20 August 2014

Hochschild Mining plc

Interim Results for the six months ended 30 June 2014

Financial highlights[1]

- Revenue of $282.0 million (H1 2013: $308.6 million)
- Adjusted EBITDA of $94.3 million (H1 2013: $90.4 million)[2]
- Profit before net finance income, FX and tax of $25.7 million (H1 2013: $1.2 million)
- Profit before tax of $9.1 million (H1 2013: $(10.3 million))
- EPS of $(0.01) (H1 2013: $(0.10))
- Cashflow optimisation programme exceeding expectations – approx. $270 million of savings achieved[3]:
  - Production costs reduced by $94 million versus initial 2013 guidance
  - Administration costs reduced by $34 million versus 2012
  - Sustaining capital expenditure reduced by $67 million versus initial 2013 guidance
  - Exploration costs reduced by $53 million versus initial 2013 guidance
- Main operation all-in sustaining costs lowered by 16% to $16.8 per ounce (H1 2013: $19.9)[4]
- Cash balance of $225.6 million as at 30 June 2014
- Term sheet signed for $100 million medium term credit facility[5]

Operational highlights

- H1 2014 attributable production of 11.9 million silver equivalent ounces
- Progress continues at flagship Inmaculada project:
  - 68% overall project completion; plant at 33%
  - Mine development, infrastructure, energy and engineering targets almost complete

Outlook

- Inmaculada plant set to commence commissioning at end of 2014
- 2014 production target of 21.0 million attributable silver equivalent ounces on track
- 0-5% reduction in all-in sustaining costs expected for 2014 vs. 2013

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[1] *On a pre-exceptional basis*
[2] *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*
[3] *Includes saving from suspension of 2013 dividend payments*
[4] *All-in sustaining cash cost per silver equivalent ounce (non-IFRS measure).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)*
[5] *This facility is subject to customary closing conditions*

$000, pre-exceptional unless stated	Six months to 30 June 2014	Six months to 30 June 2013	% change
Attributable silver production (koz)	**8,526**	7,665	11
Attributable gold production (koz)	**55**	64	(14)
Net Revenue[6]	**282,012**	308,577	(9)
Adjusted EBITDA	**94,282**	90,410	4
Profit from continuing operations before income tax	**9,129**	(10,277)	189
(Loss)/profit from continuing operations	**(1,546)**	(25,215)	94
(Loss)/profit from continuing operations (post-exceptional)	**(11,749)**	(38,427)	69
Earnings per share ($ pre-exceptional)	**(0.01)**	(0.10)	90
Earnings per share ($ post-exceptional)	**(0.04)**	(0.10)	60

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

"Hochschild has continued to operate in an uncertain precious metal pricing environment but the Board is encouraged that over the last year, the organisation as a whole, has responded with a programme of measures that has substantially exceeded our initial projections and places the Company in a far firmer financial position. We are now looking forward to the commissioning of our latest mine and a return to value accretive growth.

The Board recognises that whilst there has been a marked improvement in the Company's financial results, the current level of capital expenditure required by the Inmaculada project restricts the potential to pay an interim dividend. We remain committed to the long term principle of delivering shareholder returns and the Board intends to once again 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 20 August 2014 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/6w42kwyd

Conference call dial in details:
UK: +44(0)20 3427 1914 (Please use the following confirmation code: **2818807**).

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: **2818807**)

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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Public Relations

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

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 three underground epithermal vein mines, two located in southern Peru and one in southern Argentina. Hochschild also has numerous long-term projects throughout the Americas.

CHIEF EXECUTIVE OFFICER'S STATEMENT

I am pleased to report that the cash optimisation programme carried out over the last year has exceeded expectations and Hochschild is now in a much better position in today's lower precious metal price environment. As the interim results demonstrate, the Company has shown its resilience and discipline with improved profitability despite lower price levels. We have also continued to invest for the future, and I can report that progress has continued to be made with the construction of our key Inmaculada project. When this mine reaches full capacity next year it will herald a new phase of low cost growth for the Company.

Hochschild's operational teams delivered a robust half, producing 11.9 million silver equivalent ounces at a much lower overall cost. Despite the average price of silver achieved falling by a further 11% year-on year, we have produced a 4% rise in first half EBITDA to just over $94 million, an impressive result reflecting the ongoing success of our cost reduction initiatives. The increase in finance costs is related to the bond issued in January to fund the construction of Inmaculada and the soon-to-be-repaid convertible bond due in October. However, once the new mine commences production and the convertible repaid, the significance of this charge will be less important. We were still able to deliver a turnaround in profit before tax from a significant loss last year to $9.1 million for this half. From an income tax standpoint, we were also impacted by a charge resulting from the Argentine peso devaluation and the consequent decrease in the value of our peso-denominated tax base. On a net basis, I am pleased that we have seen a strong improvement from last year's pre-exceptional loss of $25 million.

On the financing side, our balance sheet has sufficient capacity to complete the construction of Inmaculada and fund the convertible loan repayment due in October of this year. I am also pleased that we have recently demonstrated our financial flexibility with the signing of a term sheet for a $100 million medium term credit facility at advantageous rates which, subject to closing, will provide more financial short term support if required as we enter a key stage of development with capital expenditure at its peak. Local short term credit lines remain mostly undrawn. We have also taken advantage of short periods of commodity price improvement to hedge almost 30% of our production for 2014 in order to realise a degree of cashflow certainty whilst project construction is in progress.

The Inmaculada project itself has made good progress in the first half as it moves towards completion at the end of the year. The EPC contractor commenced construction of the plant early in the second quarter and achieved almost 33% completion by the end of July although progress has been impacted by poor weather earlier in the year and slower than expected on-site recruitment. We have also had a busy period in terms of the other deliverables with procurement of all main equipment complete and another three kilometres of tunneling and raise boring also carried out bringing the total achieved for the entire project to over 13 kilometres. In addition, work on the transmission lines is complete and connection to the national grid was achieved at the end of May.

We implemented the cashflow optimisation programme a year ago with a target of approximately $200 million of efficiencies spread over H2 2013 and the first half of 2014 and I can now report that we have exceeded expectations with approximately $270 million of savings from across the organisation. At the operational level, where we have realised over $90 million of efficiencies, we have improved our supply chain negotiations, optimised a wide array of workforce practices and implemented several initiatives to lower ongoing costs at both the mining and processing operations. Sustaining capital expenditure has also been significantly reduced with only $56 million spent year-to-date versus an original 2013 full year budget of $180 million. In administration, we have continued to achieve significant savings in professional fees, further headcount reductions and the minimisation of compensatory schemes and travel expenses. In addition, the exploration and Advanced Project teams have undergone a substantial reorganisation which has now delivered over $50 million of savings versus our original 2013 budget. We remain focused on the delivery of further efficiencies and are targeting opportunities from operational areas such as mine planning, metallurgy, dilution control and procurement.

In line with the achievements from the above programme, the operations have enjoyed another solid half in terms of production and costs. The three main operations, Arcata and Pallancata in Peru and San Jose in Argentina, improved their collective ounce contribution versus the same period of last year and we were also able to deliver a better than expected final production result from the now closed Ares mine. On the operational cost side, all-in sustaining costs (AISC) at our main operations were reduced by 16% to $16.8 per silver equivalent ounce versus the first half of last year although we do expect that a number of annual cost items to be processed in the second half will limit the overall 2014 reduction to our current forecast of 0-5%.

The short term outlook for our underlying markets remains uncertain but with the beginning of Inmaculada's operation imminent, the cash optimisation programme generating better than expected results and the financial position of the Company secure, I am confident that we can look forward to an exciting twelve months as our latest capital project delivers new growth for the Company and our shareholders.

Ignacio Bustamante
Chief Executive Officer
19 August 2014

OPERATING REVIEW

CURRENT OPERATIONS

Production

In the first half of 2014, the Company delivered attributable production of 11.9 million silver equivalent ounces, including 8.5 million ounces of silver and 55.5 thousand ounces of gold and is on track to meet its full year production target of 21.0 million attributable silver equivalent ounces.

Costs

The Company's all-in sustaining costs (AISC) at its main operations were reduced by 16% in H1 2014 to \$16.8 per ounce driven by operational initiatives resulting from the cashflow optimisation programme, an ongoing decrease in industry cost inflation and grade improvements particularly in Peru.[7] Unit cost per tonne at its main Peruvian operations was reduced to \$74.0 (H1 2013: \$75.5). In Argentina, unit cost per tonne was reduced by 13% to \$200.0 (H1 2013: \$229.9). Please see page 14 of the Financial Review for further details on costs.

Main operations

Arcata: Peru

The 100% owned Arcata underground operation is located in the Department of Arequipa in southern Peru. It commenced production in 1964.

Arcata summary	**Six months to 30 June 2014**	Six months to 30 June 2013	**% change**
Ore production (tonnes)	**365,573**	427,274	(14)
Average silver grade (g/t)	**262**	195	34
Average gold grade (g/t)	**0.81**	0.69	17
Silver produced (koz)	**2,895**	2,292	26
Gold produced (koz)	**8.76**	7.88	11
Silver equivalent produced (koz)	**3,420**	2,764	24
Silver sold (koz)	**2,947**	2,332	26
Gold sold (koz)	**8.58**	7.83	10
Unit cost (\$/t)	**82.2**	83.4	(1)
Total cash cost (\$/oz Ag co-product)[8]	**12.5**	13.8	(9)
All-in sustaining cost (\$/oz)	**17.9**	22.3	(20)

Production and sales

At Arcata, total silver equivalent production in the first half of 2014 increased by 24% to 3.4 million ounces (H1 2013: 2.8 million ounces) driven by higher grades and recoveries resulting from a greater proportion of material from stopes and developments, partially replacing, as expected, volumes processed from the low-grade Macarena Waste Dam Deposit which was almost entirely depleted by the end of the half. Arcata also benefited (in the first quarter) from the processing of stock mined in 2013. Due to better commercial terms for concentrate versus dore in 2014, the Company has decided to produce only concentrate this year.

On the 8th August 2014, the Arcata operation stopped production following strike action over 2014 remuneration arrangements. The dispute, initiated by one of the Peruvian labour unions, is expected to be declared illegal by the Ministry of Labour. A significant percentage of the workforce has now returned to work and the Company does not currently expect the dispute to impact the mine's full year production forecast.

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[7] 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).
[8] 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 2014	**H1 2013**
Total		
Tonnage	**365,573**	427,274
Average head grade gold (g/t)	**0.81**	0.69
Average head grade silver (g/t)	**261.93**	194.67
Macarena		
Tonnage	**38,366**	144,350
Average head grade gold (g/t)	**0.25**	0.29
Average head grade silver (g/t)	**63.35**	93.25
Stopes and Developments		
Tonnage	**327,207**	282,924
Average head grade gold (g/t)	**0.88**	0.90
Average head grade silver (g/t)	**285.21**	246.42

In H1 2014, the dore produced at Arcata was sold to INTL Commodities, Johnson Matthey, Auramet and HSBC whilst the concentrate produced at the operation was sold to Consorcio Minero, Trafigura and Glencore.

Costs

In H1 2014, the unit cost per tonne at Arcata at $82.2 per tonne was flat versus the same period last year with the overall effects of the ongoing cost savings initiatives partially offset by the planned fall in the processing of the low cost Macarena material. However, all-in sustaining costs fell by 20% to $17.9 per ounce (H1 2013: $22.3 per ounce) due to a decline in production costs and sustaining capex resulting from cashflow optimisation programme initiatives as well as better grades.

Exploration

In H1 2014, 4,331 metres of drilling were carried out at Arcata. A detailed surface mapping and sampling campaign has been completed covering the Tunel 4, Marciano, Veta D and Looby areas covering a total of 1,330 ha. A drilling campaign with the aim of adding new resources began in early May with five drill holes carried out at the Irma, Pamela and Paralelas veins. Significant intercepts during the half included:

Vein	**Results**
Pamela	DDH616-LM14 :1.36m at 1.16 g/t Au & 663.95 g/t Ag
Pamela Norte	DDH626-GE14: 1.47m at 1.66 g/t Au & 953.96 g/t Ag
Paralela 1	DDH587-LM14: 1.43m at 6.75 g/t Au & 985 g/t Ag
Paralela 2	DDH587-LM14: 1.02m at 2.93 g/t Au & 465 g/t Ag DDH617-LM14: 1.35m at 1.35 g/t Au & 242.53 g/t Ag
Paralela 3	DDH587-LM14: 1.00m at 4.02 g/t Au & 374 g/t Ag
Irma	DDH599-LM14: 1.74m at 0.23 g/t Au & 1,025 g/t Ag

Pallancata: Peru

The 100% owned Pallancata silver/gold property is located in the Department of Ayacucho in southern Peru, approximately 160 kilometres from the Arcata operation. Pallancata commenced production in 2007 and up until December 2013, Hochschild held a controlling interest of 60%, with International Minerals Corporation ("IMZ") as minority shareholder. Following the purchase of IMZ, Hochschild now owns 100% of the operation. Ore from Pallancata is transported 22 kilometres to the Selene plant for processing.

Pallancata summary	**Six months to 30 June 2014**	Six months to 30 June 2013	**% change**
Ore production (tonnes)	**523,695**	523,824	-
Average silver grade (g/t)	**264**	253	4
Average gold grade (g/t)	**1.12**	1.13	(1)
Silver produced (koz)	**3,588**	3,534	2
Gold produced (koz)	**12.84**	14.11	(9)
Silver equivalent produced (koz)	**4,358**	4,380	(1)
Silver sold (koz)	**3,615**	3,590	1
Gold sold (koz)	**13.11**	13.67	(4)
Unit cost ($/t)	**68.1**	69.0	(1)
Total cash cost ($/oz Ag co-product)	**10.1**	10.6	(5)
All-in sustaining cost ($/oz)	**15.3**	17.9	(15)

Production and sales

At the 100% owned Pallancata operation, consistent tonnage and silver and gold grades led to similar production versus the first half of 2013. Total silver equivalent production was 4.4 million silver equivalent ounces (H1 2013: 4.4 million ounces).

In H1 2014, the silver/gold concentrate from Pallancata was sold to Teck Metals Ltd., LS-Nikko Copper Inc and Glencore.

Costs

Cost per tonne at Pallancata decreased to $68.1 in H1 2014 versus the same period last year ($69.0 per tonne). As at Arcata, costs were positively impacted by the cashflow optimisation programme although the impact was partially offset by a higher proportion of mineral extracted using conventional methods due to narrower veins. All-in sustaining costs fell by 15% versus the same period of 2013 with the positive effects of the cash optimisation programme reducing sustaining and development capital expenditure as well as administrative expenses.

Exploration

In H1 2014, 3,939 metres of drilling were carried out at Pallancata. The first half programme, which focused on mapping and sampling a total of 1,200 ha, was concentrated on the Yurika, Jakeline, Pilar, Jessica, Emilia, Tatiana, Vianka, Isis and Huararani vein systems. New surface structures Tatiana, Vianca and Larisa have also been recognised. In addition, drilling has been ongoing at two holes in the Vianca-Claudia and Yurika vein systems.

San Jose: Argentina

The San Jose silver/gold mine is located in Argentina, in the province of Santa Cruz, 1,750 kilometres south-southwest of Buenos Aires and commenced production in 2007. Hochschild holds a controlling interest of 51% and is the mine operator with McEwen Mining Inc (formerly Minera Andes Inc.) holding the remaining 49%.

San Jose summary*	Six months to 30 June 2014	Six months to 30 June 2013	% change
Ore production (tonnes)	**276,663**	249,195	11
Average silver grade (g/t)	**385**	430	(10)
Average gold grade (g/t)	**5.60**	6.57	(15)
Silver produced (koz)	**2,975**	2,926	2
Gold produced (koz)	**43.91**	46.69	(6)
Silver equivalent produced (koz)	**5,610**	5,728	(2)
Silver sold (koz)	**3,004**	2,880	4
Gold sold (koz)	**43.25**	44.79	(3)
Unit cost ($/t)	**200.0**	229.9	(13)
Total cash cost ($/oz Ag co-product)	**12.9**	14.9	(13)
All-in sustaining cost ($/oz)	**17.3**	20.4	(15)

* *The Company has a 51% interest in San Jose*

Production and sales
At the San Jose operation, total silver equivalent production for the first half was 5.6 million ounces (H1 2013: 5.7 million ounces) with lower silver and gold grades offset by increased tonnage versus the first half of 2013.

In H1 2014, the dore produced at San Jose was sold to Argor Heraeus and Republic Metals whilst the concentrate produced at the operation was sold to Aurubis AG, LS-Nikko Copper Inc, Consorcio Minero and Trafigura.

Costs
At San Jose, unit cost per tonne decreased by 13% versus H1 2013 to $200.0. This was due to the impact of the cash optimisation initiatives and a stronger than expected devaluation of the Argentine peso offsetting the effects of continuing high local inflation and a number of brief stoppages at the mine during the first half. All-in sustaining costs were reduced by 15% versus the same period of 2013 with cash optimisation initiatives helping to reduce sustaining and development capital expenditure by some 23% year-on-year.

Exploration
In 2014, the 2,000 metre potential drilling campaign has been focused on the definition of the new Ayelen, Nuevo 1 and Karina veins as well as drilling in the Los Pinos area. The team has already completed detailed surface mapping and sampling over the Los Pinos vein and identified another structure, Los Pinitos In addition, mapping of the Coyi and Nueva Ramona Rubia veins has identified additional corridors for the next drilling campaigns to focus on whilst further structures have been identified in the Sigmoide sector (located to the north east side) and to the west in the El Retiro Zone 4.

Other operations

Ares: Peru

The Ares mine, which commenced production in 1998, is a 100% owned operation located approximately 25 kilometres from Hochschild's Arcata mine in southern Peru.

Ares summary	**Six months to 30 June 2014**	Six months to 30 June 2013	**% change**
Ore production (tonnes)	**167,331**	149,828	12
Average silver grade (g/t)	**110**	71	55
Average gold grade (g/t)	**2.34**	2.52	(7)
Silver produced (koz)	**525**	328	60
Gold produced (koz)	**11.46**	11.84	(3)
Silver equivalent produced (koz)	**1,213**	1,038	17
Silver sold (koz)	**518**	334	55
Gold sold (koz)	**11.00**	11.97	(8)

Production and sales

The Company's Ares mine in Peru was closed in the second quarter with remaining production in the period delivering a better-than-expected total silver equivalent production of 626 thousand ounces (Q2 2013: 511 thousand ounces) driven by consistent grades. Total production for the first half was 1.2 million silver equivalent ounces (H1 2013: 1.0 million ounces)

100% of Ares' production is processed into dore, which was sold to Johnson Matthey and INTL Commodities in H1 2014.

Exploration

In 2014, exploration work has been focused on generating targets within the Ares-Arcata corridor and a 2,000 metre drilling campaign is taking place. A detailed surface mapping and sampling campaign has also been conducted at Ares North West covering an area of 55 ha which brings the total mapped area at the deposit to date to 3,731 ha.

Geological mapping to the south west of Ares is currently being carried out to identify drill targets for the next campaign with the required environmental permits in the process of being obtained.

PROJECT REVIEW

Inmaculada

At the Inmaculada project, the EPC contractor Graña y Montero started construction of the plant in late March and by the end of July, progress has reached almost 33%. Procurement of all main equipment has been completed and delivery to site is expected to be concluded by the end of August.

During the period, a further 2,226 metres of tunneling and 637 metres of raise boring were carried out with the total achieved for the entire project at 13,296 metres. Detailed engineering for the paste backfill is complete with filters, pumps and thickeners on order whilst work on the transmission lines has also finished with connection to the Peruvian national grid system carried out on 31 May 2014.

As of the end of June, mapping is being carried out at the Puquiopata and Huarmapata veins with a drilling campaign expected to follow. In addition, re-logging of the Angela vein system continues in order to optimise the geological model. The 2014 plan also includes a 5,000 metres drilling campaign in the Mayte vein corridor as well as near mine exploration at selected targets, in order to expand the current resources. A sampling and mapping campaign is also planned.

EXPLORATION REVIEW

The Company has an exploration budget of almost $30 million for 2014, representing 63,500 metres. This is being split between exploration work at the Company's existing operations, the Inmaculada Advanced Project and greenfield opportunities in Peru and Mexico. The main focus will continue to be on brownfield exploration.

In 2014, exploration work at the core operations is principally focused on identifying new potential and near-mine high grade areas to further improve the resource quality whilst at the Inmaculada Advanced Project, efforts are focused on identifying new potential high grade areas.

Hochschild's greenfield strategy for 2014 remains focused, as previously announced, on only the most promising prospects, specifically in Peru and Mexico.

Mexico

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. The 2014 plan includes testing the actual extensions of prior intercepts tested by the previous operator. A total 2,454 metres were drilled on 13 holes during the 2013 and 2014 campaigns. However, despite some drill holes showing economic gold and silver grades, continuous mineralisation could not be identified and therefore the project has been transferred back to Solitario.

Riverside Joint Venture

The exploration team has accepted two targets generated by Riverside, the JV partners in the western Sonora in Mexico. The projects are called Bohemia and Cajon and whereas Bohemia exhibits mineralised veins, orogenic type mineralisation has been observed at Cajon with highly frequent small mineralised veins off a detachment fault. Target definition is ongoing. Positive sampling campaigns have shown similar characteristics to the San Francisco mine, also in the Sonora district.

Peru

During the first half, the Company's exploration efforts in Peru focused on optimising the existing portfolio and reviewing any industry opportunities. One of these is the Corina project, located 15-20 km from the Selene plant and owned by Lara Exploration Ltd. The agreement drawn up includes an option giving Hochschild full ownership of the project over four years.

In addition, promising geochemical results have been obtained from the Ibel prospect in Peru.

FINANCIAL REVIEW

Key performance indicators

(before exceptional items, unless otherwise indicated)

$000 unless otherwise indicated	Six months to 30 June 2014	Six months to 30 June 2013[9]	% change
Net Revenue[10]	**282,012**	308,577	(9)
Attributable silver production (koz)	**8,526**	7,665	11
Attributable gold production (koz)	**55**	64	(14)
Cash costs ($/oz Ag co-product)[11]	**11.83**	13.35	(11)
Cash costs ($/oz Au co-product)[11]	**803**	785	2
Total all-in sustaining costs ($/oz)	**17.5**	21.2	(17)
Main operation all-in sustaining costs ($/oz)	**16.8**	19.9	(16)
Adjusted EBITDA[12]	**94,282**	90,410	4
(Loss)/profit from continuing operations	**(1,546)**	(25,215)	94
(Loss)/profit from continuing operations (post exceptional)	**(11,749)**	(38,427)	69
Earnings per share (pre exceptional)	**(0.01)**	(0.10)	90
Earnings per share (post exceptional)	**(0.04)**	(0.10)	60
Cash flow from operating activities[13]	**44,159**	4,279	932

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

Revenue

Gross revenue
Gross revenue from continuing operations decreased 5% to $308.1 million in H1 2014 (H1 2013: $325.2 million) driven by the significant fall in precious metal prices.

Silver
Gross revenue from silver was broadly flat in H1 2014 versus the same period of 2013 at $206.8 million (H1 2013: $210.9 million) with lower metal prices offsetting the increase in the total amount of silver ounces sold which rose by 10% to 10,086 koz (H1 2013: 9,153 koz).

Gold
Gross revenue from gold decreased 11% in H1 2014 to $101.3 million (H1 2013: $114.3 million) also as a result of lower prices and also to some extent by a 9% decrease in gold sales with gold ounces sold in H1 2014 at 76.3 koz (H1 2013: 83.6 koz).

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[9]H1 2013 attributable production for Pallancata has been restated to 100% of production and also includes production from the recently-sold Moris operation.
[10]Revenue presented in the financial statements is disclosed as net revenue. In this Financial Review it is calculated as gross revenue less commercial discounts.
[11]Includes Hochschild's main 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.
[12]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 and includes hedge gains.
[13]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.

Gross average realised sales prices
The following table provides figures for average realised prices and ounces sold for H1 2014 and H1 2013:

Average realised prices	Six months to 30 June 2014	Six months to 30 June 2013
Silver ounces sold (koz)	**10,086**	**9,153**
Avg. realised silver price ($/oz)	**20.5**	**23.0**
Gold ounces sold (koz)	**76.29**	**83.56**
Avg. realised gold price ($/oz)	**1,328**	**1,367**

In March 2014, the Company signed agreements to hedge the sale of 2,000,000 ounces of silver at $22/ounce and 33,000 ounces of gold at $1,338/ounce, during the period from March to December 2014. Subsequently in June, the Company signed additional agreements to hedge the sale of a further 2,000,000 ounces of silver at $21/ounce, during the period from July to December 2014.

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 2014, the Group recorded commercial discounts of $26.2 million (H1 2013: $16.6 million). This increase is explained the decision to sell 100% of production from Arcata as concentrate due to improved commercial terms. The ratio of commercial discounts to gross revenue in H1 2014 increased to 9% (H1 2013: 5%).

Net revenue
Net revenue decreased by 9% to $282.0 million (H1 2013: $308.6 million), comprising silver revenue of $186.2 million and gold revenue of $95.8 million. In H1 2014, silver accounted for 66% and gold 34% of the Company's consolidated net revenue compared to 64% and 36% respectively in H1 2013.

Revenue by mine

$000 unless otherwise indicated	Six months to 30 June 2014	Six months to 30 June 2013	% change
Silver revenue			
Arcata	**60,273**	60,334	-
Ares	**10,420**	8,604	21
Pallancata	**75,154**	79,056	(5)
San Jose	**60,930**	62,431	(2)
Moris	**30**	475	(94)
Commercial discounts	**(20,634)**	(12,323)	67
Net silver revenue	**186,173**	198,577	(6)
Gold revenue			
Arcata	**11,308**	11,686	(3)
Ares	**14,391**	17,825	(19)
Pallancata	**17,555**	18,166	(3)
San Jose	**57,629**	58,367	(1)
Moris	**441**	8,209	(95)
Commercial discounts	**(5,517)**	(4,285)	29
Net gold revenue	**95,807**	109,968	(13)
Other revenue[14]	**32**	32	-
Net revenue	**282,012**	308,577	(9)

[14] *Other revenue includes revenue from (i) the sale of energy in Peru and, (ii) administrative services in Mexico.*

Costs

Total pre-exceptional cost of sales decreased by 10% to $209.4 million in H1 2014 (H1 2013: $233.4 million). Direct production costs decreased by 14% in H1 2014, to $131.3 million (H1 2013: $153.0 million) principally due to the positive effects of the Company's ongoing cash optimisation programme. Depreciation in H1 2014 was $58.9 million (H1 2013: $65.0 million) with the decrease mainly due to lower future capex depreciation resulting from a lower level of metres expected to be developed in 2014. Other items, which principally includes workers' profit sharing, was $3.0 million in H1 2014 (H1 2013: $3.7 million) with change in inventories at $16.3 million in H1 2014 (H1 2013: $11.6 million).

$000	**Six months to 30 June 2014**	Six months to 30 June 2013	**% Change**
Direct production cost excluding depreciation	**131,276**	153,047	(14)
Depreciation in production cost	**58,856**	64,961	(9)
Other items	**2,978**	3,724	(20)
Change in inventories	**16,311**	11,639	40
Pre-exceptional Cost of Sales	**209,421**	233,371	(10)

Unit cost per tonne
The Company reported unit cost per tonne at its main operations of $102.8 in H1 2014, a reduction of 5% compared to H1 2013 (H1 2014: $107.7). For further explanation on the increase in unit cost per tonne please refer to page 6 of the Operating Review.

Unit cost per tonne by operation[15]*:*

Operating unit ($/tonne)	**Six months to 30 June 2014**	Six months to 30 June 2013	% change
Main operations	**102.8**	107.7	(5)
Peru	**74.0**	75.5	(2)
Arcata	**82.2**	83.4	(1)
Pallancata	**68.1**	69.0	(1)
Argentina			
San Jose	**200.0**	229.9	(13)
Others			
Ares	**117.8**	145.9	(19)
Total	**104.6**	111.8	(6)

[15]*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.

Cash cost reconciliation[16]*:*

$000 unless otherwise indicated	**Six months to 30 June 2014**	Six months to 30 June 2013	% change
Group Cash Cost	**187,672**	199,474	(6)
(+) Cost of sales	**209,421**	233,371	(10)
(-) Depreciation in Cost of Sales	**(62,761)**	(67,462)	(7)
(+) Selling expenses	**14,536**	16,408	(11)
(+) Commercial deductions	**26,476**	17,157	54
Gold	***5,529***	*4,301*	*29*
Silver	***20,947***	*12,856*	*63*
Revenue	**282,012**	308,577	(9)
Gold	**95,807**	109,968	(13)
Silver	**186,173**	198,577	(6)
Others	**32**	32	-
Ounces Sold			
Gold	**76.3**	83.6	(9)
Silver	**10,086**	9,153	10
Group Cash Cost ($/oz)			
Co product Au	**836**	851	(2)
Co product Ag	**12.3**	14.0	(12)
By product Au	**(255)**	(143)	78
By product Ag	**8.6**	9.3	(8)

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.

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

All-in sustaining cost reconciliation

All-in sustaining cash costs per silver equivalent ounce[17]

Six months to 30 June 2014

$000 unless otherwise indicated	Arcata	Pallancata	San José	Main Operations	Other Operations	Corporate & Others	Total
(+) Production Cost excluding depreciation	29,059	34,779	49,838	**113,676**	17,600	-	**131,276**
(+) Other items in Cost of Sales	992	647	656	**2,295**	683	-	**2,978**
(+) Operating & Exploration capex for units	18,164	17,859	20,926	**56,949**	(5)	431	**57,375**
(+) Brownfield exploration expenses	214	629	91	**934**	(61)	688	**1,561**
(+) Administrative expenses (w/o depreciation)	2,144	2,947	4,063	**9,154**	166	10,709	**20,029**
(+) Royalties	-	897	-	**897**	262	-	**1,159**
Sub-Total	**50,573**	**57,758**	**75,574**	**183,905**	**18,645**	**11,828**	**214,378**
Ounces Produced (Ag Eq oz)	3,420	4,358	5,610	**13,388**	1,213	-	**14,602**
Sub-total ($/oz)	**14.8**	**13.3**	**13.5**	**13.7**	**15.4**	**-**	**14.7**
(+) Commercial deductions	9,846	7,872	8,758	**26,476**	-	-	**26,476**
(+) Selling expenses	1,054	977	12,461	**14,492**	44	-	**14,536**
Sub-total	**10,900**	**8,849**	**21,219**	**40,968**	**44**	**-**	**41,012**
Ounces Sold (Ag Eq oz)	3,461	4,402	5,599	**13,462**	1,201	-	**14,663**
Sub-total ($/oz)	**3.1**	**2.0**	**3.8**	**3.0**	**0.04**	**-**	**2.8**
Total cash cost ($/oz Ag Eq)	**11.9**	**10.1**	**12.8**	**11.7**	**15.1**	**-**	**12.0**
All-in sustaining costs ($/oz Ag Eq)	**17.9**	**15.3**	**17.3**	**16.8**	**15.4**	**-**	**17.5**

[17]*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).*

Six months to 30 June 2013

$000 unless otherwise indicated	Arcata	Pallancata	San José	Main Operations	Other Operations	Corporate & Others	Total
(+) Production Cost excluding depreciation	34,780	37,134	55,536	**127,450**	25,397	-	**152,847**
(+) Other items in Cost of Sales	(638)	18	4,547	**3,927**	(3)	-	**3,924**
(+) Operating & Exploration capex for units	22,816	25,580	27,156	**75,552**	3,715	1,316	**80,583**
(+) Brownfield exploration expenses	826	760	861	**2,447**	158	1,303	**3,908**
(+) Administrative expenses (w/o depreciation)	3,540	4,639	4,252	**12,430**	1,184	13,455	**27,069**
(+) Royalties	-	943	-	**943**	268	-	**1,211**
Sub-Total	**61,324**	**69,074**	**92,352**	**222,749**	**30,719**	**16,074**	**269,542**
Ounces Produced (Ag Eq oz)	2,764	4,380	5,728	**12,872**	1,411	-	**14,283**
Sub-total ($/oz)	22.2	15.8	16.1	**17.3**	21.8	**-**	**18.9**
(+) Commercial deductions	133	8,121	8,891	**17,145**	12	-	**17,157**
(+) Selling expenses	134	1,368	14,809	**16,311**	97	-	**16,408**
Sub-total	267	9,489	23,700	**33,456**	109	**-**	**33,565**
Ounces Sold (Ag Eq oz)	2,802	4,410	5,568	**12,779**	1,388	-	**14,167**
Sub-total ($/oz)	**0.1**	**2.2**	**4.3**	**2.6**	**0.1**	**-**	**2.4**
Total cash cost ($/oz Ag Eq)	**12.4**	**10.6**	**14.7**	**12.8**	**18.1**	**-**	**13.3**
All-in sustaining costs ($/oz Ag Eq)	**22.3**	**17.9**	**20.4**	**19.9**	**21.9**	**-**	**21.2**

Administrative expenses

Administrative expenses before exceptional items were reduced by 26% to $21.4 million (H1 2013: $29.0 million) primarily due to the ongoing impact of the cashflow optimisation programme. Post-exceptional administrative expenses in H1 2014 totalled $22.2 million.

Exploration expenses

In H1 2014, pre-exceptional exploration expenses, decreased by 71% to $8.2 million (H1 2013: $27.8 million) again due to the effects of the cashflow optimisation programme. Post-exceptional exploration expenses in H1 2014 totalled $8.7 million.

In addition, the Group capitalises part of its brownfield exploration, which mostly relates to costs incurred converting potential resource to the Inferred or Measured and Indicated category. In H1 2014, the Company capitalised $1.2 million relating to brownfield exploration compared to $0.3 million in H1 2013, bringing the total investment in exploration for 2013 to $9.4 million (H1 2013: $28.1 million). $79.6 million was also invested in the Company’s Advanced and Growth Projects.

Selling expenses

Selling expenses were lower than H1 2013 at $14.5 million (H1 2013: $16.4 million) as a result of lower prices. Selling expenses mainly consist of export duties at San Jose with export duties in Argentina levied at 10% of revenue for concentrate and 5% of revenue for dore.

Other income/expenses

Other income before exceptional items was $2.0 million (H1 2013: $3.5 million), whilst other expenses before exceptional items reached $4.8 million (H1 2013: $4.3 million) mainly due the new reserves tax in Argentina.

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 and income tax increased to $25.7 million (H1 2013: $1.2 million) as a result of the factors detailed above.

Adjusted EBITDA

Adjusted EBITDA increased by 4% despite lower silver and gold prices over the period to $94.3 million (H1 2013: $90.4 million) principally due to lower cost of sales and administrative expenses.

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 2014**	Six months to 30 June 2013	% change
Profit from continuing operations before exceptional items, net finance cost, foreign exchange loss and income tax	**25,738**	1,195	(2,054)
Operating margin	**9%**	0%	
Depreciation and amortisation in cost of sales	**62,761**	67,462	(7)
Depreciation and amortisation in administrative expenses	**1,324**	1,969	(33)
Exploration expenses	**8,175**	27,770	(71)
Personnel and other exploration related fixed expenses	**(3,716)**	(7,986)	53
Adjusted EBITDA	**94,282**	90,410	(4)
Adjusted EBITDA margin	***33%***	*29%*	

Finance income

Finance income before exceptional items of $1.8 million was reduced from H1 2013 ($5.3 million) mainly due to lower interest received on deposits and liquidity funds ($2.6 million) as well as lower dividends received from Gold Resource Corporation ($1.2 million).

Finance costs

Finance costs before exceptional items increased to $18.1 million in H1 2014 (H1 2013: $7.3 million) principally due to the interest due on $350 million of Senior Notes (issued in January 2014 via the Company's wholly owned subsidiary, Compañía Minera Ares S.A.C) with a coupon rate of 7.75% due for repayment in 2021.

Foreign exchange losses

The Group recognised a foreign exchange loss of $0.3 million (H1 2013: $15.4 million loss) as a result of exposures in currencies other than the functional currency.

Income tax

The Company's pre-exceptional income tax was $10.7 million (H1 2013: $14.9 million). H1 2014 income tax was negatively affected by the reduction of the local currency tax base in Argentina resulting from the devaluation of the Argentinean Peso (US$ 5.9 million).

Exceptional items

Exceptional items in H1 2014 totalled $(10.2) million after tax (H1 2013: $(13.2) million). The tables below detail the exceptional items excluding the exceptional tax effect that amounted to $2.3 million.

Exceptional items in H1 2014 totalled ($12.5) million before tax (H1 2013: $38.4 million). This mainly comprises the following items:

Negative exceptional items:

Main items	$000	Description of main items
Termination benefits	(4,916)	Termination benefits paid to the workers following the Ares mine unit closure ($3.5 million) and the ongoing cashflow optimisation programme restructuring (Administrative expenses: $0.9 million and Exploration expenses: $0.5 million)
Other expenses	(2,963)	Loss generated by the sale of the Group´s interest in Minas Santa María de Moris, S.A. de C.V. ("Moris") to Exploraciones y Desarrollos Regiomontanos, S.A. de C.V. and Arturo Préstamo Elizondo.
Impairment and write-off of non-financial assets (net)	(476)	Write off of assets in Compañía Minera Ares S.A.C. of $345,000 and Minera Santa Cruz S.A. of $131,000
Finance cost	(4,189)	Includes $3.3 million of transaction costs related to the Bridge Loan Facility and $1.7 million loss on disposal of GRC shares, partially offset by a net gain on the sale of part of the Group´s holding in Chaparral Gold Corp and Mirasol Resources Ltd of $547,000 and $201,000 respectively.

Cash flow & balance sheet review

Cash flow:

$000 unless otherwise indicated	Six months to 30 June 2014	Six months to 30 June 2013	change
Net cash generated from operating activities	**44,159**	4,279	39,880
Net cash used in investing activities	**(127,049)**	(130,463)	3,414
Cash flows generated/(used) in financing activities	**27,374**	20,764	6,610
Net (decrease)/increase in cash and cash equivalents during the period	**(55,516)**	(105,420)	49,904

Operating cash flow increased from $4.3 million in H1 2013 to $44.2 million in H1 2014, mainly due to cost reductions. Net cash used in investing activities remained flat at $(127.0) million in H1 2014 from $(130.5) million in H1 2013 due to lower operational expenditures in line with the implementation of the cashflow optimisation programme during H1 2014 ($(56.9) million vs. $(79.3) million in H1 2013), offset by higher project capex at Inmaculada during H1 2014 ($(75.6) million vs. $(40.0) million in H1 2013. Finally, cash used in financing activities increased to $27.4 million from $20.8 million in H1 2013, primarily as a result of the proceeds from the $350 million Senior Notes, partially offset by repayment of the bridge loan facility ($270.0 million) and short term debt in Peru ($30.0 million) and Argentina. As a result, total cash generated increased from $(105.4) million in H1 2013 to $(55.5) million in H1 2014 ($49.9 million difference).

Working capital

$000 unless otherwise indicated	Six months to 30 June 2014	Six months to 30 June 2013
Trade and other receivables	**194,265**	155,682
Inventories	**54,135**	68,905
Net other financial assets / (liabilities)	**5,207**	(16,123)
Net Income tax receivable / (payable)	**21,514**	23,137
Trade and other payables and provisions	**(181,641)**	(173,740)
Working Capital	**93,480**	57,861

The Company's working capital position increased to $93.5 million in H1 2014 from $57.9 million in H1 2013. This was primarily explained by higher trade and other receivables ($38.6 million) due to longer concentrate sales collection periods at Arcata. Also, net other financial assets increased to $5.2 million in H1 2014 from $(16.1) million in H1 2013 due to recognised gain from hedge agreements.

Net cash

$000 unless otherwise indicated	Six months to 30 June 2014	Six months to 30 June 2013
Cash and cash equivalents	**225,550**	239,274
Long term borrowings	**(354,512)**	(107,944)
Short term borrowings[18]	**(126,340)**	(39,775)
Net cash/(debt)	**(255,302)**	91,555

The Group reported net cash of $(255.3) million as at 30 June 2014 (H1 2013: $91.6 million). Changes were driven by: i) lower cash and cash equivalents of $13.7 million due to the acquisition of International Minerals Corporation in 2013 ($271 million) and capex at Inmaculada ($134 million), partially offset by proceeds from the $350 million Senior Notes issued in January 2014 and the equity placing in October 2013 ($71.3 million); ii) higher long term borrowings resulting from the Senior Notes issue.

The Company's short-term borrowings are its $115 million convertible bond that has a current conversion price of £3.80 due in October 2014 and short term debt raised in Argentina.

[18] *Includes pre-shipment loans which were previously reported under working capital.*

Capital expenditure[19]

$000 unless otherwise indicated	Six months to 30 June 2014	Six months to 30 June 2013
Arcata	**18,164**	22,816
Ares	**(5)**	2,798
Selene	**156**	672
Pallancata	**17,703**	24,908
San Jose	**20,926**	27,156
Moris	**-**	917
Operations	**56,949**	79,267
Inmaculada	**75,595**	39,970
Crespo	**2,467**	11,177
Volcan	**972**	3,253
Azuca	**578**	3,194
Other	**431**	1,347
Total	**136,987**	138,208

H1 2014 capital expenditure of $137.0 million (H1 2013: $138.2 million) includes operating capex of $55.7 million, capitalised exploration costs of $1.2 million in respect of the Group's operating mines, $75.6 million capitalised in Inmaculada, $2.5 million capitalised in Crespo, $1.6 million in Azuca and Volcan, and administrative capital expenditure of $0.4 million.

[19]Includes additions in property, plant and equipment and evaluation and exploration assets (confirmation of resources) and excludes increases in the expected closure costs of mine asset

RISKS

The principal risks and uncertainties facing the Company in respect of the year ended 31 December 2013 are set out in detail in the Risk Management section of the 2013 Annual Report and in Note 36 to the 2013 Consolidated Financial Statements.

The key risks disclosed in the 2013 Annual Report (available at www.hochschildmining.com) are categorised as:

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

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

In terms of the changes in the profile of these risks, the Board recognises the heightened level of financial risk that results from the combination of (i) a volatile precious metals pricing environment and (ii) the Company's forthcoming commitments which include the maturity of the convertible bond in October and the capital demands of the Inmaculada project as it enters its final stages before production commences.

The Company's risk management strategy overseen by the Board has prompted a number of actions taken by management to mitigate this risk which primarily include:

- implementation of the Cash Optimisation Plan which has led to material savings that are sustainable going forward; and
- the successful negotiation, subsequent to 30 June 2014, of a term sheet for the arrangement of a $100m medium term loan facility which, on closing, together with undrawn short-term credit lines, will provide the Company with further financial flexibility.

The Board expects that the Group's financial position will improve significantly after the commencement of production at Inmaculada which in addition to increasing the Group's total production, will increase margins given its lower costs of production relative to the Group's other mines.

GOING CONCERN

Having considered cash flow projections under a number of gold and silver pricing scenarios which take into account, among other things, the convertible bond maturity and the expenditure required at Inmaculada on the one hand and the mitigating actions taken by management described above on the other hand, the Directors 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
19 August 2014

INDEPENDENT REVIEW REPORT TO HOCHSCHILD MINING PLC

Introduction
We have been engaged by Hochschild Mining plc (the 'Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 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 condensed set of financial statements.

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

Directors' Responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial 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 condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 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
19 August 2014

Interim condensed consolidated income statement

	Notes	Six-months ended 30 June 2014 (Unaudited)			Six-months ended 30 June 2013 (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	282,012	—	**282,012**	308,577	—	**308,577**
Cost of sales	5	(209,421)	(3,511)	**(212,932)**	(233,371)	(200)	**(233,571)**
Gross profit		72,591	(3,511)	**69,080**	75,206	(200)	**75,006**
Administrative expenses		(21,355)	(868)	**(22,223)**	(29,039)	(1,006)	**(30,045)**
Exploration expenses		(8,175)	(537)	**(8,712)**	(27,770)	(1,911)	**(29,681)**
Selling expenses		(14,536)	—	**(14,536)**	(16,408)	—	**(16,408)**
Other income		2,030	—	**2,030**	3,501	—	**3,501**
Other expenses		(4,817)	(2,963)	**(7,780)**	(4,295)	—	**(4,295)**
Impairment and write-off of non-financial assets (net)		—	(476)	(476)	—	(61,930)	(61,930)
Profit/(loss) from continuing operations before net finance income/(cost), foreign exchange gain/(loss) and income tax		25,738	(8,355)	**17,383**	1,195	(65,047)	**(63,852)**
Share of post tax profit of associates and joint ventures accounted under the equity method		—	—	—	5,921	—	**5,921**
Finance income	7	1,813	—	**1,813**	5,311	—	**5,311**
Gain on transfer from investment accounted under the equity method to available-for-sale financial assets		—	—	—	—	107,942	**107,942**
Finance costs	7	(18,087)	(4,189)	**(22,276)**	(7,331)	(81,320)	**(88,651)**
Foreign exchange loss		(335)	—	**(335)**	(15,373)	—	**(15,373)**
(Loss)/profit from continuing operations before income tax		9,129	(12,544)	**(3,415)**	(10,277)	(38,425)	**(48,702)**
Income tax (expense)/benefit	8	(10,675)	2,341	**(8,334)**	(14,938)	25,213	**10,275**
(Loss)/profit for the period from continuing operations		(1,546)	(10,203)	**(11,749)**	(25,215)	(13,212)	**(38,427)**
Attributable to:							
Equity shareholders of the Company		(2,469)	(10,161)	**(12,630)**	(34,406)	(49)	**(34,455)**
Non-controlling interests		923	(42)	**881**	9,191	(13,163)	**(3,972)**
		(1,546)	(10,203)	**(11,749)**	(25,215)	(13,212)	**(38,427)**
Basic and diluted earnings per ordinary share from continuing operations and for the period (expressed in U.S. dollars per share)		(0.01)	(0.03)	**(0.04)**	(0.10)	—	**(0.10)**

Interim condensed consolidated statement of comprehensive income

	Notes	Six-months ended 30 June	
		2014 (Unaudited) US$000	2013 (Unaudited) US$000
Loss for the period		**(11,749)**	(38,427)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		(79)	(910)
Change in fair value of available-for-sale financial assets		2,538	(77,289)
Recycling of the loss on available-for-sale financial assets		934	81,191
Change in fair value of cash flow hedges		4,294	—
Recycling of the gain on cash flow hedges		(2,189)	—
Deferred income tax relating to components of other comprehensive income		(631)	—
Other comprehensive gain for the period, net of tax		4,867	2,992
Total comprehensive (expense)/income for the period		(6,882)	(35,435)
Total comprehensive (expense)/income attributable to:			
Equity shareholders of the Company		(7,763)	(31,463)
Non-controlling interests		881	(3,972)
		(6,882)	(35,435)

Interim condensed consolidated statement of financial position

	Notes	As at 30 June 2014 (Unaudited) US$000	As at 31 December 2013 US$000
ASSETS			
Non-current assets			
Property, plant and equipment	9	942,363	873,477
Evaluation and exploration assets	10	210,701	204,643
Intangible assets	10	43,713	43,683
Available-for-sale financial assets	11	40,075	51,658
Trade and other receivables		11,565	12,128
Deferred income tax assets		1,960	2,416
		1,250,377	1,188,005
Current assets			
Inventories		54,135	69,556
Trade and other receivables		182,700	167,740
Income tax receivable		25,720	22,156
Other financial assets	12	5,207	—
Cash and cash equivalents	14	225,550	286,435
		493,312	545,887
Total assets		1,743,689	1,733,892
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Parent			
Equity share capital		170,389	170,389
Share premium		396,021	396,021
Treasury shares		(898)	(898)
Other reserves		(205,910)	(211,143)
Retained earnings		498,862	511,492
		858,464	865,861
Non-controlling interests		99,745	104,375
Total equity		958,209	970,236
Non-current liabilities			
Trade and other payables		118	174
Borrowings	15	343,174	—
Provisions		83,558	79,649
Deferred income		23,000	22,000
Deferred income tax liabilities		95,781	93,505
		545,631	195,328
Current liabilities			
Trade and other payables		90,730	119,222
Other financial liabilities	12	—	2,294
Borrowings	15	137,678	435,925
Provisions		7,235	9,573
Income tax payable		4,206	1,314
		239,849	568,328
Total liabilities		785,480	763,656
Total equity and liabilities		1,743,689	1,733,892

Interim condensed consolidated statement of cash flows

	Notes	Six-months ended 30 June	
		2014 (Unaudited) US$000	**2013 (Unaudited) US$000**
Cash flows from operating activities			
Cash generated from operations		56,477	19,695
Interest received		1,533	1,614
Interest paid		(6,021)	(3,303)
Payments of mine closure costs		(2,485)	(1,176)
Income tax paid		(5,345)	(12,551)
Net cash generated from operating activities		44,159	4,279
Cash flows from investing activities			
Purchase of property, plant and equipment		(140,456)	(123,864)
Purchase of evaluation and exploration assets		(2,188)	(11,707)
Purchase of intangibles		(281)	(678)
Dividends received		414	4,098
Acquisition of subsidiary		—	(14,615)
Deferred income received related to San Felipe property		1,223	16,000
Proceeds from sale of available-for-sale financial assets		14,121	—
Proceeds from sale of property, plant and equipment		118	303
Net cash used in investing activities		(127,049)	(130,463)
Cash flows from financing activities			
Proceeds of borrowings	15	357,812	33,114
Repayment of borrowings	15	(322,828)	(412)
Dividends paid	16	(7,610)	(16,318)
Capital contribution from non-controlling interest		—	4,380
Cash flows generated from financing activities		27,374	20,764
Net decrease in cash and cash equivalents during the period		(55,516)	(105,420)
Exchange difference		(5,369)	(14,250)
Cash and cash equivalents at beginning of period		286,435	358,944
Cash and cash equivalents at end of period	14	225,550	239,274

Interim condensed consolidated statement of changes in equity

	Notes	Equity share capital US$000	Share premium US$000	Treasury Shares US$000	Other reserves: Unrealised gain/(loss) on available-for-sale financial assets US$000	Other reserves: Unrealised gain/(loss) on hedges US$000	Other reserves: Bond equity component US$000	Other reserves: Cumulative translation adjustment US$000	Other reserves: Merger reserve US$000	Other reserves: Share-based payment reserve US$000	Other reserves: 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 2014		170,389	396,021	(898)	1,024	—	8,432	(11,289)	(210,046)	736	(211,143)	511,492	865,861	104,375	970,236
Other comprehensive gain/ (loss)		—	—	—	3,472	1,474	—	(79)	—	—	4,867	—	4,867	—	4,867
Loss for the period		—	—	—	—	—	—	—	—	—	—	(12,630)	(12,630)	881	(11,749)
Total comprehensive (loss)/income for the period		—	—	—	3,472	1,474	—	(79)	—	—	4,867	(12,630)	(7,763)	881	(6,882)
Deferred bonus plan		—	—	—	—	—	—	—	—	106	106	—	106	—	106
CEO LTIP		—	—	—	—	—	—	—	—	260	260	—	260	—	260
Dividends declared to non-controlling interests	16	—	—	—	—	—	—	—	—	—	—	—	—	(5,511)	(5,511)
Balance at 30 June 2014		170,389	396,021	(898)	4,496	1,474	8,432	(11,368)	(210,046)	1,102	(205,910)	498,862	858,464	99,745	958,209
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
Loss 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 declared 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

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 23 Hanover Square, London W1S 1JB, 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 two operating mines (Arcata and Pallancata) and two plants (Selene used to treat ore from the Pallancata mine and Ares) located in Southern Peru, and one operating mine (San Jose) located in Argentina. The Group also has a portfolio of projects located across Peru, Argentina, Mexico and Chile at various stages of development.

The Group sold the Moris plant, located in Mexico, and closed the Ares mine unit, located in Peru, during the six month period ended 30 June 2014.

These interim condensed consolidated financial statements were approved for issue on behalf of the Board of Directors on 19 August 2014.

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 2014 and 31 December 2013 and its financial performance and cash flows for the periods ended 30 June 2014 and 30 June 2013.

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 2013 annual consolidated financial statements as published in the 2013 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 2013. 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 statements for the year ended 31 December 2013, except for the adoption of the following standards and interpretations:

- *IFRS 7 ‘Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7’, applicable for annual periods beginning on or after 1 July 2013*
  These amendments require an entity to disclose information about rights to set-off and related arrangements. The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity´s financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32

'Financial Instruments: Presentation.' The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments have no impact on the Group's financial position or performance.

- *IFRS 10 'Consolidated Financial Statements', applicable for annual periods beginning on or after 1 January 2014*
  IFRS 10 replaces the portion of IAS 27 'Consolidated and separate financial statements' that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 'Consolidation-special purposes entities'. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The application of this new standard has no impact on the Group´s financial position or performance.
- *IFRS 11 'Joint arrangements', applicable for annual periods beginning on or after 1 January 2014*
  IFRS 11 replaces IAS 31 'Interests in joint ventures' and SIC-13 'Jointly-controlled entities non-monetary contributions by venturers'. Instead, jointly-controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard has no impact on the Group's financial position or performance.
- *IFRS 12 'Disclosure of involvement with other entities', applicable for annual periods beginning on or after 1 January 2014*
  IFRS 12 applies to an entity that has an interest in subsidiaries, joint arrangements, associates and/or structured entities. Many of the disclosure requirements of IFRS 12 were previously included in IAS 27, IAS 31, and IAS 28. A number of new disclosures are also required. The standard affects financial statement disclosure only and has no impact on the Group's financial position or performance.
- *IAS 28 'Investments in Associates and Joint Ventures (as revised in 2011)', applicable for annual periods beginning on or after 1 January 2014*
  IAS 28 'Investments in Associates', has been renamed IAS 28 'Investments in Associates and Joint Ventures', and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment has no impact on the Group´s financial position or performance.
- *IAS 32 'Offsetting Financial Assets and Financial Liabilities – Amendment to IAS 32', applicable for annual periods beginning on or after 1 January 2014*
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off'. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. The amendment has no impact on the Group´s financial position or performance.
- *IAS 36 'Impairment of Assets' – recoverable amount disclosures*
  The amendment to the standard was issued in May 2013 and becomes effective for financial years beginning on or after 1 January 2014. The amendment removes the requirement to disclose recoverable amounts when there has been no impairment or reversal of impairment. Further to that, the disclosure requirements have been aligned with those under US GAAP for impaired assets. The standard affects financial statement disclosure only and has no impact on the Group's financial position or performance.
- *IFRIC Interpretation 21 Levies (IFRIC 21), applicable for annual periods beginning on or after 1 January 2014*
  IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The rule has no impact on the Group´s financial position or performance.
- *IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39, applicable for annual periods beginning on or after 1 January 2014*
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

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

The Group has also entered into certain commodity forward contracts during the period. The Group has applied its policy for interest rate swaps qualifying as cash flow hedges, as disclosed in the consolidated financial statements for the year ended 31 December 2013, to these contracts.

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 2014 and 2013 respectively:

Six months ended 30 June 2014	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	24,811	61,735	84,837	110,126	471	—	32	—	282,012
Inter segment revenue	—	—	—	—	—	—	1,952	(1,952)	—
Total revenue	**24,811**	**61,735**	**84,837**	**110,126**	**471**	**—**	**1,984**	**(1,952)**	**282,012**
Segment profit/(loss)	(574)	10,275	22,415	22,687	(491)	(9,178)	1,146	(448)	45,832
Others(1)									(49,247)
Profit/(loss) from continuing operations before income tax									(3,415)
Assets									
Capital expenditure	(5)	18,164	17,859	20,926	—	74,572	5,471	—	136,987
Current assets	13,508	25,376	34,237	63,625	—	2,564	195	—	139,505
Other non-current assets	914	145,820	143,325	220,311	—	653,557	32,850	—	1,196,777
Total segment assets	14,422	171,196	177,562	283,936	—	656,121	33,045	—	1,336,282
Not reportable assets(2)	—	—	—	—	—	—	407,407	—	407,407
Total assets	**14,422**	**171,196**	**177,562**	**283,936**	**—**	**656,121**	**440,452**	**—**	**1,743,689**

(1) Comprised of administrative expenses of US$22,223,000, other income of US$2,030,000, other expenses of US$7,780,000, write off of assets of US$476,000, finance income of US$1,813,000, finance costs of US$22,276,000, and foreign exchange loss of US$335,000.

(2) Not reportable assets are comprised of available-for-sale financial assets of US$40,075,000, other receivables of US$108,895,000, income tax receivable of US$25,720,000 deferred income tax assets of US$1,960,000, other financial assets of US$5,207,000, and cash and cash equivalents of US$225,550,000.

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)

Year ended 31 December 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
Assets									
Capital expenditure	3,783	43,255	44,356	56,502	932	119,671	13,079	—	281,578
Current assets	13,211	14,009	34,735	73,844	1,269	1,874	316	—	139,258
Other non-current assets	1,328	142,618	149,057	217,344	12	582,113	29,331	—	1,121,803
Total segment assets	14,539	156,627	183,792	291,188	1,281	583,987	29,647	—	1,261,061
Not reportable assets(2)	—	—	—	—	—	—	472,831	—	472,831
Total assets	**14,539**	**156,627**	**183,792**	**291,188**	**1,281**	**583,987**	**502,478**	**—**	**1,733,892**

(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 available-for-sale financial assets of US$51,658,000, other receivables of US$110,166,000, income tax receivable of US$22,156,000, deferred income tax assets of US$2,416,000 and cash and cash equivalents of US$286,435,000.

4 Revenue

	Six-months ended 30 June	
	2014 (Unaudited) US$000	2013 (Unaudited) US$000
Gold (from dore bars)	36,418	63,026
Silver (from dore bars)	37,303	96,517
Gold (from concentrate)	59,389	46,942
Silver (from concentrate)	148,870	102,060
Services	32	32
	282,012	308,577

The realised gain on gold and silver forward sales contracts in the period recognised within revenue was US$2,189,000 (Gold: US$506,000, Silver: US$1,683,000).

5 Cost of sales before exceptional items

Included in cost of sales are:

	Six-months ended 30 June	
	2014 (Unaudited) US$000	2013 (Unaudited) US$000
Depreciation and amortisation	60,043	66,171
Personnel expenses	55,480	63,530
Mining royalty	3,029	3,931
Change in products in process and finished goods	16,311	11,639

6 Exceptional items

Exceptional items relate to:

	Six-months ended 30 June	
	2014 (Unaudited) US$000	2013 (Unaudited) US$000
Cost of sales		
Termination benefits Ares mine unit[(1)]	(3,511)	—
Termination benefits[(2)]	—	(200)
Total	**(3,511)**	**(200)**
Administrative expenses		
Termination benefits[(2)]	(868)	(1,006)
Total	**(868)**	**(1,006)**
Exploration expenses		
Termination benefits[(2)]	(537)	(1,911)
Total	**(537)**	**(1,911)**
Other expenses		
Loss on sale of subsidiary[3]	(2,963)	—
Total	**(2,963)**	—

	Six-months ended 30 June	
	2014 (Unaudited) US$000	**2013 (Unaudited) US$000**
Impairment and write-off of assets (net)		
Impairment and write-off of assets(4)	(476)	(74,930)
Reversal of write-off and impairment of assets(4)	—	13,000
Total	**(476)**	**(61,930)**
Gain on transfer from investment accounted under the equity method to available-for-sale financial assets5	—	107,942
Total	**—**	**107,942**
Finance costs		
Loss from changes in the fair value of financial instruments(6)	(18)	(81,320)
Amortisation of transaction costs on secure bank loans(7)	(3,256)	—
Loss on sale of available-for-sale financial assets(8)	(915)	—
Total	**(4,189)**	**(81,320)**

(1) Termination benefits generated in connection with the closure of the Ares mine unit.

(2) The termination benefits paid to the workers following the restructuring plan approved by management amounting to US$1,405,000 (2013: US$3,117,000).

(3) Loss generated by the sale of the Group´s interest in Minas Santa María de Moris, S.A. de C.V. (“Moris”) to Exploraciones y Desarrollos Regiomontanos, S.A. de C.V. (“EDR”) and Arturo Préstamo Elizondo (“APE”). The carrying value of the net assets disposed was:

	US$000
Property, plant and equipment	197
Inventories	278
Trade and other receivables	3,694
Income tax receivable	241
Cash and cash equivalents	33
Trade and other payables	(214)
Provisions	(1,266)
Net assets disposed	**2,963**

(4) Write off of assets in Compañía Minera Ares S.A.C. of US$345,000 and Minera Santa Cruz S.A. of US$131,000. As at 30 June 2013 this comprised an impairment of assets at the 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.

(5) 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).

(6) Represents the impairment of Brionor Resources (US$18,000). In 2013 corresponds to 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).

(7) Corresponds to the attributable issue cost of the syndicated loan granted to Compañía Minera Ares S.A.C. (refer to note 15), disclosed as an exceptional item as a significant one-off expense and shown net of capitalised borrowing costs of US$1,184,000.

(8) Corresponds to the loss on sale of part of the Group´s holding in Gold Resource Corp. ("GRC") of US$1,663,000, net of the gain on sale of part of the Group´s holding in Chaparral Gold Corp and Mirasol Resources Ltd of US$547,000 and US$201,000 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	
	2014 (Unaudited) US$000	**2013 (Unaudited) US$000**
Finance income:		
Interests on deposits and liquidity funds	910	3,468
Interest on loans	73	56
Interest income	983	3,524
Dividends	504	1,658
Others	326	129
Total	1,813	5,311
Finance cost:		
Interest on secured bank loans	(2,938)	(393)
Interest on convertible bond	(3,370)	(4,497)
Interest on bond	(9,143)	—
Interest expense	(15,451)	(4,890)
Unwind of discount rate	(1,837)	(1,904)
Others	(799)	(537)
Total	(18,087)	(7,331)

Finance costs above are presented net of capitalised borrowing costs of US$5,912,000 (note 9). Capitalised borrowing costs by borrowing consist of: i) Secured bank loans US$177,000 (2013: US$Nil); ii) convertible bond US$1,225,000 (2013: US$Nil); iii) senior notes US$3,326,000 (2013: US$Nil); and iv) syndicated loan (note 6) US$1,184,000 (2013: US$Nil).

8 Income tax expense

	Six-months ended 30 June	
	2014 (Unaudited) US$000	2013 (Unaudited) US$000
Current income tax expense	5,348	2,713
Current mining royalty charge	1,159	1,211
Current special mining tax charge	392	657
Deferred income tax relating to origination and reversal of temporary differences	2,168	(15,422)
Withholding taxes	(733)	566
Total taxation charge/(credit) in the income statement	8,334	(10,275)

The pre exceptional tax charge of the period was US$10,675,000 (2013: US$14,938,000). The variance is mainly originated as result of a decrease in the value of the peso-denominated tax base due to the devaluation of the Argentine peso relative to the US dollar.

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

	Six-months ended 30 June	
	2014 (Unaudited) US$000	2013 (Unaudited) US$000
Deferred income tax relating to origination and reversal of temporary differences	631	—
Total taxation charge in the statement of comprehensive income	631	—

9 Property, plant and equipment

During the six months ended 30 June 2014, the Group acquired assets at a cost of US$134,518,000 (2013: US$125,092,000). The additions for the period ended 30 June 2014 relate to:

	Mining properties and development US$000	Other property plant and equipment US$000
San Jose	14,013	6,829
Pallancata	15,598	2,033
Inmaculada	18,318	51,870
Arcata	15,406	2,608
Crespo	1,116	1,363
Empresa de transmision Aymaraes	—	4,763
Others	—	601
	64,451	70,067

Assets with a net book value of US$83,000 were disposed of by the Group during the six month period ended 30 June 2014 (2013: US$559,000) resulting in a net gain on disposal of US$35,000 (2013: loss on disposal of US$256,000).

For the six months ended 30 June 2014, the depreciation charge on property, plant and equipment was US$63,936,000 (2013: US$67,409,000).

At 30 June 2013, 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.

For the six months ended 30 June 2014, additions include capitalised borrowing costs of US$5,912,000 (2013: US$Nil).

10 Evaluation, exploration and intangible assets

a) Evaluation and exploration assets: During the six months ended 30 June 2014, the Group capitalised evaluation and explorations costs of US$2,188,000 (2013: US$13,116,000). The additions mainly correspond to:

	US$000
Azuca	559
San Jose	80
Pallancata	72
Inmaculada	367
Arcata	150
Crespo	(12)
El Dorado	972
	2,188

There were no transfers from evaluation and exploration assets to property, plant and equipment during the period (2013: US$35,853,000).

There were transfers from property, plant and equipment to evaluation and exploration assets during the period of US$3,870,000 (2013:US$nil)

At 30 June 2013, the Group recorded impairments 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 2014, the additions of intangibles amounted to US$281,000 (2013: US$678,000). The additions for the period ended 30 June 2014 relate to Empresa de transmission Ayamaraes of US$277,000 (2013: US$nil), San José mine unit of US$4,000 (2013: US$nil) and the Crespo project of US$nil (2013: US$678,000).

For the six months ended 30 June 2014, the amortisation charge on intangibles was US$747,000 (2013: US$737,000).

There were transfers from property, plant and equipment to intangibles during the period of US$496,000 (2013: US$4,794,000).

At 30 June 2013, 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 2014 (Unaudited) US$000
Opening balance	51,658
Fair value change recorded in equity	2,538
Disposals[1]	(14,121)
Closing balance[2]	40,075

(1) Corresponds to the sale of 3,175,000 shares of GRC (May 2014), 2,182,000 shares of Chaparral Gold Corp. (May 2014), 180,500 shares of Mirasol Resources Ltd. (June 2014) and 9,000 shares of Northern Superior Resources Inc. (June 2014).

(2) As at 30 June 2014, the amount represents the fair value of shares of Gold Resource Corp. (US$31,761,000), Pembrook Mining Corp. (US$6,000,000), Mirasol Resources Ltd. (US$361,000), Northern Superior Resources Inc. (US$330,000), Mariana Resources Ltd. (US$649,000), Iron Creek Capital Corp (US$112,000), Brionor Resources (US$62,000), Chaparral Gold Corp. (US$766,000) and Empire Petroleum Corp (US$34,000).

12 Other financial assets and liabilities

	As at 30 June 2014 (Unaudited) US$000	As at 31 December 2013 US$000
Other financial assets		
Embedded derivatives[1]	3,102	—
Forward contracts[2]	2,105	—
Other financial assets	5,207	—
Other financial liabilities		
Embedded derivatives[1]		2,294
Other financial liabilities	—	2,294

(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 2014 the provisional price adjustment resulted in an asset due to the increase of forward prices of gold and silver. (At 31 December 2013 the provisional price adjustment resulted in a liability due to the decrease in forward prices of gold and silver).

(2) Corresponds to the fair value of the following unsettled commodity forward contracts:

a. Signed in March 2014, with Citibank N.A., Goldman Sachs International and JP Morgan to hedge the sale of 1,000,000 ounces of silver at US$22 per ounce, 1,000,000 ounces of silver at US$22 per ounce and 3,300 ounces of gold at US$1,338.45 per ounce respectively, during the period from March to December 2014; and

b. Signed in June 2014, with Goldman Sachs International to hedge the sale of 2,000,000 ounces of silver at US$21 per ounce, during the period from July to December 2014.

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 2014 and 31 December 2013, the Group held the following financial instruments measured at fair value:

	As at 30 June 2014 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Assets measured at fair value				
Equity shares (note 11)	40,075	34,075	—	6,000
Forward contracts (note 12)	2,105	—	2,105	—
Embedded derivatives (note 12)	3,102	—	—	3,102
	45,282	34,075	2,105	9,102
Liabilities measured at fair value				
Embedded derivatives (note 12)	—	—	—	—
	—	—	—	—

	As at 31 December 2013 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Assets measured at fair value				
Equity shares (note 11)	51,658	45,658	—	6,000
	51,658	45,658	—	6,000
Liabilities measured at fair value				
Embedded derivatives (note 12)	(2,294)	—	—	(2,294)
	(2,294)	—	—	(2,294)

During the periods ending 30 June 2014 and 31 December 2013, there were no transfers between these levels.

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

	Embedded derivatives (liabilities)/assets US$000	Equity shares US$000
Balance at 1 January 2013	(6,891)	12,009
Gain from the period recognised in revenue	4,597	—
Impairment through profit and loss (finance costs)	—	(5,745)
Fair value change through equity	—	(264)
Balance 31 December 2013	(2,294)	6,000
Gain from the period recognised in revenue	5,396	—
Balance 30 June 2014	3,102	6,000

Valuation techniques:

Level 2: Forwards are measured using a market valuation of commodities swap technique that makes maximum use of market inputs such as quoted market prices and discount rates.

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

Embedded derivatives: 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. This price exposure is considered to be an embedded derivative in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'. The gain or loss that arises on the fair value of the embedded derivative is recorded in 'Revenue' (refer to note 4). 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 2014 the fair value of embedded derivatives within sales contracts was US$3,102,000 (31 December 2013: US$(2,294,000)).

Equity shares: The unquoted shares of Pembrook Mining Corp are measured based on a combination of observable and unobservable market data. Based on available observable market data of similar peers, the Group considers there is no need to recognise any change in the value of the investment.

14 Cash and cash equivalents

	As at 30 June 2014 (Unaudited) US$000	As at 31 December 2013 US$000
Cash at bank	451	454
Liquidity funds(1)	6,030	8,751
Current demand deposit accounts(2)	22,315	62,259
Time deposits(3)	196,754	214,971
Cash and cash equivalents	225,550	286,435

(1) The liquidity funds are mainly invested in certificate of deposits, commercial papers and floating rate notes with a weighted average maturity of 8 days as at 30 June 2014 (as at 31 December 2013: 8 days).

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

(3) These deposits have an average maturity of 40 days (as at 31 December 2013: 27 days).

15 Borrowings

The movement in borrowings during the period to 30 June 2014 is as follows:

	As at 1 January 2014 US$000	Additions US$000	Repayments US$000	Reclassifications US$000	As at 30 June 2014 US$000
Current					
Bank loans	320,052	14,669	(325,546)	—	**9,175**[(1)]
Bond payable[2]	—	11,338	—	—	**11,338**
Convertible bond payable	115,873	4,595	(3,303)	—	**117,165**
	435,925	30,602	(328,849)	—	**137,678**
Non-current					
Bond payable[(2)]	—	343,174	—	—	**343,174**
	—	343,174	—	—	**343,174**
Accrued Interest:	(5,687)	(15,964)	6,021	—	**(15,630)**
Before accrued interest	430,238	357,812	(322,828)	—	**465,222**

(1) Mainly relates to pre-shipment loans for a total amount of US$9,175,000 advanced to Minera Santa Cruz S.A. (at 31 December 2013: US$24,122,000) and US$Nil of Minera Suyamarca S.A.C. (at 31 December 2013: US$30,053,000). Pre-shipment loans are credit lines given by banks to meet payment obligations arising from the Group's exports.

(2) Relates to the issuance of US$350,000,000 7.75% Senior Notes on 23 January 2014 for net proceeds after discounts and transaction costs of US$342,043,000 plus interest to 30 June 2014 of US$12,469,000. These proceeds were used to repay the US$270,000,000 syndicated loan on the same date.

(3) The carrying amount of current borrowings differ their fair value only with respect to differences arising under the effective interest rate calculations. The carrying amount and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	As at 30 June 2014 US$000	As at 31 December 2013 US$000	As at 30 June 2014 US$000	As at 31 December 2013 US$000
Bond payable	343,174	–	376,250	–
Total	**343,174**	–	**376,250**	–

16 Dividends paid and declared

	Six-months ended 30 June 2014 US$000	2013 US$000
Declared and paid during the period:		
Equity dividends on ordinary shares:		
Final dividend for 2013: US$Nil (2012: US$0.03)	—	10,139
Dividends declared to non-controlling interest: US$0.03 (2012: US$0.05)	3,101	6,000
Dividends declared and paid	3,101	16,139
Dividends declared to non-controlling interest: US$0.03	2,410	—
Dividends declared and not paid	2,410	—
Total dividends declared	5,511	16,139
2014 Interim dividend: US$Nil (2013: US$Nil)	—	—

There was no final dividend in respect of the year ended 31 December 2013. The Directors of the Company have not declared an interim dividend in respect of the year ending 31 December 2014.

17 Related party transactions

There were no significant transactions with related parties during the six month period ending 30 June 2014.

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 2014 US$000	As at 31 December 2013 US$000
Less than one year	1,150	1,484
Later than one year	16,140	16,250

b) Capital commitments

The future capital commitments of the Group are as follows:

	As at 30 June 2014 US$000	As at 31 December 2013 US$000
Peru	141,050	151,362
Argentina	10,113	6,767
	151,163	158,129

19 Subsequent events

a) Sale of available for sale financial assets

Subsequent to 30 June 2014, the Group has sold 5,048,464 shares of Gold Resource Corp. for proceeds of US$25,531,000, 1,573,746 shares of Chaparral Gold Corp for proceeds of US$765,000, 652,000 shares of Northern Superior Resources Inc. for proceeds of US$22,000 and 319,500 shares of Mirasol Resources Ltd. for proceeds of US$360,000, generating a total gain on disposal of US$3,046,000.

The Group is continuing with the process of disposing of its available-for-sale financial assets, such that their value can be realised and optimally deployed within the Group.

b) Medium term loan facility

Subsequent to 30 June 2014, the Group successfully negotiated the term sheet of a US$100,000,000 medium term loan facility, with formal credit approval. As at the date of issue of these interim condensed consolidated financial statements, the facility is subject to final documentation and closing.

Profit by operation[1]

(Segment report reconciliation) as at 30 June 2014

Company (US$000)	Ares	Arcata	Pallancata	San Jose	Moris	Consolidation adjustment and others	Total/HOC
Revenue	24,811	61,735	84,837	110,126	471	32	282,012
Cost of sales (Pre consolidation)	(25,341)	(50,406)	(61,445)	(74,978)	(962)	200	(212,932)
Consolidation adjustment	2	329	(131)	–	–	(200)	–
Cost of sales (Post consolidation)	(25,339)	(50,077)	(61,576)	(74,978)	(962)	–	(212,932)
Production cost excluding Depreciation	(17,600)	(29,059)	(34,779)	(49,838)	–	–	(131,276)
Depreciation in production cost	(430)	(15,483)	(24,354)	(18,589)	–	–	(58,856)
Other items	(4,194)	(992)	(647)	(656)	–	–	(6,489)
Change in inventories	(3,115)	(4,543)	(1,796)	(5,895)	(962)	–	(16,311)
Gross profit	(530)	11,329	23,392	35,148	(491)	232	69,080
Administrative expenses	–	–	–	–	–	(22,223)	(22,223)
Exploration expenses	–	–	–	–	–	(8,712)	(8,712)
Selling expenses	(44)	(1,054)	(977)	(12,461)	–	–	(14,536)
Other income/expenses	–	–	–	–	–	(5,750)	(5,750)
Operating profit before impairment	(574)	10,275	22,415	22,687	(491)	(36,453)	17,859
Impairment of assets	–	–	–	–	–	(476)	(476)
Finance income	–	–	–	–	–	1,813	1,813
Finance costs	–	–	–	–	–	(22,276)	(22,276)
FX gain/(loss)	–	–	–	–	–	(335)	(335)
Profit/(loss) from continuing operations before income tax	(574)	10,275	22,415	22,687	(491)	(57,727)	(3,415)
Income tax						(8,334)	(8,334)
Profit/(loss) for the year from continuing operations	(574)	10,275	22,415	22,687	(491)	(66,061)	(11,749)

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 Asset Services as detailed below.

By post: Capita Asset Services, 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 3714 9040 or by email to info@hocplc.com.

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Registered in England and Wales with Company Number 5777693

Forward looking Statements

This announcement contains certain forward looking statements, including such statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In particular, such forward looking statements may relate to matters such as the business, strategy, investments, production, major projects and their contribution to expected production and other plans of Hochschild Mining plc and its current goals, assumptions and expectations relating to its future financial condition, performance and results.

Forward-looking statements include, without limitation, statements typically containing words such as "intends", "expects", "anticipates", "targets", "plans", "estimates" and words of similar import. 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 be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that could cause or contribute to differences between the actual results, performance or achievements of Hochschild Mining plc and current expectations include, but are not limited to, legislative, fiscal and regulatory developments, competitive conditions, technological developments, exchange rate fluctuations and general economic conditions. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

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, 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.