14 in excess of an amount equal to 7.5 per cent of the total issued ordinary share capital of the Company, excluding treasury shares, within a rolling three-year period, other than:

- (i) with prior consultation with shareholders; or
- (ii) in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The Board considers the authorities in Resolutions 14 and 15 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions. The Board has no immediate plans to make use of these authorities. If the resolutions are passed, the authorities will expire on the earlier of 30 June 2018 and the end of the AGM in 2018.

## **Resolution 16**

### **Authority to buy shares**

Under Section 701 of the 2006 Act ("Section 701") the directors of a company may make market purchases of that company's shares if authorised to do so by shareholders. The Directors believe that granting such approval would be in the best interests of shareholders in allowing them the flexibility to react promptly to circumstances requiring market purchases.

Accordingly, Resolution 16, which will be proposed as a special resolution, will, if passed, give the Directors authority to make one or more market purchases of the Company's shares under Section 701. The authority contained in this resolution will be limited to 50,723,231 Ordinary Shares having an aggregate nominal value of £12,680,807.75 which represents 10 per cent of the issued ordinary share capital of the Company as at 1 April 2017. The upper and lower limits on the price which may be paid for those shares are set out in the resolution itself.

Pursuant to the 2006 Act, shares purchased under this authority may be held as treasury shares. The Company may purchase and hold shares as treasury shares up to a maximum amount equal to 15 per cent of the nominal value of the issued Ordinary Shares at that time, rather than cancelling them. Shares held in treasury do not carry voting rights and no dividends will be paid on any such shares. Shares held in treasury in this way can be sold for cash or cancelled, either immediately or at a point in the future, or be used for the purposes of an employee share scheme. This would allow the Company to manage its capital base more effectively.

The Board has no present intention of exercising this authority. Shares will only be repurchased if the Directors consider such purchases to be in the best interests of shareholders generally and that they can be expected to result in an increase in earnings per share. The authority will only be used after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury).

This authority will expire on the earlier of 30 June 2018 and the Company's AGM in 2018.

## **Resolution 17**

### **General meetings**

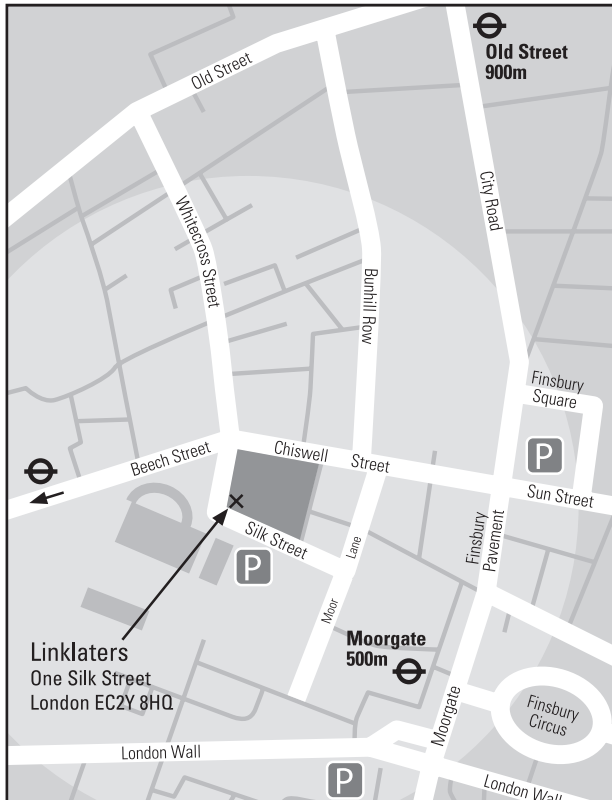
This resolution is proposed in the light of the implementation of the Shareholder Rights Directive in August 2009. The regulations implementing this Directive increased the notice period for general meetings of the Company to 21 days unless shareholders have approved the calling of meetings on 14 days' notice. AGMs will continue to be held on at least 21 clear days' notice. This resolution seeks to renew the authority granted at last year's AGM.

The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

## Information on the AGM Venue

### Location

The 2017 AGM is being held at the offices of Linklaters LLP, the location of which is shown on the map below.



Transport details: How to get there by tube, train and car

**Nearest tube station**  
Moorgate or Barbican

**Nearest train station**  
Liverpool Street

### Airports

**London/Heathrow – LHR**  
Leave Heathrow Airport precinct in the direction of the M4. At the M4 turn left away from London and at the next junction leave the M4 and join the M25 heading North. At junction 16 of the M25 leave the M25 and join the M40/A40 going towards London. Follow the A40 along Marylebone Road, Euston Road and at King's Cross interchange follow signs for the City along Pentonville Road and City Road. At Finsbury Square turn right into Chiswell Street and Silk Street is the fourth turning on the left.

### London/Gatwick – LGW

Leave Gatwick precinct heading towards the M23. Follow the M23/A23 towards London and at the Oval cricket ground join the A3. At the Elephant & Castle roundabout go on to Newington Causeway and continue straight on to cross London Bridge. Fork right into Gracechurch Street and then turn left into London Wall, right into Moorgate and left into Chiswell Street. Silk Street is the fourth turning on the left.

### London/City Airport – LCY

From City Airport, follow the sign for Docklands. Pass the docks and follow the River. Drive west towards Westminster. At the Tower of London, turn right into the Minories then first left into Dukes Place and follow the road onto London Wall. Turn right into Moorgate and left into Chiswell Street. Silk Street is the fourth turning on the left.

## Shareholder Information

### Proxy voting

Shareholders are requested to complete and submit their Form of Proxy, whether or not they intend to attend the AGM.

Please complete, sign and return the form as soon as possible in accordance with the instructions printed on it. The Form of Proxy should be returned to Capita Asset Services as soon as possible, but in any event by no later than 3pm on Tuesday, 9 May 2017. Alternatively, you may submit your proxy online at [www.capitashareportal.com](http://www.capitashareportal.com). CREST members wishing to use the CREST electronic appointment service are referred to note 6 of the Notice of AGM on page 7. Completion and return of the Form of Proxy will not prevent shareholders from attending in person and voting at the meeting should they subsequently decide to do so.

### Shareholder enquiries

The Company's share register is maintained by:

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

Telephone (from UK): 0371 664 0300  
(Calls charged at the standard geographic rate and will vary by provider. Lines are open 9.00am-5.30pm Mon-Fri excluding public holidays in England and Wales)

Telephone (from overseas):  
+44 371 664 0300  
(Calls charged at the applicable international rate)

Fax: +44 (0)1484 601512

Enquiries relating to the administration of holdings of the Company's shares, such as change of address, change of ownership or dividend payments, should be directed to Capita at the address and telephone number above. Any queries from shareholders in Peru should be addressed to:

José Augusto Palma, General Counsel  
Compañía Minera Ares SAC  
Calle La Colonia No.180  
Urb. El Vivero  
Santiago de Surco  
Lima

Telephone: +511 317 2000

### 2017 Calendar

2017 half-year results announced:  
August 2017

Financial year end:  
31 December 2017