



21 January 2014

Production Report for the 12 months ended 31 December 2013

Highlights

- Full year production of 20.5 million attrib. silver equivalent ounces achieved, exceeding 20.0 million target
- Cashflow optimisation programme delivering material cost and expenses savings
- All-in sustaining cost expected to fall by between 12-16% in 2013¹
- 2014 production target set at 21.0 million attributable silver equivalent ounces
- All-in sustaining cost expected to fall by 0-5% in 2014
- Acquisition of Pallancata and Inmaculada minorities completed on 20 December 2013
- \$350 million bond issuance priced on 15 January 2014
 - 7.750% Senior Notes due 2021
- Pro-forma cash position of \$347.2m² and \$53.8m³ of short-term borrowings as at 31 December 2013

Ignacio Bustamante, Chief Executive Officer commented:

I am pleased that Hochschild has once again exceeded its production target for the year and can now look forward to four years of strong production increases to reach our target of almost 35 million ounces in 2017. We are also making excellent progress at our Inmaculada project with all procurement and infrastructure targets and early site preparation for the plant construction remaining on track with commissioning expected at the end of the year.

At the end of 2013 we completed the acquisition of the IMZ minorities and therefore now own 100% of our biggest current cashflow generator and our most exciting project. We also disclosed last week that, as part of our previously announced corporate refinancing initiative, we had successfully priced \$350 million of Senior Notes which will allow us the flexibility to fully support the remaining capex at Inmaculada and to satisfy the upcoming convertible bond maturity.”

A conference call will be held at 3pm (London time) on Tuesday 21 January 2014 for analysts and investors.

Dial in details as follows:

UK: +44 (0) 20 3003 2666

Password: Hochschild

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 8196 1998

Access code: 4829200

¹ All-in sustaining cash cost per silver equivalent ounce: Calculated before exceptional items includes cost of sales less depreciation and change in inventories, administrative expenses, brownfield exploration, operating capex and royalties divided by silver equivalent ounces produced using a ratio of 60:1 (Au/Ag). Also includes commercial discounts and selling expenses divided by silver equivalent ounces sold using a ratio of 60:1 (Au/Ag).

² Pro-forma net proceeds from Senior Notes issuance following expected repayment of existing bridge loan added to cash balance as of 31 December 2013

³ Excludes convertible bond of \$114.9 million due in October 2014.

2013 Overview

In Q4 2013 the Company produced 5.4 million attributable silver equivalent ounces, comprised of 3.7 million ounces of silver and 28 thousand ounces of gold. Consequently, in 2013 Hochschild has once again successfully exceeded its full year production target, delivering attributable production of 20.5 million silver equivalent ounces, including 13.6 million ounces of silver and 116 thousand ounces of gold.

The Company expects the increase in its overall 2013 unit cost per tonne in Peru, to be in line with previous guidance of approximately 0-5%. In Argentina, the increase is also anticipated to be in line with the previous guidance of 5-10%. In both countries, the effects of the Company's cost savings initiatives, as well as higher than expected local currency devaluation have offset local inflation rates. All-in sustaining cost for 2013 is expected to be reduced by 12-16% versus 2012.

Production

Main operations

At Arcata, total silver equivalent production in Q4 2013 was 1.6 million ounces (Q4 2012: 1.4 million ounces). Tonnage and grades improved slightly in Q4 versus Q3 with material from stopes and developments replacing, as expected, volumes processed from the low-grade Macarena Waste Dam Deposit. Higher than anticipated economic material from Macarena was processed during H2 2013 although the stockpile has now been exhausted.

Full year silver equivalent production at Arcata in 2013 was 6.0 million ounces (2012: 6.6 million ounces), slightly lower than 2012 as a result of lower stope grades in line with the Company's policy of mining close to average reserve grade.

Table Showing Contribution From Macarena Waste Dam Deposit

	Q4 2013	FY 2013
Total		
Tonnage	244,125	900,861
Average head grade gold (g/t)	0.81	0.74
Average head grade silver (g/t)	242	217
Macarena		
Tonnage	79,461	290,226
Average head grade gold (g/t)	0.29	0.29
Average head grade silver (g/t)	84	88
Stopes and Developments		
Tonnage	164,664	610,635
Average head grade gold (g/t)	1.05	0.95
Average head grade silver (g/t)	318	278

At the Pallancata operation, the Company delivered yet another consistent quarter with tonnage and grades slightly improved versus Q3 2013 and indeed Q4 2012 resulting in total silver equivalent production of 2.6 million ounces (Q4 2012: 2.4 million ounces). Overall in 2013, Pallancata has enjoyed a very solid year of production, delivering silver equivalent production of 9.3 million ounces (2012: 9.0 million).

San Jose has once again slightly improved from quarter to quarter with increased tonnage more than offsetting a slight decrease in grades resulting in total silver equivalent production of 3.3 million ounces (Q4 2012: 2.9 million ounces). 2013 has been a strong year for the San Jose operation with silver equivalent production up 11% to 12.3 million ounces (2012: 11.1 million) driven by gently increased tonnages and increased grades, in particular gold.

Other operations

The Company's ageing Ares mine in Peru continued to operate in Q4 2013, delivering total silver equivalent production of 489 thousand ounces (Q4 2012: 515 thousand ounces) bringing the total for 2013 to 2.2 million silver equivalent ounces a 5% improvement on the 2012 figure of 2.1 million ounces. Ares is currently expected to cease production in H1 2014.

At Moris, the Company's open pit operation in Mexico, leaching of the pads continued during its final quarter of production, producing a further 69 thousand silver equivalent ounces (Q4 2012: 58 thousand silver equivalent ounces). The mine has subsequently been closed.

Acquisition of Pallancata and Inmaculada Minorities

On 20 December 2013, the Company announced the completion of the previously announced plan of arrangement to acquire the 40% interests held by International Minerals Corporation ("IMZ") in the Pallancata mine and Inmaculada Advanced Project in Peru (the "Peruvian Assets", and collectively the "Acquisition"). The shareholders of both IMZ and Hochschild voted overwhelmingly in favour of the transaction at meetings of shareholders held on 26 November 2013 and 29 November 2013 respectively. As a result, the Company now owns 100% of the Pallancata mine and Inmaculada project. For further details on the transaction, see the Company's press release dated 2 October 2013.

Average realisable prices and sales

Average realisable precious metal prices in Q4 2013 (which are reported before the deduction of commercial discounts) were \$1,209/ounce for gold and \$19.74/ounce for silver (Q4 2012: \$1,661/ounce for gold and \$29.77/ounce for silver). Average realisable precious metals prices for the full year 2013 were \$1,338/ounce for gold and \$22.12/ounce for silver (2012: \$1,684/ounce for gold and \$31.62/ounce for silver).

Project pipeline & exploration

Following a detailed review of discretionary elements of its 2013 exploration budget, the Company announced, earlier in the year, a reduction in its exploration budget, from \$77 million to \$50 million. In 2014, Hochschild will continue to deploy a focused exploration budget amounting to approximately \$30 million with almost two thirds expected to be spent on brownfield exploration at the Company's current operations and Advanced Projects.

Brownfield exploration⁴

Arcata

In Q4 2013, 2,427 metres of drilling was carried out at Arcata with a total of 10,899 metres having been drilled during 2013. 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 Ares - Arcata corridor that has identified high-grade structures. In addition, diamond drilling was conducted at the Tunel 3, Tunel 4, Alexia, Blanca, Paralela 1 and Paralela 2 veins. Significant intercepts include:

Vein	Results
Tunel 3	DDH515-LM13: 1.03m at 0.76 g/t Au & 540 g/t Ag
Tunel 4	DDH515-LM13: 1.27m at 1.72 g/t Au & 322 g/t Ag
Alexia	DDH451-S13: 1.14m at 0.77 g/t Au & 361 g/t Ag
Blanca	DDH526-LM13: 1.09m at 3.24 g/t Au & 1,146 g/t Ag
Paralela 1	DDH551-LM13: 3.78m at 0.73 g/t Au & 133 g/t Ag
Paralela 2	DDH551-LM13: 0.80m at 2.41 g/t Au & 351 g/t Ag

Pallancata

In Q4, 7,230 metres of drilling were carried out at Pallancata with a total of 20,972 metres having been drilled during 2013. The programme focused on mapping campaigns over the south side of Pallancata (at the Sonia, San Angela, Virgen del Carmen, Lilina and Debora veins). In 2013, this mapping campaign covered a total of 1,164 ha.

In addition, diamond drilling was conducted at the Rina NW (Charo), Yurika, Nine and Charo veins. Significant intercepts include:

Vein	Results
Rina NW (Charo)	DLRI-A97: 0.88m at 2.92 g/t Au & 617 g/t Ag
Yurika	DLYU-A31: 1.13m at 1.62 g/t Au & 471 g/t Ag
Nine	DLRI-A107: 1.35m at 4.19 g/t Au & 1,026 g/t Ag
Charo	DLRI-A110: 1.24m at 1.02 g/t Au & 542 g/t Ag

San Jose

⁴Please note that in line with industry-wide standards, all mineralised intersections in this release are quoted as true widths.

In Q4 2013, 424 metres of drilling were carried out at San Jose bringing the total for 2013 to 10,529 metres. The programme focused on surface mapping and sampling over Colorado Grande, Juanita, Saavedra and Tres Colores areas.

Ares

The programme at Ares in Q4 2013 focused on the exploration of potential mineralisation in the extensions of known veins and the definition of new high-grade structures. In the Paola, Falla Marion and Ares West veins, surface mapping and sampling was conducted over an area of 3,567 ha.

Advanced Projects

Inmaculada

Following the announcement on 20 September 2013 that the Peruvian government had approved the mill construction permit for the Inmaculada project, work began in Q4 on the construction of the plant with major site clearance and earthworks ongoing throughout the quarter. Procurement of the main plant equipment is also almost complete with only the SAG and ball mills as well as the lime slakers still to be delivered. These are expected by mid February.

Almost 5.7km of tunneling and 1.8km of raised boring has been carried out in 2013 with a total of over 10.4km achieved since the project's commencement. In addition, construction of the project's camp is now complete with the main access road expected to be finished in the first quarter of 2014.

During Q4 2013, a surface mapping and sampling campaign started over the Huarmata West and NE Angela veins. These activities detected a new low sulphide North West structure, Mayte, with 900 metres of discontinuous outcrop (0.5 to 2.0 metres width).

Drilling over the Mayte extension defined the Roxana and Mayte veins with significant intercepts including:

Vein	Results
Mayte	MIR13-003: 1.51m at 2.37 g/t Au & 90 g/t Ag
Roxana	MIR13-003: 0.88m at 5.96 g/t Au & 330 g/t Ag

Volcan

At the Volcan Company Maker project, 56,331 metres of Andina Minerals drill-core from the Dorado East and West deposits were re-logged and 30 geological sections were prepared in order to construct a more precise geological model of the porphyry system. This is expected to be finished early in 2014.

Greenfield pipeline

During Q4 2013, a total of 4,434 metres were drilled on two projects as part of the Greenfields exploration programme. In 2013 overall, 27,958 metres were drilled across ten projects.

Highlights of the Greenfield exploration programme during the quarter are provided below.

Valeriano

At the Valeriano Company Maker project in Chile, a review of the project was undertaken. The exploration carried out by Hochschild confirmed the discovery of a potentially significant porphyry Cu - Au deposit at depth. The project is on standby during the current Chilean summer whilst alternatives for the next stage of the exploration programme are considered.

Pachuca

At the Pachuca Company Maker project in Mexico, the JV with Solitario Exploration & Royalty Corp has been focusing on the northwestern extension of the historical vein mining district. Following extensive geological mapping and geochemical sampling along the vein systems, 2,400 metres of the total of 5,000 metres were drilled during November and December. The assay results from the Escondida vein have shown some significant intersections. A new reinterpretation of the data has led to drilling being focused on the Sorpresa vein which is a splay off from the Escondida vein with a potential extension of 2km.

Julieta

At the Julieta project in Peru, a 2,000 metres diamond drill programme was completed during Q4. The programme was aimed at testing the hydrothermal breccias found during its surface reconnaissance of the area. Seven drill holes were completed in December 2013 utilising two rigs. Favourable alteration was

encountered throughout the volcanic sequence in six of the seven drill holes, some of which showed lengthy anomalous gold intercepts. The seventh, and final hole, cut a wide mineralized hydrothermal breccia with locally significant gold mineralization although the extent of this breccia body has not yet been determined. Significant results from the drill programme are summarised below:

Results
DDHJU-1303: from 145 to 338 // 189m at 0.16 g/t Au
DDHJU-1307: from 182 to 252 // 70m at 0.33 g/t Au
DDHJU-1307: from 195 to 207 // 12m at 1.07 g/t Au

Fresia

At the Fresia Medium Scale project, a meeting was held in the project area, whereby the Company's plans for the upcoming drill programme in the area were presented to the local communities and authorities. The successful completion of this process has allowed the Company to proceed with filing an application for an exploration drill permit for the project with a 1,500 metre programme scheduled to begin in Q2 2014.

Financial position

The Company's financial position remains strong, with pro-forma total cash of approximately \$347.2 million⁵ with short term borrowings of approximately \$53.8 million⁶ and minority investments valued at approximately \$53.6 million.⁷

In connection with the completed acquisition of the Pallancata and Inmaculada minorities (mentioned above), Hochschild has also recently completed a broader corporate refinancing and has announced on 15 January 2014 that it has agreed on pricing of an issuance of \$350 million aggregate principal amount of 7.750% Senior Notes due 2021 (yield-to-maturity of 7.875%).

On 12 December 2013, the Company sold 1.8 million shares of Gold Resource Corporation at a price of \$4.36 for a net consideration of \$7.8 million in line with its policy of monetising non-core investments. The Company's remaining holding in Gold Resource Corporation is 17.6%.

Outlook

Hochschild's production target for 2014 is 21.0 million attributable silver equivalent ounces. The small increase is explained by the inclusion of the remaining 40% of Pallancata following the completion of the IMZ acquisition offsetting the effect of the closure of Moris and a significant reduction in the contribution from the ageing Ares operation which is also set to close in H1 2014.

The Company expects that with the ongoing positive effects of the cash optimisation programme as well as further expected local currency depreciation, overall 2014 all-in sustaining costs will fall by 0-5% in 2014.

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⁵ Pro-forma net proceeds from Senior Notes issuance following expected repayment of existing bridge loan added to cash balance as at 31 December 2013.

⁶ As at 31 December 2013. Excludes convertible bond of US\$ 114.9 million due in October 2014.

⁷ As at 31 December 2013

About Hochschild Mining plc

Hochschild Mining plc is a leading precious metals company listed on the London Stock Exchange (HOCH.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.

PRODUCTION & SALES INFORMATION*

TOTAL GROUP PRODUCTION**

	Q4 2013	Q3 2013	Q4 2012	12 mths 2013	12 mths 2012
Silver production (koz)	5,475	5,180	4,773	19,754	19,443
Gold production (koz)	43.80	45.02	41.34	175.22	164.34
Total silver equivalent (koz)	8,103	7,881	7,254	30,267	29,304
Total gold equivalent (koz)	135.05	131.36	120.89	504.45	488.40
Silver sold (koz)	5,742	4,660	5,069	19,555	18,928
Gold sold (koz)	43.56	41.43	45.93	168.56	159.79

Total production includes 100% of all production, including production attributable to joint venture partners at San Jose and Pallancata.

ATTRIBUTABLE GROUP PRODUCTION

	Q4 2013	Q3 2013	Q4 2012	12 mths 2013	12 mths 2012
Silver production (koz)	3,742	3,594	3,240	13,588	13,550
Gold production (koz)	28.02	29.76	27.35	115.7	111.82
Silver equivalent (koz)	5,423	5,380	4,881	20,528	20,260
Gold equivalent (koz)	90.39	89.67	81.35	342.13	337.66

Attributable production includes 100% of all production from Arcata, Ares and Moris, 60% from Pallancata and 51% from San Jose.

QUARTERLY PRODUCTION BY MINE

ARCATA

Product	Q4 2013	Q3 2013	Q4 2012	12 mths 2013	12 mths 2012
Ore production (tonnes treated)	244,125	229,462	234,354	900,861	773,498
Average grade silver (g/t)	242	231	227	217	271
Average grade gold (g/t)	0.81	0.76	0.75	0.74	0.83
Silver produced (koz)	1,337	1,355	1,156	4,984	5,526
Gold produced (koz)	4.32	4.62	4.08	16.83	17.27
Silver equivalent produced (koz)	1,597	1,633	1,401	5,994	6,562
Silver sold (koz)	1,404	1,188	1,280	4,924	5,236
Gold sold (koz)	4.42	3.70	4.36	15.95	15.94

ARES

Product	Q4 2013	Q3 2013	Q4 2012	12 mths 2013	12 mths 2012
Ore production (tonnes treated)	91,602	87,665	89,354	329,095	336,423
Average grade silver (g/t)	86	96	58	82	54
Average grade gold (g/t)	2.00	2.58	2.64	2.39	2.65
Silver produced (koz)	195	235	127	757	481
Gold produced (koz)	4.90	6.66	6.46	23.40	26.28
Silver equivalent produced (koz)	489	635	515	2,162	2,058
Silver sold (koz)	214	213	155	761	473
Gold sold (koz)	5.27	6.01	8.07	23.25	25.75

PALLANCATA

Product	Q4 2013	Q3 2013	Q4 2012	12 mths 2013	12 mths 2012
Ore production (tonnes treated)	291,740	273,147	288,858	1,088,712	1,094,250
Average grade silver (g/t)	285	264	255	264	256
Average grade gold (g/t)	1.14	1.12	1.09	1.13	1.09
Silver produced (koz)	2,198	1,896	1,942	7,628	7,441
Gold produced (koz)	6.97	6.76	7.40	27.83	26.23
Silver equivalent produced (koz)	2,616	2,302	2,386	9,298	9,014
Silver sold (koz)	2,378	1,599	2,071	7,567	7,280
Gold sold (koz)	7.51	5.49	7.76	26.67	25.07

Until 20 Dec 2013 the Company had a 60% interest in Pallancata. Following completion of the International Minerals acquisition the Company now owns 100% of Pallancata.

SAN JOSE

Product	Q4 2013	Q3 2013	Q4 2012	12 mths 2013	12 mths 2012
Ore production (tonnes treated)	156,150	131,592	128,940	536,937	509,851
Average grade silver (g/t)	399	446	422	425	417
Average grade gold (g/t)	6.03	6.59	6.00	6.42	5.79
Silver produced (koz)	1,741	1,689	1,545	6,357	5,953
Gold produced (koz)	26.53	25.61	22.50	98.83	85.77
Silver equivalent produced (koz)	3,333	3,226	2,895	12,286	11,099
Silver sold (koz)	1,742	1,656	1,553	6,278	5,897
Gold sold (koz)	25.25	24.71	23.16	94.76	84.29

The Company has a 51% interest in San Jose.

MORIS

Product	Q4 2013	Q3 2013	Q4 2012	12 mths 2013	12 mths 2012
Ore production (tonnes treated)		-	-		-
Average grade silver (g/t)		-	-		-
Average grade gold (g/t)		-	-		-
Silver produced (koz)	4	4	4	27	43
Gold produced (koz)	1.08	1.36	0.90	8.33	8.79
Silver equivalent produced (koz)	69	86	58	527	570
Silver sold (koz)	4	5	11	26	42
Gold sold (koz)	1.10	1.52	2.58	7.93	8.74

*Silver equivalent production assumes a gold/silver ratio of 60:1

**Ounces sold figures for all operations have been restated to include gross revenue divided by gross ounces (previously included net revenue divided by net ounces)

Forward looking statements

This announcement may contain forward looking statements. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results, performance or achievements of Hochschild Mining plc may, for various reasons, be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

The forward looking statements reflect knowledge and information available at the date of preparation of this announcement. Except as required by the Listing Rules and applicable law, the Board of Hochschild Mining plc does not undertake any obligation to update or change any forward looking statements to reflect events occurring after the date of this announcement. Nothing in this announcement should be construed as a profit forecast.

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