

# Hochschild Mining plc



Inmaculada acquisition  
13 October 2010



# Disclaimer

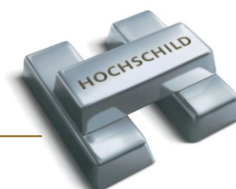
Some statements contained in this presentation or in documents referred to in it are or may be forward-looking statements. Actual results may differ from those expressed in such statements, depending on a variety of factors.

Past performance of the Company or its shares cannot be relied on as a guide to future performance.

Any forward-looking information contained in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect, and accordingly, actual results may vary.

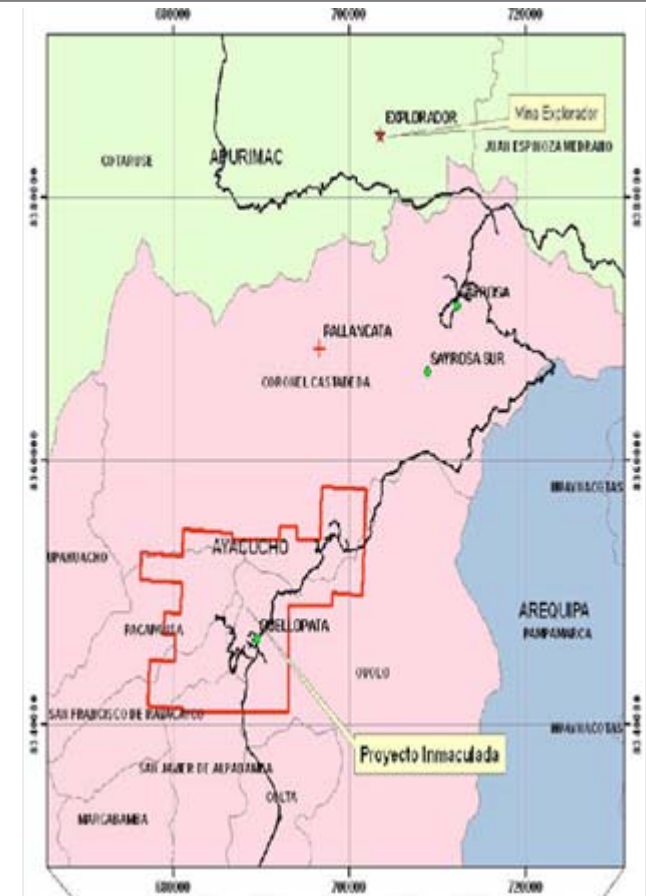
This presentation does not constitute, or form part of or contain any invitation or offer to any person to underwrite, subscribe for, otherwise acquire, or dispose of any shares in Hochschild Mining plc or advise persons to do so in any jurisdiction, nor shall it, or any part of it, form the basis of or be relied on in any connection with or act as an inducement to enter into any contract or commitment therefore. No reliance may be placed for any purpose whatsoever on the information or opinions contained in this document or on its completeness and no liability whatsoever is accepted for any loss howsoever arising from any use of this document or its contents otherwise in connection therewith. Nothing in this presentation is to be construed as a profit forecast.

This presentation has been prepared in compliance with English law and English courts will have exclusive jurisdiction over any disputes arising from or connected with this presentation.



# Inmaculada – The project

- 20,000 hectare gold-silver project located in Hochschild's existing southern Peru cluster
- JV with International Minerals Corporation (IMZ) - Hochschild's partner at Pallancata
- Original agreement: IMZ right to earn in 70% interest by completing and funding a feasibility study by September 2013
- Positive scoping study produced by IMZ on 9 September 2010. High quality asset with enormous geological potential.



**INMACULADA HAS THE POTENTIAL TO BE SIMILAR TO OUR PALLANCATA MINE**



# Inmaculada – The transaction

- Hochschild to increase holding to a controlling interest of 60%
- \$15 million in cash
- Hochschild to fund IMZ's share of the first \$100 million of capital expenditure (i.e. \$40 million)
- \$20 million private placement in IMZ
- JV to complete 20,000 metres of drilling annually for the first three years in areas outside of the main Angela vein
- Hochschild to operate project

VALUE ACCRETIVE  
TRANSACTION  
SATISFIES KEY  
ACQUISITION  
CRITERIA

- **EARLY STAGE PROJECT**
- **SIGNIFICANT GEOLOGIC POTENTIAL**
- **HIGHLY ACCRETIVE**
- **CONTROL**



# Inmaculada – Value accretive transaction

## Base case scenario as per IMZ's scoping study results

- Mine loss: 5% Dilution: 20%
- Plant capacity: 3,000tpd
- Initial CAPEX: \$168 million
- Avg annual total silver equivalent production: 11 million ounces
- Avg annual attributable silver equivalent production of 6.6 million ounces, approx 25% of Hochschild's anticipated 2010 production
- Production cost: \$52/tonne

		Au: \$1,000/oz Ag: \$17/oz	Au: \$1,300/oz Ag: \$22.1/oz
<b>Pre Tax NPV</b>			
Non-discounted	\$m	660	1,026
At 5%	\$m	434	699
At 10%	\$m	287	483
IRR	%	41%	58%

Estimated pre-tax NPV of 30% stake:  
 \$307 million non-discounted  
 \$210 million at 5%  
 \$145 million at 10%

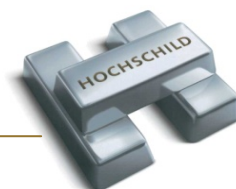


# Acquisition cost of \$89/gold ounce

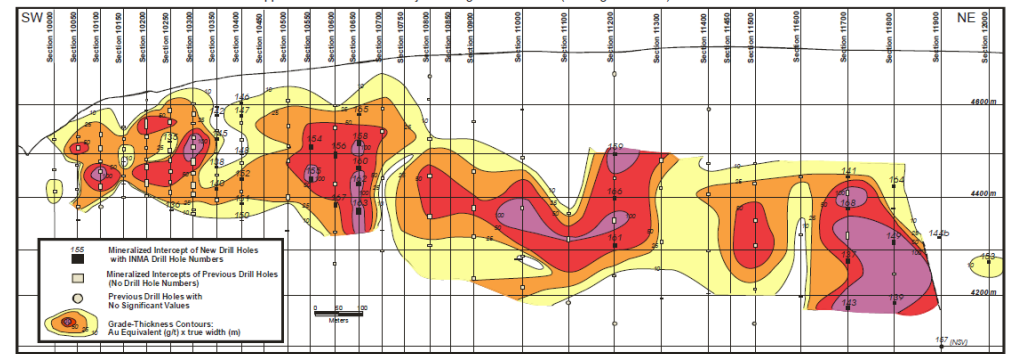
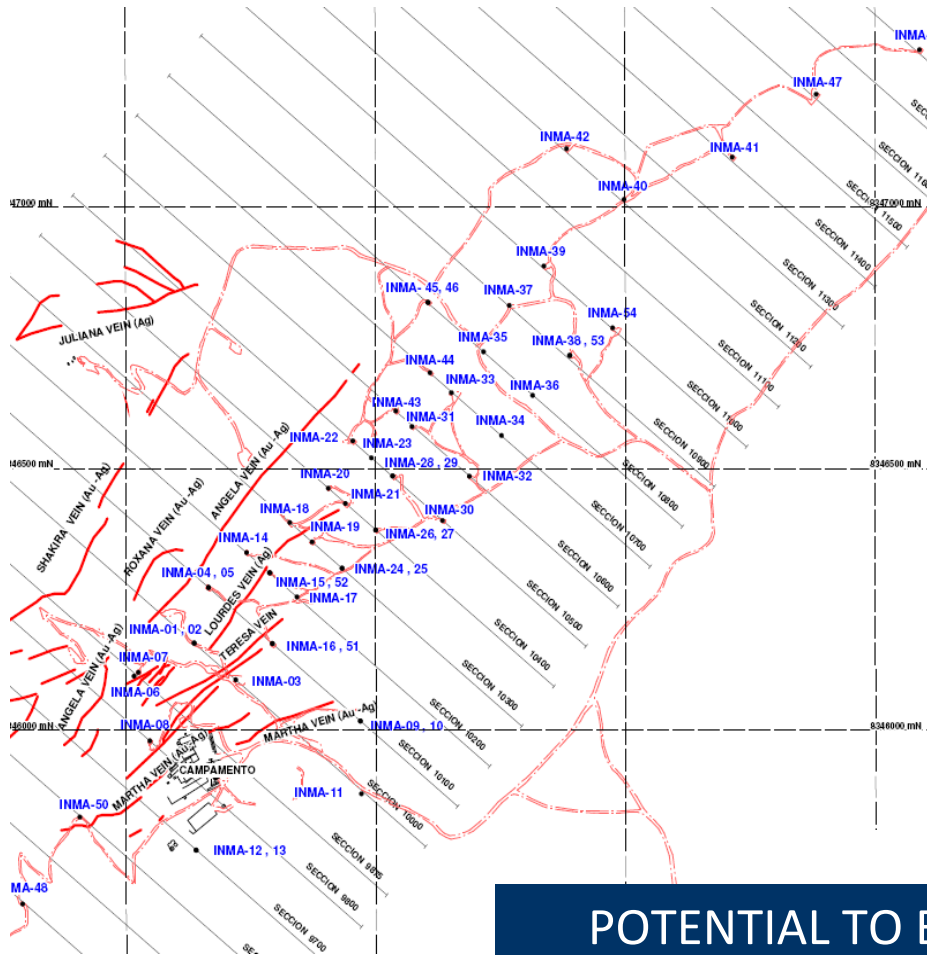
	Acquisition cost (\$ million)	Au eq oz (\$/Au Eq oz)
<b>Inmaculada (30%)</b>	51.4*	\$89
Andean (100%)	3,400	\$969.3

**HIGHLY ACCRETIVE ACQUISITION**

\* Purchase price of \$15 million plus IMZ's share of first 100 million in capex discounted over period of investment



# Significant geological potential



- Vein structure (Angela) remains open at both sides
- Significant geological potential in different geological structures within the property

POTENTIAL TO BE THE NEXT PALLANCATA

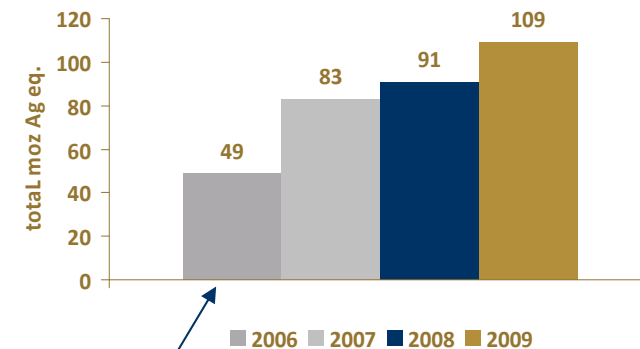


# Pallancata: world's #7 primary silver producer

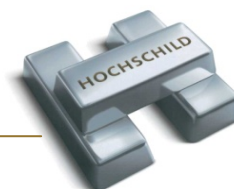
		Pallancata 2009	Inmaculada
<b>AVG. GRADE</b>	Ag (g/t)	327	137
	Au (g/t)	1.43	3.8
<b>UNIT COST PER TONNE</b>		\$50	\$52*
<b>CAPEX PER TONNE</b>		26.1	33.6*
<b>ANNUAL PRODUCTION (Ag Eq oz)</b>		10.3	11.0
<b>AVG. VEIN WIDTH</b>		11 metres	6 metres
<b>DILUTION</b>		13%	20%
<b>CAPACITY (tpd)</b>		3,000	3,000

\* Average figures based on estimated life of mine

Pallancata's resources



Inmaculada has **total resources of 115 mozt** compared to **49 mozt** at Pallancata in 2006



**HOCHSCHILD MINING**



# Summary: Delivering on our exploration strategy

- Great addition to our Southern Peruvian cluster
- Transaction provides control from the outset
- Peruvian team can assume management of the Inmaculada project with little additional resources
- Further solidifies our excellent relationship with IMZ, our JV partner at Pallancata
- Acquisition cost per ounce of US\$89/Au equiv. oz, extremely competitive in today's market
- Estimated production profile and geological potential could make Inmaculada the next Pallancata



# Exploration: More to come!

