HOCHSCHILD MINING

18 September 2007

Hochschild Mining plc
Interim Results for the Six Months Ended 30 June 2007

Highlights:

- Completed capacity expansions at Ares, Arcata and Selene
- Commenced production at San José (Argentina), and subsequently at Moris (Mexico) and Pallancata (Peru)
- Unit operating costs contained despite continued cost pressure in the industry
- Corporate structure expanded in preparation for continued aggressive growth
- Attributable after tax profit up 14% to $30 million based on our three operations in Peru
- Attributable stated reserves increased by 15% in the first half of 2007
- Interim dividend of 2.0¢ per share payable on 19 October 2007
- On track to produce 26 million silver equivalent attributable ounces in 2007 with production from the three new operations in the second half of this year

Highlights for the six months ended 30 June 2007
(presented before exceptional items unless stated)

($ thousands, unless stated)	Six months ended 30 June 2007	Six months ended 30 June 2006	% change
Silver production (koz)	5,633	5,468	3%
Gold production (koz)	90.70	102.88	(12)%
Revenue	121,021	100,813	20%
Adjusted EBITDA[1]	56,076	56,316	0%
Attributable after tax profit[2]	30,040	26,398	14%
Earnings per share (pro forma)[3]	0.10	0.09	14%
After exceptional items:			
Attributable profit after tax	32,856	24,150	36%
Earnings per share (statutory)	0.11	0.11	-

[1] Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs and income tax plus depreciation, amortization and exploration costs other than personnel and other expenses (see reconciliation on page 9)
[2] Attributable after tax profit is calculated as the profit for the period attributable to the equity shareholders of the company from continuing operations before exceptional items
[3] The pro forma earnings per share calculation assumes that the number of Ordinary Shares in issue immediately after Listing (being 307.35 million) had been in issue from 1 January 2006

Chairman's comments

"I am delighted to be able to report a strong set of financial results for Hochschild Mining, backed by an excellent operational performance and delivery on all the projects that we set out for 2007. With three new operating mines in our portfolio, we will begin to benefit from our significant investment in growth in the second half of this year. Our outlook for gold and silver remains positive and we are confident in our ability to achieve our target of producing 26 million silver equivalent ounces this year and 50 million by 2011."

Chairman's statement

The first six months of 2007 have been a period of significant progress for the Hochschild Mining Group in which we have continued to deliver on the commitments we made at the time of the IPO, with excellence and responsibility towards our environment, employees and the surrounding communities.

In the first half of this year, we operated with three mines, Ares, Arcata and Selene, and successfully completed capacity expansions at all of them. We also commenced production at the San José mine in Argentina at the end of the second quarter. More recently, we began production at the Moris mine in Mexico and the Pallancata mine in Peru. Thus we have expanded from three operating mines in one country to six operating mines in three countries.

With these developments, we remain firmly on track to meet our production target of 26 million silver equivalent ounces in 2007.

Our results

Revenue from our three operations in Peru, Arcata, Ares and Selene, was up 20% in the first half of 2007 to $121 million. We continued to feel the effects of the legacy forward sale contracts; however, these have all since expired and going forward our corporate policy is to remain 100% hedge free.

In the first half of this year, we successfully contained unit operating costs in an environment where most of our industry is facing substantial cost pressures. We continue to achieve low cash costs and high margins due to our relatively high-grade deposits and our rigorous system of cost controls at all our operations and projects.

We have made a series of investments in our corporate structure as part of our transition from a privately owned company operating in one country to a publicly listed entity with operations in multiple countries. We believe this increase in administrative costs represents a step change, which will enable use to pursue our strategy of aggressive growth.

Whilst this growth in administrative expenses has temporarily affected our overall profitability, with adjusted EBITDA of $56 million being unchanged from the same period despite a 19% increase in gross profit, we remain confident in our ability to leverage this investment to grow the business and deliver enhanced levels of profitability.

Our half year results and our ability to deliver on our growth strategy drive our confidence for the business going forward and support our declaration of an interim dividend of 2.0 cents per share.

Our exploration

We increased our attributable reserves by 15% in the first half of this year. This has allowed us to increase our average reserve life to 4.1 years up from 3.7 at December 2006. While proving up reserves remains a costly endeavour in underground mining, we are committed to achieving a 4.0 year minimum reserve life at each of our operations.

Our Growth

Growth based on high-margin, cash generative, precious metals production in the Americas remains at the core of our corporate strategy. We continue to emphasize the importance of exploration as a means to increase our reserve and resource base at a low cost per ounce and have committed substantial resources to our exploration and geology program.

We are active in our joint venture approach, having entered into two new joint ventures which we believe enhance the scale and diversity of our asset portfolio. We are committed to remaining the partner of choice in Latin America for junior exploration companies and believe our strategic alliance with EXMIN Resources in Mexico exemplifies the way in which we can creatively combine efforts with junior mining companies to achieve mutually beneficial results.

In addition, we plan to grow through mid-sized, bolt on acquisitions that fit our niche strategy. Our objective is to strengthen our interest in specific geological regions in the Americas by making anchor investments in strategic mining districts and executing a cluster consolidation strategy.

We remain steadfast in our belief that an acquisition in today's market must meet these objectives and add fundamental shareholder value in the long-term. We have worked diligently in evaluating acquisition targets and have considered several, regrettably, none of which meet our criteria for long-term value creation. We continue to actively seek out and evaluate a number of other acquisition opportunities and believe that in a short period of time one will come into fruition.

Our outlook

Our outlook for gold and silver remains positive on the back of sustained global demand for commodities, continued U.S. dollar weakness, growing financial instability and a rise in international political tensions. In addition, we believe that increasing investment demand coupled with positive demand-supply fundamentals support our favouring these metals.

We continue to enjoy the benefits of our listing on the London Stock Exchange with increasing visibility among the investor community and within the mining industry. Since Listing, seven leading investment houses have initiated coverage of Hochschild Mining.

We are delivering on our IPO commitments while building a strong project pipeline of world class assets within the region. Our existing assets together with the additional production from our three new mines during the second half of this year give us confidence in our 2007 production target of 26 million silver equivalent attributable ounces and provide a strong platform for future growth.

Eduardo Hochschild
Executive Chairman

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About Hochschild Mining plc:

Hochschild Mining plc (HOC.L for Reuters / HOC LN for Bloomberg) is a publicly held company listed on the London Stock Exchange. Hochschild is a leading precious metals company with a primary focus on the exploration, mining, processing and sale of silver and gold. Hochschild currently operates five underground epithermal vein mines, four located in southern Peru and one in southern Argentina and one open pit mine in northern Mexico. Hochschild also has one early stage development project in Mexico and fifteen long-term prospects throughout Latin America. Hochschild has over forty years experience in the mining of precious metal epithermal vein deposits.

For further information please visit www.hochschildmining.com

Operational review:

Production:

Ounces produced:

Thousand ounces	Six months ended 30 June 2007	Six months ended 30 June 2006	% change
Silver			
Arcata	2,631	2,094	26%
Ares	1,179	1,406	(16)%
Selene	1,822	1,967	(7)%
Total silver	5,633	5,468	3%
Gold			
Arcata	6.75	4.96	36%
Ares	71.60	83.35	(14)%
Selene	12.35	14.57	(15)%
Total gold	90.70	102.88	(12)%

Total production for the first half of 2007 was 5.6 million ounces of silver and 91 thousand ounces of gold or 11 million silver equivalent ounces. This production resulted from our three operating mines in Peru, Arcata, Ares and Selene, and does not include our three new mines, San José, Moris and Pallancata, all of which have already commenced production.

Expansions
We successfully completed the plant expansions at Ares, Arcata and Selene. The Ares expansion, which took the plant from 280 ktpa to 325 ktpa, was finished in the early part of this year. At Arcata, we expanded the plant from 350 ktpa to 420 ktpa in the second quarter and it is currently operating at full capacity. At Selene, we recently completed the plant expansion taking capacity from 350 ktpa to 700 ktpa to accommodate the ore from our Pallancata project.

Silver production
Silver production increased 3% in the first half of 2007 compared to the same period last year. This increase resulted from a 26% increase in silver production at Arcata following the successful capacity expansion and a slight increase in the head grade. Ares and Selene saw average head grades decline by 22% and 11%, respectively, resulting in lower overall silver production despite the capacity expansion at both.

Gold production
Gold production decreased 12% in the first half of 2007 compared to the same period in 2006. This decrease was the result of a decline in gold production from both Ares and Selene attributable to the anticipated decline in head grades, which was offset by a significant increase in gold production from Arcata resulting from the increased capacity and a 2% increase in the head grade of gold.

Costs:

Our relatively high-grade deposits, our corporate focus on operational efficiency and our ability to mechanise our older operations have enabled us to offset some of the global cost pressures faced by the industry. Going forward we will strive to maintain a low cost profile although we expect a temporary increase in units costs, while we ramp up our new operations and move into additional countries.

Cash costs ($ per ounce)

	Six months ended 30 June 2007	Six months ended 30 June 2006	% change
<u>Co-product cash costs</u>			
Silver ($/oz)	3.92	3.27	20%
Gold ($/oz)	159	149	7%

Our cash costs on a co-product basis, which are calculated by pro-rating the total cash costs between the commodities based on sales revenue, increased 20% and 7% for silver and gold, respectively. This increase was the result of lower grades mined at both Ares and Selene and relatively flat consistent grades mined at Arcata. The cash cost for silver was up more than that for gold as a result of a greater percentage of revenue coming from silver sales.

Unit costs ($ per tonne)
In the first six months of 2007, our unit cost from our three mines, Arcata, Ares and Selene, was $61.2 per tonne, which was up marginally compared to the same period in 2006 (H1 2006: $58.5/tonne).

The unit cost at Arcata decreased 4% primarily due to lower mine costs and to a lesser degree by lower plant and administration costs. The mine costs decreased as a result of additional mechanisation of the operation, which enables us to have fewer stoppes. Plant and administration unit costs decreased because of the plant expansion.

The unit cost at Ares increased 7% due to increased plant costs associated with the processing of dore. The cost of processing dore increased mainly because of higher cost for reagents and greater cyanide consumption.

At Selene the unit costs increased 10% due to higher plant costs associated with converting the Selene concentrate into dore at the Ares facility. Selling our product as dore, as opposed to concentrate, generates benefits from both a cash management standpoint and because of lower commercial deductions and selling costs associated with selling dore. These benefits are already being appreciated by the Group.

<u>Exploration:</u>

In the first six months of 2007 we increased our total exploration expenditure 118% to $10.8 million (H1 2006: $5.0 million). Total exploration expenditure includes the costs in exploration expense as well as the exploration costs which are capitalized on the balance sheet.

Exploration underpins our growth strategy and our significant budget confirms our commitment to this area. Our exploration philosophy continues to focus on maintaining a highly motivated, technically proficient, and well funded exploration team while continuing to position ourselves as the partner of choice for many junior mining companies throughout the region. Our strategic alliance with EXMIN further exemplifies our commitment to expanding our exploration efforts in the region. We believe this alliance favourably positions us in Mexico and allows us to leverage EXMIN’s expertise in the Sierra Madre gold belt of north western Mexico.

Total exploration expenditure

($ thousands)	Six months ended 30 June 2007	Six months ended 30 June 2006	% change
<u>Mine site exploration</u>			
Arcata	1,627	1,100	48%
Ares	223	1,118	(80)%
Selene	943	77	1125%
San José	745	-	-
Total mine site exploration	3,538	2,295	54%

($ thousands)	Six months ended 30 June 2007	Six months ended 30 June 2006	% change
Prospective exploration			
Peru	752	566	33%
Argentina	1,607	833	93%
Mexico	4,221	930	354%
Chile	638	341	87%
USA	25	-	-
Other	18	-	-
Total prospective exploration	7,261	2,670	172%
Total exploration expenditure	10,799	4,965	118%

Mine site exploration:
In the first half of 2007, total mine site exploration expenditure amounted to $3.5 million, which was a 54% increase over the same period of 2006 (H1 2006: $2.3 million).

At Arcata, we successfully increased the reserves and resources by 56% and 17%, respectively through continued exploration around the Mariana Vein system. This vein system, which is located at the northern margin of the mineralized area, includes the majority of reserves and supports the greater part of production. The current reserve life at Arcata is 4.3 years based on production of 400 ktpa.

At Ares, we were able to replace the tonnes processed although at a slightly lower grade. For this reason, the number of reserve and resource silver equivalent ounces decreased by 13% and 12%, respectively in the first half of 2007. We believe we will continue to replace tonnes processed at Ares albeit at varying grades for the foreseeable future. The current reserve life at Ares is 2.8 years based on 325 ktpa.

At Selene, our exploration expenditure was used to develop a 500 metre cross-cut to the new Tumiri vein. The current reserve life at Selene is temporarily understated at 2.0 years because it is based on current throughput of 440 ktpa, which is the capacity designed to process the ore from both Selene and Pallancata. Once Pallancata is producing at 350 ktpa, it will occupy additional capacity at the Selene plant and, as a result, the reserve life will increase at Selene.

At San Jose, we increased the reserves and resources by 29% and 16%, respectively, which equates to a 9.5 year reserve life based on 286 ktpa. The current exploration program is focused on expanding resources in the Frea, Kospi and Odin veins, as well as testing mineralization of other targets. This level of reserves and resources at San José provides a sufficient platform, which will enable us to double capacity at the plant in the latter part of 2008.

Prospective exploration:
We increased the total expenditure on prospective exploration by 172% in the first half of 2007 to $7.3 million (H1 2006: $2.7 million). Prospective exploration is exploration on non-operational properties. This increase, we believe, demonstrates our commitment to organic growth, which remains at the core of our strategy.

At Pallancata, we modestly increased attributable reserves and resources 1% and 6%, respectively. The significant increase of reserves and resources at Pallancata during the second half of 2006 (up 111% and 36% respectively) allowed us to concentrate on other prospects and generative projects within Peru during the first half of 2007.

At Moris, we have confirmed and validated the data obtained from the vendor when we purchased the property last year. In addition, we have drilled 15 holes to date in the old leach pads 8 of which have revealed positive results of approximately 1.5 g/t gold. Metallurgical testing of the old leach pad material is in process. The current reserve life at Moris based on a capacity of 1,060 ktpa is 2.8 years.

At San Felipe (70%), a joint venture with Grupo Serrana, we have undertaken an accelerated exploration campaign in order to generate sufficient resources to take the project into feasibility stage later this year.

Also in Mexico, we continue to explore the El Gachi property package (70%), which is part of the San Felipe joint venture contract. El Gachi, which is only 60 kilometres from San Felipe, was explored by Anaconda and Peñoles in the 1960s and 1970s and unverified historic resources indicate resources of approximately 100 thousand tonnes at 400 to 500 grams silver and 15% to 20% lead and zinc. During the first half of 2007, we advanced surface exploration in preparation for drilling with initial samples returning expected results.

In Argentina, we signed a joint venture agreement with Mirasol Resources Ltd which provides us the option to earn a 51% interest in the Santa Rita and Claudia properties in the southern Patagonia. We have received all assays for the Santa Rita project following our initial sampling. Following the receipt of the drilling results, on 30 August 2007, we gave our formal notice of termination and withdrawal from the joint venture agreement in respect of Santa Rita. The Claudia property is adjacent to the Cerro Vanguardia mine and is hosted in a similar regional setting (see our 2006 Annual Report for more information). Geophysical data processing at Claudia is underway and we have several drill ready targets which will be tested as soon as weather permits.

Also in Argentina, we signed a letter of intent with Cardero Resources and subsequently exercised the option to earn up to a 70% interest in the Los Manantiales gold property in Argentina. Mineralization at Los Manantiales consists of low sulphidation epithermal vein systems hosted by Jurassic andesitic volcanics.

We are proceeding with mapping and permitting in our Los Manantiales project where we have assembled an 119,873 hectare land package around the past producing Angela mine. We expect to drill test this exciting project early next year.

Financial review:

Key financial performance indicators:
(presented before exceptional items unless stated)

($ thousands, unless stated)	Six months ended 30 June 2007	Six months ended 30 June 2006	% change
Revenue	121,021	100,813	20%
Adjusted EBITDA[1]	56,076	56,316	0%
Attributable after tax profit[2]	30,040	26,398	14%
Earnings per share (pro forma)[3]	0.10	0.09	14%
Net cash generated from operating activities	21,421	34,358	(38)%
Net debt / (net cash)	(300,472)	(405,541)	
Working capital	24,864	(24,775)	
After exceptional items:			
Attributable profit after tax	32,856	24,150	36%
Earnings per share (statutory)	0.11	0.11	-

[1] Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs and income tax plus depreciation, amortization and exploration costs other than personnel and other expenses (see reconciliation on page 9)
[2] Attributable after tax profit is calculated as the profit for the period attributable to the equity shareholders of the company from continuing operations before exceptional items
[3] The pro forma earnings per share calculation assumes that the number of Ordinary Shares in issue immediately after Listing (being 307.35 million) had been in issue from 1 January 2006

Summary of financial performance

Financial information is presented in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The reporting currency of Hochschild Mining plc is US dollars. In our discussion of financial performance we remove the effect of exceptional items, unless stated, and in our income statement we show the results 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 facilitate comparison with prior years.

For the six months ended 30 June 2007, revenue, which was attributable to the same three operations as in 2006, amounted to $121.0 million, a 20% increase over the same period in 2006 (H1 2006: $100.8 million).

Revenue

($ thousands)	Six months ended 30 June 2007	Six months ended 30 June 2006	% change
Silver revenue			
Arcata	31,557	16,059	97%
Ares	16,550	11,887	39%
Selene	23,726	21,587	10%
Total silver revenue	71,833	49,533	45%
Gold revenue			
Arcata	3,974	2,012	98%
Ares	37,695	40,996	(8)%
Selene	6,939	8,109	(14)%
Sipan	—	4	—
Total gold revenue	48,608	51,121	(5)%
Other[1]	580	159	265%
Total revenue	121,021	100,813	20%

[1] Other revenue includes revenue from a base metal component in the concentrate sold from the Arcata mine and services

Ounces sold

Thousand ounces	Six months ended 30 June 2007	Six months ended 30 June 2006	% change
Silver ounces sold			
Arcata	2,487	1,395	78%
Ares	1,317	1,473	(11)%
Selene	1,897	1,675	13%
Total silver ounces sold	5,701	4,543	25%
Gold ounces sold			
Arcata	6.19	3.19	94%
Ares	77.02	88.23	(13)%
Selene	11.66	11.95	(2)%
Total gold ounces sold	94.87	103.36	(8)%

We had legacy forward sale contracts in place during the first half of 2007; however, these have all since expired and going forward our corporate policy is to remain one hundred percent hedge free.

Forward sale fixed price contracts

	Six months to 30 June 2007	Six months to 30 June 2006
Silver ounces delivered into fixed price contracts (koz)	772	1,279
Gold ounces delivered into fixed price contracts (koz)	56.7	48.8
Silver average sale price ($/oz)	12.6	10.9
Gold average sale price ($/oz)	512	495
Silver average spot price ($/oz)	13.3	11.0
Gold average spot price ($/oz)	659	591

Our three operations, Arcata, Ares and Selene, were the only operations which contributed to gross profit in the first half of 2006 and 2007. Gross profit increased 19% to $79.0 million in the first half of 2007 (H1 2006: $66.2 million) driven by higher revenue and stable operating costs at these operations.

In the first six months of 2007, our weighted average cost per tonne from our three mines was $61.2 per tonne, which was up marginally compared to the same period in 2006 (H1 2006: $58.5/tonne).

Administrative expenses totalled $30.1 million, up 91%, in the first six months of 2007 compared to the same period of 2006 (H1 2006: $15.8 million). During the first half of 2007, we incurred incremental expenses associated with the London office which we did not have during the first half of last year and since the Listing, we have made a series of investments related to hiring additional personnel at all levels to build a strong platform from which to execute our corporate strategy. We believe this increase represents a step change in overhead expenses and is a reflection of the incremental costs associated with being a public company with an aggressive growth strategy.

Profit from continuing operations before exceptional items, net finance costs and income tax decreased 11% during the first six months of 2007 to $38.0 million (H1 2006: $42.7 million) impacted by the increase in administrative expenses mentioned above.

In the first six months of 2007, adjusted EBITDA, which is calculated as profit from continuing operations before exceptional items, net finance costs and income tax plus depreciation, amortization and exploration costs other than personnel and other expenses, was similar to last year at $56.1 million (H1 2006: $56.3 million).

Adjusted EBITDA reconciliation

$ thousands	Six months ended 30 June 2007	Six months ended 30 June 2006 (restated)	% change
Profit from continuing operations before exceptional items, net finance costs and income tax	38,133	42,712	(11)%
Operating margin	*32%*	*42%*	
Plus:			
Depreciation in Cost of Goods Sold	8,983	7,462	20%
Depreciation in Administrative Expenses	233	1,190	(80)%
Exploration Expense	11,005	6,857	60%
Minus:			
Personnel and other in Exploration Expense	(2,278)	(1,905)	20%
Adjusted EBITDA	56,076	56,316	-
Adjusted EBITDA margin	*46%*	*56%*	

Finance income increased significantly in the first half of 2007 to $10.4 million (H1 2006: $1.9 million) principally due to additional interest earned on the net proceeds from the Listing. We currently earn an average return of 5.2% on cash and cash equivalents.

The weighted average statutory income tax rate was 30.2% and 29.4% for the first half of 2007 and 2006, respectively. This change is due to a change in the weighting of profit and loss before tax in the various jurisdictions in which the Group operates.

The effective tax rate for the first half of 2007 was 38% (H1 2006: 37%). The effective tax rate was higher than the weighted average statutory tax rate as a result of certain expenses which are not deductible for tax purposes and deferred tax assets generated in the period but not recognized.

The significant exceptional item in the first half of 2007 of $4.2 million (before a related tax charge of $1.2 million) corresponds to the change in fair value of 2,475,355 warrants in Fortuna Silver Mine Inc. In the prior period the exceptional items reduced reported profits by $2.2 million.

Attributable after tax profit from continuing operations of $32.9 million increased by 36% in the first half of 2007 compared to the same period of 2006 (H1 2006: $24.2 million). This increase is the result of a combination of an increase in gross profit offset by higher administrative costs, coupled with an increase in finance income earned on the proceeds raised from the IPO, and the gain on the Fortuna Silver Mine warrants.

For the purpose of the calculation of pro forma earnings per share for the period ended 30 June 2006 it has been assumed that the number of Ordinary Shares in issue immediately after the listing had been in issue from 1 January 2006. The Directors believe that this pro forma EPS provides a more meaningful comparison of the Group's ongoing business than using the statutory EPS which would only reflect shares issued at the date of the Listing.

Dividends

The Directors recommend an interim dividend of US$0.02 per share amounting to $7.3 million which will be paid on 19 October 2007. The final 2006 dividend of US$0.0074 per share was paid on 6 July 2007.

Dividend dates	2007
Ex-dividend date	26 September
Deadline for return of currency election forms	5 October
Record date	28 September
Payment date	19 October

As stated at the time of the Listing, the Company's dividend policy takes into account the profitability of the business and underlying growth in earnings of the Company, as well as its capital requirements and cash flows, while maintaining an appropriate level of dividend cover. Interim and final dividends will be paid in the approximate proportions of one-third and two-thirds of the total annual dividend, respectively.

Dividends will be 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 being converted into pound sterling at exchange rates prevailing at the time of payment.

Cash flow & balance sheet review

Working capital

$ thousands	As at 30 June 2007	As at 31 December 2006
Current assets		
Inventories	20,148	16,533
Trade and other receivables	67,303	49,726
Current liabilities		
Trade and other payables	(46,487)	(64,140)
Pre-shipment loans	(16,100)	(26,894)
Working capital	24,864	(24,775)

Our working capital position went from negative $25 million at 31 December 2006 to positive $25 million at 30 June 2007 primarily because of a decrease in cash from trade and other receivables and from trade and other payables.

Trade and other receivables increased due to a higher tax credit at the San José operation and an increase in the current portion of the project finance loan to Minera Andes, our partner at San José. The decrease in trade and other payables occurred as a result of repayment of payables used to finance the San José project in Argentina. In addition, there was a decrease in pre-shipment loans, which we use as a source of working capital. This decrease arose as we did not require incremental working capital resource.

Net debt

$ thousands	As at 30 June 2007	As at 31 December 2006
Cash and cash equivalents	355,760	435,543
Long term borrowings	54,981	27,114
Short term borrowings less pre-shipment loans	307	2,888
Net debt / (net cash)	(300,472)	(405,541)

We continue to maintain a net cash position, although we believe our ability to raise debt at the corporate level remains strong particularly following our successful listing on the London Stock Exchange.

The San José project is financed by loans made by the joint venture partners based on their pro-rata ownership. The loan made to Minera Santa Cruz by Minera Andes, our joint venture partner, is not eliminated upon consolidation, thereby increasing our long term borrowings.

Cash flow

$ thousands	Six months ended 30 June 2007	Six months ended 30 June 2006
Net cash generated from operating activities	21,421	34,358
Net cash used in investing activities	88,125	13,441
Cash flows used in financing activities	13,055	17,313

Net cash generated from operating activities decreased during the first half of 2007 primarily as a result of an increase in trade and other receivables. During the same period, net cash used in investing activities increased due to incremental capital expenditure and a loan to Minera Andes. Cash flows used in financing activities decreased in the first half of 2007 because of an increase in proceeds from borrowings although offset by in increase in dividends paid and transaction costs associated with the IPO.

Interim Consolidated Income Statement

	Notes	(Unaudited) 6 months to 30 June 2007 Before exceptional items	Exceptional items	Total	(Unaudited - Restated)[1] 6 months to 30 June 2006 Before exceptional items	Exceptional items	Total	(Restated)[1] Year ended 31 December 2006 Before exceptional items	Exceptional items	Total
		(in thousand of US dollars)			*(in thousand of US dollars)*			*(in thousand of US dollars)*		
Continuing operations										
Revenue	4	121,021	—	**121,021**	100,813	—	**100,813**	211,246	—	**211,246**
Cost of sales		(42,042)	—	**(42,042)**	(34,571)	—	**(34,571)**	(77,129)	—	**(77,129)**
Gross profit		78,979	—	**78,979**	66,242	—	**66,242**	134,117	—	**134,117**
Administrative expenses		(30,127)	—	**(30,127)**	(15,814)	—	**(15,814)**	(38,738)	—	**(38,738)**
Exploration expenses		(11,005)	—	**(11,005)**	(6,857)	—	**(6,857)**	(17,621)	—	**(17,621)**
Selling expenses		(1,107)	—	**(1,107)**	(1,366)	—	**(1,366)**	(3,187)	—	**(3,187)**
Other income	5	2,322	—	**2,322**	1,796	172	**1,968**	5,022	346	**5,368**
Other expenses	5	(929)	(174)	**(1,103)**	(1,289)	(3,347)	**(4,636)**	(3,870)	(6,495)	**(10,365)**
Profit from continuing operations before net finance costs and income tax		38,133	(174)	**37,959**	42,712	(3,175)	**39,537**	75,723	(6,149)	**69,574**
Finance income	6	10,398	4,198	**14,596**	1,864	979	**2,843**	5,988	918	**6,906**
Finance costs	6	(3,663)	—	**(3,663)**	(5,121)	—	**(5,121)**	(12,037)	—	**(12,037)**
Foreign exchange gain / (loss)		(729)	—	**(729)**	(27)	—	**(27)**	353	—	**353**
Profit from continuing operations before income tax		44,139	4,024	**48,163**	39,428	(2,196)	**37,232**	70,027	(5,231)	**64,796**
Income tax expense	7	(16,736)	(1,208)	**(17,944)**	(14,660)	(52)	**(14,712)**	(29,440)	547	**(28,893)**
Profit for the period		27,403	2,816	**30,219**	24,768	(2,248)	**22,520**	40,587	(4,684)	**35,903**
Attributable to:										
Equity shareholders of the Company		30,040	2,816	**32,856**	26,398	(2,248)	**24,150**	46,396	(4,684)	**41,712**
Minority shareholders		(2,637)	—	**(2,637)**	(1,630)	—	**(1,630)**	(5,809)	—	**(5,809)**
		27,403	2,816	**30,219**	24,768	(2,248)	**22,520**	40,587	(4,684)	**35,903**
Basic and diluted earnings per ordinary share from continuing operations (expressed in U.S. dollars per share)	8	0.10	0.01	**0.11**	0.12	(0.01)	**0.11**	0.19	(0.02)	**0.17**

[1] For restatement of comparative figures, refer to note 2(c)

Interim Consolidated Balance Sheet

	Notes	(Unaudited) As of 30 June 2007	(Restated)[1] As of 31 December 2006
		(in thousand of US dollars)	
ASSETS			
Non-current assets			
Property, plant and equipment	9	207,580	141,387
Goodwill		2,091	2,091
Available-for-sale financial assets		9,785	6,285
Trade and other receivables		30,486	17,427
Deferred income tax assets		12,069	7,920
		262,011	175,110
Current assets			
Inventories		20,148	16,533
Trade and other receivables		67,303	49,726
Derivative financial instruments		6,858	6,022
Cash and cash equivalents	10	355,760	435,543
		450,069	507,824
Assets classified as held for sale		—	345
Total assets		712,080	683,279
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Parent			
Equity share capital (including additional capital)		146,466	146,466
Share premium		395,928	396,156
Other reserves		(202,548)	(205,039)
Retained earnings		185,433	152,577
		525,279	490,160
Minority interest		15,865	14,489
Total equity		541,144	504,649
Non-current liabilities			
Trade and other payables		924	1,064
Borrowings		54,981	27,114
Provisions		29,738	28,690
Deferred income tax liabilities		6,394	4,026
		92,037	60,894
Current liabilities			
Trade and other payables		46,487	64,140
Derivative financial instruments		136	—
Borrowings		16,407	29,782
Provisions		7,005	11,385
Income tax payable		8,864	12,429
		78,899	117,736
Total liabilities		170,936	178,630
Total equity and liabilities		712,080	683,279

[1] For restatement of comparative figures, refer to note 2(c)

Interim Consolidated Cash Flow Statement

	Notes	(Unaudited) 6 months to 30 June 2007	(Unaudited - Restated) 6 months to 30 June 2006	(Restated) Year ended 31 December 2006
		(in thousands of US dollars)		
Cash flows from operating activities				
Cash generated from operations	12	26,347	51,195	128,071
Interest received		9,982	4,067	2,576
Interest paid		(974)	(3,210)	(9,163)
Payments of mine closure costs		(1,071)	(2,518)	(5,426)
Tax paid		(12,863)	(15,176)	(26,010)
Net cash generated from operating activities		21,421	34,358	90,048
Cash flows from investing activities				
Purchase of property, plant and equipment		(66,862)	(17,077)	(65,704)
Purchase of available-for-sale financial assets		(486)	(1,300)	(2,770)
Purchase of shares of Minera Colorada S.A.C		—	(14)	(240)
Purchase of other financial assets at fair value through profit or loss		—	(5,867)	(5,867)
Purchase of assets and liabilities of Mina Moris		—	—	(4,983)
Loan to Exmin S.A. de C.V.		(746)	—	(754)
Loan to Minera Andes Inc		(20,076)	—	(9,800)
Proceeds from other financial assets at fair value through profit or loss		—	6,081	5,591
Proceeds from sale of available-for-sale financial assets		—	—	6,550
Proceeds from sale of Mauricio Hochschild & Cia. Ltda. S.A.C. (subsidiary)		—	—	3,801
Proceeds from sale of Caylloma mining unit		—	4,500	4,500
Proceeds from sale of property, plant and equipment and assets classified as held for sale		18	236	991
Proceeds from sale of supplies		—	—	3,975
Dividends received		—	—	147
Net cash used in investing activities		(88,152)	(13,441)	(64,563)
Cash flows from financing activities				
Proceeds of borrowings		86,156	61,997	77,014
Repayment of borrowings		(73,590)	(77,266)	(95,977)
Dividends paid		(16,281)	(1,353)	(58,375)
Capital contribution		—	—	93
Proceeds from issue of ordinary share under Global offer		—	—	515,245
Transaction costs associated with issue of shares		(11,722)	—	(33,989)
Purchase of shares from minority shareholders		—	(20)	(2)
Capital contribution from minority shareholders		2,382	—	4,215
Repayment of capital to minority shareholders		—	(671)	(671)
Cash flows (used in) generated from financing activities		(13,055)	(17,313)	407,553
Net (decrease)/ increase in cash and cash equivalents during the period		(79,786)	3,604	433,038
Exchange difference		3	(28)	38
Cash and cash equivalents at beginning of period		435,543	2,467	2,467
Cash and cash equivalents at end of period	10	355,760	6,043	435,543

Interim Consolidated Statement of Changes in Equity

	Notes	Equity share capital (including additional capital)	Share premium	Other Reserves: Unrealised gain/(loss) on available-for-sale financial assets	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	Minority interest	Total Equity
						(in thousands of US dollars)					
Balance at 31 December 2005 as reported		219,233	—	11,265	726	(210,046)	(198,055)	28,198	49,376	(2,533)	46,843
Adjustments due to change in accounting policy	2	—	—	—	73	—	73	9,343	9,416	5,440	14,856
Balance at 31 December 2005, restated		219,233	—	11,265	799	(210,046)	(197,982)	37,541	58,792	2,907	61,699
Fair value gains on available-for-sale financial assets		—	—	13,351	—	—	13,351	—	13,351	20	13,371
Deferred income tax on available-for-sale financial assets		—	—	(398)	—	—	(398)	—	(398)	—	(398)
Fair value changes transferred to income statement on disposal		—	—	(22,844)	—	—	(22,844)	—	(22,844)	—	(22,844)
Translation adjustment for the year		—	—	—	2,834	—	2,834	—	2,834	142	2,976
Net income recognised directly in equity		—	—	(9,891)	2,834	—	(7,057)	—	(7,057)	162	(6,895)
Profit for the year		—	—	—	—	—	—	41,712	41,712	(5,809)	35,903
Total recognised income for 2006		—	—	(9,891)	2,834	—	(7,057)	41,712	34,655	(5,647)	29,008
Shares issued		93	—	—	—	—	—	—	93	—	93
Shares issued under Global offer		73,606	441,639	—	—	—	—	—	515,245	—	515,245
Transaction costs associated with issue of shares		—	(45,483)	—	—	—	—	—	(45,483)	—	(45,483)
Capital reduction		(146,466)	—	—	—	—	—	146,466	—	—	—
Dividends	11	—	—	—	—	—	—	(73,142)	(73,142)	(298)	(73,440)
Capital contribution from minority shareholders		—	—	—	—	—	—	—	—	18,200	18,200
Purchase of shares from minority shareholders		—	—	—	—	—	—	—	—	(2)	(2)
Repayment of capital to minority shareholders		—	—	—	—	—	—	—	—	(671)	(671)
Balance at 31 December 2006, restated		146,466	396,156	1,374	3,633	(210,046)	(205,039)	152,577	490,160	14,489	504,649
Fair value gains on available-for-sale financial assets		—	—	2,935	—	—	2,935	—	2,935	79	3,014
Deferred income tax on available-for-sale financial assets		—	—	(1,032)	—	—	(1,032)	—	(1,032)	—	(1,032)
Translation adjustment for the period		—	—	—	588	—	588	—	588	359	947

	Notes	Equity share capital (including additional capital)	Share premium	Other Reserves: Unrealised gain/(loss) on available-for-sale financial assets	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	Minority interest	Total Equity
						(in thousands of US dollars)					
Net income recognised directly in equity		—	—	1,903	588	—	2,491	—	2,491	438	2,929
Profit for the period		—	—	—	—	—	—	32,856	32,856	(2,637)	30,219
Total recognised income for June 2007		—	—	1,903	588	—	2,491	32,856	35,347	(2,199)	33,148
Transaction costs associated with issue of shares		—	(228)	—	—	—	—	—	(228)	—	(228)
Capital contribution from minority shareholders		—	—	—	—	—	—	—	—	3,575	3,575
Balance at 30 June 2007		146,466	395,928	3,277	4,221	(210,046)	(202,548)	185,433	525,279	15,865	541,144
Balance at 31 December 2005 as reported		219,233	—	11,265	726	(210,046)	(198,055)	28,198	49,376	(2,533)	46,843
Adjustments due to change in accounting policy	2	—	—	—	73	—	73	9,343	9,416	5,440	14,856
Balance at 31 December 2005, restated		219,233	—	11,265	799	(210,046)	(197,982)	37,541	58,792	2,907	61,699
Fair value gains on available-for-sale financial assets		—	—	13,023	—	—	13,023	—	13,023	—	13,023
Sale of available-for-sale financial assets		—	—	(22,844)	—	—	(22,844)	—	(22,844)	—	(22,844)
Translation adjustment for the period		—	—	—	(289)	—	(289)	—	(289)	376	87
Net income recognised directly in equity		—	—	(9,821)	(289)	—	(10,110)	—	(10,110)	376	(9,734)
Profit for the period		—	—	—	—	—	—	24,150	24,150	(1,630)	22,520
Total recognised income for June 2006		—	—	(9,821)	(289)	—	(10,110)	24,150	14,040	(1,254)	12,786
Dividends paid		—	—	—	—	—	—	(53,142)	(53,142)	(298)	(53,440)
Capital contribution from minority shareholders		—	—	—	—	—	—	—	—	915	915
Repayment of capital to minority shareholders		—	—	—	—	—	—	—	—	(671)	(671)
Balance at 30 June 2006, restated		219,233	—	1,444	510	(210,046)	(208,092)	8,549	19,690	1,599	21,289

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 address is 18 Hanover Square, London, W1S 1HX, 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 fully developed operating mines (Ares, Arcata and Selene) located in Southern Peru. The Group also has a portfolio of projects located across Peru, Mexico, Chile and Argentina at various stages of development.

These group interim consolidated financial statements were approved for issue by the Board of Directors on 5 September 2007.

2 Significant Accounting Policies

(a) Basis of preparation

The interim consolidated financial statements of the Group for the six months ended 30 June 2007 have been prepared in accordance with IAS 34 Interim Financial Reporting. Accordingly, the interim 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 annual consolidated financial statements for the year 2006 as published in the 2006 Report to Shareholders.

The interim consolidated financial statements do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the full year is based on the statutory accounts for the financial year ended 31 December 2006. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards (‘IFRS’) issued by the International Accounting Standards Board (‘IASB’), as adopted by the European Union up to 31 December 2006, has been delivered to the Registrar of Companies. The auditors’ report under section 235 of the Companies Act 1985 in relation to those accounts was unqualified.

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

(b) Changes in accounting policies and presentation rules

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statement for the year ended 31 December 2006, except for the effects of the change in the policy for accounting of exploration expenses (see note 2(c) below).

The interim consolidated financial statements have been prepared on a historical cost basis, except for certain classes of property, plant and equipment which have been re–valued at 1 January 2003 to determine deemed cost, derivatives, available-for-sale financial instruments and other financial assets at fair value through profit and loss 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.

(c) Change in accounting policy of capitalisation of exploration expense

During the period, management changed its accounting policy relating to exploration and evaluation expenditure as outlined below:

- Projects in the development phase – Exploration and evaluation costs are capitalised as tangible assets from the date that the Board authorises the management to conduct a feasibility study. Previously, the Group would commence capitalisation of these costs only from the date, the project’s feasibility study is approved and completed.
- Identification of resources – Costs incurred in converting inferred resources to indicated and measured resources (of which reserves are a component) are capitalised as incurred.

Previously, these costs were expensed. Costs incurred in identifying inferred resources continue to be expensed as incurred.

Management believes that this change in accounting policy will enable improved matching of revenues and costs in the relevant period and thereby better reflect the Group's economic performance. In addition, management believes that this change will ensure consistency with its main peers, thereby enabling more relevant comparisons to be made.

The Group has retrospectively applied this new policy from 1 January 2002, the earliest date at which objective and reliable information existed in relation to the nature of the exploration expenditure incurred, to enable them calculate this adjustment.

The comparative amounts presented in this report have been restated in accordance with the new accounting policy as follows:

Income Statement	**(Unaudited) 6 months to 30 June 2006**	**(Unaudited – Restated) 6 months to 30 June 2006**	**Year ended 31 December 2006**	**(Restated) Year ended 31 December 2006**
		(in thousands of US dollars)		
Continuing operations				
Cost of sales	(34,077)	(34,571)	(75,949)	(77,129)
Gross profit	66,736	66,242	135,297	134,117
Exploration expenses	(7,282)	(6,857)	(19,461)	(17,621)
Profit from continuing operations before net finance costs and income tax	39,606	39,537	68,914	69,574
Profit from continuing operations before income tax	37,301	37,232	64,136	64,796
Income tax expense	(14,733)	(14,712)	(28,695)	(28,893)
Profit for the period from continuing operations	22,568	22,520	35,441	35,903
Profit for the period	22,568	22,520	35,441	35,903
Attributable to:				
Equity shareholders of the Company	24,198	24,150	41,288	41,712
Minority shareholders	(1,630)	(1,630)	(5,847)	(5,809)
Basic and diluted earnings per ordinary share from continuing operations (expressed in US dollars per share)	0.11	0.11	0.17	0.17

Balance Sheet	**As of 31 December 2006**	**(Restated) As of 31 December 2006**
	(in thousand of US dollars)	
ASSETS		
Non-current assets		
Property, plant and equipment	118,413	141,387
Deferred income tax assets	15,704	7,920
Total non-current assets	159,920	175,110
Current assets		
Inventories	16,405	16,533
Total current assets	507,696	507,824
Total assets	667,961	683,279
EQUITY AND LIABILITIES		
Capital and reserves attributable to shareholders of the Parent		
Other reserves	(205,112)	(205,039)
Retained earnings	142,810	152,577
Minority interest	9,011	14,489
Total equity	489,331	504,649
Total equity and liabilities	667,961	683,279

(d) Basis of consolidation

The consolidated financial statements set out the Group's financial position as of 30 June 2007 and 31 December 2006 and its financial operations and cash flow for the periods ended 30 June 2007, 31 December 2006 and 30 June 2006.

Consolidation rules adopted in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2006.

(e) 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 facilitate comparison with prior years. Exceptional items include goodwill impairments, assets held for sale impairments, gain/(loss) from sale of property, plant and equipment, gain/(loss) from sale of investments, gain/(loss) from sale of subsidiaries, gain/(loss) from changes in the fair value of financial instruments, and the related tax impact of these items.

(f) Comparatives

Where applicable, comparatives have been adjusted on the same basis as current period figures. For the restatement of comparative figures in relation to the change in accounting policy for exploration expenditure refer to note 2 (c).

3 Segment Reporting

The Group's activities are principally related to mining operations which involve exploration, production and sale of gold and silver. Products are subject to the same risks and returns and are sold through the same distribution channels. The Group has a number of activities that exist solely to support mining operations including power generation and services. As such, the Group has only one business segment as its primary reporting segment.

4 Revenue

	(Unaudited) 6 months to 30 June 2007	(Unaudited) 6 months to 30 June 2006	Year ended 31 December 2006
	(in thousands of US dollars)		
Gold (from dore bars)	40,591	41,000	70,498
Silver (from dore bars)	26,951	11,887	23,929
Concentrate	53,423	47,885	116,751
Services	56	41	68
	121,021	100,813	211,246

Concentrate is made up of:

	(Unaudited) 6 months to 30 June 2007	(Unaudited) 6 months to 30 June 2006	Year ended 31 December 2006
	(in thousands of US dollars)		
Gold	8,017	10,121	21,953
Silver	44,882	37,646	94,208
Other minerals	524	118	590
Total concentrate	53,423	47,885	116,751

The total volumes of gold and silver sold are as follows:

	(Unaudited) 6 months to 30 June 2007	(Unaudited) 6 months to 30 June 2006	Year ended 31 December 2006
	(in thousands of ounces)		
Gold	95	103	190
Silver	5,701	4,543	10,403

5 Other Income and Other Expenses

	(Unaudited) 6 months to 30 June 2007	(Unaudited) 6 months to 30 June 2006	Year ended 31 December 2006
	(in thousands of US dollars)		
Other income before exceptional items:			
Decrease in provision for mine closure[1]	740	1,024	2,812
Recovery of expenses	226	—	791
Income from mine concession	30	—	151
Lease rentals	73	36	90
Reversal of impairment of supplies	350	—	—
Other	903	778	1,178
	2,322	1,796	5,022
Exceptional items:			
Gain on sale of supplies	—	—	252
Gain on sale of property, plant and equipment	—	172	94
	—	172	346
	2,322	1,968	5,368
Other expenses before exceptional:			
Penalty on cancellation of contract	(13)	—	(971)
Loss on maintenance of equipment	(274)	(14)	(369)
Provision for obsolescence of supplies	—	—	(377)
Impairment of Colorada assets	—	—	(113)
Provision for claims	(27)	—	(292)
Allowance SEAL/Electroperu	—	(58)	(113)
Other	(615)	(1,217)	(1,635)
	(929)	(1,289)	(3,870)
Exceptional items:			
Loss on sale of property, plant and equipment	(47)	—	—
Loss on sale of investments	—	(2,249)	(2,249)
Loss on sale of MHC (subsidiary)	—	(991)	(991)
Impairment of Sipan assets held for sale	—	—	(2,983)
Impairment of Colorada assets	—	—	(230)
Loss on sale of Inmobiliaria CNP	—	(42)	(42)
Loss on sale of supplies	(127)	(65)	—
	(174)	(3,347)	(6,495)
	(1,103)	(4,636)	(10,365)

[1] Decreases in provision for mine closure costs are recorded in “Other income” where the mine to which it relates has fully depreciated the mine rehabilitation asset but the closure and rehabilitation costs are yet to be incurred, and there is a reduction in the estimate of the total mine closure cost.

6 Finance Income and Finance Cost

`	(Unaudited) 6 months to 30 June 2007	(Unaudited) 6 months to 30 June 2006	Year ended 31 December 2006
	(in thousands of US dollars)		
Finance income before exceptional:			
Interest on time deposits[1]	9,241	125	4,053
Interest on loans to related parties	—	1,250	1,226
Interest on loans to minority shareholders[2]	1,006	—	—
Interest on loans to third parties	65	117	205
Interest received on bonds and equity securities	—	217	217
Dividends received	—	147	147
Other	86	8	140
	10,398	1,864	5,988
Exceptional items:			
Gain from changes in the fair value of financial instruments[3]	4,198	979	918
	4,198	979	918
	14,596	2,843	6,906
Finance costs:			
Interest on bank loans and long-term debt	(2,557)	(3,867)	(8,832)
Unwind of discount rate	(565)	(499)	(1,441)
Bank commissions	(18)	—	(854)
Loss from changes in the fair value of financial instruments	—	(297)	(345)
Interest on loans from related parties	—	(9)	(5)
Other	(523)	(449)	(560)
	(3,663)	(5,121)	(12,037)

[1] Mainly generated for interest on liquidity funds, refer to note 10
[2] Corresponds to the interests related to the loans given by Hochschild Mining Holdings Limited to Minera Andes Inc. for US$9,800,000 and US$20,090,000 with an effective annual interest rate of LIBOR + 2.5 percent and LIBOR + 2.85 per cent, respectively
[3] Mainly corresponds to the change in fair value of 2,475,355 warrants over the same number of shares in Fortuna Silver Mine Inc. At 31 December 2006, expiry dates of the warrants were 27 June 2007 and 17 November 2007 (for 862,117 and 1,613,238 warrants, respectively). In January 2007, the expiry dates were changed to 27 June 2010 and 17 November 2010, respectively.

7 Income Tax Expense

	(Unaudited) 6 months to 30 June 2007[1]	(Unaudited) 6 months to 30 June 2006[1]	(Restated) Year ended 31 December 2006[1]
	(in thousands of US dollars)		
Current tax from continuing operations	20,643	17,976	31,940
Deferred income tax relating to origination and reversal of timing differences from continuing operations	(2,813)	(5,210)	(5,022)
Withholding taxes	114	1,946	1,975
	17,944	14,712	28,893

[1] Amounts relating to items classified as exceptional items for the six-month ending 30 June 2007, 30 June 2006 and for the year ended 31 December 2006 were an expense of US$1,208,000, an expense of US$52,000 and an income of US$547,000, respectively.

The weighted average statutory income is calculated as the average of the statutory tax rates applicable in the countries in which the Group operates, weighted by the profit/(loss) before tax of the subsidiaries in the respective countries as included in the consolidated financial statements. The changes in the weighted average statutory income tax rate is due to a change in the weighting of profit/(loss) before tax in the various jurisdictions in which the Group operates. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	(Unaudited) 6 months to 30 June 2007	**(Unaudited - Restated) 6 months to 30 June 2006**	**(Restated) Year ended 31 December 2006**
	(in thousands of US dollars)		
Income before tax from continuing operations	48,163	37,232	64,796
At average statutory income tax rate of 30.15% (29.38% and 30.18% as of 30 June and 31 December 2006, respectively)	14,521	10,937	19,553
Expenses not deductible for tax purposes	1,559	1,726	4,124
Non-taxable income	(319)	(75)	(170)
Recognition of previously unrecognised deferred tax assets	—	(312)	—
Deferred tax assets generated in the period not recognised	1,638	804	2,552
Deferred tax on unremitted earnings	1,377	(508)	397
Withholding tax	114	1,946	1,975
Other	(946)	194	462
Tax charge	17,944	14,712	28,893

8 Basic and diluted earnings per share

Earnings per share ("EPS") is calculated dividing profit for the year attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

The Company has no dilutive potential ordinary shares.

As of 30 June 2007, 30 June 2006 and 31 December 2006, earnings per share have been calculated as follows:

	(Unaudited) 6 months to 30 June 2007	**(Unaudited - Restated) 6 months to 30 June 2006**	**(Restated) Year ended 31 December 2006**
Profit from continuing operations attributable to equity holders of the Company (US$000)	32,856	24,150	41,712
Weighted average number of ordinary shares in issue ('000)	307,350	229,950	242,867
Basic and diluted earnings/(loss) per share from:			
Before exceptional items (US$)	0.10	0.12	0.19
Exceptional items (US$)	0.01	(0.01)	(0.02)
Continuing operations (US$)	0.11	0.11	0.17

9 Property, Plant and Equipment

During the six months ended 30 June 2007, the Group acquired assets with a cost of US$76,384,000 (31 December 2006: US$78,779,000)

In addition, during the six months ended 30 June 2007 property, plant and equipment has:

- increased by US$1,056,000 as a result of additions in mine closure assets;
- increased by US$119,000 as a result of foreign exchange movements on translation;
- decreased by US$1,212,000 as a result of the adjustment to the deferred consideration in Suyamarca;
- decreased by US$304,000 as a result of change in mine closure estimate;
- decreased by US$65,000 as a result of net disposal of assets;
- decreased by US$9,785,000 as a result of depreciation expense.

10 Cash and Cash Equivalents

	(Unaudited) As of 30 June 2007	**Year ended 31 December 2006**
	(in thousands of US dollars)	
Cash in hand	214	997
Liquidity funds[1]	342,777	414,527
Current demand deposit accounts[2]	10,391	16,477
Time deposits[3]	2,378	3,542
Cash and cash equivalents considered for the cash flow statement	355,760	435,543

[1] The liquidity funds are mainly invested in certificate of deposits, commercial papers and floating rate notes with weighted average annual effective interest rate of 5.16 percent and a weighted average maturity of 44 days as of 30 June 2007 (5.16 percent and 43 days as of December 31, 2006, respectively)
[2] Relates to bank accounts which are freely available and do not bear interest
[3] The effective interest rates as of 30 June 2007 and 31 December 2006 were 5.00 and 4.45 percent, respectively. These deposits have an average maturity of five and three days, respectively

11 Dividends Paid and Proposed

	Amount
	(in thousands of US dollars)
Year ended 31 December 2006	
Total dividends paid or provided for during the year	73,440[1]
Total dividends declared after year-end and not provided for	2,275[2]
Six months ended 30 June 2007	
Total dividends paid or provided for during the period	—
Total dividends declared after period-end and not provided for	7,333

[1] Corresponds to dividends paid or provided to former shareholder Dona Limited
[2] Corresponds to dividends declared after year-end and not provided to Pelham Investment Corporation, Navajo Overseas Corporation and public shareholders

Dividends per share

The dividends declared in 2006 were US$73,142,000 (US$0.32 per share). A dividend in respect of year ended 31 December 2006 of US$0.0074 per share, amounting to a total dividend of US$2,274,821 was approved at the Company’s Annual General Meeting on 4 July 2007. These financial statements do not reflect the dividend payable.

12 Notes to the Cash Flow Statement

	(Unaudited) 6 months to 30 June 2007	(Unaudited - Restated) 6 months to 30 June 2006	(Restated) Year ended 31 December 2006
	(in thousands of US dollars)		
Reconciliation of profit for the period to net cash generated from operating activities			
Profit for the period	30,219	22,520	35,903
Adjustments to reconcile group operating profit to net cash inflows from operating activities:			
Depreciation	9,216	8,652	18,690
Loss / (gain) on disposal of property, plant and equipment and assets classified as held for sale	47	(172)	(94)
Impairment of Sipán assets held for sale	—	—	2,983
Impairment of Colorada assets	—	—	343
Loss on sale of available-for-sale financial assets	—	2,291	2,291
Loss (gain) on sale of supplies	127	—	(252)
Loss on sale of MHC (subsidiary)	—	991	991
Decrease in provision for mine closure	(740)	(1,024)	(2,812)
Finance income	(14,596)	2,843	(6,906)
Finance costs	3,663	5,121	12,037
Income tax expense	17,944	14,712	28,893
Provision for contingencies	—	—	292
Other	947	391	2,938
Increase (decrease) of cash flows from operations due to changes in assets and liabilities:			
Trade and other receivables	(20,497)	(3,192)	24,615
Derivative financial instruments	3,498	(2,575)	3,845
Inventories	(3,615)	(3,596)	(5,629)
Trade and other payables	2,972	3,377	5,135
Provisions	(2,838)	856	4,808
Cash generated from operations	26,347	51,195	128,071

13 Commitments

(a) Gold and silver future contracts

Organisation	Quantity		Type of contract		Quotation Period	
	As of 30 June 2007 (ounces)	**As of 31 December 2006** (ounces)		(US$/oz)	**From**	**to**
Gold						
Citibank	—	23,450	Flat Forward	415.93	August 2006	June 2007
Citibank	—	36,600	Flat Forward	419.20	January 2007	June 2007
	—	60,050				
Silver						
Standard Bank	—	772,000	Min/Max	8.40/10.65	October 2006	March 2007
Total	—	832,050				

The contracts and commitments mentioned above are not fair valued in the books as they were entered into for the purpose of the delivery of a non-financial item in accordance with the Group's expected sales requirements.

Management had previously entered into fixed price sale contracts in accordance with the terms and conditions of the loan agreements with the banks. Management has now decided that the Group will not enter into any further commitments to optimise and align average realisations with market prices in future.

(b) 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. Under the terms of some of the 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 options lapse in the event the Group does not meet the financial requirements. At any point in time, the Group may cancel the agreements without penalty.

The Group continually reviews its requirements under the agreements and determines on an annual basis whether to proceed with the financial commitment. The commitments at the balance sheet date are as follows:

	As of 30 June 2007	**As of 31 December 2006**
	(in thousands of US dollars)	
Commitment for the subsequent twelve months	1,849	1,210
Later than one year	30,153	22,539

(c) Ventura Gold Corp.

On 8 January 2007, the Group entered into a letter of intent with Ventura Gold Corp ("Ventura") for Ventura to acquire an interest in the Inmaculada property, located in Peru. Under the agreement, in order for Ventura to acquire an initial 51% controlling interest, Ventura shall complete a total of 15,000 metres of drilling on the property and issue a total of one million of its common shares to the Group within a three-year period.

Once Ventura acquires its 51% controlling interest, Ventura shall issue an additional two million of its common shares to the Group within the next five years. Additionally, the Group has the option to become the operator of the project and buy back an 11% controlling interest in consideration for a payment to Ventura of three times the total investment made in drilling and related exploration work completed. If the Group does not exercise the aforementioned option, Ventura may elect to increase its controlling interest by 19% upon the completion of a feasibility study on the project.

As at 30 June 2007, the option joint venture agreement had not been signed but the Group has already received 100,000 shares included in the 'Available-for-sale financial assets' caption. The option joint venture agreement was subsequently signed on 13 August 2007.

(d) Mirasol Resources Ltd.

On 21 February 2007, the Group signed the option and joint venture agreement with Mirasol Resources Ltd. ("Mirasol") under the arrangements set forth in the letter of intent signed on 18 September 2006. The Group will have the right to acquire 51 percent interest in Santa Rita and Claudia projects by investing over four years at least US$3.5 million, and US$6 million, respectively. Additionally, the Group paid US$150,000 on the signing of the letter of intent and has to make four annual payments of US$200,000 to Mirasol.

On 13 March 2007, Mirasol constituted, under the laws of Argentina, two companies named "Cabo Sur" and "Punta Verde", which will hold the rights of Claudia and Santa Rita properties, respectively. Until the exercise of Claudia and Santa Rita options, Mirasol and the Group will own 99% and 1% of each of the new companies, respectively.

(e) Cardero Resource Corp.

On 12 March 2007, the Group entered into a letter of intent with Cardero Resource Corp. (“Cardero”) in respect of an option and joint venture agreement to explore and develop minerals at Los Manantiales property in Argentina. Under the arrangements, the Group will have the right to acquire 60 percent interest by incurring expenditures on exploration activities of US$3,500,000 in four years.

At 30 June 2007, the Group has paid US$294,000 in order to permit Cardero to acquire the properties from its former owner. This payment will be considered as part of the required commitment.

The option and joint venture agreement has not been signed as of 30 June 2007.

(f) Geologix Explorations Inc.

On 26 April 2007, the Group entered into a letter of intent with Geologix Exploration Inc. in respect of a joint venture for the exploration and development of Silver Cloud property located in north-central Nevada, USA.

The Group has the option to acquire 70 percent interest in the venture by investing in exploration and development an amount of US$4,100,000 during five years, and making a mandatory payment of US$50,000 upon signing of the final joint venture agreement.

As of 30 June 2007, the option and joint venture agreement has not been signed.

(g) Silver Standard Resources Inc.

On 31 May 2007, the Group entered into a letter of intent with Silver Standard Resources Inc. in respect of an option and joint venture agreement to explore and develop minerals in properties located in Chubut province, Argentina.

Under the arrangements, the Group will have the right to acquire 51 percent interest by investing in exploration activities an amount of US$1,000,000 in three years. At 30 June 2006, the option and joint venture agreement has not been signed.

14 Subsequent events

(a) On 6 July 2007, the Group signed an Agreement with EXMIN Resources Inc. (“EXMIN”), pursuant to which the Group will provide certain funding arrangements to EXMIN to allow it to comply with its obligations under the joint venture agreement with the Group.

In compliance with the agreement, on 9 July 2007, the Group acquired 7,875,000 common shares of EXMIN for a total amount of US$3 million. In addition, on the same date the Group converted an outstanding loan receivable from EXMIN of US$1.5 million into 4,127,231 common shares.

(b) On 3 July 2007, the Group approved the executive long-term incentive plan to recognise the performance of key employees and to ensure that the long-term interest of these employees are aligned with the interest of shareholders. The plan comprises an amount to be paid to participants depending on the achievement of the three-year performance measures being: “*expected”, “improved”* or “*excellent”*. Half of the award will be paid on 31 December 2010, with the remaining half paid on 31 December 2011. The independent performance measures included in the plan are

- Cumulative earnings per share
- Volume of production at the end of 2009
- Co-production cash cost
- Life of mine as of 31 December 2009
- Resources and reserves grade
- Share price

(c) As described in Note 13 (c), on 13 August 2007, the Group signed the option and joint venture agreement with Ventura.

(d) On 30 August 2007, the Group gave its formal notice of termination and withdrawal from option and joint venture agreement with Mirasol in respect of Santa Rita.

Reserves & Resources
Attributable metal reserves
As at 30 June 2007

Reserve category	Proved	Probable	Proved And Probable	Ag	Au	Ag	Au	Ag Eq.
	(t)	(t)	(t)	(g/t)	(g/t)	(moz)	(koz)	(moz)
Arcata								
Proved	1,207,398			478	1.29	18.6	50.0	21.6
Probable		498,740		559	1.29	9.0	20.6	10.2
Total			1,706,138	502	1.29	27.5	70.7	31.8
Ares								
Proved	627,708			230	8.58	4.6	173.2	15.0
Probable		269,744		168	5.54	1.5	48.0	4.3
Total			897,452	211	7.67	6.1	221.2	19.4
Selene								
Proved	780,495			289	2.00	7.3	50.1	10.3
Probable		89,865		233	1.03	0.7	3.0	0.9
Total			870,360	284	1.90	7.9	53.1	11.1
Pallancata								
Proved	641,002			263	1.06	5.4	21.9	6.7
Probable		688,455		280	1.10	6.2	24.3	7.7
Total			1,329,457	272	1.08	11.6	46.2	14.4
San Jose								
Proved	339,391			451	6.20	4.9	67.7	9.0
Probable		1,052,155		405	6.80	13.7	229.9	27.5
Total			1,391,546	416	6.65	18.6	297.6	36.5
Moris								
Proved	1,273,582			4.5	1.72	0.2	70.3	4.4
Probable		767,974		4.3	1.16	0.1	28.7	1.8
Total			2,041,556	4.4	1.51	0.3	99.0	6.2
Total								
Proved	4,869,576			262	2.77	41.0	433.3	67.0
Probable		3,366,933		287	3.28	31.1	354.6	52.4
Total			8,236,510	272	2.98	72.1	787.8	119.3

Attributable metal resources

As at 30 June 2007

Resource category	Measured	Indicated	Measured and Indicated	Inferred	Ag	Au	Zn	Pb	Cu	Ag Eq	Ag	Au	Zn	Pb	Cu
	(t)	(t)	(t)	(t)	(g/t)	(g/t)	(%)	(%)	(%)	(g/t)	(moz)	(koz)	(kt)	(kt)	(kt)
Arcata															
Measured	1,151,358				545	1.48	-.-	-.-	-.-	633	20.2	54.8	-.-	-.-	-.-
Indicated		464,648			647	1.49	-.-	-.-	-.-	737	9.7	22.3	-.-	-.-	-.-
Total			1,616,005		574	1.48	-.-	-.-	-.-	663	29.8	77.1	-.-	-.-	-.-
Inferred				1,655,637	598	1.52	-.-	-.-	-.-	689	31.8	81.2	-.-	-.-	-.-
Ares															
Measured	614,694				249	9.31	-.-	-.-	-.-	808	4.9	184.1	-.-	-.-	-.-
Indicated		277,410			177	5.82	-.-	-.-	-.-	526	1.6	51.9	-.-	-.-	-.-
Total			892,104		227	8.23	-.-	-.-	-.-	720	6.5	236.0	-.-	-.-	-.-
Inferred				86,251	198	4.11	-.-	-.-	-.-	445	0.5	11.4	-.-	-.-	-.-
Selene															
Measured	770,576				312	2.15	-.-	-.-	-.-	441	7.7	53.3	-.-	-.-	-.-
Indicated		87,354			255	1.12	-.-	-.-	-.-	322	0.7	3.2	-.-	-.-	-.-
Total			857,930		306	2.05	-.-	-.-	-.-	429	8.4	56.5	-.-	-.-	-.-
Inferred				1,078,996	322	1.59	-.-	-.-	-.-	417	11.2	55.1	-.-	-.-	-.-
Pallancata															
Measured	583,181				318	1.26	-.-	-.-	-.-	394	6.0	23.7	-.-	-.-	-.-
Indicated		730,297			325	1.38	-.-	-.-	-.-	408	7.6	32.3	-.-	-.-	-.-
Total			1,313,478		322	1.33	-.-	-.-	-.-	401	13.6	56.0	-.-	-.-	-.-
Inferred				749,770	488	1.84	-.-	-.-	-.-	598	11.8	44.4	-.-	-.-	-.-
San Jose															
Measured	333,559				526	7.16	-.-	-.-	-.-	955	5.6	76.8	-.-	-.-	-.-
Indicated		894,539			484	8.10	-.-	-.-	-.-	970	13.9	232.8	-.-	-.-	-.-
Total			1,228,098		495	7.84	-.-	-.-	-.-	966	19.6	309.6	-.-	-.-	-.-
Inferred				119,791	442	7.69	-.-	-.-	-.-	903	1.7	29.6	-.-	-.-	-.-
Moris															
Measured	3,015,654				4.2	1.31	-.-	-.-	-.-	83	0.4	127.1	-.-	-.-	-.-
Indicated		218,661			4.5	1.15	-.-	-.-	-.-	73	0.0	8.1	-.-	-.-	-.-
Total			3,234,315		4.3	1.30	-.-	-.-	-.-	82	0.4	135.2	-.-	-.-	-.-
Inferred				37,476	4.1	0.88	-.-	-.-	-.-	57	0.0	1.1	-.-	-.-	-.-
San Felipe															
Measured	1,143,681				72	0.02	7.43	3.15	0.42	315	2.6	0.7	84.9	36.1	4.8
Indicated		482,527			68	0.02	7.15	3.34	0.42	305	1.1	0.3	34.5	16.1	2.0
Total			1,626,207		71	0.02	7.34	3.21	0.42	312	3.7	1.0	119.4	52.2	6.8
Inferred				234,259	56	0.01	7.30	3.52	0.30	289	0.4	0.1	17.1	8.2	0.7
TOTAL															
Measured	7,612,702				194	2.13	1.12	0.47	0.06	358	47.5	520.4	84.9	36.1	4.8
Indicated		3,155,435			341	3.46	1.09	0.51	0.06	585	34.6	350.9	34.5	16.1	2.0
Total			10,768,137		237	2.52	1.11	0.48	0.06	424	82.1	871.3	119.4	52.2	6.8
Inferred				3,962,179	451	1.75	0.43	0.21	0.02	569	57.4	222.9	17.1	8.2	0.7

Note: Resources include undiscounted reserves, where reserves are attributable to JV partner, reserve figures reflect the Company's ownership only no ore loss or dilution has been included, and stockpiled ore excluded.

Change in metal reserves and resources in silver equivalent ounces

		Ag Equivalent Content (Million Ounces)					
Operation	**Category**	**December 2006**	**Depletion[1]**	**Addition[2]**	**June2007**	**Net Difference**	**% change**
Peru							
Arcata	Resource	60.6		10.6	71.1	10.6	17%
	Reserve	20.4	(3.5)	14.9	31.8	11.4	56%
Ares	Resource	24.9		(3.0)	21.9	(3.0)	(12)%
	Reserve	22.3	(5.8)	2.8	19.4	(3.0)	(13)%
Selene	Resource	25.2		1.1	26.3	1.1	4%
	Reserve	12.3	(3.0)	1.8	11.1	(1.2)	(10)%
Pallancata	Resource	49.2		3.1	52.3	3.1	6%
	Reserve	23.8	0.0	0.2	24.0	0.2	1%
Peru Totals:	**Resource**	**159.8**		**11.8**	**171.6**	**11.8**	**7%**
	Reserve	**78.8**	**(12.2)**	**19.7**	**86.2**	**7.4**	**9%**
Argentina							
San Jose	Resource	70.4		11.2	81.6	11.2	16%
	Reserve	55.6	0.0	15.9	71.5	15.9	29%
Argentina Totals:	**Resource**	**70.4**		**11.2**	**81.6**	**11.2**	**16%**
	Reserve	**55.6**	**0.0**	**15.9**	**71.5**	**15.9**	**29%**
Mexico							
Moris	Resource	12.3		0.0	12.3	0.0	0%
	Reserve	8.9	0.0	0.0	8.9	0.0	0%
San Felipe	Resource	25.0		1.4	26.4	1.4	6%
	Reserve	0.0	0.0	0.0	0.0	0.0	0%
Mexico Totals:	**Resource**	**37.3**		**1.4**	**38.7**	**1.4**	**4%**
	Reserve	**8.9**	**0.0**	**0.0**	**8.9**	**0.0**	**0%**
Totals:	**Resource**	**267.5**		**24.4**	**292.0**	**24.4**	**9%**
	Reserve	**143.3**	**(12.2)**	**35.6**	**166.6**	**23.4**	**16%**

[1] Depletion: reduction in reserves based on ore delivered to the mine plant

[2] Increase in reserves and resources due mainly to mine site exploration but also to price increases

Change in attributable metal reserves and resources in silver equivalent ounces

		Ag Equivalent Content (Million Ounces)				
Operation	**Category**	**Percentage Attributable**	**December 2006 Att.[1]**	**June2007 Att.[1]**	**Net Difference**	**% change**
Peru						
Arcata	Resource	100%	60.6	71.1	10.6	17%
	Reserve		20.4	31.8	11.4	56%
Ares	Resource	100%	24.9	21.9	(3.0)	(12)%
	Reserve		22.3	19.4	(3.0)	(13)%
Selene	Resource	100%	25.2	26.3	1.1	4%
	Reserve		12.3	11.1	(1.2)	(10)%
Pallancata	Resource	60%	29.5	31.4	1.8	6%
	Reserve		14.3	14.4	0.1	1%
Peru Totals:	**Resource**		**140.2**	**150.7**	**10.6**	**8%**
	Reserve		**69.3**	**76.6**	**7.4**	**11%**
Argentina						
San Jose	Resource	51%	35.9	41.6	5.7	16%
	Reserve		28.3	36.5	8.1	29%
Argentina Totals:	**Resource**		**35.9**	**41.6**	**5.7**	**16%**
	Reserve		**28.3**	**36.5**	**8.1**	**29%**
Mexico						
Moris	Resource	70%	8.6	8.6	0.0	0%
	Reserve		6.2	6.2	0.0	0%
San Felipe	Resource	70%	17.5	18.5	1.0	6%
	Reserve		0.0	0.0	0.0	0%
Mexico Totals:	**Resource**		**26.1**	**27.1**	**1.0**	**4%**
	Reserve		**6.2**	**6.2**	**0.0**	**0.0**
Totals:	**Resource**		**202.2**	**219.4**	**17**	**9%**
	Reserve		**103.9**	**119.3**	**15**	**15%**

[1] Attributable reserves and resources based on the Group's percentage ownership of its joint venture projects

Production Information

Arcata

	Six months ended 30 June 2007	Six months ended 30 June 2006	% change
Ore production (tonnes)	176,513	135,526	30%
Average head grade silver (g/t)	532.86	542.02	(2)%
Average head grade gold (g/t)	1.38	1.35	2%
Concentrate produced (tonnes)	7,447	5,214	43%
Silver grade in concentrate (kg/t)	10.99	12.49	(12)%
Silver produced (koz)	2,631	2,094	26%
Gold produced (koz)	6.75	4.96	36%
Net silver sold (koz)	2,487	1,395	78%
Net gold sold (koz)	6.19	3.19	94%

Ares

	Six months ended 30 June 2007	Six months ended 30 June 2006	% change
Ore production(tonnes)	156,404	141,529	11%
Average head grade silver (g/t)	257.64	332.14	(22)%
Average head grade gold (g/t)	14.84	19.01	(22)%
Doré total (koz)	1,254.24	1,493.19	(16)%
Silver produced (koz)	1,179	1,406	(16)%
Gold produced (koz)	71.60	83.35	(14)%
Net silver sold (koz)	1,317	1,473	(11)%
Net gold sold (koz)	77.02	88.23	(13)%

Selene

	Six months ended 30 June 2007	Six months ended 30 June 2006	% change
Ore production (tonnes)	190,581	178,044	7%
Average head grade silver (g/t)	338.37	378.68	(11)%
Average head grade gold (g/t)	2.43	2.93	(17)%
Concentrate produced (tonnes)	1,808	1,977	(9)%
Silver grade in concentrate (kg/t)	31.75	30.95	3%
Silver produced (koz)	1,822	1,967	(7)%
Gold produced (koz)	12.35	14.57	(15)%
Net silver sold (koz)	1,897	1,675	13%
Net gold sold (koz)	11.66	11.95	(2)%

Glossary

Ag
Silver

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

Au
Gold

Attributable after tax profit
Profit for the year before dividends attributable to the equity shareholders of Hochschild Mining plc from continuing operations before exceptional items and after minority interest

Average head grade
Average ore grade fed into the mill

Board
The board of directors of the Company

Company, Group or Hochschild
Hochschild Mining plc and its subsidiary undertakings

CSR Committee or Corporate Social Responsibility Committee
The corporate social responsibility committee of the Board

CSR
Corporate social responsibility

Cu
Copper

Directors
The directors of the Company

Doré
Doré bullion is an impure alloy of gold and silver and is generally the final product of mining and processing; the doré bullion will be transported to be refined to high purity metal

Dollar or $
United States dollars

Effective Tax Rate
Income tax expense as a percentage of profit from continuing operations before income tax

EPS
The per-share (using the weighted average number of shares outstanding for the period) profit available to equity shareholders of the Group from continuing operations before exceptional items and after minority interest

eq
equivalent

Exceptional item
Events that are significant and which, due to their nature or the expected infrequency of the events giving rise to them, need to be disclosed separately

GAAP
Generally Accepted Accounting Principles

g/t
Grams per metric tonne

IAS
International Accounting Standards

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standards

koz
Thousand ounces

kt
Thousand metric tonnes

ktpa
Thousand metric tonnes per annum

Listing or IPO (Initial Public Offering) or Global Offer
The listing of the Company's ordinary shares on the London Stock Exchange on 8 November 2006

LSE
London Stock Exchange

moz
Million ounces

Ordinary Shares
Ordinary shares of £0.25 each in the Company

Pb
Lead

Spot or spot price
The purchase price of a commodity at the current price, normally this is at a discount to the long term contract price

t
tonne

Zn
Zinc

- ends -