23 August 2011

Hochschild Mining plc

Interim Results for the six months ended 30 June 2011

Financial highlights[1]

- Record half year revenue of $496.8 million, up 62%
- Record adjusted EBITDA of $297.1 million, up 98%*
- Record attributable profit after tax of $92.0 million, up 137%
- Record half year EPS of $0.27, up 145%
- Strong financial position with a half-year end cash balance of $691 million
- Proposed interim dividend of $0.03 per share up 50% (H1 2010:$0.02 per share)
- Minority investments currently valued at $420m**

Operational highlights

- H1 2011 production of 11.1 million attributable silver equivalent ounces
- Production target of 22.5 million attributable silver equivalent ounces on track
- 3 new exploration projects acquired: San Antonio, Coriwasi and Huachoja
- 2011 $70m exploration programme delivering encouraging results:
    - Advanced projects, Inmaculada and Crespo, set to deliver feasibility studies due in Q4 2011
    - Azuca feasibility study due for completion in H1 2012
    - Brownfield exploration at Arcata, Pallancata and San Jose yielding outstanding intercepts
    - Extensive drilling programmes in Chile, Peru, Mexico and Argentina
- Further exploration results expected in H2 2011

($000, pre-exceptional unless stated)	**Six months to 30 June 2011**	Six months to 30 June 2010	% change
Attributable silver production (koz)	**7,340**	8,477	(13)
Attributable gold production (koz)	**63**	73	(13)
Revenue	**496,768**	306,860	62
Adjusted EBITDA*	**297,128**	150,128	98
Profit from continuing operations	**146,782**	56,098	162
Profit from continuing operations (post exceptional)	**151,057**	45,968	229
Earnings per share ($)	**0.27**	0.11	145
Earnings per share ($ post-exceptional)	**0.29**	0.08	263

** Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs and income tax plus depreciation and exploration expenses other than personnel and other exploration related fixed expenses.*

***Market value (as of 30 June 2011) of investments accounted under equity method and available for sale financial assets.*

[1] *On a pre-exceptional basis*

Commenting on the results, Eduardo Hochschild, Executive Chairman, said:

"I am pleased to report a very strong set of financial results for the first half of 2011 with large increases in many of our key performance indicators and a continuing robust financial position. The Board is proposing to pay an interim dividend of $0.03 per share which represents a 50% increase versus this time last year.

We are on track to deliver on all our stated production and cost targets despite the prevailing challenging industry environment with continuing strong precious metal prices likely to continue in the second half. Key deliverables for the rest of the year include feasibility studies at our Inmaculada and Crespo projects, ongoing progress on maximising our resource life and further results from this year's exploration programme.

With regards to the Board, Sir Malcolm Field and Dionisio Romero have given advance notice of their decisions to retire as Non-Executive Directors at the 2012 AGM. I would like to express my sincere gratitude to both Malcolm and Dionisio for their support and invaluable contributions to the Group since joining the Hochschild Board back in 2006.

To ensure the continued independent presence on the Board, I am delighted to announce the appointment of Rupert Pennant-Rea as a Non-Executive Director on 1 September 2011. Rupert brings vast experience from his position on the boards of mining and blue-chip London-listed companies."

A live conference call & audio webcast will be held at 2.00pm (London time) on Tuesday 23 August 2011 for analysts and investors. Details as follows:

For a live webcast of the presentation please click on the link below:

http://www.media-server.com/m/p/76wpe7p5
Conference call dial in details:
UK: +44 (0)20 7806 1960 (Please quote 'Hochschild Mining webcast' or confirmation code 6498727).

A recording of the conference call will be available for one week following its conclusion, accessible from the following telephone number:
UK: +44 (0)20 7111 1244 (Access code: 6498727#)

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About Hochschild Mining plc:

Hochschild Mining plc is a leading precious metals company listed on the London Stock Exchange (HOCM.L / HOC LN) with a primary focus on the exploration, mining, processing and sale of silver and gold. Hochschild has over forty years' experience in the mining of precious metal epithermal vein deposits and currently operates four underground epithermal vein mines, three located in southern Peru, one in southern Argentina and one open pit mine in northern Mexico. Hochschild also has numerous long-term projects throughout the Americas.

Chief Executive Officer's Statement

Hochschild's operations have experienced a robust first half, maintaining an emphasis on rigorous cost control and reaping the benefits of the continuing high prices for precious metals. The first six months of the year have seen an increase in our adjusted EBITDA of 98% to $297 million with earnings per share up 145% to $0.27 and a cash balance of $691 million with our minority investments currently valued in the market at $420m.

We remain on course to deliver our stated production target of 22.5 million attributable silver equivalent ounces. The robustness of our asset base is proving to be a key competitive advantage for us in an environment of increasing cost inflation and more challenging labour conditions. During the period we produced 11.1 million silver equivalent ounces comprising 7.3 million ounces of silver and 63.3 thousand ounces of gold. Driven by average realised prices up some 26% and 110% for gold and silver respectively versus this time last year, revenue in H1 rose by 62% to just short of half a billion dollars.

The results from the first half reflect that, as highlighted previously, our core Peruvian assets are experiencing a managed grade reduction to ensure more stable long term production levels and a consistent resource life. A further effect on the grade figure reported was the prudent decision to take advantage of the continuing high precious metal prices and process low grade material extracted from the borders of the main vein structures at Arcata and Pallancata, utilising extra capacity at both plants. In Argentina, despite labour disruptions in the first half, the San Jose mine continued to deliver on its promise and we remain excited about the geological potential at this relatively unexplored deposit.

Our key aims for 2011 in cost control were to manage unit cost increases in Peru at the 10% level and to keep unit cost inflation at the San Jose mine to the local inflation rate of between 25-30%. I am pleased to report that, excluding mine royalties (impacted by higher prices), there has been only a small rise in unit cost per tonne at the main operations in Peru of 6% in aggregate versus the first half of last year. At San Jose, local price inflation has been higher than expected with unit costs excluding royalties increasing by 33% versus the first half of 2010. With wage negotiations in both Peru and Argentina concluded, Hochschild is maintaining its current cost guidance for 2011.

We have made solid progress already this year on the feasibility studies for our three advanced projects, Inmaculada, Crespo and Azuca. There is real excitement growing about the potential at Inmaculada, and, in February, we announced a major increase in resources and grade at the project further bolstering our belief that this will be a mine to rival or even exceed Pallancata in scale and position on the cost curve whilst also potentially contributing to the Hochschild's production growth for many years to come. Early on in the period, we also announced a positive scoping study at Crespo which we currently expect to be an attractive open cut operation whilst at Azuca work still remains to convert requisite Inferred resources into Measured & Indicated. We look forward to delivery of feasibility studies for Inmaculada and Crespo in the fourth quarter of 2011 and Azuca in the first half of 2012.

Over the last 18 months, Hochschild has consistently emphasised the key role played by our exploration programme in the achievement of our long term strategy. In line with this, we signalled our intentions at the outset of 2011 by committing to a significant increase in the exploration budget for the year to $70 million (representing a 140% increase from 2009) and we have made a good start to the annual drilling campaign in the first half. Although the bulk of the work and its results will be completed in the second half, we have seen good progress in our Medium Scale projects at Mosquito and La Flora in Argentina as well with our Company Makers at Mercurio in Mexico and Victoria in Chile. At the Valeriano project, also in Chile, Hochschild is due to commence an intensive drilling campaign in the third quarter. In addition we have continued to see exciting intercepts in our brownfield drilling programme at Arcata and particularly San Jose, with further resources also being added at Inmaculada. We expect to report to the market in full during the second half as and when the key results are collated and analysed.

Looking forward to the rest of the year, Hochschild expects the current uncertainty to continue in the global financial markets and consequently the resulting volatility in precious metals markets is set to remain. The key operational aims for the second half will be meeting our production targets across all our mines and focusing on mitigating against the effects of considerable cost inflation in all our key countries and ongoing additional input cost pressures. We look forward to the delivery of the Inmaculada and Crespo feasibility studies towards the end of the year and in particular progress on our brownfield and greenfield exploration programme. With such a strong financial position, we also have the flexibility to capitalise on any acquisition opportunities that arise and assess any new capital investment opportunities generated from our extensive project pipeline.

Ignacio Bustamante
Chief Executive Officer
22 August 2011

CURRENT OPERATIONS

Production

In the first half of 2011, the Group has delivered 7.3 million attributable ounces of silver and 63.3 thousand attributable ounces of gold (11.1 million silver equivalent ounces) placing it on track to achieve its full year production target of 22.5 million attributable silver equivalent ounces in 2011.

Compared to H1 2010, attributable silver equivalent production decreased by 13% in line with expectations due to declines in grade at the Company's two main Peruvian operations, in line with its previously mentioned long term goal of mining close to the average reserve grade at each of its core operations. In addition, the contribution from the Company's two ageing mines, Ares and Moris also showed an expected decline versus the first half of 2010 although the forecast closure dates for both these mines have been delayed in the light of continued high precious metal prices. At the San Jose mine, production was lower in the second quarter versus the first due to industrial action at the mine leading to the loss of 18 days of production (including five days of ramping up).

Costs

The Company reported an increase in unit cost per tonne at its main operations in Peru (Arcata and Pallancata) of 12% in H1 2011 to $66.5 (H1 2010: $59.6). Excluding mine royalties, which are directly linked to higher metal prices, the unit cost of main operations in Peru increased by only 6%. At San Jose in Argentina, unit costs increased by 37% whilst excluding mine royalties unit costs increased by 33%. Ares and Moris, Hochschild´s two high cost ageing mines, experienced increases of 17% and 16% respectively. Both units have a longer than anticipated mine life and continue to be profitable units. Further details on costs are provided on page 11 of the financial review.

Main operations

Arcata: Peru

Production

As expected, Arcata's production in the first half was 3.6 million silver equivalent ounces with the Company reducing the extraction grade towards the average reserve grade level in order to ensure a consistent and sustainable level of production. Q2 production was in line with the Q1 rate of 1.8 million ounces. The Company continues to mine at reserve grade levels in the lower grade border areas with associated narrower veins and increased dilution but is confident that the Arcata system continues to display strong long term geological potential. In addition, Hochschild took advantage of the strong first half precious metal prices by deciding to process developmental low grade material (with an average silver grade of 114g/t) which, although increasing the half-on-half tonnage produced by 7%, further reduced the average treated grade.

Costs

Unit cost per tonne increased by 5% in the first half of 2011 versus the same period last year with the strong precious metal price increases leading to significant rises in royalties. Excluding royalties, unit cost rose 3%. In addition to wage increases, material costs also rose principally due to the rise in diesel and steel prices. Higher costs were partly offset by economies of scale derived from increasing treated tonnage with material of lower grade, at a lower cost.

Arcata summary	**Six months to 30 June 2011**	Six months to 30 June 2010	% change
Ore production (tonnes)	**316,086**	295,434	7
Average head grade silver (g/t)	**342**	471	(27)
Average head grade gold (g/t)	**0.94**	1.59	(41)
Silver produced (koz)	**3,056**	4,024	(24)
Gold produced (koz)	**8.66**	13.36	(35)
Silver equivalent produced (koz)	**3,575**	4,826	(26)
Silver sold (koz)	**3,020**	4,053	(25)
Gold sold (koz)	**8.36**	13.06	(36)
Unit cost ($/t)	**76.0**	72.3	5

The 2011 drill programme is underway at Arcata and aims to incorporate new resources at the Marion, Blanca and Baja veins. A magnetometry geophysical survey was completed which will help to delineate favourable corridors in the northern and western areas of the mine. Positive results from the drill programme include the following:

Vein	Results
Marion	DDH-022: 1.21 metres at 1.79 g/t Au and 480 g/t Ag DDH-028: 3.03 metres at 3.88 g/t Au and 1,008 g/t Ag DDH-034: 3.32 metres at 1.02 g/t Au and 474 g/t Ag
Blanca	DDH-015: 0.92 metres at 1.52 g/t Au and 974 g/t Ag DDH-039: 0.30 metres at 2.76 g/t Au and 1,010 g/t Ag
Baja	DDH-187: 1.75 metres at 8.04 g/t Au and 243 g/t Ag DDH-032: 1.44 metres at 1.8 g/t Au and 451 g/t Ag DDH-037: 1.08 metres at 2.94 g/t Au and 452 g/t Ag

Pallancata: Peru

Production

At Pallancata, the Company's other main Peruvian operation, first half silver equivalent production was reduced to 5.2 million silver equivalent ounces, mainly driven by lower silver and gold grades, which decreased 12% and 6% respectively year-on-year. In the first half the mine plan focused on deeper and narrower veins compared to H1 2010 with mined grades in line with the reserve grade but experiencing the normal volatility associated with this type of deposit. In addition, the Company took the opportunity afforded by the prevailing high precious metals price environment to process some lower grade economic material (not from the mine's resources) extracted from the borders of the main vein structures.

Costs

Unit cost per tonne at Pallancata rose by 15% in the period to $60.3 principally due to the strong rise in royalties paid by the operation. Excluding royalties, unit costs increased by 7%. In addition, a significant portion of the rise was also due to inflation in materials and supplies as well as salaries, all indirectly associated to higher precious metal prices. Pallancata has been increasing recruitment from local communities as part of an initiative to improve community engagement in the area and consequently this has also increased the operation's overall wage costs.

Pallancata[1] summary	**Six months to 30 June 2011**	Six months to 30 June 2010	% change
Ore production (tonnes)	**508,734**	517,343	(2)
Average head grade silver (g/t)	**299**	340	(12)
Average head grade gold (g/t)	**1.31**	1.39	(6)
Silver produced (koz)	**4,188**	4,862	(14)
Gold produced (koz)	**16.21**	17.54	(8)
Silver equivalent produced (koz)	**5,160**	5,914	(13)
Silver sold (koz)	**4,492**	4,959	(9)
Gold sold (koz)	**16.57**	17.48	(5)
Unit cost ($/t)	**60.3**	52.3	15

[1] The Company has a 60% interest in Pallancata

Underground development continues at the Pallancata, San Javier and Virgen del Carmen veins. 13,397 metres of drilling was executed as of June 2011 at the Rina, Thalia and Yanina veins. A total drill programme of 55,292 metres is planned for the full year.

Drill results in Q2 2011 include:

Rina	DLRI-A14: 2.47 metres at 3.19 g/t Au and 905 g/t Ag DLRI-A17: 2.45 metres at 2.15 g/t Au and 357 g/t Ag DLRI-A21: 1.72 metres at 6.12 g/t Au and 1,614 g/t Ag DLRI-A22: 2.11 metres at 2.09 g/t Au and 476 g/t Ag
Yanina	DLVC-006: 0.42 metres at 11.3 g/t Au and 1,819 g/t Ag DLVC-008: 0.71 metres at 3.1 g/t Au and 566 g/t Ag DLVC-009: 0.66 metres at 2.37 g/t Au and 410 g/t Ag DLVC-010: 0.77 metres at 6.10 g/t Au and 1,300 g/t Ag

San José: Argentina

Production

San Jose delivered a very strong performance in the first half of 2011, in line with plan, despite the effects of the strike. Silver equivalent production rose by 23% versus the first half of 2010 with improved silver grades (up 38%) resulting from a scheduled shift to the higher reserve grade zones, as well as an increase in gold recovery rates to 90% and silver to 87%. An agreement has now been reached with the AOMA union (Argentine Mining Labour Association) in line with expectations as well as a parallel satisfactory conclusion to the annual wage negotiations.

Costs

Unit cost per tonne in the first half of 2011 rose by 37% versus H1 2010 to $191.3 with the strong local price inflation in Argentina (of between 25-30%) causing large increases in wage costs. Excluding royalties, unit costs increased by 33%. In addition, the difficult operating environment saw strong material price inflation with the major components being increases in fuel, steel and reagent prices.

San Jose[1] summary	**Six months to 30 June 2011**	Six months to 30 June 2010	% change
Ore production (tonnes)	**211,947**	212,743	(0.4)
Average head grade silver (g/t)	**461**	334	38
Average head grade gold (g/t)	**6.03**	5.86	3
Silver produced (koz)	**2,854**	2,044	40
Gold produced (koz)	**39.11**	36.14	8
Silver equivalent produced (koz)	**5,201**	4,212	23
Silver sold (koz)	**2,927**	2,080	41
Gold sold (koz)	**39.32**	37.27	6
Unit cost ($/t)	**191.3**	140.0	37

[1] The Company holds a 51% interest in San Jose.

A total drilling programme of 50,606m is planned for 2011.

During the quarter, diamond drilling was carried out at the Luli and Susana Veins to convert inferred to measured and indicated resources. Selected intercepts include:

Luli	SJD-865: 1.63 metres at 7.52 g/t Au and 400 g/t Ag SJD-869: 1.05 metres at 16.89 g/t Au and 1,642 g/t Ag SJD-871: 2.00 metres at 19.55 g/t Au and 1,721 g/t Ag SJD-872: 9.00 metres at 6.10 g/t Au and 243 g/t Ag SJD-879: 0.82 metres at 11.90 g/t Au and 1,263 g/t Ag
Split Luli	SJD-865: 0.96 metres at 6.52 g/t Au and 1,285 g/t Ag DJD-871: 1.00 metres at 44.48 g/t Au and 7,747 g/t Ag SJD-875: 0.44 metres at 13.18 g/t Au and 1,090 g/t Ag
Susana	SJD-864: 1.10 metres at 6.62 g/t Au and 1,028 g/t Ag 0.61 metres at 6.93 g/t Au and 1,504 g/t Ag (Susana Split)

Other operations

Ares: Peru

Production

The Company's ageing Ares mine produced 1.1 million silver equivalent ounces in H1 2011 (H1 2010: 1.5 million silver equivalent ounces). Ares continues to be a flexible deposit that is producing not only from ore that was previously uneconomic in a lower price environment but also yielding new marginal areas with economic material that will allow operations to continue into 2012. Management continues to monitor closely the grade and cost profile of the mine to ensure that it is in line with the Company's policy of producing profitable ounces.

Ares summary	**Six months to 30 June 2011**	Six months to 30 June 2010	% change
Ore production (tonnes)	**155,683**	156,606	(1)
Average head grade silver (g/t)	**64**	102	(37)
Average head grade gold (g/t)	**3.01**	3.78	(20)
Silver produced (koz)	**284**	446	(36)
Gold produced (koz)	**14.08**	17.90	(21)
Silver equivalent produced (koz)	**1,129**	1,520	(26)
Silver sold (koz)	**287**	425	(32)
Gold sold (koz)	**14.32**	16.85	(15)
Unit cost ($/t)	**121.8**	104.5	17

Moris: Mexico

Production

Moris, the Company's operation in Mexico, produced 0.7 million silver equivalent ounces in the first half of 2011 (H1 2010: 0.8 million silver equivalent ounces). The ongoing strong precious metal prices have allowed the mine to continue operations beyond the originally intended closure date and have now also led to the Company evaluating further production initiatives despite the current closure date being towards the end of 2011.

Moris summary	**Six months to 30 June 2011**	Six months to 30 June 2010	% change
Ore production (tonnes)	**612,257**	648,416	(6)
Average head grade silver (g/t)	**4.83**	4.41	10
Average head grade gold (g/t)	**0.94**	1.25	(25)
Silver produced (koz)	**31.72**	48.15	(34)
Gold produced (koz)	**10.86**	12.31	(12)
Silver equivalent produced (koz)	**683**	787	(13)
Silver sold (koz)	**31**	57	(46)
Gold sold (koz)	**10.82**	14.24	(24)
Unit cost ($/t)	**17.8**	15.4	16

ADVANCED PROJECTS

The Company has three advanced projects, Inmaculada, Azuca and Crespo, which have the combined potential to add a minimum of 12 million attributable silver equivalent ounces per annum to the Company's profile with production due to commence at the end of 2013.

Inmaculada

On 25 February 2011, the Company announced an increase in both the total Mineral Resource estimate and Measured and Indicated Resources for the Inmaculada gold-silver project located in Hochschild's existing southern Peru cluster, following the announcement of a positive scoping study published by International Minerals Inc ("IMZ") in September 2010. The project, in which Hochschild now owns a controlling 60% stake (IMZ holds the remaining 40%), is currently at the feasibility stage with completion expected in Q4 2011. The Company expects to commence production in December 2013 at a processing capacity of 3,000 tonnes per day. The highlights of the announcement were:

- 59% increase in Measured & Indicated Resources to 76.0 million silver equivalent ounces
- 29% increase in silver equivalent grades to 498 g/t
- Total resources of 128.3 million silver equivalent ounces

Hochschild expects the results to significantly improve the economics of the project detailed in the 2010 scoping study. An infill drill programme commenced at the property in March 2011 to convert Inferred Resources to Measured and Indicated Resources in the Angela Vein and 8,105 metres of the Brownfield drilling programme was executed as of July 2011, at the Jimena, Martha and Angela SW Veins. A total drill programme of 26,475m is planned for the full year with approximately 31% completed so far.

The feasibility study for the project is due for completion on schedule towards the end of the year with the Environmental Impact Study ("EIS") due to be presented to the relevant authorities also towards the end of 2011.

Azuca

Intensive drilling continues at the 100% owned Azuca property with the aim of expanding the scale of the project. The Company expects to complete feasibility in the first half of 2012 with production targeted for Q4 2013 at an initial estimate of 3.5 million silver equivalent ounces per year.

Year to date, 73,838 metres of infill drilling have been completed at the Azuca and Azuca Oeste veins which aims to convert Inferred Resources to the Indicated category and advance the project to feasibility stage. Assays are pending from drilling at the Minaspata vein worked in the past by Hochschild. The EIS is also underway and is on track for submission to the relevant authorities at the beginning of 2012.

A total drill programme of 91,891m is planned for the full year.

Crespo

At the start of the year, Hochschild reported positive results from a scoping study completed by an independent company, Ausenco, at the Company's 100% owned Crespo project, located in the Company's existing operating cluster in southern Peru. The scoping study is based on resources of 31.3 million silver equivalent ounces (measured and indicated) and estimates initial production of 2.3 million silver equivalent ounces per annum starting from the end of 2013. Hochschild already has 5.0 million additional ounces of Measured & Indicated resources that will be added for the feasibility study. For further details of the scoping study, please see the press release published on 19 January 2011.

Both the feasibility study and the EIS have made good progress in the first half and remain on track for completion in the fourth quarter of 2011. Drilling for the hydrogeological, geotechnical and geomechanical studies commenced in late June with results due in the second half. In parallel, metallurgic test work is underway and expected to be finished in the third quarter of 2011. This information will be used to complete the feasibility study during Q4.

EXPLORATION REVIEW

Greenfield exploration

Victoria

The Victoria project in Chile is 60% owned by Hochschild, with the remaining 40% held by Iron Creek Capital. A 5,000m drilling programme is due to recommence in H2 after geological reinterpretation and target validation of the Vida, Cenizas, and Picaron areas are complete. Metallurgical testing of old ore at the Vaquillas target has been completed and data is currently under review.

Valeriano

At the Valeriano property in Chile which is located 27 kilometres north of Barrick Gold Corporation's Pascua Lama project, preliminary results received to date have confirmed the anomalies identified in past drill reports. Results of the geophysical survey have been interpreted with the definition of a porphyry-like anomaly at depth which corresponds with the surface geochemistry studies as well as the historic magnetic survey. Preliminary drill targets have been selected and the Company is planning to commence an intensive drilling campaign in H2 2011.

Mercurio

The 100% owned Mercurio project in Mexico is located within the prolific silver belt of the Fresnillo-Sombrerete deposits. Initial surface mapping and sampling have been completed in the property and drilling is underway. The 8,000m drilling programme for 2011 is focused on deeper areas of the project to evaluate potential similarities to comparable mines in the vicinity.

Mosquito

At the 100% owned Mosquito project in Argentina, strong anomalous mineralisation results have been reported for a number of the drill holes completed in H1 2011. The programme for the second half which includes a geophysical survey and a number of further promising drill targets will be completed by the end of the year.

In addition to the above, Hochschild has incorporated three new property agreements into its exploration pipeline, two in Peru and one in Chile.

Coriwasi (Peru).

Coriwasi is a 9,800 hectare, high sulphidation epithermal and porphyry copper-gold type target in northern Peru optioned from a private party. Under the terms of the agreement, Hochschild will earn in 100% by incurring $4.0m in staged payments over a four year period with the vendor maintaining a 1.4% net smelter return royalty. The project has Company Maker potential.

Huachoja (Peru).

Huachoja is a 3,000 hectare high sulphidation, epithermal target in southern Peru which has been optioned from Teck Peru SA. In order to vest, Hochschild is required to spend $4.0m over a four year period (option to 60%). Teck can back in to 60% if the resource found is base metal dominant, compensating Hochschild for its investment. The project has Company Maker Potential.

San Antonio (Chile).

San Antonio is a 350 hectare gold property in northern Chile optioned from a number of private parties. Hochschild may earn in from 60% to 80% in the San Antonio prospect after a resource has been issued. The project has medium scale potential.

FINANCIAL REVIEW

Key performance indicators:
(before exceptional items, unless otherwise indicated)

$000 unless otherwise indicated	**Six months to 30 June 2011**	Six months to 30 June 2010	% change
Net Revenue[1]	**496,768**	306,860	62
Attributable silver production (koz)	**7,340**	8,477	(13)
Attributable gold production (koz)	**63.26**	72.53	(13)
Cash costs ($/oz Ag co-product) [2]	**12.08**	7.53	60
Cash costs ($/oz Au co-product) [2]	**496**	508	(2)
Adjusted EBITDA [3]	**297,128**	150,128	98
Earnings per share (pre exceptional)	**0.27**	0.11	145
Earnings per share (post exceptional)	**0.29**	0.08	263
Cash flow from operating activities [4]	**236,903**	112,191	111

[1]Revenue presented in the financial statements is disclosed as net revenue (in this Financial Review it is calculated as gross revenue less commercial discounts)

[2]Includes Hochschild's main operations: Arcata, Pallancata and San Jose. Cash costs are based on pre-exceptional figures and are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items less depreciation included in cost of sales.

[3] Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs and income tax plus depreciation and exploration expenses other than personnel and other exploration related fixed expenses.

[4] Cash flow from operations is calculated as profit for the year from continuing operations after exceptional items, plus the add-back of non-cash items within profit for the year (such as depreciation and amortisation, impairments and write-off of assets, gains/losses on sale of assets, amongst others) plus/minus changes in liabilities/assets such as trade and other payables, trade and other receivables, inventories, net tax assets, net deferred income tax liabilities, amongst others.

The reporting currency of Hochschild Mining plc is U.S. dollars. In discussions of financial performance the Group removes the effect of exceptional items, unless otherwise indicated, and in the income statement results are shown both pre and post such exceptional items. Exceptional items are those items, which due to their nature or the expected infrequency of the events giving rise to them, need to be disclosed separately on the face of the income statement to enable a better understanding of the financial performance of the Group and to facilitate comparison with prior years.

Revenue

Gross revenue: Gross revenue from continuing operations increased 58% to $523.3 million in H1 2011 (H1 2010: $330.2 million) driven by higher metal prices during the period which more than offset lower Group production.

Silver: Gross revenue from silver increased 84% in H1 2011 to $392.2 million (H1 2011: $213.0 million) as a result of higher prices. The total amount of silver ounces sold in H1 2011 decreased to 10,758 koz (H1 2010: 11,575 koz[2]) mainly due to lower half-on-half production.

Gold: Gross revenue from gold increased 12% in H1 2011 to $131.1 million (H1 2010: $117.2 million) also as a result of higher prices. The total amount of gold ounces sold in H1 2011 decreased to 89.4 koz (H1 2010: 98.9 koz[3]) again mainly due to lower year-on-year production.

Gross average realised sales prices
As of December 2010, the Company discloses average realised prices calculated as gross revenue divided by gross ounces sold. Previously, the Company disclosed average realised prices calculated as net revenue divided by net ounces sold. Net revenue is calculated as gross revenue minus commercial discounts, see paragraph below.

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[2] Restated
[3] Restated

The following table provides figures for average realised prices and ounces sold for H1 2010 and H1 2011:

Average realised prices	**Six months to 30 June 2011**	Six months to 30 June 2010
Silver ounces sold (koz)	**10,758**	11,575
Avg. realised silver price ($/oz)	**36.46**	18.40
Gold ounces sold (koz)	**89.39**	98.90
Avg. realised gold price ($/oz)	**1,466**	1,185

Commercial discounts
Commercial discounts refer to refinery treatment charges, refining fees and payable deductions for processing concentrates, and are discounted from gross revenue on a per tonne basis (treatment charge), per ounce basis (refining fees) or as a percentage of gross revenue (payable deductions). In H1 2011, the Group recorded commercial discounts of $26.6 million (H1 2010: $23.3 million). The ratio of commercial discounts to gross revenue in H1 2011 decreased to 5% (H1 2010: 7%).

Net revenue
Net revenue increased by 62% to $496.8 million, comprising silver revenue of $369.3 million and gold revenue of $127.5 million. In H1 2011, silver accounted for 74% and gold 26% of the Company's consolidated net revenue compared to 63% and 37% respectively in H1 2010.

Net revenue by mine

$000 unless otherwise indicated	**Six months to 30 June 2011**	Six months to 30 June 2010	% change
Net silver revenue			
Arcata	**108,666**	73,411	48
Ares	**10,229**	7,546	36
Selene	**-**	13	(100)
Pallancata	**167,239**	93,185	79
San Jose	**104,975**	37,784	178
Moris	**1,132**	1,024	11
Commercial discounts	**(22,984)**	(18,767)	22
Net silver revenue	**369,257**	194,196	90
Net gold revenue			
Arcata	**12,299**	15,469	(20)
Ares	**21,046**	19,490	8
Selene	**-**	2	(100)
Pallancata	**24,519**	21,355	15
San Jose	**57,301**	44,264	29
Moris	**15,900**	16,619	(4)
Commercial discounts	**(3,587)**	(4,564)	(21)
Net gold revenue	**127,478**	112,635	13
Other revenue[1]	**33**	29	14
Net revenue	**496,768**	**306,860**	**62**

[1]*Other revenue includes revenue from sale of energy in Peru and revenue from administrative services in Mexico.*

Costs

Total pre-exceptional cost of sales in the first half increased 29% to $195.6 million (H1 2010: $152.0 million) mainly as a result of the increase in direct production cost of 35% to $146.8 million (H1 2010: $108.6 million).

Direct production cost increased mainly due to inflation with respect to wages, supplies and energy costs, particularly in Argentina. In addition, mining royalties increased as a result of the higher metal prices. Depreciation and amortisation increased 12% in the period to $48.8 million (H1 2010: $43.4 million), also contributing to higher cost of sales.

Unit cost per tonne
The Company reported an overall increase in unit cost per tonne at its main operations of 21% as of June 2011 to $92.0 (June 2010: $76.3). This increase is mainly explained by higher royalties as well as overall input cost inflation in the industry.

Unit cost per tonne by operation:*

Operating unit ($/tonne)	**Unit cost per tonne H1 2011**	Unit cost per tonne H1 2010**	% change
Main Operations	**92.0**	**76.3**	**21**
Peru	**66.5**	**59.6**	**12**
Arcata	76.0	72.3	5
Pallancata	60.3	52.3	15
Argentina	**191.3**	**140.0**	**37**
San Jose	191.3	140.0	37
Others	**41.7**	**32.3**	**29**
Ares	121.8	104.5	17
Moris	17.8	15.4	16
Total Group	**71.7**	**56.5**	**27**

**Unit cost per tonne is calculated by dividing mine and geology costs by extracted tonnage and plant and other costs by treated tonnage*

*** As presented at the Full Year 2010, in order to further increase transparency, the Company has restated its unit cost per tonne figures to include certain indirect operating expenses including health, safety and environmental accreditations.*

Cash costs
Cash costs include cost of sales, commercial deductions and selling expenses before exceptional items, less depreciation included in cost of sales.

Co-product silver/gold cash costs are total cash costs multiplied by the percentage of revenue from silver/gold, divided by the number of silver/gold ounces sold in the half. Silver cash costs increased from $7.8 to $13.2 per ounce and gold cash costs increased from $531 to $549 per ounce. The increase in silver cash costs was explained by higher production costs at all the mines. In addition, cash costs increased due to higher workers profit share contributions, higher commercial discounts and increased export taxes at San Jose, all resulting from higher precious metal prices. Finally, cash cost was negatively impacted by lower average grades due to the incorporation of lower grade material at Arcata and Pallancata.

By-product silver/gold cash costs are total cash costs less revenue from gold/silver, divided by the number of silver/gold ounces sold in the half. By-product cash costs for the period were $5.6 per silver ounce (H1 2010:$2.2 per silver ounce) and ($2,251) per gold ounce (H1 2010: ($708) per gold ounce).

*Cash cost reconciliation**:*

$000	Six months to 30 June 2011	Six months to 30 June 2010	% change
Group Cash Cost	**191,063**	**142,954**	**34**
(+) Cost of sales	195,631	152,017	29
(-) Depreciation in Cost of Sales	(48,842)	(43,409)	13
(+) Selling expenses	17,703	11,016	61
(+) Commercial deductions	26,571	23,330	14
Gold	*3,587*	*4,563*	(21)
Silver	*22,984*	*18,767*	*22*
Revenue	**496,768**	**306,860**	**62**
Gold	127,478	112,635	13
Silver	369,257	194,196	90
Others	33	29	14
Ounces Sold	**10,847**	**11,674**	**(7)**
Gold	89	99	(10)
Silver	10,758	11,575	(7)
Group Cash Cost ($/oz)			
Co product Au	*549*	*531*	*3*
Co product Ag	*13.20*	*7.82*	*69*
By product Au	*(2,251)*	*(708)*	*218*
By product Ag	*5.58*	*2.23*	*150*

** Cash costs are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items less depreciation included in cost of sales.*

Cash costs are calculated based on pre-exceptional figures. Co-product cash cost per ounce is the cash cost allocated to the primary metal (allocation based on proportion of revenue), divided by the ounces sold of the primary metal. By-product cash cost per ounce is the total cash cost minus revenue and commercial discounts of the by-product divided by the ounces sold of the primary metal.

Administrative expenses

Administrative expenses before exceptional items increased by 3% to $30.6 million (June 2010: $29.7 million) primarily explained by inflation in personnel expenses and higher voluntary contributions to the Peruvian Government ($0.9 million) resulting from higher metal prices. In addition, H1 2011 administrative expenses do not include non-recurring items recorded in H1 2010 in relation to senior management termination benefits and professional fees.

Exploration expenses

As a result of the Group's decision to focus on organic growth through exploration, exploration expenses, which primarily relate to greenfield exploration, increased by 33% to $19.0 million in 2011 (June 2010: $14.3 million).

In addition, the Group capitalises part of its brownfield exploration, which mostly relates to costs incurred converting potential resource to the inferred or measured and indicated category. As of June 2011, the Group capitalised $4.9 million relating to brownfield exploration compared to $6.1 million as of June 2010 bringing the total investment in exploration for June 2011 to $23.9 million. The previously announced 2011 exploration budget of $70 million constitutes the total investment in exploration (greenfield and brownfield).

Furthermore, as part of Hochschild´s aim to further develop the production assets, the 2011 budget for advanced projects and operations includes an additional $18 million to convert inferred resources into measured and indicated resources.

Selling expenses

Selling expenses increased to $17.7 million (June 2010: $11.0 million) mainly in Argentina due to higher revenue driven by the increase in gold and silver prices which triggered higher export duties. Export duties in Argentina are levied at 10% of revenue for concentrate and 5% of revenue for doré.

Other income/expenses

Other income before exceptional items was $4.1 million (H1 2010: $1.9 million). There were no exceptional items related to other income in H1 2011.

Other expenses before exceptional items reached $2.4 million (H1 2010: $4.0 million). There were no exceptional items related to other expenses in H1 2011.

Profit from continuing operations

Profit from continuing operations before exceptional items, net finance costs and income tax increased to $235.6 million (H1 2010: $97.8 million) as a result of the effects detailed above.

Adjusted EBITDA

Adjusted EBITDA increased by 98% over the period to $297.1 million (H1 2010: $150.1 million) driven primarily by higher silver and gold prices. Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs and income tax plus depreciation and exploration expenses other than personnel and other exploration related fixed expenses.

$000 unless otherwise indicated	**Six months to 30 June 2011**	Six months to 30 June 2010	% change
Profit from continuing operations before exceptional items, net finance cost, foreign exchange loss and income tax	**235,624**	97,762	141
Operating margin	**47%**	32%	
Depreciation and amortisation in cost of sales	**48,842**	43,409	13
Depreciation and amortisation in administrative expenses	**952**	950	0.21
Exploration expenses	**18,992**	14,340	32
Personnel and other exploration related fixed expenses	**(7,282)**	(6,333)	(15)
Adjusted EBITDA	**297,128**	150,128	98
Adjusted EBITDA margin	***60%***	*49%*	

Impact of the Group's investments in joint ventures and associates

Hochschild's pre-exceptional share of the profit/(loss) after tax of associates totaled $ 2.3 million at 30 June 2011 (30 June 2010: $(1.2) million). In 2011, the Company's share in associates was explained by profits relating to its holdings in Gold Resource Corp. In 2010, the Company's share in associates mainly relates to its investments in Lake Shore Gold and Gold Resource Corp.

Finance income and finance cost

Finance income before exceptional items was similar to that of last year (June 2011: $3.3 million / June 2010: $3.1 million). Finance cost before exceptional items equal that of June 2010 ($12.1 million)

Foreign exchange losses

The Group recognised a foreign exchange loss of $2.8 million (June 2010: $0.2 million loss) as a result of transactions in currencies other than the functional currency.

Income tax

The Company's pre-exceptional effective tax rate decreased to 35.1% in H1 2011 (H1 2010: 35.8%). In addition, the post-exceptional effective tax rate decreased to 34.5% (H1 2010: 38.4%).

Exceptional items

Exceptional items in H1 2011 totaled $4.3 million after tax (H1 2010: ($10.1 million). This principally includes:

- The gain on sale of Lake Shore Gold shares amounting to $6.4m net by the loss on sale of Golden Minerals Co shares of $0.1m.
- The loss arising from the fair value adjustment of the Golden Minerals Co and Iron Creek warrants of $1.6m and $0.1m respectively.
- The share of post tax losses of associates of US$0.3m, relating to the dilution of the Gold Resource Corporation investment.

Cash flow & balance sheet review:

Cash flow:

$ thousands	**Six months to 30 June 2011**	Six months to 30 June 2010	change
Net cash generated from operating activities	**236,903**	112,191	124,712
Net cash used in investing activities	**(21,475)**	(73,886)	52,411
Cash flows used in financing activities	**(50,748)**	(25,096)	(25,652)
Net increase in cash and cash equivalents during the period	**164,680**	13,209	151,471

Total cash generated increased from $13.2 million in H1 2010 to $164.7 million in H1 2011 ($151.5 million difference). Operating cashflow increased 111% to $236.9 million from $112.2 million in H1 2010 ($124.7 million difference), mainly due to higher metal prices. Net cash used in investing activities decreased to $(21.5) million in H1 2011 from $(73.9) million in H1 2010, primarily due to the reduction in the Company's holding in Lake Shore Gold and increases in capital expenditure. Finally, cash flows used in financing activities increased to $(50.7) million from $(25.1) million, primarily as a result of the prepayment of syndicated loan ($114.3 million), and incremental dividend payments to Hochschild plc shareholders ($3.4 million) and to joint venture partner in Pallancata ($10.1 million) versus H1 2010. These effects were partially offset by short term debt raised at Cía. Minera Ares ($99.0 million).

Working capital:

$000	**As at 30 June 2011**	As at 31 December 2010
Trade and other receivables	**185,100**	182,752
Inventories	**53,522**	55,130
Net other financial assets	**(7,088)**	18,732
Net Income tax payable	**(15,247)**	(10,977)
Trade and other payables incl.provisions	**(222,255)**	(246,781)
Working Capital	**(5,968)**	(1,144)

The Company's working capital position decreased to $(6.0) million in H1 2011 from $(1.1) million in December 2010. This was primarily explained by a decrease in net other financial assets ($25.8 million) primarily driven by a change in embedded derivatives and higher net income tax payable ($4.3 million). These effects were partially offset by lower trade and other payables ($24.5 million).

Net cash:

$000 unless otherwise indicated	**As at 30 June 2011**	As at 31 December 2010
Cash and cash equivalents	**690,818**	525,482
Long term borrowings	**(104,610)**	(248,380)
Short term borrowings	**(188,132)**	(69,272)
Net cash	**398,076**	207,830

The Company reported net cash of $398.1 million as at 30 June 2011 (FY 2010: $207.8 million). This was primarily driven by the significant increase in cash and cash equivalents from operating activities ($236.9 million) although partially offset by cash from investing activities ($21.5 million) and cash used in financing activities ($50.7 million). During H1 2011, the Company paid down its full syndicated loan facility of $114.3 million and drew down $99.0 million from short term financial credit lines.

The Convertible bond currently outstanding has a conversion price of £3.94 and allows the Company to force conversion of the bonds at anytime after 20 October 2012 if, during a 20 day period, the Company's share price exceeds 130% of the conversion price (£5.12).

Capital expenditure[1]

$(000) unless otherwise indicated	**Six months to 30 June 2011**	Six months to 30 June 2010
Arcata	**12,772**	12,997
Ares	**1,041**	721
Selene	**1,261**	3,947
Pallancata	**22,617**	14,641
San Jose	**24,504**	26,074
Moris	**513**	1,034
Other[2]	**22,698**	5,684
Total	**85,406**	65,098

[1] Includes additions in property, plant and equipment and evaluation and exploration assets (confirmation of resources) and excludes increases in closure of mine assets.
[2] Other capex includes mainly Azuca ($15.9 million), Inmaculada ($3.8 million), Crespo ($2.4 million)

H1 2011 capital expenditure of $85.4 million (H1 2010: $65.1 million) includes evaluation and exploration of $25.6 million, conversion of resources into reserves of $15.8 million, development costs of $18.7 million and investment in fixed assets of $25.3 million.

Dividends:

The directors recommend an interim dividend of $0.03 per ordinary share which will be paid on 22 September 2011 to those shareholders appearing on the register on 2 September 2011.

Dividends are declared in US dollars. Unless a shareholder elects to receive dividends in US dollars, they will be paid in pounds sterling with the US dollar dividend converted into pound sterling at exchange rates prevailing at the time of payment. Our dividend policy takes into account the profitability of the business and the underlying growth in earnings of the Company, as well as its capital requirements and cash flow.

Dividend dates	2011
Ex-dividend date	31 August
Record date	2 September
Deadline for return of currency election forms	6 September
Payment date	22 September

BOARD COMPOSITION

The Company announces that Sir Malcolm Field and Dionisio Romero have informed the Board of their wish to retire as Non-Executive Directors of the Company at the 2012 AGM after over five years on the Board.

As part of the Group's succession planning and to ensure the continued independent presence on the Board, the Company announces the appointment of Rupert Pennant-Rea as an independent Non-Executive Director of the Company with effect from 1 September 2011.

Mr Pennant-Rea is Chairman of Henderson Group plc and of the Economist Group and is a Non-Executive Director of Go-Ahead Group plc and Gold Fields Limited (South Africa). He was Deputy Governor of the Bank of England from 1993 to 1995, prior to which he spent 16 years with The Economist, where he was editor from

1986 to 1993. Rupert serves on the Board of First Quantum Minerals Limited and has served on the Boards of various companies including British American Tobacco plc. (1998-2007), Rio Narcea Gold Mines Ltd (2003-2007), Sherritt International Corporation (1995-2008), Acuity VCT Plc (2001-2011) and Acuity Growth VCT Plc (2004-2011).

There are no other matters to disclose in respect of Mr Pennant-Rea in accordance with paragraph 9.6.13R of the FSA's Listing Rules.

The Board notes the publication of the Davies Review on Women on Boards earlier in the year and the subsequent consultation of the Financial Reporting Council on changes to the UK Corporate Governance Code, which may result in the Code including a recommendation that companies adopt a policy on boardroom diversity.

The Board acknowledges the benefits of greater diversity of the board, not just limited to gender diversity, and will continue to ensure that candidates for board appointments shall be considered on merit.

RISKS

The principal risks and uncertainties facing the Group in respect of the year ended 31 December 2010 were set out in detail in the Risk Management section of the 2010 Annual Report and in Note 37 to the 2010 Consolidated Financial Statements. These risks continue to apply to the Group in respect of the remaining six months of the current financial year.

The key risks disclosed in the 2010 Annual Report were categorised as:

- Financial risks which include commodity price risk and foreign currency risk;
- Operational risks including the risks associated with business interruption, reserve and resource replacement and the retention of key personnel;
- Macro-Economic Risks which include political, legal and regulatory risks; and
- Corporate Social Responsibility related risks including health and safety, environmental and social risks.

The 2010 Annual Report is available at *www.hochschildmining.com*

GOING CONCERN

The Directors confirm that they are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future. Accordingly, adoption of the going concern basis in the preparation of the financial statements contained herein is considered to be appropriate.

RELATED PARTY TRANSACTIONS

Details regarding related party transactions are included in Note 15.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge, the interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and that the interim management report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7 and 4.2.8.

A list of current Directors is maintained on the Company's website which can be found at www.hochschildmining.com.

For and on behalf of the Board

Ignacio Bustamante
Chief Executive Officer

22 August 2011

INDEPENDENT REVIEW REPORT TO HOCHSCHILD MINING PLC

Introduction

We have been engaged by Hochschild Mining plc (the Company) to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the Interim consolidated income statement, the Interim consolidated statement of comprehensive income, the Interim consolidated statement of financial position, the Interim consolidated statement of cash flows, the Interim consolidated statement of changes in equity and the related notes 1 to 17. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London
22 August 2011

Interim consolidated income statement

	Notes	Six-months ended 30 June 2011 (Unaudited)			Six-months ended 30 June 2010 (Unaudited)		
		Before exceptional items	Exceptional items Note 5	Total	Before exceptional items	Exceptional items Note 5	Total
		US$ (000)					
Continuing operations							
Revenue	4	496,768	—	**496,768**	306,860	—	**306,860**
Cost of sales		(195,631)	—	**(195,631)**	(152,017)	(8,861)	**(160,878)**
Gross profit		301,137	—	**301,137**	154,843	(8,861)	**145,982**
Administrative expenses		(30,570)	—	**(30,570)**	(29,684)	—	**(29,684)**
Exploration expenses		(18,992)	—	**(18,992)**	(14,340)	—	**(14,340)**
Selling expenses		(17,703)	—	**(17,703)**	(11,016)	—	**(11,016)**
Other income		4,139	—	**4,139**	1,932	13,543	**15,475**
Other expenses		(2,387)	—	**(2,387)**	(3,973)	—	**(3,973)**
Impairment and write-off of assets (net)		—	—	—	—	(14,702)	**(14,702)**
Profit/(loss) from continuing operations before net finance income/(cost), foreign exchange gain/(loss) and income tax		235,624	—	**235,624**	97,762	(10,020)	**87,742**
Share of post tax profit/(losses) of associates and joint ventures accounted under the equity method		2,337	(324)	**2,013**	(1,168)	(2,021)	**(3,189)**
Finance income	6	3,314	6,254	**9,568**	3,077	—	**3,077**
Finance costs	6	(12,190)	(1,655)	**(13,845)**	(12,143)	(689)	**(12,832)**
Foreign exchange loss		(2,765)	—	**(2,765)**	(180)	—	**(180)**
Profit/(loss) from continuing operations before income tax		226,320	4,275	**230,595**	87,348	(12,730)	**74,618**
Income tax expense	7	(79,538)	—	**(79,538)**	(31,250)	2,600	**(28,650)**
Profit/(loss) for the period from continuing operations		146,782	4,275	**151,057**	56,098	(10,130)	**45,968**
Attributable to:							
Equity shareholders of the Company		91,957	4,275	**96,232**	38,856	(9,616)	**29,240**
Non-controlling interests		54,825	—	**54,825**	17,242	(514)	**16,728**
		146,782	4,275	**151,057**	56,098	(10,130)	**45,968**
Basic earnings per ordinary share from continuing operations and for the period (expressed in U.S. dollars per share)		0.27	0.02	**0.29**	0.11	(0.03)	**0.08**
Diluted earnings per ordinary share from continuing operations and for the period (expressed in U.S. dollars per share)		0.27	0.01	**0.28**	0.11	(0.03)	**0.08**

Interim consolidated statement of comprehensive income

	Notes	Six-months ended 30 June	
		2011 (Unaudited)	2010 (Unaudited)
		US$ (000)	
Profit for the period		151,057	45,968
Other comprehensive income			
Exchange differences on translating foreign operations		1,979	(4,657)
Change in fair value of available-for-sale financial assets		(18,966)	(203)
Recycling of the change in fair value of available-for-sale financial assets		(7,328)	—
Change in fair value of cash flow hedges taken to equity		—	(2,444)
Recycling of the change in fair value of cash flow hedges taken to equity		1,930	—
Income tax relating to components of other comprehensive income		3,059	(141)
Other comprehensive (loss) for the period, net of tax		(19,326)	(7,445)
Total comprehensive income for the period		131,731	38,523
Total comprehensive income attributable to:			
Equity shareholders of the Company		76,843	21,795
Non-controlling interests		54,888	16,728
		131,731	38,523

Interim consolidated statement of financial position

	Notes	As at 30 June 2011 (Unaudited)	As at 31 December 2010
		US$ (000)	
ASSETS			
Non-current assets			
Property, plant and equipment[1]	8	418,372	406,914
Evaluation and exploration assets[1]	9	237,136	212,080
Intangible assets		19,535	20,166
Investments accounted under equity method		78,009	79,068
Available-for-sale financial assets	10	55,547	153,620
Trade and other receivables		5,766	36,817
Income tax receivable		2,843	2,401
Deferred income tax assets		912	5,229
		818,120	916,295
Current assets			
Inventories		53,522	55,130
Trade and other receivables		179,334	145,935
Income tax receivable		841	917
Other financial assets	11	54	20,662
Cash and cash equivalents	12	690,818	525,482
		924,569	748,126
Total assets		1,742,689	1,664,421
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Parent			
Equity share capital		158,637	158,637
Share premium		395,928	395,928
Treasury shares		(898)	—
Other reserves		(194,633)	(175,244)
Retained earnings		614,877	528,788
		973,911	908,109
Non-controlling interests		178,619	147,120
Total equity		1,152,530	1,055,229
Non-current liabilities			
Trade and other payables		8	2,393
Borrowings	13	104,610	248,380
Provisions		87,508	86,443
Deferred income tax liabilities		49,089	28,534
		241,215	365,750
Current liabilities			
Trade and other payables		100,715	116,074
Other financial liabilities	11	7,142	1,930
Borrowings	13	188,132	69,272
Provisions		34,024	41,871
Income tax payable		18,931	14,295
		348,944	243,442
Total liabilities		590,159	609,192
Total equity and liabilities		1,742,689	1,664,421

[1] 31 December 2010 figures are subject to a reclassification as disclosed in note 2 (c)

Interim consolidated statement of cash flows

	Notes	Six-months ended 30 June	
		2011 (Unaudited)	**2010 (Unaudited)**
		US$ (000)	
Cash flows from operating activities			
Cash generated from operations		267,093	129,866
Interest received		12,955	316
Interest paid		(17,665)	(3,970)
Payments of mine closure costs		(1,878)	(1,311)
Income tax (paid)/received		(23,602)	(12,710)
Net cash generated from operating activities		236,903	112,191
Cash flows from investing activities			
Purchase of property, plant and equipment		(61,035)	(53,175)
Purchase of evaluation and exploration assets		(25,617)	(10,070)
Investment in associates		—	(20,336)
Dividends received from associates		2,235	—
Acquisition of subsidiary		(15,404)	—
Purchase of available-for-sale financial assets		(2,419)	(568)
Purchase of intangibles		—	(35)
Proceeds from sale of property, plant and equipment		313	664
Proceeds from sale of available-for-sale financial assets		80,452	286
Proceeds from sale of investment in associate		—	9,348
Net cash used in investing activities		(21,475)	(73,886)
Cash flows from financing activities			
Proceeds of borrowings	13	107,560	12,611
Repayment of borrowings	13	(124,100)	(14,946)
Purchase of treasury shares		(898)	—
Dividends paid	14	(36,226)	(22,761)
Capital contribution from non-controlling interest		2,916	—
Cash flows used in financing activities		(50,748)	(25,096)
Net increase in cash and cash equivalents during the period		164,680	13,209
Exchange difference		656	(64)
Cash and cash equivalents at beginning of period		525,482	77,844
Cash and cash equivalents at end of period	12	690,818	90,989

Interim consolidated statement of changes in equity

	Notes	Equity share capital	Share premium	Treasury Shares	Other reserves: Unrealised gain/(loss) on available-for-sale financial assets	Other reserves: Unrealised gain/(loss) on cash flow hedges	Other reserves: Bond equity component	Other reserves: Cumulative translation adjustment	Other reserves: Merger reserve	Other reserves: Total other reserves	Retained earnings	Capital and reserves attributable to shareholders of the Parent	Non-controlling interests	Total Equity
								US$(000)						
Balance at 1 January 2011		158,637	395,928	—	37,808	(1,930)	8,432	(9,508)	(210,046)	(175,244)	528,788	908,109	147,120	1,055,229
Other comprehensive (loss)/income		—	—		(23,235)	1,930	—	1,916	—	(19,389)	—	(19,389)	63	(19,326)
Profit for the period		—	—		—	—	—	—	—	—	96,232	96,232	54,825	151,057
Total comprehensive (loss)/income for the period		—	—	—	(23,235)	1,930	—	1,916	—	(19,389)	96,232	76,843	54,888	131,731
Capital contribution from non-controlling interest		—	—	—	—	—	—	—	—	—	—	—	2,694	2,694
Treasury shares		—	—	(898)	—	—	—	—	—	—	—	(898)	—	(898)
Dividends paid to non-controlling interests	14	—	—		—	—	—	—	—	—	—	—	(26,083)	(26,083)
Dividends	14	—	—		—	—	—	—	—	—	(10,143)	(10,143)	—	(10,143)
Balance at 30 June 2011		158,637	395,928	(898)	14,573	—	8,432	(7,592)	(210,046)	(194,633)	614,877	973,911	178,619	1,152,530
Balance at 1 January 2010		158,637	395,928	—	3,339	(13)	8,432	(14,633)	(210,046)	(212,921)	385,700	727,344	76,126	803,470
Other comprehensive (loss)/income		—	—	—	(344)	(2,444)	—	(4,657)	—	(7,445)	—	(7,445)	—	(7,445)
Profit for the period		—	—	—	—	—	—	—	—	—	29,240	29,240	16,728	45,968
Total comprehensive (loss)/income for the period		—	—	—	(344)	(2,444)	—	(4,657)	—	(7,445)	29,240	21,795	16,728	38,523
Dividends paid to non-controlling interests	14	—	—	—	—	—	—	—	—	—	—	—	(16,000)	(16,000)
Dividends	14	—	—	—	—	—	—	—	—	—	(6,761)	(6,761)	—	(6,761)
Balance at 30 June 2010		158,637	395,928	—	2,995	(2,457)	8,432	(19,290)	(210,046)	(220,366)	408,179	742,378	76,854	819,232

Notes to the interim consolidated financial statements

1 Corporate Information

Hochschild Mining plc (hereinafter the “Company”) is a public limited company incorporated on 11 April 2006 under the Companies Act 1985 as a limited company and registered in England and Wales with registered number 05777693. The Company’s registered office is located at 46 Albemarle Street, London W1S 4JL, United Kingdom. Its ordinary shares are traded on the London Stock Exchange.

The Group’s principal business is the mining, processing and sale of silver and gold. The Group has three operating mines: Ares, Arcata, Pallancata, and a plant, Selene, which treats ore from the Pallancata mine, all of which are located in Southern Peru; one operating mine, San José, located in Argentina; and one operating mine, Moris, located in Mexico. The Group also has a portfolio of projects located across Peru, Argentina, Mexico and Chile at various stages of exploration, evaluation and development.

These interim consolidated financial statements were approved for issue on behalf of the Board of Directors on 22 August 2011.

2 Significant Accounting Policies

(a) Basis of preparation

These interim condensed consolidated financial statements set out the Group’s financial position as at 30 June 2011 and 31 December 2010 and its financial performance and cash flows for the periods ended 30 June 2011 and 30 June 2010.

They have been prepared in accordance with IAS 34 Interim Financial Reporting in accordance with International Financial Reporting Standards (‘IFRS’) as adopted by the European Union. Accordingly, the interim condensed consolidated financial statements do not include all the information required for full annual financial statements and therefore, should be read in conjunction with the Group’s 2010 annual consolidated financial statements as published in the 2010 Annual Report.

The interim condensed consolidated financial statements do not constitute statutory accounts as defined in the Companies Act 2006. The financial information for the full year is based on the statutory accounts for the financial year ended 31 December 2010. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards (‘IFRS’) as adopted by the European Union has been delivered to the Registrar of Companies. The auditors’ report under section 495 of the Companies Act 2006 in relation to those accounts was unqualified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

The impact of the seasonality or cyclicality of operations is not regarded as significant on the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for derivatives and available-for-sale financial instruments which have been measured at fair value. The financial statements are presented in US dollars ($) and all monetary amounts are rounded to the nearest thousand ($000) except when otherwise indicated.

(b) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statement for the year ended 31 December 2010, except for the adoption of the following standards and interpretations:

- IAS 24 “Related Party Transactions (Amendment)”, applicable for annual periods beginning on or after 1 January 2011.

  The IASB has issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

- IAS 32 “Financial Instruments: Presentation — Classification of Rights Issues”, applicable for annual periods beginning on or after 1 February 2010.

  The amendment changed the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity’s non-derivative equity instruments, or to acquire a fixed number of the entity’s own equity instruments for a fixed amount in any currency. This amendment did not have impact on the Group after initial application.

- IFRIC 14 “Prepayments of a minimum funding requirement (Amendment)”, applicable for annual periods beginning on or after 1 January 2011.

  The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment did not have impact on the financial statements of the Group.

- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, applicable for annual periods beginning on or after 1 July 2010.

  The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case this cannot be reliably measured, they are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation did not have effect on the financial statements of the Group.

- “Improvements to IFRSs (issued in May 2010)”, applicable for annual periods beginning on or after 1 July 2010 or 1 January 2011.

  The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards including IFRS 3 Business Combinations, IFRS 7 Financial Instruments – Disclosures, IAS1 Presentation of Financial Statements and IAS 34 Interim Financial Statements. The adoption of these amendments resulted in the following changes to accounting policies, but did not have any impact on the financial position or performance of the Group:

  - IFRS 3 Business Combinations: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity’s net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments proportionate share of the acquiree’s identifiable net assets. All other components are to be measured at their acquisition date fair value.
  - IFRS 7 Financial Instruments Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and

improving disclosures by requiring qualitative information to put the quantitative information in context.

- IAS 1 Presentation of Financial Statements: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements.
- IAS 34 Interim Financial Statements: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(c) Comparatives

Where applicable, comparatives have been reclassified on the same basis as current period figures. This includes the reclassification of the costs associated with the Crespo project which were previously classified as Mining properties and development costs. Given the stage of the project, the capitalized costs of US$50,269,000 have been reclassified to Evaluation and exploration assets. The reclassification has been made in the 2010 financial statements, to ensure comparability of the two balance sheets presented.

3 Segment Reporting

The following tables present revenue, profit and asset information for the Group's operating segments for the six months ended 30 June 2011 and 2010 respectively:

Six-months ended 30 June 2011	Ares US$000	Arcata US$000	Pallancata US$000	San José US$000	Moris US$000	Exploration US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue from external customers	31,274	110,240	182,199	155,990	17,032	—	33	—	496,768
Inter segment revenue	—	—	—	—	—	—	3,588	(3,588)	—
Total revenue	**31,274**	**110,240**	**182,199**	**155,990**	**17,032**	—	**3,621**	**(3,588)**	**496,768**
Segment profit/(loss)	9,497	69,051	123,083	79,555	3,081	(19,439)	3,119	(3,505)	264,442
Others[1]									(33,847)
Profit/(loss) from continuing operations before income tax									230,595
Assets									
Capital expenditure	1,041	12,772	23,878	24,504	513	22,170	528	—	85,406
Current assets	3,990	24,089	64,509	57,897	4,974	183	2,500	—	158,142
Other non-current assets	10,293	90,742	129,994	216,088	445	221,070	6,297	—	674,929
Total segment assets	14,283	114,831	194,503	273,985	5,419	221,253	8,797	—	833,071
Not reportable assets[2]	—	—	—	—	—	—	909,618	—	909,618
Total assets	**14,283**	**114,831**	**194,503**	**273,985**	**5,419**	**221,253**	**918,415**	—	**1,742,689**

(1) Comprised of administrative expenses of US$30,570,000, other income of US$4,139,000, other expenses of US$2,387,000, share of profit of associates and joint ventures of US$2,013,000, finance income of US$9,568,000, finance costs of US$13,845,000, and foreign exchange loss of US$2,765,000.

(2) Not reportable assets are comprised of intangibles of US$114,000, investments accounted under the equity method of US$78,009,000, available-for-sale financial assets of US$55,547,000, other receivables of US$80,480,000, income tax receivable of US$3,684,000, deferred income tax assets of US$912,000, other financial assets of US$54,000, and cash and cash equivalents of US$690,818,000.

Six-months ended 30 June 2010	Ares US$000	Arcata US$000	Pallancata US$000	San José US$000	Moris US$000	Exploration US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue from external customers	27,035	77,473	107,441	77,225	17,643	—	43	—	306,860
Inter segment revenue	—	—	—	—	—	—	3,384	(3,384)	—
Total revenue	**27,035**	**77,473**	**107,441**	**77,225**	**17,643**	—	**3,427**	**(3,384)**	**306,860**
Segment profit/(loss)	7,638	41,014	57,875	22,357	4,698	(16,152)	1,981	1,215	120,626
Others(1)									(46,008)
Profit/(loss) from continuing operations before income tax									74,618

Year ended 31 December 2010	Ares US$000	Arcata US$000	Pallancata US$000	San José US$000	Moris US$000	Exploration US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Assets									
Capital expenditure	5,422	30,230	43,955	55,183	2,728	108,218	2,305	—	248,041
Current assets	4,661	20,934	69,968	39,739	7,295	11	1,926	—	144,534
Other non-current assets	9,670	82,983	127,869	210,010	1,428	194,111	12,939	—	639,010
Total segment assets	14,331	103,917	197,837	249,749	8,723	194,122	14,865	—	783,544
Not reportable assets(2)	—	—	—	—	—	—	880,877	—	880,877
Total assets	**14,331**	**103,917**	**197,837**	**249,749**	**8,723**	**194,122**	**895,742**	—	**1,664,421**

(1) Comprised of administrative expenses of US$29,684,000, other income of US$15,475,000, other expenses of US$3,973,000, impairment of assets of US$14,702,000, share of losses of associates and joint ventures of US$3,189,000, finance income of US$3,077,000, finance costs of US$12,832,000 and foreign exchange loss of US$180,000.

(2) Not reportable assets are comprised of intangibles of US$150,000, investments accounted under the equity method of US$79,068,000, available-for-sale financial assets of US$153,620,000, other receivables of US$93,348,000, income tax receivable of US$3,318,000, deferred income tax assets of US$5,229,000, other financial assets of US$20,662,000 and cash and cash equivalents of US$525,482,000.

4 Revenue

	Six-months ended 30 June	
	2011 (Unaudited)	2010 (Unaudited)
	US$(000)	
Gold (from doré bars)	68,437	58,419
Silver (from doré bars)	78,274	36,226
Gold (from concentrate)	59,041	54,216
Silver (from concentrate)	290,983	157,970
Services	33	29
	496,768	306,860

The total net volume of gold and silver sold were as follows:

	Six-months ended 30 June	
	2011 (Unaudited)	2010 (Unaudited)
	(in thousands of ounces)	
Gold	88	97
Silver	10,443	11,203

5 Exceptional items

Exceptional items in the six months ended 30 June 2011 relate to:

a) Loss from dilution of US$324,000 generated by the Group´s investment in Gold Resource Corp.

b) The overall gain on the sale of the holding of shares in Lake Shore Gold Corporation ("Lake Shore Gold") amounting to US$6,385,878 net of the loss on the sale of Golden Minerals Company shares of US$132,155.

c) The losses arising from the fair value adjustments in relation to the Golden Minerals Company warrants and Iron Creek warrants of US$1,563,200 and US$113,116 respectively.

Exceptional items in the six months ended 30 June 2010 relate to:

a) The bonuses paid to the workers at the Peruvian mines in March 2010 following negotiations with the unions in relation to the 2009 financial year, amounting to US$8,861,000. The Group now believes that a constructive obligation has been created for these bonuses, and future bonuses will be accrued each year and recorded as a pre-exceptional item.

b) The gain of US$6,010,000 generated on the sale of the Group´s interest in the El Quevar project in Argentina in exchange for 400,000 common shares and a warrant to purchase 300,000 common shares of Golden Minerals Company at a price per share of US$15.

c) The gain of US$7,533,000 generated by the sale of the Group´s interest in Zincore Metals Inc. to Inversiones Pacasmayo S.A., a related party of the Group.

d) The impairment of US$ 14,702,000 with respect to the San Felipe project, located in Mexico.

e) The loss arising from the dilution of the Group´s interest in Lake Shore Gold of US$2,021,000.

f) The loss from changes in the fair value of financial instruments of US$689,000, mainly related to the adjustment of warrants of Golden Minerals Company.

g) Deferred tax credits in respect of the above items totalling $2,600,000.

6 Finance income and finance cost before exceptional items

The Group recognised the following finance income and finance cost before exceptional items:

	Six-months ended 30 June	
	2011 (Unaudited)	2010 (Unaudited)
	US$(000)	
Finance income:		
Interests on time deposits	1,564	88
Gain from changes in the fair value of derivative instruments[1]	—	826
Interest on loans to minority shareholders	1,683	1,297
Interest on loans to third parties	32	—
Change in discount rate	26	440
Gain on exchange of available-for-sale financial assets	—	211
Others	9	215
	3,314	3,077
Finance cost:		
Interest on bank loans and long-term debt	(4,415)	(5,760)
Interest on convertible bond	(4,324)	(4,235)
Unwind of discount rate	(583)	(354)
Loss from changes in the fair value of derivative instruments[2]	(1,810)	(1,133)
Others	(1,058)	(661)
	(12,190)	(12,143)

1 This amount represents the gain arising from changes in the fair value of the zero cost collar contracts signed by Cia. Minera Ares S.A.C. during 2009. The contracts expired in December 2010.

2 Represents the loss of US$1,810,000 (2010: US$1,133,000) arising from the two swap contracts signed with BBVA and Citibank to fix the interest rate of the JP Morgan led syndicated loan at 1.75% that was accounted for as a fair value hedge. These contracts were cancelled in January 2011 when the syndicated loan was repaid.

7 Income tax expense

	Six-months ended 30 June	
	2011 (Unaudited)	2010 (Unaudited)
	US$(000)	
Current income tax expense	46,855	18,286
Deferred income tax relating to origination and reversal of temporary differences	28,104	10,091
Withholding taxes	4,579	273
Total taxation charge in the income statement	79,538	28,650

The tax related to items charged or credited to equity is as follows:

	Six-months ended 30 June	
	2011 (Unaudited)	2010 (Unaudited)
	US$(000)	
Deferred income tax relating to origination and reversal of temporary differences	(3,059)	141
Total taxation (credit)/charge in the statement of comprehensive income	(3,059)	141

8 Property, plant and equipment

During the six months ended 30 June 2011, the Group acquired assets with a cost of US$59,789,000 (2010: US$126,358,000). The additions for the period ended 30 June 2011 relate to:

(i) US$34,506,000 of mining properties and development additions which include US$15,640,000 at San Jose, US$10,484,000 at Pallancata and US$7,947,000 at Arcata.

(ii) US$25,283,000 of other property, plant and equipment additions which include US$10,480,000 at Pallancata, US$6,841,000 at San Jose and US$2,989,000 at Arcata.

Assets with a net book value of US$277,000 were disposed of by the Group during the six month period ended 30 June 2011 (2010: US$925,000), resulting in a net gain on disposal of US$36,000 (2010: loss of US$93,000).

For the six months ended 30 June 2011, the depreciation charge on property, plant and equipment was US$48,513,000 (2010: US$102,446,000).

9 Evaluation and exploration assets

During the six months ended 30 June 2011, the Group acquired evaluation and explorations assets with a cost of US$25,617,000 (2010: US$122,764,000). The additions mainly corresponded to:

(i) US$14,625,000 with respect to the Azuca project
(ii) US$3,176,000 with respect to the Inmaculada project
(iii) US$1,998,000 with respect to the Crespo project

During the six months ended 30 June 2010, the Group impaired the San Felipe property by US$14,702,000. The impairment was triggered by the conclusion of the marketing process conducted during this year and reflects the Company's estimate of the fair value less cost to sell.

10 Available-for-sale financial assets

	As at 30 June 2011 (Unaudited)	**As at 31 December 2010**
	US$(000)	
Opening balance	153,620	19,181
Additions[1]	2,419	25,786
Increase in value of available-for-sale financial assets due to merger of companies	–	4
Fair value change recorded in equity	(18,966)	47,573
Disposals[2]	(81,526)	(11,924)
Reclassification from investments accounted under equity method	–	73,000
Closing balance[3]	55,547	153,620

1 The amount represents the fair value of shares at the date of acquisition and includes the purchase of shares of Golden Minerals Company.

2 Corresponds to the sale of 21,540,992 shares of Lake Shore Gold Corp. and 51,898 shares of Golden Minerals Company.

3 As at 30 June 2011, the amount mainly represents the fair value of shares of International Minerals (US$29,750,000), Pembrook Mining Corp. (US$14,160,000), Mariana Resources Ltd. (US$3,930,000), Northern Superior Resources Inc. (US$3,128,000), and Mirasol Resources Ltd. (US$2,229,000).

11 Other financial assets and liabilities

	As at 30 June 2011 (Unaudited)	**As at 31 December 2010**
	US$ (000)	
Other financial assets		
Embedded derivatives[1]	–	16,512
Warrants in Golden Minerals Company	–	3,982
Warrants on Iron Creek Capital Corp.	54	168
Other financial assets	54	20,662
Other financial liabilities		
Embedded derivatives[1]	7,142	–
Swap contracts	–	1,930
Other financial liabilities	7,142	1,930

1 Sales of concentrate and certain gold and silver volumes are provisionally priced at the time the sale is recorded. The price is then adjusted after an agreed period of time usually linked to the length of time it takes for the smelter to refine and sell the concentrate or for the refiner to process the doré into gold and silver, with the Group either paying or receiving the difference between the provisional price and the final price. At 30 June 2011 the provisional price adjustment resulted in a liability due to the decrease of forward prices of gold and silver (At 31 December 2010 it resulted in an asset due to the increase of forward prices of gold and silver).

12 Cash and cash equivalents

	As at 30 June 2011 (Unaudited)	As at 31 December 2010
	US$ (000)	
Cash at bank	438	694
Liquidity funds[1]	218,238	424,049
Current demand deposit accounts[2]	30,038	44,346
Time deposits[3]	442,104	56,393
Cash and cash equivalents	690,818	525,482

1 The liquidity funds are mainly invested in certificate of deposits, commercial papers and floating rate notes with a weighted average annual effective interest rate of 0.10% and a weighted average maturity of 8 days as at 30 June 2011 (0.26% and 33 to 56 days as at 31 December 2010).

2 Relates to bank accounts which are readily accessible to the Group and bear an interest average of 1% (0.03% and 1.1% as at 31 December 2010).

3 The effective interest rate as at 30 June 2011 was 2.51% (as at 31 December 2010: 1.95%). These deposits have a maturity of 1 to 180 days (as at 31 December 2010: 1 to 30 days).

13 Borrowings

The movement of borrowings during the period to 30 June 2011 is as follows:

	As at 1 January 2011	Additions	Repayments	Reclassifications	As at 30 June 2011
			US$ (000)		
Current					
Secured bank loans	53,030	105,387	(121,428) [1]	84,742	**121,731** [2]
Amounts due to non-controlling interest [3]	11,074	2,310	(12,205)	59,028	**60,207**
Convertible bond payable	5,145	4,324	(3,307)	—	**6,162**
Amounts due to related parties	23	3,127	(3,118)	—	**32**
	69,272	115,148	(140,058)	143,770	**188,132**
Non-current					
Secured bank loans	85,525	—	—	(84,742)	**783**
Amounts due to non-controlling interest [3]	59,028	—	—	(59,028)	—
Convertible bond payable	103,827	—	—	—	**103,827**
	248,380	—	—	(143,770)	**104,610**
Accrued Interest:	(22,268)	(7,588)	15,958	—	**(13,898)**
Net of accrued interest	295,384	107,560	(124,100)	—	**284,857**

1 Mainly relates to the repayment, in January 2011, of the loan facility with a syndicate of lenders with JP Morgan Chase Bank N.A., acting as the administrative agent. The balance as at 31 December 2010 comprised of the secured term loan facility of: US$114,320,000 plus accrued interest of US$2,393,000 and net of transaction costs of US$3,235,000. The obligation accrued an effective interest rate of LIBOR + 1% and was guaranteed by all the equity share capital, free and clear of any liens, of Compañia Minera Ares S.A.C. During 2010 the Group had a swap contract with BBVA and Citibank to fix the interest rate of the loan at 1.75%.

2 Mainly relates to pre-shipment loans for a total amount of US$99,000,000 advanced to Compañía Minera Ares S.A.C. and US$20,000,000 advanced to Minera Santa Cruz S.A. (at 31 December 2010: Nil and US$20,000,000 respectively). These obligations accrue an effective annual interest rate ranging from 1.40% to 3.60% and are guaranteed by the inventories and the trade receivables of the Company (at 31 December 2010: 1.60% to 2.40%). Pre-shipment loans are credit lines given by banks to meet payment obligations arising from the exports of the Group.

3 The balance as at 30 June 2011 mainly relates to loans from Minera Andes Inc. to Minera Santa Cruz S.A. for an amount of US$54,016,000 (2010: US$64,070,000) which bears interest at a rate of 7% (2010: 7%). There is an additional loan of US$5,858,000 advanced to Minera Santa Cruz S.A. by Minera Andes S.A. (2010: US$6,032,000) which bears interest at a rate of 7% (2010: 7%).

14 Dividends paid and proposed

	Six months ended 30 June	
	2011	**2010**
	US$(000)	
Declared and paid during the period:		
Equity dividends on ordinary shares:		
Final dividend for 2010: US$0.03 (2009: US$0.02)	10,143	6,761
Dividends paid to non-controlling interest: US$0.32 (2009: US$0.48)	26,083	16,000
Dividends paid	36,226	22,761
Proposed for approval by shareholders at the AGM:		
First interim dividend for 2011: US$0.03 (2010: US$0.02)	10,143	6,762

A dividend in respect of the year ended 31 December 2010 of US$0.030 per share, amounting to a total dividend of US$10,142,557, was approved by shareholders at the Annual General Meeting held on 2 June 2011. An interim dividend of US$0.03 per share in respect of the year ending 31 December 2011 has been declared by the Directors of the Company which will be paid to shareholders on 22 September 2011 to those shareholders appearing on the register on 2 September 2011. These financial statements do not reflect this dividend payable.

15 Related party transactions

During the period, in addition to the normal arrangements the Group has with its related parties, the Group recognised a dividend income from its associate, Gold Resource Corporation of US$3,071,643 (30 June 2010: Nil). At 30 June 2011 the dividend receivable from Gold Resource Corporation amounted to US$837,000 (31 December 2010: US$1,290,000).

16 Commitments

a) Mining rights purchase options

During the ordinary course of business, the Group enters into agreements to carry out exploration under concessions held by third parties. Generally, under the terms of these agreements, the Group has the option to acquire the concession or invest in the entity holding the concession. In order to exercise the option the Group must satisfy certain financial and other obligations over the agreement term. The option lapses in the event that the Group does not meet the financial requirements. At any point in time, the Group may cancel the agreements without penalty, except in certain specific circumstances.

The Group continually reviews its requirements under the agreements and determines on an annual basis whether to proceed with the financial commitment. Based on management's current intention regarding these projects, the commitments at the balance sheet date are as follows:

	As at 30 June 2011	As at 31 December 2010
	US$ (000)	
Less than one year	1,893	1,208
Later than one year	9,710	5,760

b) Capital commitments

The future capital commitments of the Group are as follows:

	As at 30 June 2011	As at 31 December 2010
	US$ (000)	
Peru	35,660	39,490
Argentina	414	6,200
Mexico	—	34
	36,074	45,724

17 Subsequent events

On 3 August 2011 a definitive Exploration and Option Agreement was signed between Minera Hochschild Mexico SA de CV ("MHM") with Impulsora Mexicana Santa Cruz S.A. de C.V. ("IMSC"), a privately-owned Mexican mining company.

The key terms of the agreement are:

- MHM grants IMSC the right to explore the San Felipe properties and an option to acquire 100% of the San Felipe project for US$45,000,000. The option will remain valid until 15 November 2012, at which time full payment will be due.
- As consideration for the option, MHM will receive US$1,000,000 payment upon signature of the definitive agreement and a second payment of $1,000,000 by 15 December 2011. These two payments will be applied to the US$ 45,000,000 payment if IMSC exercises the option to acquire the project.
- IMSC will invest US$3,000,000 in exploration between the closing date and 15 December 2012 and will be responsible for making a payment of US$280,000 to the surface owners of the project in January 2012.
- If IMSC does not exercise the option, MHM can terminate the agreement and keep (at no cost) the results of the exploration work conducted on the properties.
- MHM will maintain an option to keep the El Gachi property, if Hochschild decides to keep El Gachi, the consideration to be paid by IMSC will be reduced by US$5,000,000.

Profit by operation[1]

(Segment report reconciliation) as at 30 June 2011

Company (US$ 000)	Ares	Arcata	Pallancata	San Jose	Moris	Consolidation adjustment	Total/HOC
Revenue	31,274	110,240	182,199	155,990	17,032	33	496,768
Cost of sales (Pre consolidation)	(21,744)	(39,859)	(57,156)	(62,037)	(13,951)	(884)	(195,631)
Consolidation adjustment	41	206	1,245	(80)	(528)	(884)	–
Cost of sales (Post consolidation)	(21,785)	(40,065)	(58,401)	(61,957)	(13,423)	–	(195,631)
Production cost w/o depreciation	(18,531)	(23,971)	(28,507)	(39,875)	(9,677)	–	(120,561)
Depreciation in production cost	(367)	(11,316)	(16,780)	(17,301)	(1,466)	–	(47,230)
Other items	(3,349)	(4,584)	(10,590)	(3,635)	–	–	(22,158)
Change in inventories	462	(194)	(2,524)	(1,146)	(2,280)	–	(5,682)
Gross profit	9,530	70,381	125,043	93,953	3,081	(851)	301,137
Administrative expenses	–	–	–	–	–	(30,570)	(30,570)
Exploration expenses	–	–	–	–	–	(18,992)	(18,992)
Selling expenses	(33)	(1,330)	(1,960)	(14,398)	–	18	(17,703)
Other income/expenses	–	–	–	–	–	1,752	1,752
Operating profit before impairment	9,497	69,051	123,083	79,555	3,081	(48,643)	235,624
Impairment of assets	–	–	–	–	–	–	–
Investments under equity method	–	–	–	–	–	2,013	2,013
Finance income	–	–	–	–	–	9,568	9,568
Finance costs	–	–	–	–	–	(13,845)	(13,845)
FX gain/(loss)	–	–	–	–	–	(2,765)	(2,765)
Profit/(loss) from continuing operations before income tax[2]	9,497	69,051	123,083	79,555	3,081	(53,672)	230,595
Income tax						(79,538)	(79,538)
Profit/(loss) for the year from continuing operations	9,497	69,051	123,083	79,555	3,081	(133,210)	151,057

1 On a post exceptional basis.

2 Hochschild profit before income tax reflected in 2011 half year report.

SHAREHOLDER INFORMATION

Company website

Hochschild Mining plc Interim and Annual Reports and results announcements are available via the internet on our website at www.hochschildmining.com. Shareholders can also access the latest information about the Company and press announcements as they are released, together with details of future events and how to obtain further information.

Registrars

Enquiries concerning shareholdings, dividends and changes in personal details should be referred to the Company's registrars, Capita as detailed below.

By post: Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
By telephone:

- If calling from the UK: 0871 664 0300 (Calls cost 10p per minute plus network extras, lines are open 8.30am – 5.30pm Mon-Fri)
- If calling from overseas: +44 20 8639 3399

By fax: +44 (0) 1484 600 911

Currency option and dividend mandate

Shareholders wishing to receive their dividend in US dollars should contact the Company's registrars to request a currency election form. This form should be completed and returned to the registrars by 6 September 2011 in respect of the 2011 interim dividend.

The Company's registrars can also arrange for the dividend to be paid directly into a shareholder's UK bank account. To take advantage of this facility in respect of the 2011 interim dividend, a dividend mandate form, also available from the Company's registrars, should be completed and returned to the registrars by 6 September 2011. This arrangement is only available in respect of dividends paid in UK pounds sterling. Shareholders who have already completed one or both of these forms need take no further action.

Investor Relations

For investor enquiries please contact the London office by writing to the registered office (given below) or by telephone on 020 7907 2930 or by email to info@hocplc.com.

Financial Calendar

Dividend dates	2011
Ex-dividend date	31 August
Record date	2 September
Deadline for return of currency election forms	6 September
Payment date	22 September

Hochschild Mining plc
46 Albemarle Street
London
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Registered in England and Wales with Company Number 5777693