

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your Shares, please send this document, together with the accompanying Form of Proxy and other accompanying documents, at once 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.



Hochschild Mining plc

(Incorporated and registered in England and Wales No. 05777693)

Proposed disposal of 21,540,992 common shares in Lake Shore Gold Corp.

and

Notice of Extraordinary General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Hochschild which is set out on pages 3 to 8 of this document and which recommends you to vote in favour of the Resolution to be proposed at the Extraordinary General Meeting referred to below.

Notice of an Extraordinary General Meeting of Hochschild to be held at the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ, United Kingdom at 3.00 p.m. on 8 February 2011 is set out at the end of this document. A Form of Proxy for use at the Extraordinary General Meeting is enclosed and, to be valid, should be completed, signed and returned so as to be received by the Company's Registrars, Capita Registrars, at PXS, 34 Beckenham Road, Beckenham, BR3 4TU, United Kingdom as soon as possible but, in any event, so as to arrive no later than 3.00 p.m. on 4 February 2011. Alternatively, you may submit your proxy online at www.capitashareportal.com. Completion and return of a proxy will not prevent members from attending and voting in person should they wish to do so.

For a discussion of certain risk factors which should be taken into account when considering what action you should take in connection with the Extraordinary General Meeting, please see Part II "Risk Factors" of this document.

Merrill Lynch International, who is authorised and regulated in the UK by the Financial Services Authority, is acting for Hochschild and no-one else in connection with the Transaction and will not be responsible to any other person other than Hochschild for providing the protections afforded to its respective clients nor for providing advice in relation to the Transaction or any other transaction, arrangement or other matter referred to in this document.

TABLE OF CONTENTS

	<u>Page</u>
PART I LETTER FROM THE CHAIRMAN OF HOCHSCHILD MINING PLC	3
PART II RISK FACTORS	9
PART III PRINCIPAL TERMS OF THE TRANSACTION	10
PART IV ADDITIONAL INFORMATION	12
PART V DEFINITIONS	20
NOTICE OF EXTRAORDINARY GENERAL MEETING	22

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of proxies	3.00 p.m. on 4 February 2011
Voting record date	4 February 2011
Extraordinary General Meeting	3.00 p.m. on 8 February 2011
Expected date of Completion	8 February 2011

All times shown in this document are London times unless otherwise stated

FORWARD-LOOKING STATEMENTS

This document includes statements concerning the Continuing Group that are forward-looking in nature. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Continuing Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Any information contained in this announcement on the price at which shares or other securities in the Continuing Group have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance. Subject to the requirements of the DTRs and the Listing Rules, Hochschild undertakes no obligation to publicly release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this document.

PART I
LETTER FROM THE CHAIRMAN

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

Directors

Eduardo Hochschild (*Executive Chairman*)
Ignacio Bustamante (*Chief Executive Officer*)
Roberto Dañino (*Deputy Chairman and Non-Executive Director*)
Sir Malcolm Field (*Senior Non-Executive Director*)
Jorge Born Jr. (*Non-Executive Director*)
Nigel Moore (*Non-Executive Director*)
Dionisio Romero (*Non-Executive Director*)
Fred Vinton (*Non-Executive Director*)

Registered Office
Hochschild Mining plc
46 Albemarle Street
London
W1S 4JL

20 January 2011

To the holders of Shares and, for information only, the Bondholders

Dear Shareholder

Proposed Disposal of the Lake Shore Gold Shares
and
Notice of Extraordinary General Meeting

1 Introduction

Following the appointment of a new senior management team earlier in the year, a strategic review was undertaken and the Board of Hochschild determined that the Company's investment programme should focus on value creation through organic growth and active participation in the development of mining assets.

The Company's minority shareholding in Lake Shore Gold was determined not to be core to the long-term development of the Company and, on 14 October 2010, the Company announced that it had disposed of the majority of its holding in Lake Shore Gold at a price of C\$3.60 per share, reducing its holding from 35 per cent. to 6 per cent. of Lake Shore Gold's issued share capital.

Furthermore, on 3 December 2010, the Company announced that it had provisionally agreed to dispose of its remaining 6 per cent. stake in Lake Shore Gold at a price of C\$3.70 per share.

The proceeds of the two disposals will primarily be used to support the Company's organic growth strategy through investment in its extensive and rapidly expanding exploration pipeline, including the funding of Azuca and Inmaculada to production, as well as to pay down the Company's outstanding debt.

Due to the size of the combined sales, the disposal of the final 6 per cent. of the Company's stake in Lake Shore Gold is a Class 1 Transaction under Chapter 10 of the Listing Rules of the UK Listing Authority. As such, the disposal requires the approval of Shareholders at an Extraordinary General Meeting to be held at the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ, United Kingdom at 3.00 p.m. on 8 February 2011. Notice of the Extraordinary General Meeting is set out at the end of this document.

I am now writing to you to explain the background to the proposed Disposal, to explain why your Board considers that the Disposal is in the best interests of the Company and its Shareholders as a whole and to recommend that you vote in favour of the Resolution approving the Disposal, as the Directors intend to do in respect of their beneficial shareholdings in the Company.

2 Background to and reasons for the Transaction

On 19 February 2008, the Company announced a strategic investment in Lake Shore Gold when it acquired a 19.99 per cent. stake. The purpose of the investment was to enable the Company to build its exposure to high-grade, long-life gold resources through an investment that offered significant exploration potential and long-term growth. Following a number of further acquisitions of shares in Lake Shore Gold, most recently in February 2010, the Company increased its stake to 37 per cent.

Following Ignacio Bustamante's appointment as Chief Executive Officer of the Company on 1 April 2010, the Board reassessed, amongst other things, its shareholding in Lake Shore Gold. Whilst the Company's investment in Lake Shore Gold has been financially beneficial to the Company, the Company concluded that investing its resources in its significant portfolio of early and mid-stage development projects presents investment opportunities with the highest potential to create value for its shareholders. The Directors believe that such purely market-based financial exposure is something Shareholders could do more efficiently through a direct investment in Lake Shore Gold as opposed to indirectly through their investment in the Company. As such, it was decided to seek ways to sell down the Company's holding in an orderly manner and unlock the capital for further investment in the Company's new growth strategy.

On 19 August 2010, the Company announced that it would not participate in Lake Shore Gold's proposed C\$76,000,000 financing which would, therefore, result in the Company's equity stake being diluted from 37 per cent. to 35 per cent. The Board announced that the Company's primary focus had moved away from acquisitions to investment in its project pipeline for growth.

Hochschild Chief Executive Officer Ignacio Bustamante stated at the time:

"Hochschild remains supportive of Lake Shore Gold, however, the Board and management team see organic growth through investment in Hochschild's extensive and rapidly expanding exploration pipeline as the Company's key priority."

The Company was approached by a consortium of banks to buy a large proportion of its stake in Lake Shore Gold and the Company announced on 14 October 2010 a sale to RBC, BMO Nesbitt Burns Inc. and CIBC World Markets Inc. at C\$3.60 per share, representing a 33 per cent. gain on the average purchase price of C\$2.70 per Lake Shore Gold share.

In late November 2010, the Purchaser approached the Company with a proposal to purchase the Company's remaining shareholding in Lake Shore Gold. On 3 December 2010, the Company announced the provisional sale of the Lake Shore Gold Shares to the Purchaser at a price of C\$3.70 per Lake Shore Gold Share.

3 Information on Lake Shore Gold

Lake Shore Gold is a rapidly growing mining company with a vision to become a mid-tier gold producer through the successful exploration, development and operation of its properties in the Abitibi Greenstone belt in Northern Ontario and Quebec, starting with its strong base in Timmins, Ontario.

In Timmins, the company has begun commercial production at the Timmins Mine, where it is using both a shaft and ramp to mine the Timmins deposit, and has intersected mineralisation underground at the adjacent Thunder Creek deposit, which is being developed using the same infrastructure and as part of the Timmins Mine project. Progress is also being made with an underground advanced exploration programme at its Bell Creek Mine, located on the east side of the City of Timmins, which is moving forward to become the company's second mining operation in the Timmins Gold Camp.

The company's wholly owned mill (located on the Bell Creek property) has been refurbished and currently has a 2,000 tonnes per day operating capacity. The company continues to invest aggressively in exploration primarily in the Timmins Gold Camp and in its other properties in Northern Ontario and Quebec, and owns a large land position in Mexico.

The following table sets out the closing share price of Lake Shore Gold on the Toronto Stock Exchange on the last trading day of each of the last six months, 3 December 2010, being the day Hochschild announced the provisional sale of the Lake Shore Gold Shares, and 18 January 2011, being the latest practicable date prior to the posting of this document.

<u>Date</u>	<u>Lake Shore Gold closing share price</u>
30 July 2010	C\$3.11
31 August 2010	C\$3.79
30 September 2010	C\$3.60
29 October 2010	C\$3.46
30 November 2010	C\$4.00
3 December 2010	C\$4.04
31 December 2010	C\$4.16
18 January 2011	C\$4.04

4 Financial effects of the Transaction

The aggregate consideration payable to Hochschild for the sale of its Lake Shore Gold shares is:

<u>Date</u>	<u>Stake Sold⁽¹⁾</u>	<u>Number of Common Shares Sold</u>	<u>Sale Price Per Common Share</u>	<u>Total Gross Proceeds (million)</u>
14 October 2010	29%	109,000,000	C\$3.60	C\$392.4 ⁽²⁾
3 December 2010	6%	21,540,992	C\$3.70	C\$79.7

Notes:

- (1) Expressed as a percentage of Lake Shore Gold's issued share capital.
- (2) Prior to payment of expenses and underwriting fees.

The proceeds of the initial sale were paid in cash on 3 November 2010. The proceeds of the second sale are conditional upon shareholder approval at the Extraordinary General Meeting and will also be payable in cash. The cash proceeds will be retained by the Company and primarily used to fund its organic growth programme. In addition, the Company is also evaluating the possibility of repaying its outstanding debt.

The Lake Shore Gold shareholding has been included in the Company's consolidated accounts as an associate under the equity accounting method. As such, the disposal of the shareholding will result in the removal of the associated line items in the future.

The following table summarises the financial information of the Group's investment in Lake Shore Gold, extracted without material adjustment from the Company's Annual Report and Accounts for the financial year ended 31 December 2009:

	<u>Year ended 31 December</u>	
	<u>2009</u>	<u>2008</u>
	<u>US\$000</u>	<u>US\$000</u>
Share of the associate's statement of financial position:		
Current assets	47,520	29,217
Non-current assets	345,948	128,913
Current liabilities	(7,663)	(5,839)
Non-current liabilities	(50,758)	(28,428)
Net assets	335,047	123,863
Goodwill on acquisition	51,143	12,513
Carrying amount of the investment	386,190	136,376
Share of the associate's revenue and losses:		
Revenue	nil	nil
Profit/(losses) ⁽¹⁾	46,951	(3,925)
Carrying amount of the investment	386,190	136,376

Note:

- (1) Share of the associate's profit in 2009 includes: (i) a gain of US\$101,503,000 from the Group's share in Lake Shore Gold's acquisition of 100 per cent. of West Timmins' net assets, (ii) a gain from the Group's share in the results of the period of Lake Shore Gold of US\$9,165,000, (iii) a loss from dilution of the Group's interest from 39.99 per cent. to 26.1 per cent. as at 6 November 2009 of US\$59,224,000, and (iv) a loss from dilution of the Group's interest from 36.09 per cent. to 35.69 per cent. as at 31 December 2009 of US\$4,493,000.

The Company has never received a dividend from Lake Shore Gold and, as such, the sale of the Lake Shore Gold Shares will increase cash by the level of net proceeds, but will not have any other effect on future cash flows.

Lake Shore Gold's reserves and resources have been included in Hochschild's reserves and resources in proportion to Hochschild's holding in Lake Shore Gold. The following table has been extracted from the Company's Annual Report and Accounts for the financial year ended 31 December 2009, setting out the resources attributable to Hochschild. Following the Transaction, these resources will no longer be attributable to Hochschild.

Attributable Metal Resources as at 31 December 2009

Resource category	Measured (t)	Indicated (t)	Measured and indicated (t)	Inferred (t)	Ag (g/t)	Au (g/t)	Ag Eq (g/t)	Ag (moz)	Au (koz)
Timmins (Lake Shore)									
Measured					0	0.00	0	0.0	0.0
Indicated		1,158,465			0	8.56	513	0.0	318.7
Total			1,158,465		0	8.56	513	0.0	318.7
Inferred				319,158	0	5.74	344	0.0	58.9

5 Terms of the Transaction

The Block Trade Letter was entered into on 2 December 2010 between the Company, Hochschild Mining Holdings Limited and the Purchaser. The consideration payable to Hochschild Mining Holdings Limited in respect of the sale of the Lake Shore Gold Shares is C\$79,701,670.40, payable in cash on the Settlement Date. The purchase price is not subject to any adjustment at Settlement.

Settlement is conditional, amongst other things, upon Shareholders approving the Disposal at the Extraordinary General Meeting. If the relevant conditions have not been satisfied or waived by 1 March 2011, the Block Trade Letter will lapse.

The Company and Hochschild Mining Holdings Limited have provided certain representations and warranties that are customary for a transaction of this nature. The representations and warranties relate to legal and regulatory matters, accounting and financial matters and actual or threatened claims against Lake Shore Gold.

A summary of the principal terms of the Transaction is set out in Part III "Principal Terms of the Transaction" of this document.

6 Trend Information

2010 Overview

As announced on 19 January 2011, the Company delivered another solid performance in Q4 2010 with attributable production of 7.0 million silver equivalent ounces comprised of 4.8 million ounces of silver and 37.4 thousand ounces of gold. As a result, Hochschild has successfully achieved its full year production target, producing 26.4 million attributable silver equivalent ounces in 2010, containing 17.8 million ounces of silver and 144.4 thousand ounces of gold.

The Company expects its overall 2010 unit cost per tonne increase to be slightly higher than expected as a result of substantially higher metal prices which have increased royalties (particularly in Q4 2010), the effect of the longer than anticipated mine life at the high cost Ares mine operation and local price inflation in Argentina. Excluding these effects, the cost increases achieved by the Company are within previous guidance.

Main operations

The Pallancata mine continues to deliver strong results with Q4 2010 production up 10 per cent. and 22 per cent. on the previous quarter, for silver and gold respectively. For the full year 2010, treated tonnage is up 16 per cent. on 2009, due to the Selene plant exclusively processing Pallancata's ore. As a result of this, as well as higher extracted silver grades, year-on-year silver equivalent production increased 19 per cent. with total 2010 production of 12.3 million ounces.

In order to ensure a consistent and sustainable level of production and, in light of ongoing changing geotechnical conditions at the mine, the Arcata mine's grades were reduced during 2010 as they moved towards reserve grade level and, consequently, 2010 equivalent silver production fell by 14 per cent. to 9.6 million ounces.

Production performance at the San José mine in Q4 2010 was stronger than that of Q3 2010 due to higher volumes from new mining areas. Compared to the previous quarter, silver and gold production increased 33 per cent. and 19 per cent. respectively, with full year silver equivalent production up 8 per cent. to 10.4 million silver equivalent ounces. This strong result was also helped by one-off contributions from a tailings recovery project. Despite the continuing challenging economic and operating environment in Argentina, the Company remains positive about the high grade potential of the San José mine and surrounding property.

Other operations

As a result of the significant increase in prices in the second half of 2010, the Company's Ares mine continued to operate for the full year, albeit at a lower level, producing 2.7 million silver equivalent ounces (2009: 3.5 million silver equivalent ounces). Moris, the Company's open pit operation, produced 1.4 million silver equivalent ounces in 2010 (2009: 1.8 million silver equivalent ounces).

Average realisable prices and sales

Average realisable precious metal prices⁽¹⁾ (including commercial discounts) in Q4 2010 were US\$1,414.4/ounce for gold and US\$31.2/ounce for silver (excluding forward sales contracts). Average realisable precious metals prices for the full year 2010 were US\$1,266.2/ounce for gold and US\$22.6/ounce for silver.

Crespo

On 19 January 2011, the Company announced the results of a scoping study completed by an independent company, Ausenco, at its 100 per cent. owned Crespo project, located in the Company's existing operating cluster in southern Peru. Crespo, which is expected to be an open pit deposit was estimated to have an average initial silver equivalent production of 2.3 million ounces per year with a resource life of 7.5 years, total resources of 49.4 million silver equivalent ounces, and estimated total cash operating cost of US\$8.8 per silver equivalent ounce. The project is now at pre-feasibility stage, with targeted completion in Q4 2011.

2011 Overview

Hochschild's production target for 2011 is 22.5 million silver equivalent ounces. The Company expects stable production at the San José mine and the Pallancata mine, offset by lower production at the Arcata mine as the Company moves towards its previously mentioned long term goal of mining close to the average reserve grade at each of its core operations.

As anticipated, production at the ageing Ares mine will continue to decline, with closure expected in the second half of 2011. Management is monitoring the grade and cost profile of the operation to ensure that it is in line with the Company's policy of producing profitable ounces. Moris, the Company's Mexican operation, is also scheduled for closure in 2011.

The Company expects overall 2011 unit cost per tonne performance in Peru to be broadly in line with industry cost inflation of around 10 per cent., whilst in Argentina, the rate is expected to continue to be higher as a result of expected ongoing local price inflation of around 25 to 30 per cent.

7 Extraordinary General Meeting

Completion of the Transaction is conditional upon Shareholders' approval being obtained at the Extraordinary General Meeting. Accordingly, set out at the end of this document is a notice convening an Extraordinary General Meeting to be held at the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ, United Kingdom at 3.00 p.m. on 8 February 2011 at which the Resolution will be proposed to approve the Transaction.

⁽¹⁾ Figures restated to include gross revenue divided by gross ounces (previously included net revenue divided by net ounces)

8 Action to be Taken

You will find enclosed a Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are encouraged to lodge your votes on the Resolution by proxy. Proxy votes may be submitted by completing the Form of Proxy in accordance with the instructions printed on it and returning it as soon as possible and, in any case, so as to be received by the Company's Registrars, Capita Registrars at PXS, 34 Beckenham Road, Beckenham, BR3 4TU, United Kingdom no later than 3.00 p.m. on 4 February 2011. Alternatively, you may submit your proxy online at www.capitashareportal.com. The return of a proxy will not prevent you from attending the meeting and voting in person should you so wish.

9 Further information

Your attention is drawn to the further information contained in Parts II "Risk Factors" to V "Definitions" of this document and in particular, to Part II "Risk Factors". For specific details of Directors' service contracts and the key individuals of Lake Shore Gold, please see paragraphs 5 and 6 respectively of Part IV "Additional Information".

Shareholders should read the whole of this document and should not rely solely on the summarised information set out above.

10 Recommendation

The Board, which has received financial advice from Merrill Lynch International, considers the Transaction to be in the best interests of the Shareholders as a whole. In providing advice to the Board, Merrill Lynch International has relied on the Board's commercial assessment of the Transaction.

The Board unanimously recommends Shareholders to vote in favour of the Resolution to be proposed at the Extraordinary General Meeting, as the Directors intend to do in respect of their own beneficial holdings, which, in aggregate, amounted to 182,543,776 Shares as at 18 January 2011 (being the latest practicable date prior to the posting of this document), representing approximately 54 per cent. of the entire issued ordinary share capital of the Company.

Yours faithfully

Eduardo Hochschild
Executive Chairman

PART II

RISK FACTORS

Prior to making any decision to vote in favour of the proposed Resolution at the Extraordinary General Meeting, Shareholders should carefully consider, together with all other information contained in this document, the specific factors and risks described below. Hochschild considers the following to be the known material risk factors relating to the Transaction for Shareholders to consider.

The risks described below relate only to the Transaction. They do not comprise any of the risks associated with Hochschild and/or Lake Shore Gold or the industries in which Hochschild and/or Lake Shore Gold operate, for which there are multiple risks that have not been disclosed below. The risks set out below are not set out in any particular order of priority.

There may be other risks of which the Board is not aware or which it believes to be immaterial which may, in the future, be connected to the Transaction and have an adverse effect on the business, financial condition, results of operations or future prospects of the Continuing Group after the Transaction.

Risks Related to the Transaction

Loss of diversification

Following the Disposal, any diversification benefit which the Continuing Group historically received from Lake Shore Gold will no longer be available.

Exposure to costs

The Block Trade Letter contains certain representations and warranties in favour of the Purchaser. If the Continuing Group should breach any of these representations or warranties, it could incur damages which may have an adverse effect on its business, financial condition and results of operations. In the event of such breach of the representations and warranties under the Block Trade Letter, Hochschild Mining Holdings Limited could be exposed to costs up to the full value of the Lake Shore Gold Shares.

Certain principal shareholders exercise significant control over the Continuing Group and, as a result, investors may not be able to influence the outcome of important decisions in the future

The principal shareholder of the Company, which is controlled by Eduardo Hochschild, the Executive Chairman of the Company, beneficially owns over 50 per cent. of the Shares. As a result, this principal shareholder will be able to exercise significant influence over all matters requiring shareholder approval, including the election of Directors and significant corporate transactions, other than those matters in which either he or his associates have an interest. The Company has entered into a relationship agreement with the principal shareholder and Eduardo Hochschild dated 20 October 2006 to ensure that the Continuing Group is capable of carrying on its business independently, and to ensure that transactions and relationships between the Continuing Group, the principal shareholder and Eduardo Hochschild are at arm's length and on normal commercial terms. However, the concentration of ownership may have the effect of delaying or deterring a change in control of the Continuing Group, could deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Continuing Group and might affect the market price and liquidity of the Shares.

PART III
PRINCIPAL TERMS OF THE TRANSACTION

The following is a summary of the principal terms of the Block Trade Letter.

Document and parties

The Block Trade Letter was entered into on 2 December 2010 between the Company, Hochschild Mining Holdings Limited and the Purchaser. Pursuant to the Block Trade Letter, the Company agreed to procure the sale of the Lake Shore Gold Shares through its affiliate, Hochschild Mining Holdings Limited.

Consideration

The consideration payable by the Purchaser to Hochschild Mining Holdings Limited in respect of the sale of the Lake Shore Gold Shares is C\$79,701,670.40, payable in cash on the Settlement Date. The purchase price is not subject to any adjustment at Settlement.

Conditions

Settlement is conditional on:

- (i) the representations and warranties contained in the Block Trade Letter being true and accurate in all respects on the Settlement Date;
 - (ii) the Shareholders approving the Disposal at the Extraordinary General Meeting;
 - (iii) the receipt of any approvals of the UK Listing Authority or any other authorities having jurisdiction over the Company and Hochschild Mining Holdings Limited; and
 - (iv) the delivery of the Lake Shore Gold Shares to the Purchaser,
- (collectively, the “Conditions”).

If the Conditions have not been satisfied or waived by 1 March 2011, the Block Trade Letter will lapse.

Representations and warranties

The Company and Hochschild Mining Holdings Limited have provided certain representations and warranties that are customary for a transaction of this nature. The representations and warranties include, but are not limited to, the following:

- (i) the capacity and authority for the Company and Hochschild Mining Holdings Limited to enter into the Block Trade Letter;
- (ii) that no regulatory consents, other than those which will be obtained by the Settlement Date, are required by the Company and/or Hochschild Mining Holdings Limited to complete the Disposal;
- (iii) that the Lake Shore Gold Shares are not being sold as a result of any material non-public information on Lake Shore Gold;
- (iv) that there are no actual or threatened claims against the Company or Hochschild Mining Holdings Limited in relation to the Lake Shore Gold Shares; and
- (v) that the Company and Hochschild Mining Holdings Limited are the beneficial owners of the Lake Shore Gold Shares, with good and marketable title and free of any interests or encumbrances.

Settlement Date

The Settlement Date will be a trading day in Toronto, Ontario following the satisfaction of the Conditions but not later than the fifth trading day following the obtaining of Shareholders’ approval of the Disposal at the Extraordinary General Meeting.

Governing Law

The Block Trade Letter is governed by and in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

Costs

Each of the Company, Hochschild Mining Holdings Limited and the Purchaser will pay their own separate costs and expenses incurred in connection with the Block Trade Letter. In the event of a breach of the representations and warranties listed above, Hochschild Mining Holdings Limited could be exposed to costs up to the full value of the Lake Shore Gold Shares.

PART IV
ADDITIONAL INFORMATION

1 Responsibility

The Directors, whose names are set out in paragraph 3.1 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 Hochschild

The Company was incorporated and registered in England and Wales on 11 April 2006 under the Companies Act 1985 as a private company limited by shares with registered number 05777693 with the name of Hackremco (No. 2372) Limited.

Subsequently, the Company's name was changed to Hochschild Mining Limited on 13 June 2006 and then to Hochschild Mining plc on re-registration as a public company limited by shares on 17 October 2006.

The registered office of the Company is 46 Albemarle Street, London W1S 4JL, United Kingdom (telephone: +44 (0) 207 907 2930). The Company's headquarters are located in Peru at Calle La Colonia No. 180, Urb. El Vivero, Santiago de Surco, Lima 33 (telephone: +511 317 2000).

3 Directors and Senior Management

3.1 The Directors and their principal functions are as follows:

Eduardo Hochschild	Executive Chairman
Ignacio Bustamante	Chief Executive Officer
Roberto Dañino	Deputy Chairman and Non-Executive Director
Sir Malcolm Field	Senior Non-Executive Director
Jorge Born Jr.	Non-Executive Director
Nigel Moore	Non-Executive Director
Dionisio Romero	Non-Executive Director
Fred Vinton	Non-Executive Director

3.2 The Senior Management and their principal functions are as follows:

Ernesto Balarezo	Vice President, Operations
Ramón Barúa	Chief Financial Officer
Isac Burstein	Vice President, Business Development
Raymond Jannas	Vice President, Exploration and Geology
José Augusto Palma	Vice President and General Counsel
Eduardo Villar	Vice President, Human Resources

4 Directors' and Senior Management's shareholdings

4.1 Interests in Shares

As at 18 January 2011 (being the latest practicable date prior to the publication of this document), the interests of the Directors and Senior Management in the share capital of the Company were as follows:

<u>Directors and Senior Management</u>	<u>Interest</u>	<u>Number of Shares</u>	<u>As a percentage of issued share capital⁽³⁾</u>
Eduardo Hochschild	Beneficial ⁽¹⁾	182,415,206	53.96%
Ignacio Bustamante	—	0	—
Roberto Dañino	Non beneficial ⁽²⁾	500,000	0.15%
Sir Malcolm Field	Beneficial	14,285	0.004%
Jorge Born Jr.	—	0	—
Nigel Moore	Beneficial	14,285	0.004%
Dionisio Romero	Beneficial	100,000	0.03%
Fred Vinton	—	0	—
Ernesto Balarezo	—	0	—
Ramón Barúa	—	0	—
Isac Burstein	—	0	—
Raymond Jannas	—	0	—
José Augusto Palma	Beneficial	2,245	0.001%
Eduardo Villar	—	0	—

Notes:

- (1) Eduardo Hochschild holds an indirect interest in the Company through an intermediate holding company which he controls and which owns the entire issued share capital of Pelham Investment Corporation which, in turn, owns Shares in the Company.
- (2) Roberto Dañino's shareholding is held through Navajo Overseas Corporation.
- (3) This assumes that none of the Convertible Bonds in issue at 18 January 2011 (being the latest practicable date prior to the publication of this document) have been converted into Shares.

4.2 Other securities

As at 18 January 2011 (being the latest practicable date prior to the publication of this document), Fred Vinton held US\$500,000 nominal value Convertible Bonds.

5 Directors' service contracts

Save for the service contracts described below, there are no existing or proposed service contracts between any Director or proposed director of the Company and the Company and its subsidiary undertakings.

Executive Directors

Eduardo Hochschild is employed under contracts of employment with Hochschild and Ares, a Continuing Group company, each dated 16 October 2006 (as subsequently amended). Under this arrangement, one-fifth of his base salary is paid by the Company and four-fifths is paid by Ares.

The contracts have no fixed term and may be terminated on 12 months' notice in writing. In setting the notice period for termination at 12 months, the Remuneration Committee has reduced the likelihood of having to pay excessive compensation in the event of termination at the Company's behest and, to this end, a provision for immediate dismissal with no compensation payable in the event of unsatisfactory performance is included in each contract.

The terms of the service contract of Ignacio Bustamante are summarised below. Details of the service contracts of all other Executive Directors of the Company have been previously published and remain current.

Ignacio Bustamante was appointed Director of the Company with effect from 1 April 2010 and is employed under a contract of employment with Ares dated 1 April 2007. The contract is subject to Peruvian law and, as such, has no fixed term and may be terminated (a) by Ignacio Bustamante on 30 days' notice and (b) by Ares without notice. Under Peruvian law, termination by Ares other than termination for certain prescribed reasons (such as gross negligence) gives rise to an entitlement to compensation of no less than one-and-a-half times the monthly base salary for each year of service completed, up to a maximum of 12 months' base salary.

Non-Executive Directors

The Continuing Group's Non-Executive Directors serve under Letters of Appointment as detailed in the table below. In accordance with their terms, the Non-Executive Directors serve for an initial period of three years which is automatically extended for a further three years. Notwithstanding the foregoing, Non-Executive Directors, like all Directors, are subject to periodic re-election by the Company in general meeting and the appointments of Non-Executive Directors may be determined by the Board or the Director giving not less than three months' notice.

<u>Name</u>	<u>Date letter of appointment took effect</u>	<u>Notice period</u>	<u>Current fees per annum</u>
Sir Malcolm Field	16 October 2006	3 months	£120,000 (US\$187,000)
Jorge Born Jr.	16 October 2006	3 months	£100,000 (US\$156,000)
Nigel Moore	16 October 2006	3 months	£120,000 (US\$187,000)
Dionisio Romero	16 October 2006	3 months	£100,000 (US\$156,000)
Fred Vinton	9 July 2009	3 months	£100,000 (US\$156,000)
Roberto Dañino	1 January 2011	3 months	£100,000 (US\$156,000)

6 Key Individuals

The names and principal functions of the key individuals of Lake Shore Gold are as follows:

<u>Name</u>	<u>Position</u>
Alan C. Moon	Director, Chair of the Board
Anthony Makuch	Director, President and Chief Executive Officer
Arnold Klassen	Director, Chair of Audit Committee
Daniel G. Innes	Director, Chair of Environment and Safety Committee
Jonathan Gill	Director
Frank R. Hallam	Director
Peter Crossgrove	Director
Brian Hagan	Executive Vice President
Mike Kelly	Chief Operating Officer
Mario Stifano	Vice President and Chief Financial Officer
Alasdair Federico	Corporate Secretary and General Counsel
Eric Kallio	Vice President, Exploration
Christina Ouellette	Vice President, Human Resources
Mark E.F. Utting	Vice President, Investor Relations
Merushe (Meri) Verli	Vice President, Finance and Controller
Will Ansley	Vice President, Corporate Planning and Strategy

7 Major Shareholders

As at 18 January 2011 (being the latest practicable date prior to the publication of this document), the Company had been notified of the following holdings or interests in the Company's issued share capital pursuant to DTR 5:

<u>Shareholder</u>	<u>Number of Shares</u>	<u>Number of voting rights</u>	<u>As a percentage of the voting rights attached to the issued share capital⁽¹⁾</u>
Eduardo Hochschild	182,415,206	182,415,206	53.96%
Vanguard Group Inc.	37,291,964	37,291,964	11.03%
Prudential plc Group of Companies	19,695,592	19,695,592	5.82%
Blackrock Global Funds	17,021,418	17,021,418	5.03%
Altima Global Special Situations Master Fund Limited	12,003,175	12,003,175	3.55%

Note:

- (1) This assumes that none of the Convertible Bonds in issue as at 18 January 2011 (being the latest practicable date prior to the publication of this document) have been converted into Shares.

8 Related party transactions

Save as otherwise disclosed below, there have been no related party transactions entered into by the Company since 30 June 2010, the date on which the last published interim financial statements were prepared.

On 28 December 2010, Ares entered into a Consultancy Agreement with Roberto Dañino under which Roberto Dañino has agreed to provide certain legal, strategy and corporate governance services to the Chairman, the Board and the Vice Presidents of the Group. In consideration for the provision of such services, Mr Dañino will receive a monthly payment of £12,500, payable in US dollars at the prevailing exchange rate at the end of each month. Ares shall also provide an office, secretarial services, car and chauffeur services and medical insurance.

The term of the Consultancy Agreement is one year from (and including) 1 January 2011 up to (and including) 31 December 2011, and may be renewed for additional one year terms by mutual agreement by the parties, unless terminated by one of the parties by prior written notice.

9 Material contracts

9.1 Continuing Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Continuing Group (i) within the two years immediately preceding the date of this document which are or may be, material or (ii) which contain any provision under which any member of the Continuing Group has any obligation or entitlement which is material to the Continuing Group as at the date of this document.

(a) Project Finance Loan Agreement

Hochschild Mining Holdings Limited, a Continuing Group company, entered into a project finance loan agreement with Minera Andes Inc and Minera Andes SA dated 17 September 2010. The agreement formalises the terms and conditions under which a project finance loan of US\$65,000,000 was advanced between 2006 and 2007 by the Company for the construction of the San José gold and silver mine in Argentina, a joint venture between the Company and Minera Andes Inc. Among other things, the agreement sets out:

- (i) a repayment schedule over a maximum period of eight years, with a fixed interest rate of 7 per cent. per annum;

- (ii) that future repayment of the loan may be accelerated based on mine performance and metal prices, thus maximising cash flows for the parties; and
- (iii) the rights of Minera Andes Inc and Minera Andes SA to consent to certain extraordinary capital expenditures (not including regular sustaining capital expenditure) in certain limited circumstances.

(b) Shareholder Loan Agreement

Hochschild Mining Holdings Limited, a Continuing Group company, entered into a shareholder loan agreement with Minera Andes Inc and Minera Andes SA dated 17 September 2010. The agreement sets out the terms and conditions under which a loan of US\$50,000,000 was advanced between 2004 and 2006 by the Company to the joint venture entity which operates the San José mine, Minera Santa Cruz. Among other things, the agreement sets out:

- (i) a repayment schedule for the shareholder loan over a maximum period of eight years, with a fixed interest rate of 7 per cent. per annum;
- (ii) the rights of Minera Andes Inc and Minera Andes SA to consent to certain extraordinary capital expenditures (not including regular sustaining capital expenditure) in certain limited circumstances;
- (iii) that future repayment of the loan may be accelerated based on mine performance and metal prices, thus maximising cash flows for both the Company and Minera Andes Inc; and
- (iv) provisions in respect of the subordinated ranking of the shareholder loan relative to the project finance loan.

(c) Gold Resource Corporation Strategic Alliance Agreement

The Company entered into a strategic alliance agreement with Gold Resource Corporation dated 5 December 2008. The strategic alliance agreement sets out the relationship between the Company and Gold Resource Corporation in relation to the funding of the El Aguila mining project. Among other things, the agreement provides for the right of the Company to subscribe for shares in Gold Resource Corporation up to 40 per cent. of the outstanding shares of Gold Resource Corporation, as well as the right to Board representation and a standstill provision until 25 February 2011. To date, the Company has invested US\$69,500,000 in Gold Resource Corporation pursuant to the strategic alliance agreement and several subscription agreements.

(d) Southwestern Purchase Agreements

The Company entered into a binding letter agreement dated 9 March 2009 and a business combination agreement dated 23 March 2009 with Southwestern Resources Corp to acquire all of the outstanding shares in Southwestern Resources Corp. The agreements set out, among other things, customary conditions precedent and a purchase price of US\$17,500,000.

(e) International Minerals Corporation Framework Agreement

The Company entered into a framework agreement with, among others, Hochschild Mining Holdings Limited and International Minerals Corporation dated 12 October 2010. The agreement sets out the terms and conditions under which the Group would increase its interest in the Inmaculada Project from 30 per cent. to 60 per cent. The principal terms of the agreement are summarised below:

- (i) the Company agreed to make a cash payment of US\$15,000,000 to International Minerals Corporation;
- (ii) the Company gave a firm commitment to provide 100 per cent. of the initial US\$100,000,000 capital expenditure requirement, including the preparation of a feasibility study, development and construction of a mining operation at the Inmaculada Project;
- (iii) the Company agreed to conduct a minimum of 20,000 metres of drilling per year in certain prescribed locations during the first three years;
- (iv) the Company agreed to subscribe for shares in International Minerals Corporation for total consideration of US\$20,000,000. The equity investment was completed by way of a private placement on 4 November 2010 and Hochschild Mining Holdings Limited now holds 3.2 per cent. of the issued and outstanding share capital of International Minerals Corporation;

- (v) the parties agreed to a uniform management fee of 7 per cent. chargeable in respect of the Inmaculada Project and the Pallancata mine; and
- (vi) the parties agreed to enter into a definitive joint venture agreement for the Inmaculada Project on substantially the same terms and conditions as their existing joint venture agreement for the Pallancata mine.

(f) International Minerals Corporation Joint Venture Agreement

The Company entered into a joint venture agreement dated 28 December 2010 (effective as at 23 December 2010) with, among others, Ares, Hochschild Mining Holdings Limited and International Minerals Corporation. Under the terms of the joint venture agreement, Ares will hold a 60 per cent. interest in the Inmaculada joint venture mining project and will operate the project. The joint venture agreement sets out, among other things, the terms on which the Inmaculada joint venture mining project will be developed and is further to a framework agreement dated 12 October 2010 entered into by the Company and, among others, International Minerals Corporation.

Under the terms of the joint venture agreement, Ares will make a cash payment to International Minerals Corporation of US\$15,000,000 and the Company will fund all of the first US\$100,000,000 of capital expenditure towards the Inmaculada project's feasibility and development. Any further capital expenditure required to achieve commercial production will be contributed by each joint venture partner in proportion to their ownership interests. Ares has committed to use its reasonable best efforts to commission the Inmaculada mine to achieve commercial production by no later than 23 December 2013. The parties have further agreed that, if the mine does not achieve commercial production by such date, Ares will pay International Minerals Corporation payments equal to 40 per cent. of the free cash flows that would have been generated by the Inmaculada mine during each three-month period from 23 December 2013 until the date on which the mine commences commercial production. Upon commencement of commercial production, Ares will be reimbursed the full amount of any such payments made to International Minerals Corporation through the payment, to Ares, of 50 per cent. of any cash distributions or dividends payable from and in respect of the Inmaculada mine to International Minerals Corporation until Ares has been fully reimbursed. In addition, Ares has agreed to drill a minimum of 20,000 metres per year in the three years from 23 December 2010. Under the terms of the joint venture agreement, as operator of the project, Ares will receive a management fee equal to 7 per cent. of the operating costs of the Inmaculada mine.

(g) Agreements in relation to the issue of Convertible Bonds by the Company

(i) Trust Deed

The Company entered into a trust deed with Citicorp Trustee Company Limited dated 20 October 2009. The trust deed constituted the Convertible Bonds, appointed Citicorp Trustee Company Limited as the trustee and provided for a commission in respect of the services provided by Citicorp Trustee Company Limited.

(ii) Paying and Conversion Agency Agreement

The Company entered into a paying and conversion agency agreement with, among others, Citicorp Trustee Company Limited dated 20 October 2009. The paying and conversion agency agreement set out, among other things, the terms of the appointment and duties of Citibank, N.A., in its capacity as the principal paying and conversion agent, and provided for a commission in respect of the services provided by Citibank, N.A.

(iii) Underwriting Agreement

The Company entered into an underwriting agreement with Goldman Sachs International and J.P. Morgan Securities Ltd dated 7 October 2009, pursuant to which Goldman Sachs International and J.P. Morgan Securities Ltd agreed severally, but not jointly, to procure purchasers for the Convertible Bonds at a price equal to 100 per cent. of their principal amount. If either Goldman Sachs International or J.P. Morgan Securities Ltd defaults in its obligation to purchase any amount of Convertible Bonds pursuant to the underwriting agreement, then the non-defaulting party will be required to purchase a principal amount of Convertible Bonds equivalent to 10 per cent. of its original commitment. As an alternative and/or in addition to the preceding sentence, the non-defaulting party may, in its absolute discretion, purchase

Convertible Bonds in excess of 10 per cent. of its original commitment and/or offer them to any person or retain them for its own account.

(h) Placing Agreement

The Company entered into a placing agreement and several other related agreements with Goldman Sachs International, J.P. Morgan Securities Ltd and J.P. Morgan Cazenove Limited dated 7 October 2009. The placing agreement set out, among other things, the terms on which Goldman Sachs International and J.P. Morgan Cazenove Limited would act as agents of the Company in connection with the issue and allotment of 30,735,000 new Shares at a price of £2.95 per Share. The placing agreement provided that, to the extent Goldman Sachs International and J.P. Morgan Cazenove Limited were unable to procure subscribers for the new Shares, Goldman Sachs International and J.P. Morgan Securities Ltd themselves would subscribe for the new Shares.

(i) Secured Term Loan Facility Agreement

The Company entered into a secured term loan facility agreement with a syndicate of lenders, with JP Morgan Chase Bank N.A. acting as the administrative agent, dated 28 January 2008. Under the secured term loan facility agreement, the Continuing Group has a total secured term loan facility of up to US\$200 million with an effective interest rate of LIBOR + 1 per cent. and a maturity of five years following 28 January 2008. The loans may be incurred in up to five draw-downs available during the 180 days following 28 January 2008 and the Continuing Group has the option to increase the facility by US\$150 million before the fifth anniversary of 28 January 2008. Under the secured term loan facility agreement, the Continuing Group has granted a first-priority perfected security interest over all of the equity share capital, free and clear of any liens, of Ares.

(j) Relationship Agreement

The Company entered into a relationship agreement with, among others, Eduardo Hochschild, dated 20 October 2006, which ensures that the Continuing Group is capable of carrying on its business independently, and that transactions and relationships between, among others, the Continuing Group and Eduardo Hochschild are at arm's length and on normal commercial terms.

Save as disclosed in this paragraph 9.1, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by members of the Continuing Group (i) within the two years immediately preceding the date of this document which are, or may be, material or (ii) which contain any provision under which any member of the Continuing Group has any obligation or entitlement which is material to the Continuing Group as at the date of this document.

9.2 Lake Shore Gold Shares

Save as disclosed in sub-paragraph 9.2(a) below, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into in relation to the Lake Shore Gold Shares by members of the Continuing Group (i) within the two years immediately preceding the date of this document which are, or may be, material or (ii) which contain any provision under which any member of the Continuing Group has any obligation or entitlement which is material in relation to the Lake Shore Gold Shares as at the date of this document.

(a) The Block Trade Letter

The principal terms of the Block Trade Letter are set out in Part III "Principal Terms of the Transaction" of this document.

10 Litigation

10.1 Continuing Group

So far as the Company is aware, in the 12 months preceding the date of this document, no governmental, legal or arbitration proceedings, including where any such proceedings are pending or threatened, may have, or have had, a significant effect on the Continuing Group's financial position or profitability.

10.2 Lake Shore Gold Shares

So far as the Company is aware, in the 12 months preceding the date of this document, no governmental, legal or arbitration proceedings, including where any such proceedings are pending or threatened, may have, or have had, a significant effect on the Lake Shore Gold Shares.

11 Working capital

The Company is of the opinion that, taking into account the net proceeds from the Disposal, the Continuing Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

12 Significant change

12.1 Continuing Group

Other than the receipt of net proceeds of C\$392,400,000 from the initial sale of Lake Shore Gold shares discussed in paragraph 4 of Part I “Letter from the Chairman of Hochschild Mining plc” of this document and the investment of US\$35,000,000 to increase Hochschild’s interest in the Inmaculada Project from 30 per cent. to 60 per cent., as described in paragraph 9.1(e) above, resulting in a net cash position of US\$530,000,000 as at 31 December 2010, there has been no significant change in the financial or trading position of the Continuing Group since 30 June 2010, the date on which the last published interim financial statements were prepared.

12.2 Lake Shore Gold Shares

Other than the sale of 109,000,000 shares at C\$3.60 announced on 14 October 2010 and the share price movement from C\$3.20 on 30 June 2010 to C\$4.04 on 18 January 2011 (being the latest practicable date prior to the publication of this document), there has been no significant change in the financial or trading position of the Lake Shore Gold Shares since 30 June 2010, the date on which the last published interim financial statements of the Group were prepared.

13 Consents

Merrill Lynch International has given and not withdrawn its written consent to the inclusion of its name in this document in the form and context in which it is included.

14 Documents available for inspection

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at 46 Albemarle Street, London W1S 4JL, United Kingdom and at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ, United Kingdom up to and including the date of the Extraordinary General Meeting:

- (a) the Memorandum and Articles of the Company;
- (b) the consent letter referred to in paragraph 13 above;
- (c) the Block Trade Letter;
- (d) the consolidated audited accounts of the Group for each of the two financial years ended 31 December 2008 and 31 December 2009; and
- (e) this document.

PART V
DEFINITIONS

The following definitions apply throughout this document, unless stated otherwise:

Ares	Compañía Minera Ares S.A.C.
Articles	the articles of association of the Company
Block Trade Letter	the letter entered into by the Company, Hochschild Mining Holdings Limited and the Purchaser on 2 December 2010, pursuant to which the terms of the Disposal were agreed
Board	the board of the Company comprising the Directors
Bondholders	the holders of the Convertible Bonds
C\$	Canadian dollars, being the lawful currency of Canada
Company or Hochschild	Hochschild Mining plc
Company's Registrars	Capita Registrars Limited
Completion or Settlement	completion of the Transaction
Consultancy Agreement	the consultancy agreement dated 28 December 2010 between Ares and Roberto Dañino
Continuing Group	the Company and its subsidiary undertakings after completion of the Disposal
Convertible Bonds	the US\$115,000,000 5.75 per cent. convertible bonds due 2014 issued by the Company on 16 October 2009 and convertible into Shares
Directors	the directors of the Company, whose names are set out on page 12 of this document
Disposal or Transaction	the proposed disposal by the Company of the Lake Shore Gold Shares to the Purchaser
DTR	the Disclosure and Transparency Rules made by the FSA pursuant to Part VI of FSMA
Executive Directors	each of Eduardo Hochschild and Ignacio Bustamante
Extraordinary General Meeting or EGM	the extraordinary general meeting of the Company to be held at the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ, United Kingdom on 8 February 2011 at 3.00 p.m. (or any adjournment thereof), notice of which is set out at the end of this document
Financial Services Authority or FSA	the Financial Services Authority of the UK acting in its capacity as the competent authority for the purposes of FSMA
Form of Proxy	the form of proxy accompanying this document for use by Shareholders in relation to the Extraordinary General Meeting
FSMA	Financial Services and Markets Act 2000, as amended
GBP or £	Great British Pound, being the lawful currency of the United Kingdom
Group	the Company and its subsidiary undertakings
Lake Shore Gold	Lake Shore Gold Corp.
Lake Shore Gold Shares	the 21,540,992 common shares of no par value each in Lake Shore Gold

Listing Rules	the listing rules made by the FSA pursuant to Part VI of FSMA
Non-Executive Directors	each of Roberto Dañino, Sir Malcolm Field, Jorge Born Jr., Nigel Moore, Dionisio Romero and Fred Vinton
Purchaser or RBC	RBC Dominion Securities Inc., whose principal place of business is Royal Bank Plaza, 4th Floor, South Tower, 200 Bay Street, Toronto, Ontario M5J 2W7
Resolution	the Resolution as set out in the notice of Extraordinary General Meeting at the end of this document
Senior Management	the senior management of the Company, whose names are set out on page 12 of this document
Settlement Date	a trading day in Toronto, Ontario following the satisfaction of all of the Conditions to Completion
Shareholders	the holders of the Shares
Shares	the ordinary shares of 25 pence each in the capital of the Company
UK Listing Authority	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
US dollars or US\$	United States dollars, being the lawful currency of the United States
West Timmins	West Timmins Mining Inc.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Hochschild Mining plc

(Incorporated and registered in England and Wales No. 05777693)

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Hochschild Mining plc (the “Company”) will be held at the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ, United Kingdom on 8 February 2011 at 3.00 p.m. to consider and, if thought fit, pass the following ordinary resolution.

Ordinary resolution

THAT the Disposal, on the terms set out in the Block Trade Letter (both as defined in the circular to shareholders dated 20 January 2011 (the “Circular”)), be and is hereby approved and the Directors (or a committee of the Directors) be and are hereby authorised to waive, amend, vary or extend any of the non-material terms of the Block Trade Letter and to do all things as they may consider to be necessary or desirable to implement and give effect to, or otherwise in connection with, the Disposal and any matters incidental thereto.

By order of the Board.

R.D. Bhasin
Company Secretary

20 January 2011

Registered office:
46 Albemarle Street
London
W1S 4JL

Notes

1. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the Extraordinary General Meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Extraordinary General Meeting, 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 (“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 Extraordinary General Meeting 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 Registrars Limited (“Capita”), at PXS, 34 Beckenham Road, Beckenham, BR3 4TU, United Kingdom or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with note 6 below or (c) by visiting www.capitashareportal.com, in each case, not less than 48 hours before the time of the holding of the Extraordinary General Meeting 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 6.00 p.m. on 4 February 2011 shall be entitled to attend and vote at the Extraordinary General Meeting in respect of the number of Shares registered in their name at that time. Changes to the

register of members after 6.00 p.m. on 4 February 2011 shall be disregarded in determining the rights of any person to attend and vote at the Extraordinary General Meeting.

6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting 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). 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 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)) 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. Holders of Shares are entitled to attend and vote at general meetings of the Company. The total number of issued Shares in the Company on 18 January 2011, which is the latest practicable date before the publication of this Notice, is 338,085,226, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 18 January 2011 is 338,085,226.
9. Any member with special needs wishing to attend the Extraordinary General Meeting should contact the Company’s London office on +44 (0) 20 7907 2930, so that appropriate arrangements can be made.
10. Persons who are not members of the Company will not be admitted to the Extraordinary General Meeting unless prior arrangements have been made with the Company. Investors holding Shares through nominees are welcome to attend, provided that they bring proof of their holding with them to the Extraordinary General Meeting (see notes 1 and 2 above).
11. Members should note that doors to the Extraordinary General Meeting will open at 2.45 p.m.
12. Please note that, for security reasons, all hand luggage may be subject to examination prior to entry being granted to the Extraordinary General Meeting. Cameras, tape recorders, laptop computers and similar equipment may not be taken into the Extraordinary General Meeting.
13. We ask all those present at the Extraordinary General Meeting 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.
14. 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.

15. Any member attending the Extraordinary General Meeting 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.
16. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found at www.hochschildmining.com.
17. The Resolution 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. It is also in line with recommendations made by the Shareholder Voting Working Group and Paul Myners in 2004. 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.

