

Hochschild Mining plc

Notice of Annual General Meeting

Thursday 2 June 2011 at 10am



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.

Contents

03	Letter from the Chairman
04	Letter from the Chairman of the Remuneration Committee
05	Notice of Annual General Meeting
07	Notes to the Notice of AGM
09	Explanatory Notes on Resolutions
11	Appendix – Summary of the Terms of the CEO's Enhanced LTIP Awards
13	Information on the AGM Venue
14	Shareholder Information
15	Shareholder Notes

Letter from the Chairman

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

Registered Office:
46 Albemarle Street
London W1S 4JL

28 April 2011

Dear Shareholder

I am pleased to invite you to attend the fifth Annual General Meeting (the "AGM") of Hochschild Mining plc (the "Company") which will be held at 10am on Thursday, 2 June 2011 at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ.

This document includes the Notice of AGM in which we have set out the resolutions that shareholders are being asked to vote on. An explanation of the business to be conducted at the meeting is included on pages 9 and 10.

In keeping with the Company's usual practice, voting at the AGM will be conducted by way of poll vote.

The AGM provides shareholders with an opportunity to communicate with their Board and we welcome your participation.

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 like to draw your attention to the following items of business:

- Resolution 15, which seeks shareholder approval to the Enhanced Long-Term Incentive Plan Awards proposed to be granted to the CEO, further details of which are given in the enclosed letter from Sir Malcolm Field, Chairman of the Company's Remuneration Committee; and
- Resolution 18, which seeks to renew the authority granted by shareholders at the 2010 AGM to call a shareholders' meeting (other than an AGM) on no less than 14 clear days' notice.

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.

I look forward to seeing you at the AGM.

Eduardo Hochschild
Executive Chairman

Letter from the Chairman of the Remuneration Committee

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

Registered Office:
46 Albemarle Street
London W1S 4JL

28 April 2011

Dear Shareholder

Proposed Enhanced Long-Term Incentive Awards

Resolution 15 detailed in the enclosed Notice of AGM seeks shareholder approval for the Enhanced Long-Term Incentive Plan Awards (the "Enhanced LTIP Awards") which are proposed to be granted to the CEO.

The Remuneration Committee has, with the assistance of its advisers, Kepler Associates, been reviewing the structure of remuneration for Executive Directors and senior management. As a result of this review, the Committee is proposing the adoption of an enhancement to the CEO's LTIP award for 2011 which is designed to reinforce his alignment with shareholder interests.

Ignacio Bustamante was appointed to the CEO role in March 2010. His salary was set initially at US\$370k and the rest of his remuneration package was in line with that offered to other senior executives (i.e. annual bonus opportunity of up to 125 per cent of salary and an LTIP opportunity of up to two times his salary p.a.).

Having reviewed relevant market pay benchmarks for the CEO (based on three comparator groups comprising (i) FTSE350 miners, (ii) international gold miners, and (iii) international mining companies), the Committee is now concerned that the CEO's current remuneration package is significantly below lower quartile against market. Consequently, the Committee has approved that the CEO's salary be raised to US\$450k in 2011 which, despite the substantial increase of c.22 per cent, remains below lower quartile of the market. The Committee proposes also that the CEO's 2011 LTIP award be subject to an enhancement to help ensure his total remuneration package is more competitive.

Specifically, it is proposed that the CEO's 2011 long-term incentive award be based on an award under the regular LTIP (providing for a cash award of two times salary vesting on relative total shareholder return ("TSR") over 3 years) but with an additional share award of six times salary vesting on the Company's relative TSR over 4 years (for 25 per cent of the additional award), 5 years (25 per cent) and 6 years (50 per cent). The Enhanced LTIP Award would vest in line with its extended performance period, namely, 25 per cent after 4 years, 25 per cent after 5 years and 50 per cent after 6 years from the regular LTIP grant date.

The proposed performance condition governing the vesting of the Enhanced LTIP Award granted in 2011 will be the same as that for the regular LTIP, albeit with performance measured over 4, 5 and 6 years. Awards will vest on the Company's TSR relative to the group of international mining companies used for the regular LTIP which has been extended to include four additional companies. A complete list of the constituents of the comparator group is provided in the summary of the terms of the Enhanced LTIP Awards set out in the appendix of this circular. Awards will vest in full at top decile performance,

75 per cent will vest at upper quartile and 25 per cent will vest at median. The currency basis for the TSR calculation will be determined by the Remuneration Committee prior to grant, however the current intention is for TSR for both the regular LTIP and the Enhanced LTIP Award to be based on the average of TSR calculated in common currency and TSR calculated in the currency of listing.

The CEO's Enhanced LTIP Award will be denominated as conditional shares rather than in cash, as is the case for regular LTIP awards, to help improve the alignment with shareholders and reflect general market practice. Furthermore, as a condition of receiving the Enhanced LTIP Award, the CEO will be expected to retain 50 per cent of the after-tax vested shares until his overall beneficial shareholding is equal to two times his salary.

The Committee believes the potential value of the CEO's LTIP awards will help ensure the CEO is fully motivated to create value for shareholders and the extended performance/vesting period of the Enhanced LTIP Award over 6 years will help ensure his retention. The Enhanced LTIP Award in 2011 will help address the Committee's current concerns as to the competitiveness of the CEO's 2011 remuneration package. The Committee will also consider a second Enhanced LTIP Award to the CEO in 2014 of up to six times salary if it believes the then-prevailing circumstances warrant such an award.

A summary of the principal features of the Enhanced LTIP Awards and the performance conditions attaching to the Plan are set out in the appendix to this circular.

Documents available for inspection

Copies of the terms of the Enhanced LTIP Awards will be available for inspection at the Company's registered office and at the offices of Linklaters LLP at One Silk Street, London EC2Y 8HQ during usual business hours on weekdays (public holidays excluded) until the conclusion of the AGM, and will also be available for inspection at the AGM from at least 30 minutes prior to the commencement of the AGM until its conclusion.

Recommendation

The Remuneration Committee is of the opinion that the proposed Enhanced LTIP Awards are likely to promote the success of the Company for the benefit of shareholders as a whole.

Accordingly, the Directors unanimously recommend that you vote in favour of Resolution 15, as they intend to do so themselves in respect of their own beneficial holdings of the Company's shares.

Sir Malcolm Field
Chairman of the Remuneration Committee

Notice of Annual General Meeting

Notice is hereby given that the fifth Annual General Meeting of Hochschild Mining plc (the "Company") will be held at 10am on Thursday, 2 June 2011 at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ to consider the following resolutions of which Resolutions 1 to 15 will be proposed as ordinary resolutions and Resolutions 16 to 18 will be proposed as special resolutions.

ORDINARY RESOLUTIONS

- 1 THAT, the audited accounts of the Company for the year ended 31 December 2010, together with the Directors' Report and the Auditors' Report thereon be received.
- 2 THAT, the Directors' Remuneration Report for the year ended 31 December 2010 be approved.
- 3 THAT, a final dividend for the financial year ended 31 December 2010 of US\$0.03 per Ordinary Share be approved.
- 4 THAT, Eduardo Hochschild be re-elected as a Director of the Company.
- 5 THAT, Ignacio Bustamante be re-elected as a Director of the Company.
- 6 THAT, Jorge Born Jr be re-elected as a Director of the Company.
- 7 THAT, Roberto Dañino be re-elected as a Director of the Company.
- 8 THAT, Sir Malcolm Field be re-elected as a Director of the Company.
- 9 THAT, Nigel Moore be re-elected as a Director of the Company.
- 10 THAT, Dionisio Romero be re-elected as a Director of the Company.
- 11 THAT, Fred Vinton be re-elected as a Director of the Company.
- 12 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.
- 13 THAT, the Audit Committee of the Company be authorised to set the remuneration of the Auditors.
- 14 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:
 - 14.1 up to a nominal amount of £28,173,768
 - 14.2 comprising equity securities (as defined in Section 560(1) of the 2006 Act) up to a further nominal amount of £28,173,768 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 or on 30 June 2012, whichever is 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.
- 15 THAT, the enhanced LTIP awards which it is proposed be granted to the CEO in 2011 and 2014 ("Enhanced LTIP Awards") (the main features of which are summarised in the appendix to the shareholders' circular dated 28 April 2011 and the terms of which, initialled by the Chairman of the Company's Remuneration Committee for the purposes of identification, are produced to the meeting) be and are hereby approved and the Directors be and are hereby authorised to do such acts and things as may be necessary or expedient to carry the same into effect, including making such modifications to the Enhanced LTIP Awards as may be necessary to ensure compliance with such statutory, fiscal, tax or securities regulations as may apply to the Enhanced LTIP Awards or the CEO.

SPECIAL RESOLUTIONS

- 16 THAT, subject to the passing of Resolution 14 above, the Directors be empowered to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash:
 - 16.1 pursuant to the authority given by paragraph 14.1 of Resolution 14 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 £4,226,065; and
 - 16.2 pursuant to the authority given by paragraph 14.2 of Resolution 14 above in connection with a rights issue, as if Section 561(1) of the 2006 Act did not apply to any such allotment;

such power to expire at the end of the next Annual General Meeting or on 30 June 2012, whichever is earlier but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends.

For the purposes of this Resolution:

- (i) "rights issue" has the same meaning as in Resolution 14 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

Notice of Annual General Meeting continued

- 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.
- 17 THAT, the Company be and is hereby generally and unconditionally authorised for the purpose of Section 701 of the 2006 Act to make 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:
- 17.1 the maximum aggregate number of Ordinary Shares authorised to be purchased is 33,808,522 (representing an amount equal to 10 per cent of the Company's issued ordinary share capital as at 21 April 2011);
- 17.2 the minimum price which may be paid for an Ordinary Share is £0.25 per Ordinary Share;
- 17.3 the maximum price which may be paid for an Ordinary Share is an amount equal to the higher of (i) 105 per cent of the average of the closing price of the Company's Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such Ordinary Share is contracted to be purchased or (ii) the higher of the price of the last independent trade and the highest current bid as stipulated by article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003);
- 17.4 this authority shall expire at the conclusion of the next Annual General Meeting or on 30 June 2012, whichever is earlier (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.
- 18 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

28 April 2011

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

Notes to the Notice of AGM

- 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 on his 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 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) the proxy appointment must be made by visiting 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 6pm on 31 May 2011 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 6pm on 31 May 2011 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). 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.

Notes to the Notice of AGM continued

- 8 Copies of (i) the Letters of Appointment between the Company and its Non-Executive Directors; and (ii) the service contracts between the Company and the Executive Directors 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 2010; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year beginning 1 January 2010 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 21 April 2011, which is the latest practicable date before the publication of this document, is 338,085,226, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 21 April 2011 is 338,085,226.
- 11 Any member with special needs wishing to attend the AGM should contact the Company's London office on +44 (0) 20 7907 2930, 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 9.30am.
- 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.
- 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. 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.

Explanatory Notes on Resolutions

RESOLUTION 1 – ANNUAL REPORT AND ACCOUNTS

The first item of business is the receipt, by shareholders, of the 2010 Annual Report together with the Directors' Report and the Auditor's Report. The Annual Report is prepared in accordance with International Financial Reporting Standards.

RESOLUTION 2 – DIRECTORS' REMUNERATION REPORT

Shareholder approval is sought for the Directors' Remuneration Report for the year ended 31 December 2010 (the "Remuneration Report"). The Remuneration Report may be found on pages 57 to 63 of the Annual Report and gives details of Directors' remuneration for the year under review. As required by legislation, the Auditors have audited certain parts of the Remuneration Report as detailed in their report on page 65 of the Annual Report.

RESOLUTION 3 – RECOMMENDATION OF FINAL DIVIDEND

This resolution seeks shareholder approval of the final dividend recommended by the Directors. The Directors are proposing a final dividend of US\$0.03 per Ordinary Share in the Company. If approved, the final dividend will be paid on 7 June 2011 to those shareholders on the register at the close of business on 13 May 2011.

RESOLUTIONS 4 TO 11 – ANNUAL RE-ELECTION OF DIRECTORS

The Company has decided to adopt early the recommendation of the UK Corporate Governance Code which advocates the annual re-election of Directors. Accordingly, each Board member shall be retiring at the AGM and submits himself for re-election by shareholders.

Full biographical details of the Directors can be found on page 45 of the Annual Report and Accounts. The Board is pleased to confirm that following the Board Evaluation process undertaken during 2010, it is satisfied that each Director makes an effective and valuable contribution to the Board.

RESOLUTION 12 – 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. Ernst & Young LLP has indicated its willingness to continue in office. The Board, on the recommendation of the Audit Committee, recommends the re-appointment of Ernst & Young LLP to hold office until the next meeting at which accounts are laid. Accordingly, Resolution 12 will, if passed, re-appoint Ernst & Young LLP as auditors to the Company (the "Auditors").

RESOLUTION 13 – REMUNERATION OF THE AUDITORS

Resolution 13 seeks shareholder consent for the Company's Audit Committee to set the remuneration of the Auditors.

RESOLUTION 14 – AUTHORITY TO ALLOT SHARES

The purpose of Resolution 14 is to renew the Directors' power to allot shares. The authority 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 £28,173,768, which is equivalent to approximately 33 per cent of the total issued ordinary share capital of the Company, exclusive of treasury shares, as at 21 April 2011.

The authority in paragraph 14.2 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 £28,173,768, which is equivalent to approximately 33 per cent of the total issued ordinary share capital of the Company, exclusive of treasury shares, as at 21 April 2011. This is in line with corporate governance guidelines.

At 21 April 2011, 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 in appropriate circumstances. If the resolution is passed, the authority will expire on the earlier of 30 June 2012 and the end of the AGM in 2012.

RESOLUTION 15 – ENHANCED LONG-TERM INCENTIVE PLAN AWARDS TO THE CEO ("THE AWARDS")

Resolution 15 seeks shareholder approval to the Awards. Further details are given in the letter from the Chairman of the Company's Remuneration Committee on page 4. A summary of the rules of the Plan is provided in the appendix to this circular.

RESOLUTION 16 – 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.

The purpose of paragraph 16.1 of Resolution 16 is to authorise Directors to allot new shares or sell treasury shares pursuant to the authority given by paragraph 14.1 of Resolution 14 for cash (i) in connection with a pre-emptive offer or (ii) otherwise up to a nominal value of £4,226,065, equivalent to 5 per cent of the total issued ordinary share capital of the Company as at 21 April 2011, in each case without the shares first being offered to existing shareholders in proportion to their existing holdings.

The purpose of paragraph 16.2 of Resolution 16 is to authorise the Directors to allot new shares pursuant to the authority given by paragraph 14.2 of Resolution 14, or sell treasury shares, for cash in connection with a rights issue without the shares first being offered to existing shareholders in proportion to their existing holdings. This is in line with corporate governance guidelines.

The Board considers the authority in Resolution 16 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 this authority.

The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles not to allot shares for cash on a non pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5 per cent of the total issued ordinary share capital of the Company within a rolling three-year period without prior consultation with shareholders.

Explanatory Notes on Resolutions continued

RESOLUTION 17 – 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 17, 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 33,808,522 Ordinary Shares having an aggregate nominal value of £8,452,130.50 which represents 10 per cent of the issued ordinary share capital of the Company as at 21 April 2011. The upper and lower limits on the price which may be paid for those shares are set out in the resolution itself. This authority will expire on the earlier of 30 June 2012 and the Company's AGM in 2012.

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).

RESOLUTION 18 – GENERAL MEETINGS

As stated in the Notice of the 2010 AGM, this resolution is being proposed in light of the implementation of the Shareholder Rights Directive in August 2009. The regulations implementing this Directive increase the notice period for general meetings of the Company to 21 days unless shareholders have approved the calling of meetings on 14 days' notice. This resolution seeks to renew the authority granted at the 2010 AGM.

Appendix – Summary of the Terms of the CEO’s Enhanced LTIP Awards

The principal terms of the Enhanced LTIP Awards to be granted to the CEO are described below. The terms of the Enhanced LTIP Awards are substantially similar to those which apply to regular awards granted under the Hochschild Mining plc Long-Term Incentive Plan (“LTIP”), subject to such differences as are necessary to reflect that fact that the Enhanced LTIP Awards will be awards over shares. The performance condition for the 2011 Enhanced LTIP Award will be the same as for the regular 2011 LTIP awards, but will be measured over an extended period.

GRANT OF ENHANCED LTIP AWARDS

An Enhanced LTIP Award will be granted by the Remuneration Committee shortly after the date of this AGM. A further Enhanced LTIP Award will be granted in 2014, provided that the CEO remains in office and subject to the Remuneration Committee being satisfied that the then-prevailing circumstances warrant this.

LEVEL OF ENHANCED LTIP AWARDS

The 2011 Enhanced LTIP Award will be granted over shares with a value, at the award date, of six times the CEO’s salary. It is intended that the 2014 Enhanced LTIP Award will be over shares with a value of up to six times salary at the award date.

FORM OF ENHANCED LTIP AWARDS

The Enhanced LTIP Awards will be in the form of conditional awards of shares. The number of shares in respect of which an Enhanced LTIP Award has vested will be transferred to the CEO on the vesting dates described below. In addition, the CEO will be entitled to receive, at vesting, a payment (in cash or shares) to reflect the dividends which would have been paid on the vested shares during the vesting period.

PERFORMANCE CONDITION

For the 2011 Enhanced LTIP Award, the performance condition will be based on the total shareholder return (TSR) of the Company over a four, five and six-year performance period, each starting on 1 January 2011, measured against the tailored peer group of listed international gold and silver mining companies currently applied to regular LTIP awards. Constituents of the comparator group are as follows: African Barrick Gold plc; Agnico-Eagle Mines Ltd; Alamos Gold; AngloGold Ashanti Ltd; Barrick Gold Corp; Centamin Egypt Limited; Cia des Minas Buenaventura SA; Couer d’Alene Mines Corp; Eldorado Gold Corp; Fresnillo plc; Gold Fields Ltd; Goldcorp Inc; Highland Gold Mining Ltd; Iamgold Corp; Kinross Gold Corp; Minefinders Corp; Newmont Mining Corp; PAN American Silver Corp; Petropavlovsk Plc; Polymetal; Randgold Resources Limited; and Silver Standard Resources Inc.

For the 2014 Enhanced LTIP Award, vesting will take place over a period of six years, subject to the satisfaction of a performance condition which will be set at the time of grant and which will be at least as stretching as the one described above.

Vesting of the Enhanced LTIP Awards will also be subject to two potential clawbacks. Firstly, the Enhanced LTIP Award will only vest if the overall underlying business performance of the Company is satisfactory, based on a discretionary assessment by the Remuneration Committee. Secondly, vesting may be scaled back if there are failures relating to safety, environment, community and legal compliance. Vesting may be scaled back by the Remuneration Committee in whole or in part in either case.

The 2011 Enhanced LTIP Award will vest, subject to satisfaction of the performance condition, as to 25 per cent in April 2015, 25 per cent in April 2016 and 50 per cent in April 2017. The relevant proportion of the Enhanced LTIP Award will vest in full for top decile performance, at 75 per cent for upper quartile performance and at 25 per cent for median performance. Vesting will be on a straight-line basis for TSR performance between median and upper quartile and between upper quartile and upper decile.

Following vesting of the Enhanced LTIP Awards, the CEO will be required to retain 50 per cent of the net number of shares vesting until such time as his overall beneficial shareholding in the Company is equal to two times his salary.

SATISFACTION OF ENHANCED LTIP AWARDS

The Enhanced LTIP Awards will be satisfied using shares purchased in the market.

CESSATION OF EMPLOYMENT

In the event that the CEO dies, an Enhanced LTIP Award will vest on death. Vesting will be based on the extent to which the performance condition has been met, taking account of the curtailed performance period.

In the event that the CEO ceases to be a Group employee prior to the normal vesting date as a “good leaver”, an Enhanced LTIP Award will be retained and will vest on the normal vesting dates (or earlier such as on a change of control or transfer of employment as noted below). Vesting will be pro-rated to take account of the proportion of the period from the award date to the normal vesting dates falling prior to cessation of employment and the extent to which the performance condition has been met.

Good leaver reasons include injury, ill-health or disability (evidenced to the satisfaction of the Remuneration Committee); retirement; redundancy; or any other reason if the Remuneration Committee, at its discretion, designates the CEO as a good leaver within 30 days of cessation of employment.

If the CEO ceases to be a Group employee prior to the normal vesting date(s) by reason of his employing company ceasing to be a Group company or his employment being transferred, as part of a business transfer, to a person who is not a Group company and not under the control of a Group company, an Enhanced LTIP Award will vest on cessation of employment. Vesting will be pro-rated to take account of the proportion of the period from the award date to the normal vesting date falling prior to cessation of employment and the extent to which the performance condition has been met, taking account of the curtailed performance period.

Appendix – Summary of the Terms of the CEO's Enhanced LTIP Awards continued

The Remuneration Committee retains discretion to vary the default provisions outlined above. If the CEO ceases to be a Group employee prior to vesting for reasons other than as noted above, an Enhanced LTIP Award will lapse on cessation of employment.

CHANGE OF CONTROL

In the event of a change of control, or any reconstruction or amalgamation resulting in a change of control or if notice is given for the voluntary winding up of the Company, an Enhanced LTIP Award will vest early unless a replacement award is granted. Vesting will be pro-rated to take account of the proportion of the period from the award date to the normal vesting date falling prior to the corporate event and the extent to which the performance condition has been met, taking account of the curtailed performance period.

Any replacement award must be subject to a performance condition equivalent to the original performance condition, unless the acquiring company determines otherwise. Any replacement award made in the event of an internal reconstruction must be subject to a performance condition and other terms equivalent to those applicable to the original Enhanced LTIP Award.

RIGHTS ISSUES, DEMERGERS ETC

The number of shares subject to an Enhanced LTIP Award may be adjusted to reflect a rights issue, demerger or any variation in the share capital of the Company.

RIGHTS ATTACHING TO THE ENHANCED LTIP AWARDS

Enhanced LTIP Awards are not pensionable and may not be assigned or transferred except on the CEO's death.

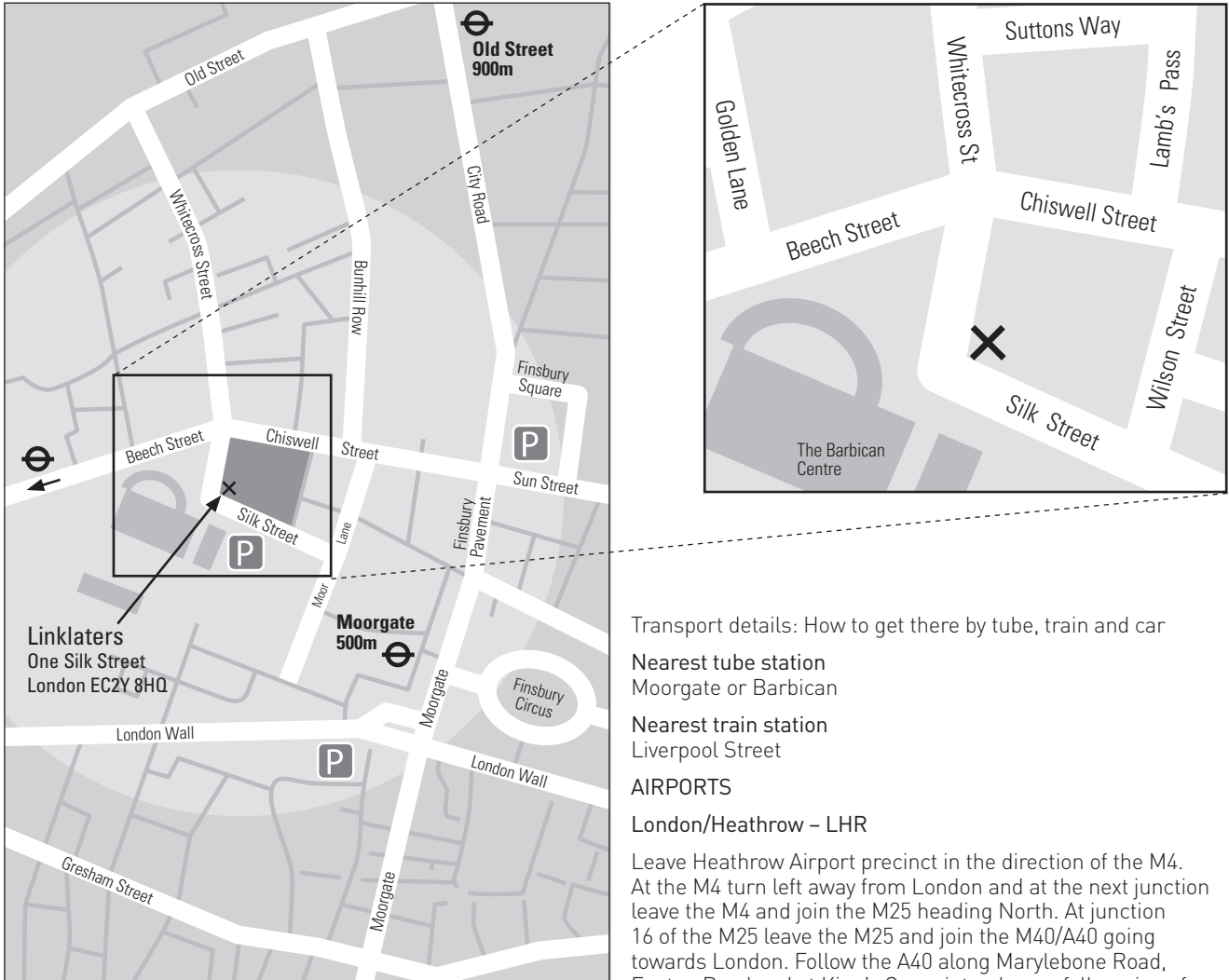
AMENDMENTS TO THE ENHANCED LTIP AWARDS

The Remuneration Committee can amend the rules of the Enhanced LTIP Award provided that no amendment may materially adversely affect the CEO's rights without his consent. In addition, no amendment can be made to the advantage of the CEO relating to: the rights attaching to an Enhanced LTIP Award; the adjustment of an Enhanced LTIP Award on a variation of the Company's share capital; or the amendment provisions themselves without the prior approval of shareholders in general meeting. There is an exception which provides that shareholder approval is not required for such an amendment provided it is minor and made to benefit the administration of an Enhanced LTIP Award, to take account of a change or a proposed change in legislation or to obtain or maintain favourable or avoid unfavourable tax, exchange control or regulatory treatment. In particular, the terms of an Enhanced LTIP Award may be modified, at the discretion of the Remuneration Committee, to reflect applicable tax legislation.

Information on the AGM Venue

Location

The 2011 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 Registrars as soon as possible, but in any event by no later than 10am on Tuesday 31 May 2011. Alternatively, you may submit your proxy online at 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 Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Telephone (from UK): 0871 664 0300 (Calls cost 10p per minute plus network extras, lines are open 8.30am–5.30pm Mon–Fri)
Telephone (from overseas): +44 20 8639 3399
Fax: +44 (0)1484 600 911

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
Calle La Colonia No.180
Urb. El Vivero
Santiago de Surco
Lima
Telephone: +511 317 2000

DIVIDEND PAYMENTS

Timetable

The Directors recommend the payment of a final dividend of US\$0.03 per Ordinary Share for the year ended 31 December 2010, to shareholders on the register as at 13 May 2011. Subject to the passing of Resolution 3, the dividend will be paid in pounds sterling on 7 June 2011 but the Board will take advantage of the authority granted to them by the Company's Articles of Association to make provision for shareholders to elect to receive their dividend in US dollars if they so wish.

PAYMENT OF DIVIDEND IN US DOLLARS

In line with the practice adopted to date, the Board has determined that the exchange rate to be applied to convert the dividend into pounds sterling will be based on the average exchange rate for the five business days prior to the record date. The exchange rate to be applied will be announced to the market as soon as practicable after that date.

If you wish to receive your dividend in US dollars, please request a Currency Election form from Capita Registrars, which should be completed and returned to Capita by 17 May 2011.

ELECTRONIC PAYMENT OF DIVIDEND IN POUNDS STERLING

Capita can also arrange for the dividend to be paid directly into a shareholder's UK bank account. If you wish to take advantage of this facility, a dividend mandate form, also available from Capita, should be completed and returned to Capita by 17 May 2011.

Please note that this arrangement is only available in respect of dividends paid in pounds sterling.

2011 CALENDAR

Annual General Meeting	2 June 2011
2010 final dividend payable	7 June 2011
2011 half-year results announced	August 2011
2011 interim dividend payable	expected October 2011
Financial year end	31 December 2011
2011 full year results announced	March 2012

Shareholder Notes

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