HOCHSCHILD MINING

21 August 2013

Hochschild Mining plc

Interim Results for the six months ended 30 June 2013

H1 2013 Financial highlights[1]

- Revenue of $308.6 million (H1 2012: $354.5 million)
- Adjusted EBITDA of $90.4 million (H1 2012: $168.4 million)
- Pre-exceptional EPS of $(0.10) (H1 2012: $0.08) which includes $15.4 million ($0.05 per share) foreign exchange loss on cash deposits in Peru - more than offset by positive effects on unit costs and capital expenditure
- Exceptional items of $(13.2) million include:
  - $45.9 million net gain resulting from reclassification of Gold Resource Corp holding from investment in associate to available-for-sale financial asset
  - $59.1 million of impairment charges and severance payments net of taxes[2]
- Interim dividend suspended
- Strong balance sheet with total cash of approximately $275 million as at 31 July 2013
- Minority investments valued at $103.8 million as at 31 July 2013
- Undrawn $140 million loan facility to finance Inmaculada project

Cashflow optimisation programme

- Implemented in H1 2013 - approximately $200 million of initiatives identified
  - Unit cost increases in Peru revised down to 0-5% for 2013
  - Unit cost increase in Argentina revised down to 5-10% for 2013
  - 2013 sustaining capex further lowered to $150 million from original 2013 guidance of $180 million
  - 2013 exploration budget further reduced to $50 million from original $77 million
  - 2013 administration expenses reduced by $20 million
  - Reduction in Board size, Directors' fees and senior management remuneration
  - Full impact expected in H2 2013 and H1 2014
  - Inmaculada and Crespo project schedules maintained

Crespo Environmental Impact Study approved by Peruvian government – key milestone in project's progress

- Inmaculada and Crespo permitting process on schedule for H2 2013

H1 2013 Operational highlights

- H1 2013 attributable production of 9.7 million silver equivalent ounces
- 2013 production target of 20.0 million attributable silver equivalent ounces on track
- H1 2013 unit cost performance in Peru materially lower as a result of cashflow optimisation programme and local currency depreciation in line with revised guidance

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[1] *On a pre-exceptional basis.*
[2] *$59.1 million represents H1 2013 impairment charge, net of taxes, excluding the effect of the Gold Resource Corp reclassification. See page 20 of Financial Review for full details of exceptional items.*

$000, pre-exceptional unless stated	**Six months to 30 June 2013**	Six months to 30 June 2012	% change
Attributable silver production (koz)	**6,251**	6,887	(9)
Attributable gold production (koz)	**57.88**	55.94	3
Attributable silver equivalent production (koz)	**9,724**	10,243	(5)
Net Revenue*	**308,577**	354,504	(13)
Adjusted EBITDA**	**90,410**	168,353	(46)
(Loss) / profit from continuing operations	**(25,215)**	54,555	(146)
(Loss) / profit from continuing operations (post-exceptionals)	**(38,427)**	52,755	(173)
Basic Earnings per share ($)	**(0.10)**	0.08	(225)
Basic Earnings per share ($ post-exceptionals)	**(0.10)**	0.08	(225)

** Revenue presented in the financial statements is disclosed as net revenue (in the Financial Review it is calculated as gross revenue less commercial discounts).*
*** 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.*

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

"Hochschild Mining has operated in cyclical markets for over a century and the first half of 2013 has provided ample evidence of that characteristic. However, I am optimistic that the entire organisation has moved swiftly in initiating a cost cutting programme that is already delivering tangible results. In the second half and into 2014, the Board is confident we will see the full effects of the measures taken as well as a further slowdown in operating cost inflation. Regrettably it has also necessitated a considerable number of job losses but I firmly believe the initiatives taken combined with our ongoing investment in our Advanced Projects will result in the Company being in a significantly stronger position to capitalise on a long term precious metal price recovery and deliver value accretive growth.

In light of the very difficult financial results caused by the precious metals price falls, the Board has decided not to pay an interim dividend. The Company remains committed to the long term principle of shareholder returns and the Board intends to reassess the position subject to the overall full year financial results."

A live conference call & audio webcast will be held at 2pm (London time) on Wednesday 21 August 2013 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/9exkasok

Conference call dial in details:
UK: +44 (0)20 3427 1901 (Please use the following confirmation code: 5056126).

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 3427 0598 (Access code: 5056126)

The On Demand version of the webcast will be available within two hours after the end of the presentation and is accessible using the same webcast link.

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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 almost fifty years' experience in the mining of precious metal epithermal vein deposits and currently operates four underground epithermal vein mines, three located in southern Peru and one in southern Argentina. Hochschild also has numerous long term projects throughout the Americas.

CHIEF EXECUTIVE OFFICER'S STATEMENT

The first half of 2013 was undoubtedly a challenging period. The steep fall in precious metal prices has impacted the entire industry and it is to the credit of the entire team at Hochschild that we have confronted the ongoing volatility by reacting quickly to the deteriorating market conditions. The average selling price that we have received for our sales has fallen by approximately 40% versus the same period two years ago, with a significant portion of the fall occurring over a period of weeks in the first half of this year. This has contributed to a difficult environment for both our operating assets and exploration strategy and consequently, our underlying cashflow generation. The combination of strong falls in the silver price and cost increases in the first quarter of the year has led the Company to report an EBITDA of $90 million for H1 2013. An overall pre-exceptional loss of $25.2 million reflects a $15.4 million foreign exchange loss on cash deposits held in Peru resulting from the 11% depreciation in the Peruvian Sol that will be more than offset by positive effects on unit costs and capital expenditure. Despite the half year results, our balance sheet is very robust, allowing us to sustain our long term goals of profitably growing the Company. However, Hochschild remains in a strong position with $275 million of cash[3], significant unused credit lines and a cash optimisation programme that is already delivering benefits early in the second half.

Following the initial major decline in precious metal prices in April, we commenced the first stage of a pre-planned programme in order to conserve capital and optimise the cashflow of the Company in a volatile price environment. We have since then expanded the scope of this initiative to systematically cover all areas of the business encapsulating operating costs, sustaining capital expenditure and administrative costs as well as re-focusing our exploration programme going forward. We are already starting to see the impact of this programme throughout the Company and anticipate that the full effects will be realised in the second half of 2013 and into 2014 with expected overall savings of approximately $200 million. This total consists of a combination of cost reductions, operating efficiencies and cuts to discretionary expenditure and includes, regrettably, a significant number of redundancies from a wide range of the Company's operating, financial, exploration and support teams.

Hochschild's current operations delivered a solid first half of production at 9.7 million silver equivalent ounces and we remain on track to deliver our stated 2013 target of 20 million attributable silver equivalent ounces. Several Company cost savings initiatives and the depreciation of the Peruvian Sol have significantly reduced cost inflation in Peru and this has allowed Arcata and Pallancata to achieve lower than expected single-digit cost increases. As the effect of the cashflow optimisation programme takes hold, Hochschild is forecasting unit cost increases for the full year in Peru of 0-5%. In Argentina, whilst production remained strong, the local operating and political environment has continued to deteriorate with a number of brief stoppages and high local inflation contributing to double-digit unit cost increases as expected. However, we have seen some offset from the continuing devaluation in the Argentinean Peso and combined with Company cost savings initiatives, we have been able to revise our forecast for unit cost increases down to 5-10% for 2013.

In the first half we saw continued excellent progress made at our two Advanced Projects, Inmaculada and Crespo both of which are set to receive their final mill construction permits during the second half of this year. At Inmaculada, significant milestones were achieved in tunnelling, construction, engineering and procurement, whilst the team continued to cooperate closely with the relevant ministry authorities to ensure a smooth passage for the construction permit application. Inmaculada, which remains Hochschild's flagship growth project, is on track for first production in the second half of 2014 and is set to benefit in terms of capex and operating costs from any continuing weakness in the Peruvian Sol as well as a less inflationary industry cost environment. At Crespo, good progress has also been made in terms of project construction and we are also pleased in recent weeks, to have received approval for its Environmental Impact Study, a key milestone in the project's development.

Although Hochschild has reduced the exploration budget from $77 million to $50 million as part of our cashflow optimisation programme, we have still made good progress at a number of our projects in the first half. Brownfield exploration continued at the operations and projects with the target shifting to exploration drilling to delineate high grade resources as opposed to the previous emphasis on life-of-mine increases. New high grade structures were defined at all our main assets demonstrating their continuing significant potential. The Greenfield programme also continued with good progress made, particularly at the Valeriano project in Chile and the Cuello Cuello project close to the Selene plant in our Southern Peru cluster. A total of just over 23,000 metres was drilled in the half year across Chile, Mexico and Peru. Whilst the quantum of exploration spend has been reduced with a more focused budget, exploration remains a cornerstone of the Hochschild strategy in the long term.

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[3] *As at 31 July 2013*

Despite current uncertainty of the short term outlook for precious metals, Hochschild continues to believe that the long term fundamentals for its markets remain healthy and underpin the value potential of its current assets, Advanced Projects and exploration pipeline. The Company remains in a strong financial position to finance future growth and expects to be able to demonstrate further substantial savings from its cashflow optimisation programme at the Full Year results.

Ignacio Bustamante
Chief Executive Officer
20 August 2013

OPERATING REVIEW

CURRENT OPERATIONS

Production

In H1 2013 the Company delivered attributable production of 9.7 million silver equivalent ounces, which comprised 6.3 million ounces of silver and 57.9 thousand ounces of gold. The Company remains on track to meet its full year production target of 20.0 million attributable silver equivalent ounces.

Costs

In H1 2013, the Company reported an increase in unit cost per tonne excluding royalties at its main operations in Peru (Arcata and Pallancata) of 4.7% to $75.0 (H1 2012: $71.6). The Company anticipates a 0-5% increase in costs in Peru for the full year. At San Jose in Argentina, unit costs excluding royalties increased by 16.7% in H1 2013, to $216.3 (H1 2012: $185.3). The Company has revised its guidance to a cost increase of around 5-10% in Argentina for the full year. Further details on costs are provided in the Financial Review on page 16.

Main operations

Arcata: Peru

Arcata summary	**Six months to 30 June 2013**	Six months to 30 June 2012	**% change**
Ore production (tonnes)	**427,274**	344,660	24
Average silver grade (g/t)	**195**	308	(37)
Average gold grade (g/t)	**0.69**	0.91	(24)
Silver produced (koz)	**2,292**	3,012	(24)
Gold produced (koz)	**7.88**	9.04	(13)
Silver equivalent produced (koz)	**2,764**	3,555	(22)
Silver sold (koz)	**2,332**	2,659	(12)
Gold sold (koz)	**7.83**	7.81	0.3
Unit cost ($/t)	**83.4**	84.0	(1)
Unit cost excl. royalties ($/t)	**82.2**	80.5	2
Total cash cost ($/oz Ag co-product)[4]	**13.8**	13.6	1

Production and sales

At Arcata, total silver equivalent production in H1 2013 was 2.8 million ounces (H1 2012: 3.6 million ounces). Tonnages were higher than those in 2012 due to the planned increase in volumes processed from the low-grade Macarena waste dam deposit, facilitated by the 500 tonne per day capacity expansion at the Arcata plant (completed in H2 2012). The increased volumes of low-grade Macarena material, as well as the Company's policy of mining close to the average reserve grade at its core assets led to lower grades and production in the first half of 2013 compared to 2012.

The Company continues to plan for grades at Arcata to increase in the second half of 2013 when Macarena tonnage will be gradually replaced by tonnage from stopes and mine development.

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

Table Showing Contribution From Macarena Waste Dam Deposit

	H1 2013	H1 2012
Total		
Tonnage	427,274	344,660
Average head grade gold (g/t)	0.69	0.91
Average head grade silver (g/t)	194.67	308.06
Macarena		
Tonnage	144,350	21,554
Average head grade gold (g/t)	0.29	0.30
Average head grade silver (g/t)	93.25	101.57
Stopes and Developments		
Tonnage	282,924	323,106
Average head grade gold (g/t)	0.90	0.95
Average head grade silver (g/t)	246.42	321.83

Costs
In H1 2013, the unit cost per tonne excluding royalties at Arcata was materially better than expectations, increasing by 2.1% versus the same period last year, to $82.2 per tonne. This was mainly due to the processing of higher volumes of low cost Macarena material, operational efficiencies resulting in a lower consumption of reagents and materials as well as a significant local currency weakening versus expectations, in addition to the initial effects of recently implemented cost savings initiatives.

Exploration
In H1 2013, a total of 5,265 metres of drilling were carried out at Arcata. The exploration programme focused on the definition of new high-grade structures from known vein systems (potential drilling), and a new geological interpretation of the Amparo-Blanca corridor that identified high-grade structures. In addition, diamond drilling was conducted at the Alexia, Katty, Ramal Marion, Pamela, Ramal Leslie, Baja and Blanca Techo veins. Significant intercepts include[5]:

Vein	Results
Pamela	DDH425-LM13: 1.41m at 7.83 g/t Au & 2,028 Ag DDH399-GE13: 1.76m at 6.19 g/t Au & 1,479 Ag
Ramal Leslie	DDH438-GE13: 0.83m at 1.69 g/t Au & 810 Ag
Baja	DDH434-S13: 1.90m at 3.10 g/t Au & 612 Ag
Baja 2	DDH427-S13: 1.60m at 2.8 g/t Au & 1,901 Ag
Blanca Techo	DDH459-GE13: 1.30m at 1.39 g/t Au & 508 Ag

In the second half the near-mine exploration programme will continue, with potential drilling focused on the definition of new high-grade structures.

[5] *Please note that in line with industry-wide standards, all mineralised intersections referred to in this release are quoted as true widths.*

Pallancata*: Peru

	Six months to 30 June 2013	Six months to 30 June 2012	**% change**
Ore production (tonnes)	**523,824**	528,300	(1)
Average silver grade (g/t)	**253**	256	(1)
Average gold grade (g/t)	**1.13**	1.04	9
Silver produced (koz)	**3,534**	3,606	(2)
Gold produced (koz)	**14.11**	12.01	17
Silver equivalent produced (koz)	**4,380**	4,326	1
Silver sold (koz)	**3,590**	3,556	1
Gold sold (koz)	**13.67**	11.43	20
Unit cost ($/t)	**69.0**	65.7	5
Unit cost excl. royalties ($/t)	**69.0**	65.7	5
Total cash cost ($/oz Ag co-product)	**10.6**	11.0	(4)

** The Company holds a 60% interest in Pallancata.*

Production and sales
Pallancata, the Company's other main Peruvian operation, delivered a solid half of production with total silver equivalent production of 4.4 million silver equivalent ounces which is broadly flat on H1 2012 production (4.3 million ounces).

Costs
Unit cost per tonne excluding royalties at Pallancata increased also by a lower than expected 5% in H1 2013, to $69.0 reflecting lower personnel and supply costs as a higher proportion of mineral was extracted using mechanised methods. As at Arcata, costs were also positively impacted by the higher than expected depreciation of the local currency and the cashflow optimisation programme.

Exploration
Both resource and potential drilling were carried out at Pallancata during the period, to further delineate inferred resources and to test new possible vein extensions. A total of 9,969 metres of diamond drilling were carried out. The Yurika West vein mapping programme continued, and identified major structural lineaments trending NE-EW associated with silicified hydrothermal breccias, and new gold-rich high-grade structures were identified in the northern part of the district. In addition, drilling continued at the Luisa, Yurika, Yanely and Ramal San Javier veins. Significant intercepts include[6]:

Vein	**Results**
Yurika	DLYU-A08: 1.02m at 17.86 g/t Au & 1,702 g/t Ag DLYU-A16: 2.17m at 11.17 g/t Au & 949 g/t Ag DLYU-A20: 2.75m at 6.35 g/t Au & 931 g/t Ag DLYU-A12: 0.91m at 6.72 g/t Au & 539 g/t Ag
Luisa	DLLU-A134: 1.96m at 1.11 g/t Au & 727 g/t Ag
Yanely	DLYU-A02: 0.82m at 33.91 g/t Au & 326 g/t Ag

In H2 2013 the exploration programme at Pallancata will continue to focus on completing the delineation of new potential structures, incorporating new resources, and mapping the geological extension of the Pallancata NW vein.

[6] *Please note that in line with industry-wide standards, all mineralised intersections referred to in this release are quoted as true widths.*

San Jose*: Argentina

	Six months to 30 June 2013	Six months to 30 June 2012	**% change**
Ore production (tonnes)	**249,195**	244,334	2
Average silver grade (g/t)	**430**	423	2
Average gold grade (g/t)	**6.57**	5.98	10
Silver produced (koz)	**2,926**	2,855	2
Gold produced (koz)	**46.69**	42.30	10
Silver equivalent produced (koz)	**5,728**	5,393	6
Silver sold (koz)	**2,880**	2,178	32
Gold sold (koz)	**44.79**	32.00	40
Unit cost ($/t)	**229.9**	198.6	16
Unit cost excl. royalties ($/t)	**216.2**	185.3	17
Total cash cost ($/oz Ag co-product)	**14.9**	14.1	6

** The Company holds a 51% interest in San Jose.*

Production and sales
San Jose delivered a strong production performance in the first half of 2013. Silver equivalent production rose 6% versus the first half of 2012, to 5.7 million ounces, reflecting increased tonnages and grades.

Costs
At San Jose, unit cost per tonne excluding royalties rose by 17% versus H1 2012 to $216.2 due to the continuing high local inflation in Argentina. The increase was slightly above the 2013 guidance of 10-15% due to a number of brief stoppages at the mine during the period as well as a slightly lower than expected devaluation of the local currency during the period.

Exploration
In H1 2013 the exploration programme at San Jose focused on the geological mapping of the district area and identifying new structures, with new high-grade structures identified in the northern part of the district. A total of 5,743 metres of diamond drilling were completed during H1 2013. In addition, new structures were identified in the Juanita vein system located at the south of the property. Drilling was conducted on the Huevos Verdes, Emilia and Juanita veins, with significant intercepts including[7]:

Vein	**Results**
Emilia	SJD-1393: 5.00m at 40.08 g/t Au & 882 g/t Ag SJD-1398: 1.50m at 4.28 g/t Au & 152 g/t Ag
Juanita	SJD-1372: 0.40m at 4.02 g/t Au & 57 g/t Ag SJD-1373: 0.64m at 2.22 g/t Au & 4 g/t Ag

In H2 2013, exploration will focus on the delineation of the Juanita vein system to study its vein and disseminated potential.

[7] *Please note that in line with industry-wide standards, all mineralised intersections referred to in this release are quoted as true widths.*

Other operations

Ares: Peru

	Six months to 30 June 2013	Six months to 30 June 2012	**% change**
Ore production (tonnes)	149,828	160,632	(7)
Average silver grade (g/t)	71	51	41
Average gold grade (g/t)	2.52	2.56	(2)
Silver produced (koz)	328	227	44
Gold produced (koz)	11.84	12.63	(6)
Silver equivalent produced (koz)	1,038	985	5
Silver sold (koz)	334	178	88
Gold sold (koz)	11.97	9.94	20

Production and sales
The Company's ageing Ares mine in Peru continued to operate during H1 2013 and produced 1.04 million silver equivalent ounces compared to 0.99 million ounces in H1 2012. The Company anticipates that production at Ares will continue until the end of 2013.

Exploration
The exploration programme at Ares in H1 2013 focused on the exploration of potential mineralisation in the extensions of known veins and the definition of new high-grade structures. In addition, exploration continued at the Isabel vein, where new intersections were discovered in the second half of 2012, and additional resources were incorporated. A total of 847 metres of drilling were carried out during H1 2013. In H2 2013 the exploration and drilling programme at Ares will focus on continuing to expand resources and extending the resource life-of-mine.

Moris: Mexico

	Six months to 30 June 2013	Six months to 30 June 2012	**% change**
Ore production (tonnes)	-	-	-
Average silver grade (g/t)	-	-	-
Average gold grade (g/t)	-	-	-
Silver produced (koz)	19	28	(32)
Gold produced (koz)	5.89	5.48	7
Silver equivalent produced (koz)	372	357	4
Silver sold (koz)	17	24	(29)
Gold sold (koz)	5.31	4.73	12

Production
At Moris, the Company's open pit operation in Mexico, leaching of the pads continued during H1 2013, producing a further 372 thousand silver equivalent ounces, a slight increase compared to H1 2012. Moris remains in the final stages of the pads' cyanidation process with exploration continuing at the property.

Exploration
Exploration work at Moris during the period continued to focus on identifying new economic structures and the completion of the potential geological model of the property to identify new drill targets. Two new structures were discovered to the north of the original mine location, and preliminary data suggests significant mineralisation in the surrounding extensions of the veins. In H2 2013, the exploration of the new structures will be extended to identify possible extensions of mineralised structures.

ADVANCED PROJECTS

In November 2012 the Company announced that it expects to receive the final mill construction permits for both the Inmaculada and Crespo projects in the second half of 2013 with commissioning of both projects' mills scheduled for the second half of 2014.

In March 2013, the Company announced that its 60% owned joint venture Minera Suyamarca S.A.C had negotiated a $140 million secured loan facility with BBVA Continental and Banco Credito del Peru to partially finance the initial capital expenditure for the Inmaculada project.

Inmaculada

In H1 2013, the Company made further progress in the project development, construction and permitting processes at Inmaculada. The detailed civil and underground engineering continued and are on schedule for completion this quarter. Procurement of the main equipment also progressed according to schedule and the plant design requirements were submitted to the EPC contractor. In addition, construction of the three exploration tunnels continued, with 1,926 metres carried out in the first half. Finally, the detailed engineering for the paste backfill commenced, as well as construction of the camp which is expected to be completed during the second half.

The detailed engineering for the energy transmission line was also completed during the first half, and procurement commenced and is expected to be completed in Q3 2013. Tests were also successfully carried out on the main equipment and electrical substations.

In the project's permit application process, the underground water study was approved during the first half, and a specialist task team submitted the Company's technical response to the relevant ministry authorities following their review of the construction permit application. The Company continues to expect that the construction permit will be approved in H2 2013.

The exploration drilling programme in and around the Inmaculada project continued in H1 2013. Surface exploration drilling was completed, with one drill rig in operation to test geophysical anomalies and alteration lineaments parallel to the Mirella vein, and to test the NE extension of the Martha vein. In addition, a new potential high-grade vein, Mayte, was intercepted with 0.40 to 7.70 metres of true widths. During the half, a total of 1,482 metres of diamond drilling were completed, with significant results including[8]:

Vein	**Results**
Mayte	MIR13-001: 7.70m at 11.97 g/t Au & 153 g/t Ag
Mirella	MIR13-001: 1.10m at 1.34 g/t Au & 108 g/t Ag
Shakira	SHK13-003: 1.10m at 4.10 g/t Au & 10 g/t Ag
Martha	MIR13-001: 0.20m at 31.02 g/t Au & 3,269 g/t Ag

In H2 2013, exploration will focus on the completion of a new geological interpretation of the district to target high-grade structures to improve project economics.

Crespo

At the Company's 100% owned Crespo project, in H1 2013 the detailed integration engineering continued and is on schedule for completion in Q3 2013. In addition, orders were placed for the Merrill Crowe plant and mobile crushers. The basic and detailed engineering for the mine was also in progress during H1 2013, and the construction of the new access road to the mine site progressed and is also anticipated to be completed in Q3 2013.

With regards to the permit application process for the Crespo project, the surface land agreement for the project was approved by the local community on 11 January 2013 and the underground water study was approved in Q2 2013. In addition, in July, the Company received the Environmental Impact Study ('EIS') permit for Crespo. The Company submitted the project's construction permit application at the end of February and received positive feedback from the Peruvian government, to move to the next stage in the process.

[8] *Please note that in line with industry-wide standards, all mineralised intersections referred to in this release are quoted as true widths.*

District surface exploration continued at Crespo in H1 2013 and a new high sulphidation target, Jackelin, was identified. Furthermore, surface geochemistry sampling programmes were completed, with gold and silver anomalies reported. In H2 2013 the Company will continue surface exploration work at Crespo, with full geological mapping of the property to identify new drill targets.

Azuca
In H1 2013, a total of 13,108 metres of diamond drilling were completed at Azuca. The exploration drilling campaigns at Azuca were subsequently put on hold in late April until market conditions improve.

Volcan
Exploration was not scheduled at Volcan for 2013. Future plans include the process of building a complete geological and geometallurgical model of the El Dorado resource, the re-logging of historical drilling data and the image scanning of a selection of existing diamond drill holes, to define mineralised domains and improve mine planning.

EXPLORATION REVIEW

Revised Exploration budget

As part of the Company's cashflow optimisation programme implemented as a response to the volatility in precious metal prices in H1 2013, the Company conducted a detailed review of discretionary elements of its exploration budget. Consequently, the Company has reduced its 2013 exploration budget to $50 million with the key reductions in the brownfield and Advanced Projects exploration programmes. Exploration at the Company's main operations will focus on the development of potential resources as opposed to increasing further, resource life-of-mine, reflecting the Company's confidence in their long term sustainability. In addition, the Company's greenfield exploration programme will concentrate on the Company's most promising prospects.

Greenfield Exploration

In H1 2013, a total of 23,524 metres were drilled as part of the greenfield exploration programme. Drilling was carried out at eight projects, at five 'Company Maker' projects, and at three 'Medium Scale' projects.

Company Makers

The Company currently has 11 potential "Company Makers" which are projects with the potential to achieve 20-30 million silver equivalent ounces per year. These are typically high sulphidation, disseminated or gold/copper porphyry deposits and are generally open pit operations. In H1 2013, the Company made an addition to its Company Makers' portfolio with the Pachuca property in Mexico. Also during the half, the Company stopped the exploration programmes at the La Falda and Potrero Company Maker projects in Chile and the Baborigame Company Maker project in Mexico. No further exploration work is planned for these projects. Highlights from the H1 2013 exploration programme for a number of our Company Maker projects include the following:

Valeriano
At the Valeriano Company Maker project in Chile, in H1 2013 a total of 2,421 metres were drilled to further test at depth the high-grade copper gold porphyry system encountered in the 2012 drilling campaign. Further tests of the mineralised body at a depth of 1.5 km yielded positive results. The drilling campaign at Valeriano was concluded in Q2 2013 and the Company plans to recommence drilling at the end of the winter season at the end of Q3 2013 to continue testing the porphyry system at depth and to define the extension and continuity of the mineralised system.

Mercurio
In H1 2013, a total of 2,898 metres of drilling were carried out at the Mercurio Company Maker project in Mexico, focused on the Barite zone. In H2 2013, the Company plans to continue surface exploration in the North West area of the property.

Pachuca
The Pachuca project is located in Mexico and was added to the Company's project pipeline as a Company Maker project in Q2 2013. The Pachuca property encompasses approximately 19,000 hectares of mineral rights in and around the Pachuca silver-gold mining district. Historic production from the Pachuca district totals approximately 1.4 billion ounces of silver and over 7.0 million ounces of gold, making it one of the largest silver-gold districts in the world. The Company's property does not include the central Pachuca property where historical production has taken place, but rather focuses on the northern area of the property.

Exploration work at Pachuca is currently focused on the reinterpretation and re-logging of the San Juan Gallo and Raquel areas of the property for further drill testing. In addition, 36 veins have been identified within the Pachuca Norte concessions to date, of which only a small number have been explored in previous exploration campaigns.

Julieta
At the Julieta Company Maker project in Peru, in H1 2013 a surface mapping programme was completed and a new area with breccias was discovered, showing robust mineralised surface geochemistry. The Company plans to commence a drilling campaign at the Julieta property in H2 2013.

Medium Scale projects

The Company's project pipeline also contains various Medium Scale properties in the prospects and drill target categories. These projects each have the potential to contribute 5-10 million silver equivalent ounces of production per year and tend to be low sulphidation epithermal gold/silver type deposits with varying base metal content and are typically mined underground. Highlights from the H1 2013 exploration programme for a number of our Medium Scale projects include the following:

Fresia
At the Fresia Medium Scale project in Peru, geological mapping and geochemistry campaigns were completed in H1 2013.

Cuello Cuello
At the Cuello Cuello Medium Scale project in Peru, during H1 2013, a total of 310 metres were drilled. This was the second drilling programme carried out at the property and near surface mineralised structures were again intersected, and two structural trends were identified. Metallurgical tests on ore from these structures show that some areas of the deposit are amenable to cyanide leaching with good recoveries. The Company is currently evaluating the economics of the project before defining the next phase of the exploration programme.

San Martin
Drilling commenced in Q2 2013 at the San Martin Medium Scale project in Peru. A total of 3,003 metres of exploration drilling were carried out to explore the continuity of quartz veins outside of the Rioacite dome. Holes intercepted structures with good mineralisation including sphalerite, galena and red silver, and high-grade gold and silver mineralisation is expected. In H2 2013 further drilling will be carried out along the favourable trend to test the extension and continuity of mineralisation. In addition, a comprehensive geological surface exploration programme will be carried out over the entire property to target similar structures and generate further drilling targets. Significant intercepts included[9]:

Intercept	**Results**
Paloma	SM13-004: 0.10m at 1.96 g/t Au & 2,270 g/t Ag SM13-001: 1.15m at 1.83 g/t Au & 1,362 g/t Ag SM13-003: 0.20m at 5.25 g/t Au & 845 g/t Ag
Ramal Techo	SM13-004: 0.41m at 5.92 g/t Au & 1,503 g/t Ag SM13-005: 0.20m at 2.99 g/t Au & 1,480 g/t Ag

[9] *Please note that in line with industry-wide standards, all mineralised intersections referred to in this release are quoted as true widths.*

FINANCIAL REVIEW

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

$000 unless otherwise indicated	**Six months to 30 June 2013**	Six months to 30 June 2012	% change
Net Revenue[1]	**308,577**	354,504	(13)
Attributable silver production (koz)	**6,251**	6,887	(9)
Attributable gold production (koz)	**57.88**	55.94	3
Cash costs ($/oz Ag co-product) [2]	**13.35**	12.77	5
Cash costs ($/oz Au co-product) [2]	**785**	708	11
Adjusted EBITDA[3]	**90,410**	168,353	(46)
(Loss) / profit from continuing operations (pre exceptional)	**(25,215)**	54,555	(146)
(Loss) / profit from continuing operations (post exceptional)	**(38,427)**	52,755	(173)
Basic Earnings per share (pre exceptional)	**(0.10)**	0.08	(225)
Basic Earnings per share (post exceptional)	**(0.10)**	0.08	(225)
Cash flow from operating activities [4]	**4,279**	64,096	(93)

[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 operations: Arcata, Pallancata and San Jose. Cash costs 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 Company 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 Company and to facilitate comparison with prior years.

Revenue

Gross revenue: Gross revenue from continuing operations decreased by 14% to $325.2 million in H1 2013 (H1 2012: $378.0 million) driven by lower silver and gold prices. This effect was partially offset by higher ounces sold, mainly due to the temporary accumulation of inventory at San Jose in H1 2012.

Silver: Gross revenue from silver decreased by 21% in H1 2012 to $210.9 million (H1 2012: $268.0 million) as a result of lower prices. The total amount of silver ounces sold in H1 2013 rose to 9,153 koz (H1 2012: 8,596 koz) mainly due to the temporary accumulation of inventory at San Jose in H1 2012.

Gold: Gross revenue from gold increased by 4% in H1 2013 to $114.3 million (H1 2012: $110.0 million) as a result of higher sales volumes; this effect was partially offset by lower gold prices. The total amount of gold ounces sold in H1 2013 increased to 83.6 koz (H1 2012: 65.9 koz) mainly due to the temporary accumulation of inventory at San Jose in H1 2012.

Gross average realised sales prices
The following table provides figures for average realised prices and ounces sold for H1 2013 and H1 2012:

Average realised prices	**Six months to 30 June 2013**	Six months to 30 June 2012
Silver ounces sold (koz)	**9,153**	8,596
Avg. realised silver price ($/oz)	**23.04**	31.18
Gold ounces sold (koz)	**83.56**	65.91
Avg. realised gold price ($/oz)	**1,367**	1,669

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 2013, the Company recorded commercial discounts of $16.6 million (H1 2012: $23.7 million). Lower commercial discounts in H1 2013 resulted mainly from the completion of the Arcata dore project in Q4 2012, as well as the impact of lower prices.

Net revenue
Net revenue decreased by 13% to $308.6 million (H1 2012: $354.5 million), comprising silver revenue of $198.6 million and gold revenue of $110.0 million. In H1 2013, silver accounted for 64% and gold 36% of the Company's consolidated net revenue compared to 70% and 30% respectively in H1 2012.

Net revenue by mine

$000 unless otherwise indicated	**Six months to 30 June 2013**	Six months to 30 June 2012	% change
Silver revenue			
Arcata	**60,334**	83,294	(28)
Ares	**8,604**	5,551	(55)
Pallancata	**79,056**	110,462	(28)
San Jose	**62,431**	67,946	(8)
Moris	**475**	767	(38)
Commercial discounts	**(12,323)**	(19,867)	(38)
Net silver revenue	**198,577**	248,153	(20)
Gold revenue			
Arcata	**11,686**	13,026	(10)
Ares	**17,825**	16,421	9
Pallancata	**18,166**	19,188	(5)
San Jose	**58,367**	53,520	9
Moris	**8,209**	7,846	5
Commercial discounts	**(4,285)**	(3,860)	11
Net gold revenue	**109,968**	106,141	4
Other revenue[1]	**32**	210	(85)
Net revenue	**308,577**	354,504	(13)

[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 34% to $233.4 million (H1 2012: $174.4 million) as a result of higher sales volumes (following the accumulation of inventory in San Jose in H1 2012) and higher costs. Direct production costs increased by 14% to $153.0 million (H1 2012: $134.4 million) mainly due to increased tonnages and higher costs per tonne. Further details can be found in the Operating Review. Depreciation and amortisation was higher than H1 2012, at $65.0 million (H1 2012: $55.7 million). Other costs, which principally include workers' profit sharing, fell significantly, to $3.9 million (H1 2012: $8.8 million). The cost resulting from change in inventories was $(11.6) million in H1 2013 as opposed to a positive $24.5 million in H1 2012 reflecting the accumulation of inventory at San Jose in H1 2012. Finally, post-exceptional cost of sales in H1 2013 totaled $233.6 million due to $0.2 million of termination benefits paid to workers between April and May 2013 following the restructuring as part of the Company's cashflow optimisation programme.

Unit cost per tonne

The Company reported an overall increase in unit cost per tonne excluding royalties at its main operations of 7% in H1 2013 to $104.4 (H1 2012: $97.6) principally driven by inflation in Argentina. Further detail on unit costs per tonne can be found in the Operating Review on page 6.

Unit cost per tonne by operation (including royalties):*

Operating unit ($/tonne)	**Unit cost per tonne H1 2013**	Unit cost per tonne H1 2012	% change
Main operations	**107.7**	102.1	6
Peru	**75.5**	73.0	3
Arcata	83.4	84.0	(1)
Pallancata	69.0	65.7	5
Argentina	**229.9**	198.6	16
San Jose	229.9	198.6	16
Others			
Ares	145.9	130.4	12
Total underground	**111.8**	105.7	6

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

Unit cost per tonne by operation (excluding royalties):*

Operating unit ($/tonne)	**Unit cost per tonne H1 2013**	Unit cost per tonne H1 2012	% change
Main operations	**104.4**	97.6	7
Peru	**75.0**	71.6	5
Arcata	82.2	80.5	2
Pallancata	69.0	65.7	5
Argentina	**216.3**	185.3	17
San Jose	216.3	185.3	17
Others			
Ares	145.9	130.4	12
Total underground	**108.9**	101.9	7

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

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 first half. Silver cash costs increased from $13.5 to $14.0 per ounce and gold cash costs increased from $751 to $851 per ounce. Silver and gold cash costs at the Company's main operations (Arcata, Pallancata and San Jose) increased from $12.8 to $13.4 per ounce and from $708 to $785 per ounce, respectively. The increase in silver cash costs resulted from higher production costs at all mines and lower average grades in line with the Company's policy of mining close to the average reserve grade.

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 first half. By-product cash costs for the period were $9.3 per silver ounce (H1 2012: $6.4 per silver ounce) and ($143) per gold ounce (H1 2012: ($1,564) per gold ounce).

Cash cost reconciliation:*

$000	**Six months to 30 June 2013**	Six months to 30 June 2012	% change
Group Cash Cost	**199,474**	**165,307**	**21**
(+) Cost of sales	**233,371**	174,352	34
(-) Depreciation in Cost of Sales	**(67,462)**	(49,029)	38
(+) Selling expenses	**16,408**	15,908	3
(+) Commercial deductions	**17,157**	24,076	(29)
Gold	***4,301***	*3,870*	*11*
Silver	**12,856**	*20,206*	*(36)*
Revenue	**308,577**	**354,504**	**(13)**
Gold	109,968	106,142	4
Silver	198,577	248,152	(20)
Others	32	210	-
Ounces Sold			
Gold	83.56	65.91	27
Silver	9,153	8,596	6
Group Cash Cost ($/oz)			
Co product Au	851	751	13
Co product Ag	14.03	13.47	4
By product Au	(143)	(1,564)	(91)
By product Ag	9.31	6.43	45

** 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 decreased by 17% to $29.0 million (H1 2012: $34.1 million) primarily due to the impact of the cashflow optimisation programme. Post-exceptional administrative expenses in H1 2013 totaled $30.0 million and include an expense of $1.0 million due to termination benefits paid to workers between April and May 2013 following the restructuring as part of the above mentioned cashflow optimisation programme.

Exploration expenses

In H1 2013, pre-exceptional exploration expenses, decreased by 13% to $27.8 million (H1 2012: $30.3 million). Post-exceptional exploration expenses in H1 2013 totaled $29.7 million and include an expense of $1.9 million due to termination benefits paid to workers between April and May 2013 following the restructuring as part of the Company's cashflow optimisation programme.

In addition, in H1 2013, the Company capitalised $0.3 million relating to brownfield exploration compared to $8.0 million in H1 2012, bringing the total investment in exploration for the six month period to 30 June 2013 to $28.1 million (H1 2012: $38.4 million). As part of the Company's cashflow optimisation programme, the 2013 exploration budget has been reduced to $50 million, with the majority of the exploration spend to be expensed through the Company's income statement.

Selling expenses

Selling expenses increased to $16.4 million (H1 2012: $15.9 million), reflecting higher sales in H1 2013 following the accumulation of inventory at San Jose in H1 2012.

Other income/expenses

Other income before exceptional items was $3.5 million (H1 2012: $2.6 million). There were no exceptional items related to other income in H1 2013.

Other expenses before exceptional items reached $4.3 million (H1 2012: $4.5 million). There were no exceptional items related to other expenses in H1 2013.

Profit from continuing operations before exceptional items, net finance costs, foreign exchange loss and income tax

Profit from continuing operations before exceptional items, net finance costs, foreign exchange loss and income tax decreased to $1.2 million (H1 2012: $97.9 million) as a result of the effects detailed above.

Adjusted EBITDA

Adjusted EBITDA before exceptional items decreased by 46% over the period to $90.4 million (H1 2012: $168.3 million) driven primarily by lower 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 2013**	Six months to 30 June 2012	% change
Profit from continuing operations before exceptional items, net finance cost, foreign exchange loss and income tax	**1,195**	97,915	(99)
Operating margin	**0%**	28%	
Depreciation and amortisation in cost of sales	**67,462**	49,029	38
Depreciation and amortisation in administrative expenses	**1,969**	1,059	86
Exploration expenses	**27,770**	30,337	(8)
Personnel and other exploration related fixed expenses	**(7,986)**	(9,987)	(20)
Adjusted EBITDA	**90,410**	168,353	(46)
Adjusted EBITDA margin	***29%***	*47%*	

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

The Company's pre-exceptional share of the profit/(loss) after tax of associates totaled $5.9 million in H1 2013 (H1 2012: $3.8 million). In both H1 2013 and H1 2012, the Company's share in associates reflects profits related to its holdings in Gold Resource Corporation ('GRC'). After exceptional items, the share of the profit/(loss) after tax of associates totaled $5.9 million.

The Company recognised an exceptional gain in H1 2013 of $107.9 million due to the loss of significant influence with regards to its investment in GRC, and its resulting reclassification from an associate to an available-for-sale asset. Equity accounting of the investment was discontinued as a result of developments during the period that led the Company to conclude that it no longer had the ability to influence significantly that company's strategic, operational and financial direction. Consequently, the asset is now recognised as an available-for-sale asset at fair value. The difference in the asset value that arises on reclassification is recognised in the income statement. The subsequent decrease of 33% in GRC's share price between the reclassification as at the end of March and the end of H1 2013, has resulted in an impairment in the value of the available-for-sale asset and a charge of $62.0 million in H1 2013.

Finance income and finance costs

Finance income before exceptional items at $5.3 million was significantly higher than that of last year (H1 2012: $0.7 million) due to interest on deposits on the cash balance in Peruvian Soles as well as dividend payments of US$1.3 million from Gold Resource Corporation.

Finance costs before exceptional items was $7.3 million (H1 2012: $7.1 million), in line with H1 2012.

Foreign exchange losses

The Company recognised a foreign exchange loss of $15.4 million in H1 2013 (H1 2012: $1.2 million loss). This loss is principally the result of the impact of an 11% devaluation of the Peruvian Sol versus the US Dollar on cash deposits in Peru. This impact will be more than offset by the positive effects of the local currency weakening on the Company's unit costs and capital expenditure programme.

Income tax

The Company's pre-exceptional income tax was $14.9 million in H1 2013 (H1 2012: $39.5 million). Despite having losses from continuing operations, income tax charges are mainly explained by foreign exchange adjustments and non-deductible expenses, mainly exploration expenses. The Company's post-exceptional income tax was $(10.3) million in H1 2013 (H1 2012: $ 39.5 million).

Exceptional items

Exceptional items in H1 2013 totaled $(13.2) million after tax (H1 2012: $(1.8) million). The tables below detail the exceptional items excluding the exceptional tax effect that amounted to $25.2 million, comprising $0.7 million of tax related to termination benefits and $24.5 million related to the impairment of assets and projects.

Positive exceptional items:

Main items	$000	Description of main items
Gain on reclassification of Gold Resource Corp shares	107,942	Gain on the reclassification of Gold Resource Corporation shares from investment accounted under the equity method to available-for-sale financial assets of US$107,942,000 as a result of the Company ceasing to have the ability to exercise significant influence over Gold Resource Corporation. Refer to explanation on page 19.
Reversal of impairment	13,000	Reversal of the impairment of the San Felipe property of US$13,000,000.

Negative exceptional items:

Main items	$000	Description of main items
Termination benefits paid to workers	(3,117)	Termination benefits paid to workers between April and May 2013 following the restructuring plan approved by management during the first half of 2013, amounting to US$3,117,000 (Cost of sales: US$200,000, administrative expenses: US$1,006,000 and exploration expenses: US$1,911,000).
Impairment of assets of San Jose and Ares mine units and Azuca project	(74,930)	Impairment of assets of the San Jose mine unit of US$40,869,000, the Azuca project of US$30,290,000 and the Ares unit of US$3,771,000. The impairment of San Jose results from the fall in metal prices and the current economic situation in Argentina. With regards to Azuca, the Company decided to put on hold the process of completing a Feasibility Study. The Company used current market fair values to value the existing ounces. The impairment of Ares is mainly a result of the drop in metal prices.
Other Impairments	(81,320)	The impairment of investments in Gold Resource Corp. (US$62,018,000), International Minerals (US$12,920,000), Pembrook Mining Corp. (US$5,745,000), Mariana Resources Ltd. (US$281,000), Northern Superior Resources Inc. (US$227,000), Iron Creek Capital Corp. (US$103,000), Empire Petroleum Corp. (US$22,000) and Brionor Resources (US$4,000). The impairments are mainly explained by a significant drop in market prices for these mining companies.

Cash flow & balance sheet review:

Cash flow:

$000	**Six months to 30 June 2013**	Six months to 30 June 2012	Change
Net cash generated from operating activities	**4,279**	64,096	(59,817)
Net cash used in investing activities	**(130,463)**	(115,499)	(14,964)
Cash flows generated / (used) in financing activities	**20,764**	(31,943)	52,707
Net (decrease) / increase in cash and cash equivalents during the period	**(105,420)**	(83,346)	(22,074)

Total cash generated decreased from $(83.3) million in H1 2012 to $(105.4) million in H1 2013 ($22.1 million difference). Operating cashflow decreased by $59.8 million mainly due to lower commodity prices. Net cash used in investing activities increased by $15.0 million primarily due to capital expenditure on the Inmaculada and Crespo Advanced Projects during H1 2013 of $51.1 million (H1 2012: $26.9 million). Finally, cash flows generated from financing activities increased by $52.7 million primarily as a result of pre-shipment borrowings raised in Peru and Argentina.

Working capital:

$000 unless otherwise indicated	**As at 30 June 2013**	As at 30 June 2012
Trade and other receivables	**155,682**	161,300
Inventories	**68,905**	78,148
Net other financial assets / (liabilities)	**(16,123)**	(5,264)
Net Income tax receivable / (payable)	**23,137**	6,353
Trade and other payables and provisions	**(173,740)**	(229,695)
Working Capital	**57,861**	10,842

The Company's working capital position increased to $57.9 million in H1 2013 from $10.8 million in H1 2012. This was primarily explained by cash optimisation measures taken in Q2 2013 that reduced trade and other payables (these include reductions relating to cost and capital expenditure reductions, negotiations with suppliers and personnel expenses).

Net cash:

$000 unless otherwise indicated	**As at 30 June 2013**	As at 31 December 2012
Cash and cash equivalents	**239,274**	358,944
Long term borrowings	**(107,944)**	(106,850)
Short term borrowings	**(39,775)**	(6,973)
Net cash	**91,555**	245,121

The Company reported net cash of $91.6 million as at 30 June 2013 (FY 2012: $245.1 million) reflecting the impact of capital expenditure on the Company's Advanced Projects of $51.1 million as well as the final payment for the acquisition of Andina Minerals Inc amounting to $14 million, and 2012 related expenses paid in H1 2013 (mainly taxes in Argentina). Finally, a foreign exchange loss on cash deposits in Peru of $15.4 million in H1 2013 will be more than offset by the positive effects of weakening local currency on unit costs and capital expenditure.

The convertible bond has a current conversion price of £3.85 and, under its terms, the Company is entitled to force conversion of the bonds at any time if, for a period of 20 out of 30 consecutive days, the average share price, calculated under the terms of the bonds, exceeds 130% of the conversion price (£5.01).

In March 2013, the Company announced that its 60% owned joint venture Minera Suyamarca S.A.C had negotiated a $140 million secured loan facility with BBVA Continental and Banco Credito del Peru to partially finance the initial capital expenditure for the Inmaculada project. The loan facility has a term of seven years with no principal payable for the first two years. The interest rate is based on the 3-month LIBOR rate plus 3.0%, with customary closing fees and charges. The loan will be non-recoursable to Hochschild as well as to International Minerals Corporation who owns the remaining 40% of Suyamarca.

Capital expenditure[1]

$(000) unless otherwise indicated	**Six months to 30 June 2013**	Six months to 30 June 2012
Arcata	**22,816**	21,891
Ares	**2,798**	3,172
Selene	**672**	930
Pallancata	**24,908**	25,920
San Jose	**27,156**	32,190
Moris	**917**	-
Inmaculada	**39,970**	21,018
Crespo	**11,177**	5,834
Azuca	**3,194**	4,706
Volcan	**3,253**	-
Other	**1,347**	574
Total	**138,208**	116,235

[1] Includes additions in property, plant and equipment and evaluation and exploration assets (confirmation of resources) and excludes increases in closure of mine assets.

H1 2013 capital expenditure of $138.2 million (H1 2012: $116.2 million) includes operations capital expenditure of $79.0 million, capitalised exploration costs of $0.3 million in respect of the Company's operating mines, $51.1 million capitalised in respect of the Advanced Projects (Inmaculada and Crespo), US$6.4 million in Azuca and Volcan, and administrative capital expenditure of $1.3 million.

Interim Dividend

The Board has taken the decision not to pay an interim dividend in light of the impact of precious metals price falls on the Company's financial results in H1 2013. The Company remains committed to the long term principle of shareholder returns and the Board intends to review dividend payouts subject to the overall full year financial position.

RISKS

The principal risks and uncertainties facing the Company in respect of the year ended 31 December 2012 were set out in detail in the Risk Management section of the 2012 Annual Report and in Note 36 to the 2012 Consolidated Financial Statements.

The key risks disclosed in the 2012 Annual Report (available at www.hochschildmining.com) are categorised as:

- Financial risks which include commodity price risk, counterparty credit risk and liquidity risk;
- Operational risks including the risks associated with operational performance, delivery of projects, business interruption, exploration & reserve and resource replacement and personnel;
- Macroeconomic risks which include political, legal and regulatory risks; and
- Sustainability risks including health and safety, environmental and community relations risks.

These risks continue to apply to the Company in respect of the remaining six months of the current financial year.

Given the challenging price environment during H1 2013, the Board has considered in more detail the issues resulting from the heightened level of commodity price risk and, in addition, those specific to the implementation of the Company's cashflow optimisation programme. These issues relate to personnel, community relations, feasibility of projects and operations, and exploration.

GOING CONCERN

After considering budgets and cash flow forecasts, the Directors confirm that, having assessed the impact of the cashflow optimisation programme and medium-term cashflow projections under a number of possible scenarios, 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.

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 and their functions is maintained on the Company's website.

For and on behalf of the Board

Ignacio Bustamante
Chief Executive Officer
20 August 2013

INDEPENDENT REVIEW REPORT TO HOCHSCHILD MINING PLC

Introduction

We have been engaged by Hochschild Mining plc (the Company) to review the interim condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2013 which comprises the Interim condensed consolidated income statement, the Interim condensed consolidated statement of comprehensive income, the Interim condensed consolidated statement of financial position, the Interim condensed consolidated statement of cash flows, the Interim condensed consolidated statement of changes in equity and the related notes 1 to 19. 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 interim condensed consolidated 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 Conduct 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 interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2013 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 Conduct Authority.

Ernst & Young LLP
London
20 August 2013

Interim condensed consolidated income statement

	Notes	Six-months ended 30 June 2013 (Unaudited)			Six-months ended 30 June 2012 (Unaudited)		
		Before exceptional items	Exceptional items Note 6	Total	Before exceptional items	Exceptional items Note 6	Total
				US$(000)			
Continuing operations							
Revenue	4	308,577	—	**308,577**	354,504	—	**354,504**
Cost of sales	5	(233,371)	(200)	**(233,571)**	(174,352)	—	**(174,352)**
Gross profit		75,206	(200)	**75,006**	180,152	—	**180,152**
Administrative expenses		(29,039)	(1,006)	**(30,045)**	(34,134)	—	**(34,134)**
Exploration expenses		(27,770)	(1,911)	**(29,681)**	(30,337)	—	**(30,337)**
Selling expenses		(16,408)	—	**(16,408)**	(15,908)	—	**(15,908)**
Other income		3,501	—	**3,501**	2,627	—	**2,627**
Other expenses		(4,295)	—	**(4,295)**	(4,485)	—	**(4,485)**
Impairment and write-off of non-financial assets (net)		—	(61,930)	(61,930)	—	238	**238**
(Loss)/profit from continuing operations before net finance income/(cost), foreign exchange gain/(loss) and income tax		1,195	(65,047)	**(63,852)**	97,915	238	**98,153**
Share of post tax profit/(losses) of associates and joint ventures accounted under the equity method		5,921	—	**5,921**	3,766	(948)	**2,818**
Gain on transfer from investment accounted under the equity method to available-for-sale financial assets		—	107,942	**107,942**	—	—	—
Finance income	7	5,311	—	**5,311**	671	—	**671**
Finance costs	7	(7,331)	(81,320)	**(88,651)**	(7,099)	(1,090)	**(8,189)**
Foreign exchange loss		(15,373)	—	**(15,373)**	(1,197)	—	**(1,197)**
(Loss)/profit from continuing operations before income tax		(10,277)	(38,425)	**(48,702)**	94,056	(1,800)	**92,256**
Income tax expense	8	(14,938)	25,213	**10,275**	(39,501)	—	**(39,501)**
(Loss)/profit for the period from continuing operations		(25,215)	(13,212)	**(38,427)**	54,555	(1,800)	**52,755**
Attributable to:							
Equity shareholders of the Company		(34,406)	(49)	**(34,455)**	28,430	(1,917)	**26,513**
Non-controlling interests		9,191	(13,163)	**(3,972)**	26,125	117	**26,242**
		(25,215)	(13,212)	**(38,427)**	54,555	(1,800)	**52,755**

	Notes	Six-months ended 30 June 2013 (Unaudited)			Six-months ended 30 June 2012 (Unaudited)		
		Before exceptional items	**Exceptional items** Note 6	**Total**	**Before exceptional items**	**Exceptional items** Note 6	**Total**
				US$(000)			
Basic earnings per ordinary share from continuing operations and for the period (expressed in U.S. dollars per share)		(0.10)	—	**(0.10)**	0.08	—	**0.08**
Diluted earnings per ordinary share from continuing operations and for the period (expressed in U.S. dollars per share)		(0.10)	—	**(0.10)**	0.08	—	**0.08**

Interim condensed consolidated statement of comprehensive income

	Notes	Six-months ended 30 June	
		2013 (Unaudited)	2012 (Unaudited)
		US$(000)	
(Loss)/profit for the period		(38,427)	52,755
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		(910)	(164)
Change in fair value of available-for-sale financial assets		(77,289)	(6,567)
Recycling of the loss on available-for-sale financial assets		81,191	266
Deferred income tax relating to components of other comprehensive income		—	615
Other comprehensive gain/(loss) for the period, net of tax		2,992	(5,850)
Total comprehensive (expense)/income for the period		(35,435)	46,905
Total comprehensive (expense)/income attributable to:			
Equity shareholders of the Company		(31,463)	20,663
Non-controlling interests		(3,972)	26,242
		(35,435)	46,905

Interim condensed consolidated statement of financial position

	Notes	As at 30 June 2013 (Unaudited)	As at 31 December 2012
		US$(000)	
ASSETS			
Non-current assets			
Property, plant and equipment	9	684,776	636,555
Evaluation and exploration assets	10	354,578	396,557
Intangible assets	10	44,334	43,903
Investments accounted under equity method		—	78,188
Available-for-sale financial assets	11	142,609	30,609
Trade and other receivables		9,931	8,613
Deferred income tax assets		1,349	856
		1,237,577	1,195,281
Current assets			
Inventories		68,905	76,413
Trade and other receivables		145,751	166,173
Income tax receivable		28,219	23,023
Other financial assets	12	51	150
Cash and cash equivalents	14	239,274	358,944
		482,200	624,703
Total assets		1,719,777	1,819,984
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Parent			
Equity share capital		158,644	158,637
Share premium		396,021	395,928
Treasury shares		(898)	(898)
Other reserves		(211,809)	(214,946)
Retained earnings		675,417	720,011
		1,017,375	1,058,732
Non-controlling interests		258,889	264,518
Total equity		1,276,264	1,323,250
Non-current liabilities			
Borrowings	15	107,944	106,850
Provisions		71,936	76,550
Deferred income		20,000	—
Deferred income tax liabilities		80,798	95,715
		280,678	279,115
Current liabilities			
Trade and other payables		95,215	149,585
Other financial liabilities	12	16,174	6,891
Borrowings	15	39,775	6,973
Provisions		6,589	26,688
Income tax payable		5,082	27,482
		162,835	217,619
Total liabilities		443,513	496,734
Total equity and liabilities		1,719,777	1,819,984

Interim condensed consolidated statement of cash flows

	Notes	Six-months ended 30 June	
		2013 (Unaudited)	**2012 (Unaudited)**
		US$ (000)	
Cash flows from operating activities			
Cash generated from operations		19,695	93,753
Interest received		1,614	1,335
Interest paid		(3,303)	(4,877)
Payments of mine closure costs		(1,176)	(2,476)
Income tax paid		(12,551)	(23,639)
Net cash (used in)/generated from operating activities		4,279	64,096
Cash flows from investing activities			
Purchase of property, plant and equipment		(123,864)	(100,902)
Purchase of evaluation and exploration assets		(11,707)	(19,481)
Purchase of intangibles		(678)	—
Dividends received		4,098	4,827
Acquisition of subsidiary		(14,615)	—
Deferred income received related to San Felipe property		16,000	—
Proceeds from sale of property, plant and equipment		303	57
Net cash used in investing activities		(130,463)	(115,499)
Cash flows from financing activities			
Proceeds of borrowings	15	33,114	44,963
Repayment of borrowings	15	(412)	(45,297)
Dividends paid	16	(16,318)	(31,609)
Capital contribution from non-controlling interest		4,380	—
Cash flows generated from/(used in) financing activities		20,764	(31,943)
Net decrease in cash and cash equivalents during the period		(105,420)	(83,346)
Exchange difference		(14,250)	(578)
Cash and cash equivalents at beginning of period		358,944	627,481
Cash and cash equivalents at end of period	14	239,274	543,557

Interim condensed 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: Bond equity component	Other reserves: Cumulative translation adjustment	Other reserves: Merger reserve	Other reserves: Share-based payment reserve	Other reserves: Total other reserves	Retained earnings	Capital and reserves attributable to shareholders of the Parent	Non-controlling interests	Total Equity
Balance at 1 January 2013		158,637	395,928	(898)	(3,330)	8,432	(10,447)	(210,046)	445	(214,946)	720,011	1,058,732	264,518	1,323,250
Other comprehensive (loss)		—	—	—	3,902	—	(910)	—	—	2,992	—	2,992	—	2,992
Profit for the period		—	—	—	—	—	—	—	—	—	(34,455)	(34,455)	(3,972)	(38,427)
Total comprehensive (loss)/income for the period		—	—	—	3,902	—	(910)	—	—	2,992	(34,455)	(31,463)	(3,972)	(35,435)
Issuance of shares		7	93	—	—	—	—	—	—	—	—	100	—	100
Expiration of dividends		—	—	—	—	—	—	—	—	—	—	—	(38)	(38)
Capital contribution from non-controlling interest		—	—	—	—	—	—	—	—	—	—	—	4,381	4,381
CEO LTIP		—	—	—	—	—	—	—	145	145	—	145	—	145
Dividends paid to non-controlling interests	16	—	—	—	—	—	—	—	—	—	—	—	(6,000)	(6,000)
Dividends	16	—	—	—	—	—	—	—	—	—	(10,139)	(10,139)	—	(10,139)
Balance at 30 June 2013		158,644	396,021	(898)	572	8,432	(11,357)	(210,046)	590	(211,809)	675,417	1,017,375	258,889	1,276,264
Balance at 1 January 2012		158,637	395,928	(898)	5,058	8,432	(10,715)	(210,046)	154	(207,117)	677,218	1,023,768	195,299	1,219,067
Other comprehensive (loss)/income		—	—	—	(5,686)	—	(164)	—	—	(5,850)	—	(5,850)	—	(5,850)
Profit for the period		—	—	—	—	—	—	—	—	—	26,513	26,513	26,242	52,755
Total comprehensive (loss)/income for the period		—	—	—	(5,686)	—	(164)	—	—	(5,850)	26,513	20,663	26,242	46,905
Capital contribution from non-controlling interest		—	—	—	—	—	—	—	—	—	—	—	10,900	10,900
CEO LTIP		—	—	—	—	—	—	—	145	145	—	145	—	145
Dividends paid to non-controlling interests	16	—	—	—	—	—	—	—	—	—	—	—	(24,877)	(24,877)
Dividends	16	—	—	—	—	—	—	—	—	—	(10,139)	(10,139)	—	(10,139)
Balance at 30 June 2012		158,637	395,928	(898)	(628)	8,432	(10,879)	(210,046)	299	(212,822)	693,592	1,034,437	207,564	1,242,001

Notes to the interim condensed 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 and Pallancata) and a plant (Selene used to treat ore from the Pallancata mine) located in Southern Peru, one operating mine (San Jose) located in Argentina and one plant (Moris) located in Mexico. The Group also has a portfolio of projects located across Peru, Argentina, Mexico and Chile at various stages of development.

These interim condensed consolidated financial statements were approved for issue on behalf of the Board of Directors on 20 August 2013.

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 2013 and 31 December 2012 and its financial performance and cash flows for the periods ended 30 June 2013 and 30 June 2012.

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 2012 annual consolidated financial statements as published in the 2012 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 2012. 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 unmodified 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 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 2012, except for the adoption of the following standards and interpretations:

- IFRS 13 "Fair value measurement", applicable for annual periods beginning on or after 1 January 2013

  IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements.

IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The amendment affects disclosure but has no impact on the Group's financial position and performance. Refer to note 13 for the additional disclosures on fair value measurement.

- IAS 1 "Financial statements presentation – Presentation of items in other comprehensive income", applicable for annual periods beginning on or after 1 July 2012

  The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit and loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position and performance.

- IAS 19 "Employee benefits (amendment)", applicable for annual periods beginning on or after 1 January 2013

  The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The application of this new standard has no impact on the Group's financial position or performance.

- IFRIC 20 "Stripping costs in the production phase of a surface mine", applicable for annual periods beginning on or after 1 January 2013

  This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. There can be two benefits accruing to the entity from the stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. When the benefit from the stripping activity is the production of inventory, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity recognises these costs as a non-current asset only if certain criteria are met, which is referred to as the stripping activity asset. The amendment has no material impact on the Group's financial position and performance.

- "Improvements to IFRSs (issued in May 2012)", applicable for annual periods beginning on or after 1 January 2013

  The IASB issued improvements to IFRSs, including IAS 1 Presentation of Financial Statements, IAS 16 Property Plant and Equipment, IAS 32 Financial Instruments, Presentation, and IAS 34 Interim Financial Reporting.

  The Group made an assessment of the changes and determined there is no significant impact in its financial position and performance.

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

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 2013 and 2012 respectively:

Six months ended 30 June 2013	Ares US$000	Arcata US$000	Pallancata US$000	San Jose US$000	Moris US$000	Exploration and Advanced Projects US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue from external customers	26,429	71,962	89,101	112,369	8,684	—	32	—	308,577
Inter segment revenue	—	—	—	—	—	—	3,643	(3,643)	—
Total revenue	**26,429**	**71,962**	**89,101**	**112,369**	**8,684**	—	**3,675**	**(3,643)**	**308,577**
Segment profit/(loss)	(1,616)	18,797	24,049	13,104	3,298	(37,628)	2,702	6,211	28,917
Others(1)									(77,619)
Profit/(loss) from continuing operations before income tax									(48,702)
Assets									
Capital expenditure	2,798	22,816	25,580	27,156	917	51,281	7,660	—	138,208
Current assets	13,749	12,380	33,265	72,477	2,524	1,514	516	—	136,425
Other non-current assets	6,186	138,543	156,323	212,295	1,402	542,019	26,920	—	1,083,688
Total segment assets	19,935	150,923	189,588	284,772	3,926	543,533	27,436	—	1,220,113
Not reportable assets(2)	—	—	—	—	—	—	499,664	—	499,664
Total assets	**19,935**	**150,923**	**189,588**	**284,772**	**3,926**	**543,533**	**527,100**	—	**1,719,777**

(1) Comprised of administrative expenses of US$30,045,000, other income of US$3,501,000, other expenses of US$4,295,000, impairment of assets of US$61,930,000, share of profit of associates and joint ventures of US$5,921,000, gain on transfer from investments accounted under the equity method to available-for-sale financial assets of US$107,942,000, finance income of US$5,311,000, finance costs of US$88,651,000, and foreign exchange loss of US$15,373,000.

(2) Not reportable assets are comprised of investments accounted under the equity method of US$Nil, available-for-sale financial assets of US$142,609,000, other receivables of US$88,162,000, income tax receivable of US$28,219,000, deferred income tax assets of US$1,349,000, other financial assets of US$51,000, and cash and cash equivalents of US$239,274,000.

Six-months ended 30 June 2012	Ares US$000	Arcata US$000	Pallancata US$000	San Jose US$000	Moris US$000	Exploration and Advanced Projects US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue from external customers	21,972	85,521	122,049	116,139	8,613	—	210	—	354,504
Inter segment revenue	—	—	—	—	—	—	3,265	(3,265)	—
Total revenue	**21,972**	**85,521**	**122,049**	**116,139**	**8,613**	—	**3,475**	**(3,265)**	**354,504**
Segment profit/(loss)	3,837	43,717	62,425	49,638	3,779	(31,119)	2,137	(507)	133,907
Others(1)									(41,651)
Profit/(loss) from continuing operations before income tax									92,256

Year ended 31 December 2012	Ares	Arcata	Pallancata	San Jose	Moris	Exploration and Advanced Projects	Other	Adjustments and eliminations	Total
Assets									
Capital expenditure	7,476	52,791	56,871	71,188	846	213,380	17,833	—	420,385
Current assets	12,569	14,374	54,078	72,605	7,459	3,239	524	—	164,848
Other non-current assets	11,035	127,091	156,199	251,813	839	500,599	29,439	—	1,077,015
Total segment assets	23,604	141,465	210,277	324,418	8,298	503,838	29,963	—	1,241,863
Not reportable assets(2)	—	—	—	—	—	—	578,121	—	578,121
Total assets	**23,604**	**141,465**	**210,277**	**324,418**	**8,298**	**503,838**	**608,084**	—	**1,819,984**

(1) Comprised of administrative expenses of US$34,134,000, other income of US$2,627,000, other expenses of US$4,485,000, reversal of impairment of assets of US$238,000, share of profit of associates and joint ventures of US$2,818,000, finance income of US$671,000, finance costs of US$8,189,000, and foreign exchange loss of US$1,197,000.

(2) Not reportable assets are comprised of investments accounted under the equity method of US$78,188,000, available-for-sale financial assets of US$30,609,000, other receivables of US$86,351,000, income tax receivable of US$23,023,000, deferred income tax assets of US$856,000, other financial assets of US$150,000 and cash and cash equivalents of US$358,944,000.

4 Revenue

	Six-months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
	US$(000)	
Gold (from dore bars)	63,026	48,636
Silver (from dore bars)	96,517	51,636
Gold (from concentrate)	46,942	57,505
Silver (from concentrate)	102,060	196,517
Services	32	210
	308,577	354,504

5 Cost of sales before exceptional items

Included in cost of sales are:

	Six-months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
	US$(000)	
Depreciation and amortisation	66,171	56,717
Personnel expenses	63,530	58,371
Mining royalty	3,931	4,778
Change in products in process and finished goods	11,639	(24,531)

6 Exceptional items

Exceptional items in the six months ended 30 June 2013 relate to:

a) The termination benefits paid to the workers between April and May 2013 following the restructuring plan approved by management during the first semester of 2013, amounting to US$3,117,000 (Cost of sales: US$200,000, administrative expenses: US$1,006,000 and exploration expenses: US$1,911,000).

b) Impairment of assets of San José mine unit of US$40,869,000, Azuca project of US$30,290,000 and Ares unit of US$3,771,000; and reversal of the impairment of San Felipe property of US$13,000,000.

c) Gain on the reclassification of Gold Resource Corp ('GRC') shares from investment accounted under the equity method to available-for-sale financial assets of US$107,942,000, as a result of the Company ceasing to have the ability to exercise significant influence over GRC. (refer to note 11).

d) The impairment of investments in Gold Resource Corp. (US$62,018,000), International Minerals (US$12,920,000), Pembrook Mining Corp. (US$5,745,000), Mariana Resources Ltd. (US$281,000), Northern Superior Resources Inc. (US$227,000), Iron Creek Capital Corp. (US$103,000), Empire Petroleum Corp. (US$22,000) and Brionor Resources (US$4,000).

Exceptional items in the six months ended 30 June 2012 related to:

a) Gain of US$238,000 generated by the reversal of the write-off recorded in 2010 related to the 100% dore project at the San Jose mine.

b) Loss from dilution of US$948,000 generated by the Group´s investment in Gold Resource Corp.

c) The losses arising from the fair value adjustments in relation to warrants in Iron Creek Capital Corp. of US$25,000.

d) The impairment of Brionor Resources and Iron Creek Capital Corp. of US$67,000 and US$998,000 respectively.

7 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	
	2013 (Unaudited)	**2012 (Unaudited)**
	US$(000)	
Finance income:		
Interests on deposits and liquidity funds	3,468	415
Interest on loans	56	141
Dividends	1,658	—
Others	129	115
	5,311	671
Finance cost:		
Interest on bank loans and long-term debt	(393)	(1,090)
Interest on convertible bond	(4,497)	(4,430)
Unwind of discount rate	(1,904)	(878)
Others	(537)	(701)
	(7,331)	(7,099)

8 Income tax expense

	Six-months ended 30 June	
	2013 (Unaudited)	**2012 (Unaudited)**
	US$(000)	
Current income tax expense	2,713	11,868
Current mining royalty charge	1,211	1,927
Current special mining tax charge	657	2,405
Deferred income tax relating to origination and reversal of temporary differences	(15,422)	22,653
Withholding taxes	566	648
Total taxation charge in the income statement	(10,275)	39,501

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

	Six-months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
	US$(000)	
Deferred income tax relating to origination and reversal of temporary differences	—	(615)
Total taxation (credit)/charge in the statement of comprehensive income	—	(615)

9 Property, plant and equipment

During the six months ended 30 June 2013, the Group acquired assets for a cost of US$125,092,000 (2012: US$96,789,000). The additions for the period ended 30 June 2013 relate to:

	Mining properties and development	Other property plant and equipment
	US$(000)	
San Jose	16,774	10,160
Pallancata	13,855	8,889
Inmaculada	19,029	14,130
Arcata	13,794	6,026
Crespo	4,174	6,823
Empresa de transmision Aymaraes	—	6,344
Others	2,551	2,543
	70,177	54,915

Assets with a net book value of US$559,000 were disposed of by the Group during the six month period ended 30 June 2013 (2012: US$67,000) resulting in a net loss on disposal of US$256,000 (2012: loss on disposal of US$10,000).

For the six months ended 30 June 2013, the depreciation charge on property, plant and equipment was US$67,409,000 (2012: US$57,016,000).

The Group recorded an impairment of US$821,000 with respect to the Azuca project, US$34,305,000 with respect to the San José mine unit and US$3,771,000 with respect to the Ares mine unit.

10 Evaluation, exploration and intangible assets

a) Evaluation and exploration assets: During the six months ended 30 June 2013, the Group capitalised evaluation and explorations costs of US$13,116,000 (2012: US$19,446,000). The additions mainly correspond to:

	US$(000)
Azuca	3,189
San Jose	222
Pallancata	2,836
Inmaculada	467
Arcata	2,996
Crespo	180
El Dorado	3,254
Others	(28)
	13,116

There were transfers from evaluation and exploration assets to property plant and equipment during the period of US$35,853,000.

The Group recorded an impairment with respect to the Azuca project (US$29,469,000) and the San José mine unit (US$2,260,000), and partially reversed the impairment of the San Felipe project by US$13,000,000.

b) Intangible assets: During the six months ended 30 June 2013, the additions of intangibles amounted to US$678,000 (2012: US$35,000). The additions for the period ended 30 June 2013 correspond to the Crespo project.

For the six months ended 30 June 2013, the amortisation charge on intangibles was US$737,000 (2012: US$758,000).

There were transfers from property, plant and equipment to intangibles during the period of US$4,794,000.

The Group recorded an impairment of all of the goodwill of $2,091,000 and other intangibles of $2,213,000 related to the San Jose mine unit.

11 Available-for-sale financial assets

	As at 30 June 2013 (Unaudited)	**As at 31 December 2012**
	US$(000)	
Opening balance	30,609	40,769
Additions	—	—
Impairment	(129)	(891)
Reclassification from investments accounted under the equity method[1]	189,418	—
Fair value change recorded in equity	(77,289)	(9,269)
Disposals	—	—
Closing balance[2]	142,609	30,609

1 Corresponds to the gain on the reclassification of the Group's Gold Resource Corp. shares from an associate accounted for under the equity method to an available-for-sale financial asset on 27 March 2013. Equity accounting of the investment was discontinued as a result of developments during the period that led the Company to conclude that it no longer had the ability to influence significantly that company's strategic, operational and financial direction. Consequently, the asset is now recognised as an available-for-sale asset at fair value.

2 As at 30 June 2013, the amount mainly represents the fair value of shares of Gold Resource Corp. (US$127,400,000), International Minerals Corporation (US$7,640,000), Pembrook Mining Corp. (US$6,000,000), Mirasol Resources Ltd. (US$580,000), Northern Superior Resources Inc. (US$479,000), Mariana Resources Ltd. (US$213,000), Iron Creek Capital Corp (US$202,000), Brionor Resources (US$80,000), and Empire Petroleum Corp (US$15,000).

12 Other financial assets and liabilities

	As at 30 June 2013 (Unaudited)	As at 31 December 2012
	US$ (000)	
Other financial assets		
Bonds	51	149
Warrants in Iron Creek Capital Corp.	—	1
Other financial assets	51	150
Other financial liabilities		
Embedded derivatives[1]	16,174	6,891
Other financial liabilities	16,174	6,891

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 dore into gold and silver, with the Group either paying or receiving the difference between the provisional price and the final price. At 30 June 2013 and at 31 December 2012 the provisional price adjustment resulted in a liability due to the decrease in forward prices of gold and silver.

13 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 30 June 2013 and 31 December 2012, the Group held the following financial instruments measured at fair value:

	As at 30 June 2013 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Assets measured at fair value				
Equity shares (note 11)	142,609	136,609	—	6,000
Warrants	—	—	—	—
Bonds	51	—	51	—
	142,660	136,609	51	6,000
Liabilities measured at fair value				
Embedded derivatives (note 12)	(16,174)	—	—	(16,174)
	(16,174)	—	—	(16,174)

	As at 31 December 2012 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Assets measured at fair value				
Equity shares (note 11)	30,609	18,600	—	12,009
Warrants	1	—	1	—
Bonds	149	—	149	—
	30,759	18,600	150	12,009
Liabilities measured at fair value				
Embedded derivatives (note 12)	(6,891)	—	—	(6,891)
	(6,891)	—	—	(6,891)

During the periods ending 30 June 2013 and 31 December 2012, there were no transfers between these levels.

The reconciliation of the financial instruments categorised as level 3 is as follows:

	Embedded derivatives liabilities US$000	Equity shares US$000
Balance at 1 January 2012	(12,831)	11,841
Gain from the period recognised in revenue	5,940	—
Fair value change through equity	—	168
Balance 31 December 2012	(6,891)	12,009
Loss from the period recognised in revenue	(9,283)	—
Impairment through profit and loss (finance costs)	—	(5,745)
Recycling fair value adjustment from equity	—	(264)
Balance 30 June 2013	(16,174)	6,000

Valuation techniques:

Level 2: Bonds are measured based on observable data from financial institutions.

Level 3: Comprises embedded derivatives and equity shares of Pembrook Mining Corp.

Embedded derivatives: Sales of concentrates and doré bars are "provisionally priced" and revenue is initially recognised using this provisional price and the Group's best estimate of the contained metal. Revenue is subject to final price and metal content adjustments subsequent to the date of delivery. This price exposure is considered to be an embedded derivative and is separated from the sales contract. At each reporting date the provisionally priced metal content is revalued based on the forward selling price for the quotational period stipulated in the relevant sales contract. The selling price of metals can be reliably measured as these are actively traded on international exchanges but the estimated metal content is a non observable input to this valuation. At 30 June 2013 the fair value of embedded derivatives within sales contracts was US$(16,174,000) (31 December 2012: US$(6,891,000)). The revaluation effects of embedded derivatives arising from these sales contracts are recorded as an adjustment to revenue.

Equity shares: The unquoted shares of Pembrook Mining Corp are measured based on a combination of observable and unobservable market data.

14 Cash and cash equivalents

	As at 30 June 2013 (Unaudited)	As at 31 December 2012
	US$(000)	
Cash at bank	388	322
Liquidity funds[1]	5,736	72,803
Current demand deposit accounts[2]	40,136	61,654
Time deposits[3]	193,014	224,165
Cash and cash equivalents	239,274	358,944

1 The liquidity funds are mainly invested in certificate of deposits, commercial papers and floating rate notes with a weighted average maturity of 25 days as at 30 June 2013 (as at 31 December 2012: 5 days). In addition, liquidity funds include US Treasury bonds amounting to US$Nil (as at 31 December 2012: US$49,967,000)

2 Relates to bank accounts which are readily accessible to the Group and bear interest.

3 These deposits have an average maturity of 66 days (as at 31 December 2012: 36 days).

15 Borrowings

The movement in borrowings during the period to 30 June 2013 is as follows:

	As at 1 January 2013	Additions	Repayments	Reclassifications	As at 30 June 2013
			US$ (000)		
Current					
Bank loans	360	33,114	(312)	—	**33,162**[1]
Convertible bond payable	6,613	763	(3,303)	2,540	**6,613**
	6,973	33,877	(3,615)	2,540	**39,775**
Non-current					
Convertible bond payable	106,850	3,734	(100)	(2,540)	**107,944**
	106,850	3,734	(100)	(2,540)	**107,944**
Accrued Interest:	(9,636)	(4,497)	3,303	—	**(10,830)**
Net of accrued interest	104,187	33,114	(412)	—	**136,889**

1 Mainly relates to pre-shipment loans for a total amount of US$10,022,000 advanced to Minera Santa Cruz S.A. (at 31 December 2012: US$Nil) and US$23,000,000 of Minera Suyamarca S.A.C. These obligations accrue an effective annual interest rate ranging from 1.65% to 21.75% and are guaranteed by the inventories and the trade receivables of the Company (at 31 December 2012: Nil). Pre-shipment loans are credit lines given by banks to meet payment obligations arising from the exports of the Group.

16 Dividends paid and declared

	Six-months ended 30 June	
	2013	2012
	US$(000)	
Declared and paid during the period:		
Equity dividends on ordinary shares:		
Final dividend for 2012: US$0.03 (2011: US$0.03)	10,139	10,139
Dividends paid to non-controlling interest: US$0.05 (2011: US$0.03)	6,000	24,877
Dividends paid	16,139	35,016
Declared dividend to be paid:		
2013 Interim dividend: US$Nil (2012: US$0.03)	—	10,139

A final dividend in respect of the year ended 31 December 2012 of US$0.03 per share, amounting to a total dividend of US$10,139,237 was approved by shareholders at the Annual General Meeting held on 30 May 2013. The Directors of the Company have not declared an interim dividend in respect of the year ending 31 December 2013.

17 Related party transactions

During the period, in addition to the normal arrangements the Group has with its related parties, the Group recognised a dividend from its associate, Gold Resource Corporation of US$3,949,256 (30 June 2012: US$4,826,869). At 30 June 2013 the dividend receivable from Gold Resource Corporation amounted to US$438,806 (31 December 2012: US$877,612).

18 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 2013	As at 31 December 2012
	US$(000)	
Less than one year	2,437	3,363
Later than one year	15,620	32,188

b) Capital commitments

The future capital commitments of the Group are as follows:

	As at 30 June 2013	As at 31 December 2012
	US$(000)	
Peru	80,252	64,603
Argentina	8,874	11,907
	89,126	76,510

19 Subsequent events

a) Sale of Gold Resource Corporation shares

On 11 July 2013, the Group sold 3,375,000 shares of Gold Resource Corporation for a total consideration of US$25,650,000 (US$7.6 per share), resulting in a loss of US$3,746,233 ('the Sale').

After the Sale, the Group's interest in Gold Resource Corporation was reduced to 21.1%.

b) Amendment Agreement with Impulsora Minera Santacruz SA de C.V, ("Impulsora") in relation to San Felipe and El Gachi Properties

On 13 August 2013, the Group signed an amendment agreement with Impulsora, a subsidiary of Santacruz Silver Mining Ltd. ("Santacruz Silver"), amending the timing of payments to be made by Impulsora for the purchase of the San Felipe and El Gachi properties. Pursuant to the terms of the amendment agreement:

(i) Consideration comprising (i) cash of US$700,000 and (ii) 1,250,000 common shares of Santacruz Silver ("Santacruz Shares") was paid on signature;

(ii) Impulsora is required to make the following payments to Hochschild:
- US$1 million on 15 June 2014
- US$5 million on or before 31 October 2014
- US$15 million on or before 31 October 2015; and

(iii) Impulsora is required to pay Hochschild US$1,000,000 on or before 31 October 2015 which may, at Impulsora's entire discretion, be paid either in cash or 1,500,000 Santacruz Shares (to be issued at an issuance price calculated at the time of issuance pursuant to the policies of the TSX Venture Exchange and subject to a minimum issuance price of $1.07 per share).

Profit by operation[1]

(Segment report reconciliation) as at 30 June 2013

Company (US$000)	Ares	Arcata	Pallancata	San Jose	Moris	Consolidation adjustment and others	Total/HOC
Revenue	26,429	71,962	89,101	112,369	8,684	32	308,577
Cost of sales (Pre consolidation)	(27,948)	(53,031)	(63,667)	(84,456)	(5,386)	917	(233,571)
Consolidation adjustment	290	565	(1,772)	–	–	917	–
Cost of sales (Post consolidation)	(28,238)	(53,596)	(61,895)	(84,456)	(5,386)	–	(233,571)
Production cost excluding depreciation	(20,895)	(34,824)	(37,168)	(55,634)	(4,526)	–	(153,047)
Depreciation in production cost	(2,911)	(14,012)	(23,814)	(23,871)	(353)	–	(64,961)
Other items	3	638	(18)	(4,547)	–	–	(3,924)
Change in inventories	(4,435)	(5,398)	(895)	(404)	(507)	–	(11,639)
Gross profit	(1,519)	18,931	25,434	27,913	3,298	949	75,006
Administrative expenses	–	–	–	–	–	(30,045)	(30,045)
Exploration expenses	–	–	–	–	–	(29,681)	(29,681)
Selling expenses	(97)	(134)	(1,385)	(14,809)	–	17	(16,408)
Other income/expenses	–	–	–	–	–	(794)	(794)
Operating profit before impairment	(1,616)	18,797	24,049	13,104	3,298	(59,554)	(1,922)
Impairment of assets	–	–	–	–	–	(61,930)	(61,930)
Investments under equity method	–	–	–	–	–	5,921	5,921
Finance income	–	–	–	–	–	113,253	113,253
Finance costs	–	–	–	–	–	(88,651)	(88,651)
FX gain/(loss)	–	–	–	–	–	(15,373)	(15,373)
Profit/(loss) from continuing operations before income tax	(1,616)	18,797	24,049	13,104	3,298	(106,334)	(48,702)
Income tax						10,275	10,275
Profit/(loss) for the year from continuing operations	(1,616)	18,797	24,049	13,104	3,298	(96,059)	(38,427)

1 On a post-exceptional basis.

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) 20 8639 2342

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.

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