26 November 2013

Hochschild Mining plc

Financial Performance Update

As previously announced on 2 October 2013, Hochschild Mining plc (the "Company") is progressing with the second stage of a balance sheet refinancing (the "Refinancing") in connection with the proposed acquisition, announced on that date, of the 40% interests held by International Minerals Corporation in the Pallancata mine and Inmaculada Advanced Project in Peru.

In preparation for the Refinancing, the Board of Directors has approved interim financial results for the nine months ended 30 September 2013, details of which are being announced today.

Q3 year-to-date 2013 financial highlights[1]

- Revenue of $466.4 million (H1 2013: $308.6 million)
- Q3 operating margin improvements as cashflow optimisation programme delivers material savings
- Q3 cash cost per ounce reduced by over 16% at all three main operations compared to H1 2013
- Pre-exceptional Profit Before Tax increased to $10.3 million versus H1 2013 Loss Before Tax of $(10.3) million
- Adjusted EBITDA of $164.8 million (H1 2013: $98.4 million)[2]

Ignacio Bustamante, Chief Executive Officer commented:

"Hochschild has enjoyed a much improved quarter with healthy increases in operating margins versus the half-year results. Significant benefits are already being seen from our cash optimisation programme, which is on track to deliver approximately $200 million of savings and I am confident that we will maintain momentum and continue to demonstrate the effectiveness of this Company-wide initiative."

"We have also made good progress with regards to the IMZ transaction with an equity raise of approximately $73 million completed and a $340 million acquisition bridge financing facility arranged."

Enquiries:

Hochschild Mining plc

Charles Gordon +44 (0)20 7907 2934

Head of Investor Relations

RLM Finsbury

Charles Chichester +44 (0)20 7251 3801

Public Relations

---

[1] *On a pre-exceptional basis.*

[2] *Adjusted EBITDA is calculated on a pre-exceptional basis as profit for the year from continuing operations, income tax expense, foreign exchange loss, finance costs, finance income, share of profit / (losses) of associates and joint ventures accounted for under the equity method, exploration and expenses and depreciation and amortization.*

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.

Interim condensed consolidated income statement

	Notes	Nine months ended 30 September 2013 (Unaudited)			Nine months ended 30 September 2012 (Unaudited)		
		Before exceptional items US$000	Exceptional items Note 6 US$000	Total US$000	Before exceptional items US$000	Exceptional items Note 6 US$000	Total US$000
Continuing operations							
Revenue	4	466,446	—	**466,446**	602,658	—	**602,658**
Cost of sales	5	(339,869)	(2,466)	**(342,335)**	(295,671)	—	**(295,671)**
Gross profit		126,577	(2,466)	**124,111**	306,987	—	**306,987**
Administrative expenses		(43,765)	(2,351)	**(46,116)**	(51,272)	—	**(51,272)**
Exploration expenses		(35,877)	(3,456)	**(39,333)**	(47,275)	—	**(47,275)**
Selling expenses		(21,218)	—	**(21,218)**	(28,710)	—	**(28,710)**
Other income		1,902	—	**1,902**	4,326	1,099	**5,425**
Other expenses		(4,003)	—	**(4,003)**	(4,826)	—	**(4,826)**
Impairment and write-off of non-financial assets (net)		—	(77,530)	(77,530)	—	(177)	**(177)**
(Loss)/profit from continuing operations before net finance income/(cost), foreign exchange gain/(loss) and income tax		23,616	(85,803)	**(62,187)**	179,230	922	**180,152**
Share of post tax profit/(losses) of associates and joint ventures accounted under the equity method		5,921	—	**5,921**	5,083	99	**5,182**
Gain on transfer from investment accounted under the equity method to available-for-sale financial assets		—	107,942	**107,942**	—	—	—
Finance income	7	8,162	—	**8,162**	1,196	—	**1,196**
Finance costs	7	(11,755)	(108,704)	**(120,459)**	(10,403)	(1,091)	**(11,494)**
Foreign exchange loss		(15,648)	—	**(15,648)**	(551)	—	**(551)**
(Loss)/profit from continuing operations before income tax		10,296	(86,565)	**(76,269)**	174,555	(70)	**174,485**
Income tax (expense)/recovery	8	(31,423)	31,591	**168**	(68,256)	—	**(68,256)**
(Loss)/profit for the period from continuing operations		(21,127)	(54,974)	**(76,101)**	106,299	(70)	**106,229**
Attributable to:							
Equity shareholders of the Company		(32,422)	(41,302)	**(73,724)**	56,189	(187)	**56,002**
Non-controlling interests		11,295	(13,672)	**(2,377)**	50,110	117	**50,227**
		(21,127)	(54,974)	**(76,101)**	106,299	(70)	**106,229**

	Notes	Nine months ended 30 September 2013 (Unaudited)			Nine months ended 30 September 2012 (Unaudited)		
		Before exceptional items	Exceptional items Note 6	Total	Before exceptional items	Exceptional items Note 6	Total
Basic and diluted earnings per ordinary share from continuing operations and for the period (expressed in U.S. dollars per share)		(0.10)	(0.12)	**(0.22)**	0.17	—	**0.17**

Interim condensed consolidated statement of comprehensive income

	Notes	Nine months ended 30 September	
		2013 (Unaudited) US$000	**2012 (Unaudited) US$000**
(Loss)/profit for the period		(76,101)	106,229
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		(1,055)	567
Change in fair value of available-for-sale financial assets		(102,185)	(3,162)
Recycling of the loss on available-for-sale financial assets		108,704	1,065
Deferred income tax relating to components of other comprehensive income		—	615
Other comprehensive gain/(loss) for the period, net of tax		5,464	(915)
Total comprehensive (expense)/income for the period		(70,637)	105,314
Total comprehensive (expense)/income attributable to:			
Equity shareholders of the Company		(68,260)	55,087
Non-controlling interests		(2,377)	50,227
		(70,637)	105,314

Interim condensed consolidated statement of financial position

	Notes	As at 30 September 2013 (Unaudited) US$000	As at 31 December 2012 US$000
ASSETS			
Non-current assets			
Property, plant and equipment	9	692,173	636,555
Evaluation and exploration assets	10	353,693	396,557
Intangible assets	10	43,137	43,903
Investments accounted under equity method		—	78,188
Available-for-sale financial assets	11	92,191	30,609
Trade and other receivables		11,493	8,613
Deferred income tax assets		1,244	856
		1,193,931	1,195,281
Current assets			
Inventories		76,406	76,413
Trade and other receivables		152,731	166,173
Income tax receivable		28,043	23,023
Other financial assets	12	—	150
Cash and cash equivalents	14	273,302	358,944
		530,482	624,703
Total assets		1,724,413	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		(209,264)	(214,946)
Retained earnings		636,148	720,011
		980,651	1,058,732
Non-controlling interests		260,483	264,518
Total equity		1,241,134	1,323,250
Non-current liabilities			
Trade and other payables		143	—
Borrowings	15	106,939	106,850
Provisions		72,502	76,550
Deferred income		22,000	—
Deferred income tax liabilities		89,477	95,715
		291,061	279,115
Current liabilities			
Trade and other payables		89,668	149,585
Other financial liabilities	12	601	6,891
Borrowings	15	95,272	6,973
Provisions		6,000	26,688
Income tax payable		677	27,482
		192,218	217,619
Total liabilities		483,279	496,734
Total equity and liabilities		1,724,413	1,819,984

Interim condensed consolidated statement of cash flows

	Notes	Nine months ended 30 September	
		2013 (Unaudited) US$000	**2012 (Unaudited) US$000**
Cash flows from operating activities			
Cash generated from operations		54,043	163,656
Interest received		2,515	1,851
Interest paid		(6,606)	(8,803)
Payments of mine closure costs		(1,978)	(3,221)
Income tax paid		(26,973)	(30,726)
Net cash generated from operating activities		21,001	122,757
Cash flows from investing activities			
Purchase of property, plant and equipment		(183,574)	(181,963)
Purchase of evaluation and exploration assets		(14,982)	(28,890)
Purchase of intangibles		(1,203)	—
Dividends received		5,045	6,216
Acquisition of subsidiary		(14,615)	—
Deferred income received related to San Felipe property		16,700	—
Proceeds from sale of available-for-sale financial assets		25,650	—
Proceeds from sale of property, plant and equipment		1,531	253
Net cash used in investing activities		(165,448)	(204,384)
Cash flows from financing activities			
Proceeds of borrowings	15	126,258	44,963
Repayment of borrowings	15	(38,461)	(62,971)
Dividends paid	16	(17,667)	(50,639)
Capital contribution from non-controlling interest		4,380	—
Cash flows generated from/(used in) financing activities		74,510	(68,647)
Net decrease in cash and cash equivalents during the period		(69,937)	(150,274)
Exchange difference		(15,705)	(476)
Cash and cash equivalents at beginning of period		358,944	627,481
Cash and cash equivalents at end of period	14	273,302	476,731

Interim condensed consolidated statement of changes in equity

					Other reserves									
	Notes	Equity share capital US$000	Share premium US$000	Treasury Shares US$000	Unrealised gain/(loss) on available-for-sale financial assets US$000	Bond equity component US$000	Cumulative translation adjustment US$000	Merger reserve US$000	Share-based payment reserve US$000	Total other reserves US$000	Retained earnings US$000	Capital and reserves attributable to shareholders of the Parent US$000	Non-controlling interests US$000	Total Equity US$000
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)		—	—	—	6,519	—	(1,055)	—	—	5,464	—	5,464	—	5,464
Loss for the period		—	—	—	—	—	—	—	—	—	(73,724)	(73,724)	(2,377)	(76,101)
Total comprehensive income/(loss) for the period		—	—	—	6,519	—	(1,055)	—	—	5,464	(73,724)	(68,260)	(2,377)	(70,637)
Issuance of shares		7	93	—	—	—	—	—	—	—	—	100	—	100
Expiration of dividends		—	—	—	—	—	—	—	—	—	—	—	(38)	(38)
Capital contribution from non-controlling interest		—	—	—	—	—	—	—	—	—	—	—	4,380	4,380
CEO LTIP		—	—	—	—	—	—	—	218	218	—	218	—	218
Dividends paid to non-controlling interests	16	—	—	—	—	—	—	—	—	—	—	—	(6,000)	(6,000)
Dividends	16	—	—	—	—	—	—	—	—	—	(10,139)	(10,139)	—	(10,139)
Balance at 30 September 2013 (Unaudited)		158,644	396,021	(898)	3,189	8,432	(11,502)	(210,046)	663	(209,264)	636,148	980,651	260,483	1,241,134
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		—	—	—	(1,482)	—	567	—	—	(915)	—	(915)	—	(915)
Profit for the period		—	—	—	—	—	—	—	—	—	56,002	56,002	50,227	106,229
Total comprehensive (loss)/income for the period		—	—	—	(1,482)	—	567	—	—	(915)	56,002	55,087	50,227	105,314
Capital contribution from non-controlling interest		—	—	—	—	—	—	—	—	—	—	—	32,115	32,115
CEO LTIP		—	—	—	—	—	—	—	218	218	—	218	—	218
Dividends paid to non-controlling interests	16	—	—	—	—	—	—	—	—	—	—	—	(30,877)	(30,877)
Dividends	16	—	—	—	—	—	—	—	—	—	(20,278)	(20,278)	—	(20,278)
Balance at 30 September 2012 (Unaudited)		158,637	395,928	(898)	3,576	8,432	(10,148)	(210,046)	372	(207,814)	712,942	1,058,795	246,764	1,305,559

Notes to the interim condensed consolidated financial statements

1 Corporate Information

Hochschild Mining plc (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 14 November 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 September 2013 and 31 December 2012 and its financial performance and cash flows for the periods ended 30 September 2013 and 30 September 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 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 nine months ended 30 September 2013 and 2012 respectively:

Nine months ended 30 September 2013 (Unaudited)	**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	39,145	102,524	131,933	182,031	10,764	—	49	—	466,446
Inter segment revenue	—	—	—	—	—	—	5,583	(5,583)	—
Total revenue	**39,145**	**102,524**	**131,933**	**182,031**	**10,764**	—	**5,632**	**(5,583)**	**466,446**
Segment profit/(loss)	(1,379)	25,422	37,447	37,437	2,552	(46,383)	4,143	4,321	63,560
Others(1)									(139,829)
Profit/(loss) from continuing operations before income tax									(76,269)
As at 30 September 2013 (Unaudited)									
Assets									
Capital expenditure	3,321	34,676	34,972	40,675	924	76,446	8,286	—	199,300
Current assets	14,186	15,952	40,914	67,582	1,737	2,997	385	—	143,753
Other non-current assets	4,247	141,050	152,839	211,581	1,091	550,578	27,617	—	1,089,003
Total segment assets	18,433	157,002	193,753	279,163	2,828	553,575	28,002	—	1,232,756
Not reportable assets(2)	—	—	—	—	—	—	491,657	—	491,657
Total assets	**18,433**	**157,002**	**193,753**	**279,163**	**2,828**	**553,575**	**519,659**	—	**1,724,413**

(1) Comprised of administrative expenses of US$46,116,000, other income of US$1,902,000, other expenses of US$4,003,000, impairment of assets of US$77,530,000, 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$8,162,000, finance costs of US$120,459,000, and foreign exchange loss of US$15,648,000.

(2) Not reportable assets are comprised of available-for-sale financial assets of US$92,191,000, other receivables of US$96,877,000, income tax receivable of US$28,043,000, deferred income tax assets of US$1,244,000, other financial assets of US$Nil, and cash and cash equivalents of US$273,302,000.

Nine months ended 30 September 2012 (Unaudited)	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	38,738	129,604	190,290	232,437	11,110	—	479	—	602,658
Inter segment revenue	—	—	—	—	—	—	4,776	(4,776)	—
Total revenue	**38,738**	**129,604**	**190,290**	**232,437**	**11,110**	—	**5,255**	**(4,776)**	**602,658**
Segment profit/(loss)	4,682	64,870	101,943	100,699	4,975	(49,746)	3,192	387	231,002
Others[(1)]									(56,517)
Profit/(loss) from continuing operations before income tax									174,485

As at 31 December 2012									
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$51,272,000, other income of US$5,425,000, other expenses of US$4,826,000, impairment of assets of US$177,000, share of profit of associates and joint ventures of US$5,182,000, finance income of US$1,196,000, finance costs of US$11,494,000, and foreign exchange loss of US$551,000.

(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

	Nine months ended 30 September	
	2013 (Unaudited) US$000	2012 (Unaudited) US$000
Gold (from dore bars)	87,696	83,677
Silver (from dore bars)	135,357	96,728
Gold (from concentrate)	78,578	102,151
Silver (from concentrate)	164,766	319,623
Services	49	479
	466,446	602,658

5 Cost of sales before exceptional items

Included in cost of sales are:

	Nine months ended 30 September	
	2013 (Unaudited) US$000	2012 (Unaudited) US$000
Depreciation and amortisation	104,508	87,615
Personnel expenses	93,126	104,473
Mining royalty	6,168	7,508
Change in products in process and finished goods	2,792	(17,633)

6 Exceptional items

Exceptional items relate to:

	Nine months ended 30 September	
	2013 (Unaudited) US$000	2012 (Unaudited) US$000
Cost of sales		
Termination benefits[1]	(2,466)	—
Total	**(2,466)**	**—**
Administrative expenses		
Termination benefits[1]	(2,351)	—
Total	**(2,351)**	**—**
Exploration expenses		
Termination benefits[1]	(3,456)	—
Total	**(3,456)**	**—**
Other income		
Termination benefits[2]	—	1,099
Total	**—**	**1,099**
Impairment and write-off of assets (net)		
Impairment and write-off of assets[3]	(91,930)	(416)
Reversal of write-off and impairment of assets[4]	14,400	239
Total	**(77,530)**	**(177)**
Share of post-tax gains of associates and joint ventures accounted under equity method[5]	—	99
Total	**—**	**99**
Gain on transfer from investment accounted under the equity method to available-for-sale financial assets[6]	107,942	—
Total	**107,942**	**—**
Finance costs		
Loss from changes in the fair value of financial instruments[7]	(104,958)	(1,091)
Loss on sale of available-for-sale financial assets[8]	(3,746)	—
Total	**(108,704)**	**(1,091)**

1 Termination benefits paid to the workers between April and September 2013 following the restructuring plan approved by management during the first half of 2013, amounting to US$8,273,000.

2 Reversal of the provision of termination benefits of the workers of Moris mine of US$1,099,000. At 30 September 2012 the restructuring plan agreed at 31 December 2011 was not in effect, and Moris was still in operation.

3 As at 30 September 2013 corresponds to the impairment of the San José mine unit of US$40,869,000, the Azuca project of US$30,290,000, the Crespo project of US$17,000,000 and the Ares unit of US$3,771,000. As at 30 September 2012 corresponds to the write-off of assets in Compañía Minera Ares of US$416,000.

4 As at 30 September 2013 corresponds to the reversal of the impairment of San Felipe property of US$14,400,000. As at 30 September 2012 corresponds to the gain of US$239,000 generated by the reversal of the write-off recorded in 2010 related to the 100% dore project at the San Jose mine.

5 Gain from dilution of US$99,000 generated by the Group´s investment in Gold Resource Corp.

6 Gain on the reclassification of Gold Resource Corp ('GRC') shares from an investment accounted for under the equity method to an available-for-sale financial asset 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).

7 As at 30 September 2013 corresponds to the impairment of investments in Gold Resource Corp. of US$85,591,000, International Minerals of US$12,920,000, Pembrook Mining Corp. of US$5,745,000, Mariana Resources Ltd. of US$281,000, Northern Superior Resources Inc. of US$226,000, Iron Creek Capital Corp. of US$169,000, Empire Petroleum Corp. of US$22,000 and Brionor Resources of US$4,000. As at 30 September 2012 corresponds to the losses arising from the fair value adjustments in relation to warrants in Iron Creek Capital Corp. of US$26,000 and the impairment of Brionor Resources and Iron Creek Capital Corp. of US$67,000 and US$998,000 respectively.

8 The loss on sale of the investment in Gold Resource Corp. of US$3,746,000. On 11 July 2013, the Group sold 3,375,000 shares for a total consideration of US$25,650,000.

7 Finance income and finance cost before exceptional items

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

	Nine months ended 30 September	
	2013 (Unaudited) US$000	2012 (Unaudited) US$000
Finance income:		
Interest on deposits and liquidity funds	5,130	798
Interest on loans	112	196
Dividends	2,671	—
Others	249	202
	8,162	1,196
Finance cost:		
Interest on bank loans and long-term debt	(2,766)	(1,612)
Interest on convertible bond	(6,795)	(6,682)
Unwind of discount rate	(1,268)	(1,239)
Others	(926)	(870)
	(11,755)	(10,403)

8 Income tax expense

	Nine months ended 30 September	
	2013 (Unaudited) US$000	2012 (Unaudited) US$000
Current income tax expense	3,364	36,250
Current mining royalty charge	1,714	2,820
Current special mining tax charge	755	3,265
Deferred income tax relating to origination and reversal of temporary differences	(6,668)	24,878
Withholding taxes	667	1,043
Total taxation charge in the income statement	(168)	68,256

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

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

9 Property, plant and equipment

During the nine months ended 30 September 2013, the Group acquired assets for a cost of US$182,913,000 (2012: US$176,996,000). The additions for the nine month period ended 30 September 2013 relate to:

	Mining properties and development US$000	Other property plant and equipment US$000
San Jose	24,649	15,898
Pallancata	20,313	10,361
Inmaculada	26,734	25,502
Arcata	20,600	10,458
Crespo	5,903	9,889
Empresa de transmision Aymaraes	—	6,343
Others	2,582	3,681
	100,781	82,132

Assets with a net book value of US$1,606,000 were disposed of by the Group during the nine month period ended 30 September 2013 (2012: US$293,000) resulting in a net loss on disposal of US$75,000 (2012: loss on disposal of US$40,000).

For the nine month period ended 30 September 2013, the depreciation charge on property, plant and equipment was US$106,272,000 (2012: US$88,090,000).

The Group recorded an impairment of US$821,000 with respect to the Azuca project, US$10,384,000 with respect to the Crespo project, US$34,228,000 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 nine month period ended 30 September 2013, the Group capitalised evaluation and explorations costs of US$16,387,000 (2012: US$30,018,000). The additions relate to:

	US$000
Azuca	3,922
San Jose	127
Pallancata	4,290
Inmaculada	607
Arcata	3,618
Crespo	143
El Dorado	3,708
Others	(28)
	16,387

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), the Crespo project (US$5,508,000) and the San José mine unit (US$2,282,000), and partially reversed the impairment of the San Felipe project by US$14,400,000.

b) Intangible assets: During the nine month period ended 30 September 2013, additions of intangibles amounted to US$1,203,000 (2012: US$88,000). The additions for the nine month period ended 30 September 2013 relate to the Crespo project of US$678,000 and Empresa de transmission Aymaraes of US$521,000.

For the nine month period ended 30 September 2013, the amortisation charge on intangibles was US$1,296,000 (2012: US$1,153,000).

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

The Group recorded an impairment in relation to all of the goodwill of $2,091,000 and other intangibles of $2,268,000 related to the San Jose mine unit, and US$1,108,000 related to the Crespo project.

11 Available-for-sale financial assets

	As at 30 September 2013 (Unaudited) US$000	As at 31 December 2012 US$000
Opening balance	30,609	40,769
Additions	—	—
Reclassification from investments accounted under the equity method[1]	189,417	—
Fair value change recorded in equity	(102,185)	(10,160)
Disposals[2]	(25,650)	—
Closing balance[3]	92,191	30,609

9 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.

10 Corresponds to the sale of 3,375,000 shares of Gold Resource Corporation for a total consideration of US$25,650,000 (US$7.6 per share).

11 As at 30 September 2013, the carrying value represents the fair value of shares of Gold Resource Corp. (US$74,431,000), International Minerals Corporation (US$9,671,000), Pembrook Mining Corp. (US$6,000,000), Mirasol Resources Ltd. (US$617,000), Northern Superior Resources Inc. (US$490,000), Mariana Resources Ltd. (US$558,000), Iron Creek Capital Corp (US$136,000), Brionor Resources (US$109,000), and Empire Petroleum Corp (US$179,000).

12 Other financial assets and liabilities

	As at 30 September 2013 (Unaudited) US$000	As at 31 December 2012 US$000
Other financial assets		
Bonds	—	149
Warrants in Iron Creek Capital Corp.	—	1
Other financial assets	—	150
Other financial liabilities		
Embedded derivatives[1]	601	6,891
Other financial liabilities	601	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 September 2013 and at 31 December 2012 the provisional price adjustment resulted in a liability due to decreases 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 September 2013 and 31 December 2012, the Group held the following financial instruments measured at fair value:

	As at 30 September 2013 (Unaudited) US$000	**Level 1 US$000**	**Level 2 US$000**	**Level 3 US$000**
Assets measured at fair value				
Equity shares (note 11)	92,191	86,191	—	6,000
Warrants	—	—	—	—
Bonds	—	—	—	—
	92,191	86,191	—	6,000
Liabilities measured at fair value				
Embedded derivatives (note 12)	(601)	—	—	(601)
	(601)	—	—	(601)

	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 September 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
Gain from the period recognised in revenue	6,290	—
Impairment through profit and loss (finance costs)	—	(5,745)
Recycling fair value adjustment from equity	—	(264)
Balance 30 September 2013 (Unaudited)	(601)	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 September 2013 the fair value of embedded derivatives within sales contracts was US$(601,000) (31 December 2012: US$(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 September 2013 (Unaudited) US$000	As at 31 December 2012 US$000
Cash at bank	984	322
Liquidity funds[1]	4,934	72,803
Current demand deposit accounts[2]	47,561	61,654
Time deposits[3]	219,823	224,165
Cash and cash equivalents	273,302	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 9 days as at 30 September 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 145 days and are readily accessible to the Group (as at 31 December 2012: 36 days).

15 Borrowings

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

	As at 1 January 2013 US$000	Additions US$000	Repayments US$000	Reclassifications US$000	As at 30 September 2013 (Unaudited) US$000
Current					
Bank loans	360	126,660	(38,361)	—	**88,659**[1]
Convertible bond payable	6,613	763	(6,606)	5,843	**6,613**
	6,973	127,423	(44,967)	5,843	**95,272**
Non-current					
Convertible bond payable	106,850	6,032	(100)	(5,843)	**106,939**
	106,850	6,032	(100)	(5,843)	**106,939**
Accrued Interest:	(9,636)	(7,197)	6,606	—	**(10,227)**
Net of accrued interest	104,187	126,258	(38,461)	—	**191,984**

1 Mainly relates to pre-shipment loans for a total amount of US$26,756,000 advanced to Minera Santa Cruz S.A. (at 31 December 2012: US$Nil) and US$61,500,000 of Minera Suyamarca S.A.C. (at 31 December 2012: US$Nil) These obligations accrue an effective annual interest rate ranging from 1.28% to 24.50% 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

	Nine months ended 30 September (Unaudited)	
	2013	**2012**
	US$000	**US$000**
	US$(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 (2012: US$0.05)	6,000	30,877
2013 Interim dividend: US$Nil (2012: US$0.03)	—	10,139
Dividends paid	16,139	51,155
Declared dividend to be paid:		
2013 Interim dividend: US$Nil (2012: US$Nil)	—	—

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 former associate, Gold Resource Corporation of US$4,961,925 (30 September 2012: US$7,459,707). At 30 September 2013 the dividend receivable from Gold Resource Corporation amounted to US$337,556 (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 September 2013 US$000	As at 31 December 2012 US$000
Less than one year	2,436	3,363
Later than one year	20,644	32,188

b) Capital commitments

The future capital commitments of the Group are as follows:

	As at 30 September 2013 US$000	As at 31 December 2012 US$000
Peru	74,773	64,603
Argentina	12,786	11,907
	87,559	76,510

19 Subsequent events

a) Agreement to acquire non-controlling interests

On 1 October 2013, Hochschild Mining plc entered into a binding agreement to acquire the 40% interests held by International Mineral Corporation (“IMZ”) in the Pallancata mine and Inmaculada advanced project in Peru (the “Peruvian Assets”, and collectively the “Acquisition”). Prior to the Acquisition, Hochschild holds a 60% interest in the Peruvian Assets.

In connection with the Acquisition, each IMZ shareholder (other than Hochschild or its affiliates) will receive a cash payment of $2.38 per IMZ share (for aggregate cash consideration of $271 million) and each IMZ shareholder (including Hochschild or its affiliates) will receive one common share of a newly incorporated British Columbia, Canada company (“SpinCo”) per share. Under the terms of the Acquisition, Hochschild will acquire the Peruvian Assets for a total value of approximately $280 million, taking into account the cash payment of $271 million, the market value of Hochschild’s existing 3.2% shareholding in IMZ, and the 3.2% shareholding in SpinCo which Hochschild will retain.

Assuming all conditions are satisfied or waived (where applicable), Hochschild currently expects the acquisition to be completed by 31 December 2013.

b) Issuance of Hochschild Mining plc shares

Hochschild Mining plc completed an equity placing of 29,000,000 new ordinary shares of £0.25 each in Hochschild Mining plc at a price of £1.55 per placing share, raising gross proceeds of approximately US$72.8 million.

The placing shares issued represent approximately 8.6% of Hochschild’s issued ordinary share capital prior to the placing.

Settlement of payment for the placing shares issued pursuant to the placing, as well as admission, took place on 7 October 2013.

OTHER FINANCIAL INFORMATION

	As at 30 September 2013	As at 30 September 2012
Adjusted EBITDA (Dollars in Thousands)[1]	164,831	309,891
Adjusted EBITDA margin (%)[2]	35%	51%
Total debt (Dollars in Thousands)[3]	204,410	137,073
Interest expenses (Dollars in Thousands)	9,561	8,294
Leverage (Total debt / Last 12 months EBITDA)	0.79x	0.31x
Net Leverage (Net total debt[4]/ Last 12 months EBITDA)	(0.27)x	(0.76)x
Interest coverage ratio (Last 12 months EBITDA / Interest Expenses)	20.56x	39.00x

[1]Adjusted EBITDA is calculated on a pre-exceptional basis as profit for the year from continuing operations, income tax expense, foreign exchange loss, finance costs, finance income, share of profit / (losses) of associates and joint ventures accounted for under the equity method, exploration and expenses and depreciation and amortisation. [2] Adjusted EBITDA divided by net revenue.
[3]Includes the principal outstanding on our debt.
[4] Net Total debt is Total debt less cash and cash equivalents.

OPERATING DATA

	Nine months ended 30 September 2013 (unaudited)
Silver production (000 oz)	
Ares	563
Arcata	3,647
Pallancata	5,430
San José	4,616
Moris	24
Gold production (000 oz)	
Ares	18.50
Arcata	12.51
Pallancata	20.86
San José	72.30
Moris	7.25
Silver Co-product cash cost ($/oz)[1]	
Ares	21.44
Arcata	13.10
Pallancata	10.54
San José	13.65
Moris	18.19

[1]Co-product silver cash costs are total cash costs multiplied by the percentage of revenue from silver, divided by the number of silver ounces sold in the applicable period. Cash costs are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items, less depreciation included in costs of sales