HOCHSCHILD MINING

16 August 2016

Hochschild Mining plc

Interim Results for the six months ended 30 June 2016

Strong financial results

- Revenue of $339.3 million (H1 2015: $190.3 million)[1]
- Adjusted EBITDA of $170.3 million (H1 2015: $39.3 million)[2]
- Profit before income tax of $60.3 million (H1 2015: $43.4 million loss)
- Adjusted earnings per share of $0.05 (H1 2015: $(0.09))[3]
- Interim dividend of 1.38 US cents per share ($7 million)

H1 2016 operational delivery ahead of expectations

- H1 2016 AISC per silver equivalent ounce from operations reduced by 27% to $10.9 exceeding guidance[4]
- Inmaculada AISC per silver equivalent ounce significantly below guidance at $8.2
- Half year production of 17.0 million attributable silver equivalent ounces exceeding guidance[5]
- Balanced gold and silver production profile (51% gold/49% silver)

Improved financial position

- Cash balance of $102.8 million as at 30 June 2016 (31 December 2015: $84.0 million)
- $70 million of debt repaid year-to-date (as at 16 August 2016)
- Net debt of $266.5 million as at 30 June 2016 (31 December 2015: $350.5 million)
- Net debt/Annual adjusted EBITDA of 1.0x as at 30 June 2016 (31 December 2015: 2.5x)

H2 2016 Outlook

- Record attributable production target increased from 32.0 million to 34.0 million silver equivalent ounces
- AISC now expected to be $11.0-11.5 per silver equivalent ounce (previous guidance of $12.0-12.5 per ounce)

Capital Markets Event

- Capital Markets Event to be held on 6 September 2016 in London

$000, pre-exceptional unless stated	**Six months to 30 June 2016**	Six months to 30 June 2015	% change
Attributable silver production (koz)	**8,210**	6,265	31
Attributable gold production (koz)	**118**	41	188
Revenue[1]	**339,277**	190,259	78
Adjusted EBITDA	**170,285**	39,306	333
Profit /(loss) from continuing operations	**35,994**	(37,750)	195
Profit/(loss) from continuing operations (post-exceptional)	**37,744**	(43,885)	186
Earnings per share ($ pre-exceptional)	**0.05**	(0.09)	156
Earnings per share ($ post-exceptional)	**0.06**	(0.11)	155

Commenting on the results, Eduardo Hochschild, Chairman said:

"Our long term investment strategy has now started to deliver strong results with an impressive operational performance combined with more positive precious metal prices which has in turn led to our re-entry into the FTSE 250. The Company has returned to profitability, materially reduced its debt position and is investing primarily in brownfield growth. In this constructive environment, the Board has decided to pay a dividend of 1.38 US cents per share, representing approximately 25% of net earnings, which we believe is an appropriate payout at this early stage of the cycle."

[1]Revenue presented in the financial statements is disclosed as net revenue (in the Financial Review it is calculated as gross revenue less commercial discounts)
[2]Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs, foreign exchange loss and income tax plus depreciation, and exploration expenses other than personnel and other exploration related fixed expenses and other non-cash expenses
[3]On a pre-exceptional basis
[4]All-in sustaining cost per silver equivalent ounce ("AISC"): Calculated before exceptional items and 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 gold/silver ratio of 74:1
[5]All equivalent figures assume the average gold/silver ratio for 2015 of 74:1 unless otherwise stated

A live conference call & audio webcast will be held at 2.30pm (London time) on Tuesday 16 August 2016 for analysts and investors. Details as follows:

For a live webcast of the presentation please click on the link below:

http://edge.media-server.com/m/p/b8f2u9fv

Conference call dial in details:
UK: +44(0)20 3427 1900 (Please use the following confirmation code: **6331446**).

A recording of the conference call will be available for one week following its conclusion, accessible from the following telephone number:
UK: (0)20 3427 0598 (Access code: 6331446)

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

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About Hochschild Mining plc:
Hochschild Mining plc is a leading precious metals company listed on the London Stock Exchange (HOCM.L / HOC LN) with a primary focus on the exploration, mining, processing and sale of silver and gold. Hochschild has over fifty years' experience in the mining of precious metal epithermal vein deposits and currently operates four underground epithermal vein mines, three located in southern Peru and one in southern Argentina. Hochschild also has numerous long-term projects throughout the Americas.

CHIEF EXECUTIVE OFFICER'S STATEMENT

A year ago, as Inmaculada began its ramp-up process, we envisioned a more positive future for the Company with the prospect of a steady state contribution from this new low cost flagship mine. Today we can report that the Company has delivered better than expected operational results and Hochschild is now successfully delivering on the organic investment strategy that has been implemented over the last few years. The combination of a strong production performance, an intense focus on cost control and an encouraging precious metal price environment has been a powerful driver for the Company's return to profitability. We are confident that the foundations are in place to continue delivering robust results and that this momentum can be maintained.

H1 operational performance

Hochschild's mines delivered a very good first half with both Inmaculada and Arcata performing above expectations. The Company, as a whole, produced 118 thousand ounces of gold and 8.2 million ounces of silver which, when converted to the silver equivalent number of 17 million ounces, confirms that the run rate is ahead of the original full year target of 32 million ounces. Inmaculada was the key driver with grade and recoveries running ahead of plan and the plant consistently outperforming its design capacity. This led to production of 111 thousand gold equivalent ounces at an all-in sustaining cost of around $600 per ounce which places the mine in the bottom decile of the industry cost curve. In addition, Arcata enjoyed its finest half for over five years with production improving by 15% versus the same period of 2015. San Jose in Argentina has continued to deliver remarkably consistent output in an improved domestic economic environment. With the Company's overall cost position substantially lowered, all operations generated strong cashflow and we can look forward to a further boost at Pallancata when the transition to feed from the new Pablo vein is completed.

Financial position

The Company's strategy of de-risking the balance sheet has continued in 2016 with a further $70 million of medium and short term debt repaid to date following on from the $105 million executed in 2015. These ongoing measures have been facilitated by the Company's strong free cashflow generation resulting from the operational performance mentioned above. The cash balance at the half year remained above $100 million despite the debt repayments whilst capital expenditure was in line across all operations. Our net debt position has now been reduced by almost 40% in the last twelve months and we are confident that the maturity of our remaining long term debt is adequately profiled. The ratio of net debt to annual adjusted EBITDA currently stands at approximately 1.0x. The precious metal hedge positions carried out to protect the balance sheet and ensure ongoing debt repayment have amounted to a $3.1 million negative impact in the first half and there are currently no plans to hedge 2017 production.

Growth

A key aspect of Hochschild's growth strategy going forward is our brownfield exploration programme with our team of in-house geologists firmly believing in the potential for resource gains both in terms of quality and quantity at all our deposits. The obvious example has been the discovery and incorporation of the Pablo vein into the long term mine plan at Pallancata. In this regard, good developmental progress was made in the first half and remaining work is on schedule whilst initial underground geological assessment of the Pablo structure indicates the potential for further upside from surrounding veins. Furthermore, the overall improved financial position of the Company has facilitated a new five year brownfield exploration programme in both Peru and Argentina. The Company also currently has over 3,000 tonnes per day of spare plant capacity at our Selene, Arcata and Ares plants in Peru so there is an exciting opportunity to generate significant value for the Company even before the longer term expansion options at Inmaculada, for example, are assessed.

H1 financial performance

The 63% half-on-half increase in total production led to revenue rising by 78% versus the first half of 2015. Adjusted EBITDA rose by 333% to $170 million principally driven by the addition of substantially higher margin production from Inmaculada as well as an increased contribution from our other operations. As we have predicted, the strong cashflows from Inmaculada have offset the finance costs arising from our bond issue in January 2014 to fund its construction and this has helped the Company to record a very healthy pre-exceptional earnings per share of $0.05 which is a material improvement on the loss of $0.09 recorded in the first half of 2015.

Outlook

The Company's production target for the year has increased by over 6% to 34.0 million silver equivalent ounces following the good performances at Inmaculada and Arcata in the first half. All-in sustaining cost expectations for the Company have also been revised following a strong first half and are now expected to be between $11.0 and $11.5 per silver equivalent ounce which compares very favourably to our original guidance of between $12.0 and $12.5.

The recent market environment for precious metals has been far more positive than any time in the last three years but the Company remains fully prepared for any further volatility arising from macroeconomic or political events. We are confident that our strategy of ongoing cost reduction, investment in our brownfield exploration programme and strict balance sheet management will continue to deliver shareholder value throughout the remainder of the year and for the foreseeable future.

Ignacio Bustamante, Chief Executive Officer
15 August 2016

OPERATING REVIEW

OPERATIONS

Note: silver/gold equivalent production figures assume an average gold/silver ratio of 74:1.

Production

In the first half of 2016, the Company delivered attributable production of 229.1 thousand gold equivalent ounces or 17.0 million silver equivalent ounces, including 8.2 million ounces of silver and 118.1 thousand ounces of gold. The overall attributable production target for 2016 has been revised from 32.0 million silver equivalent ounces to 34.0 million ounces. This is expected to consist of approximately 16 million ounces from Inmaculada, approximately 7 million attributable ounces from the 51% owned San Jose and the balance from the remaining two Peruvian operations.

Total group production

	Six months to 30 June 2016	Six months to 30 June 2015	% change
Silver production (koz)	**9,744**	7,701	27
Gold production (koz)	**139.43**	61.33	127
Total silver equivalent (koz)	**20,062**	12,240	64
Total gold equivalent (koz)	**271.11**	165.40	64
Silver sold (koz)	**10,085**	7,785	30
Gold sold (koz)	**146.10**	58.01	152

**Total production includes 100% of all production, including production attributable to Hochschild's joint venture partner at San Jose.*

Attributable group production

	Six months to 30 June 2016	Six months to 30 June 2015	% change
Silver production (koz)	**8,210**	6,265	31
Gold production (koz)	**118.12**	40.60	191
Silver equivalent (koz)	**16,951**	9,269	83
Gold equivalent (koz)	**229.06**	125.26	83

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

Costs

The Company's all-in sustaining cost from operations in H1 2016 was reduced by 27% to $10.9 per silver equivalent ounce mainly driven by the impact of Inmaculada with a very competitive $8.2 per silver equivalent ounce.[6] The reduction versus H1 2015 is due to better than expected grades, higher silver recoveries and operational efficiency initiatives. Please see pages 8-10 of the Financial Review for further details on costs.

The all-in sustaining cost per silver equivalent ounce forecast for 2016 has been revised downwards to be between $11.0 and $11.5 with Inmaculada costs expected to be between $8 and $9 per ounce.

Inmaculada (Peru)

The 100% owned Inmaculada underground operation is located in the Department of Ayacucho in southern Peru. It commenced commissioning in June 2015.

Inmaculada summary	**Six months to 30 June 2016**	Six months to 30 June 2015	% change
Ore production (tonnes)	**619,161**	52,325	1,083
Average silver grade (g/t)	**132**	89	48
Average gold grade (g/t)	**4.25**	2.92	46
Silver produced (koz)	**2,370**	95.45	2,383
Gold produced (koz)	**79.20**	3.42	2,216
Silver equivalent produced (koz)	**8,231**	349	2,258
Gold equivalent produced (koz)	**111.23**	4.71	2,262
Silver sold (koz)	**2,468**	-	-
Gold sold (koz)	**82.17**	-	-
Unit cost ($/t)	**64.6**	-	-
Total cash cost ($/oz Ag co-product)	**4.9**	-	-
Total cash cost ($/oz Au co-product)	**355**	-	-
All-in sustaining cost ($/oz Ag Eq)	**8.2**	-	-
All-in sustaining cost ($/oz Au Eq)	**609**	-	-

[6]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 74:1 (Au/Ag). Also includes commercial discounts and selling expenses divided by silver equivalent ounces sold using a ratio of 74:1 (Au/Ag).

Production
Inmaculada delivered a strong half with grades and silver recoveries better than expected in the original mine plan and, combined with higher tonnage per day being processed through the plant, H1 2016 production was able to reach 111 thousand gold equivalent ounces (8.2 million silver equivalent ounces).

Costs
The all-in sustaining costs were lower than forecast at $8.2 per silver equivalent ounce. This was driven by higher than expected production as well as operational efficiencies versus the original plan. Overall all-in sustaining costs for 2016 are expected to be between $8 and $9 in 2016.

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 2016**	Six months to 30 June 2015	% change
Ore production (tonnes)	**333,397**	300,924	11
Average silver grade (g/t)	**327**	340	(4)
Average gold grade (g/t)	**1.22**	0.97	26
Silver produced (koz)	**2,970**	2,726	9
Gold produced (koz)	**10.36**	7.17	44
Silver equivalent produced (koz)	**3,736**	3,256	15
Gold equivalent produced (koz)	**50.49**	44.00	15
Silver sold (koz)	**2,922**	2,683	9
Gold sold (koz)	**10.14**	6.92	47
Unit cost ($/t)	**106.0**	113.2	(6)
Total cash cost ($/oz Ag co-product)	**11.1**	11.5	(4)
Total cash cost ($/oz Au co-product)	**773**	889	(13)
All-in sustaining cost ($/oz Ag Eq)	**13.0**	13.5	(4)
All-in sustaining cost ($/oz Au Eq)	**965**	1,003	(4)

Production
At Arcata, production was a very solid 3.7 million silver equivalent ounces, a 15% improvement on the same period of 2015 (H1 2015: 3.3 million ounces). This was driven by better than expected mined tonnage resulting from the success of the Company's 2015 brownfield exploration programme in addition to higher silver recoveries.

Costs
In H1 2016, all-in sustaining costs fell by 4% to $13.0 per silver equivalent ounce (H1 2015: $13.5 per ounce) - substantially below the forecast of $14.5 per ounce (as well as the overall 2015 result of $14.3 per ounce) due to the increased tonnage mentioned above as well rising gold grades and operational efficiencies.

Brownfield exploration
At Arcata, 2,135 metres were drilled in the first half to test North-South structures in the central area of the mine. The plan for the remainder of the year is to drill in the Tunel 4 zone to extend existing structures and identify new ones. Some highlights are presented below:

Vein	**Results**
Ramal Marion Sur	DDH-941-GE16:1.3m @ 1.8 g/t Au & 576 g/t Ag DDH-943-GE16:1.3m @ 4.1 g/t Au & 2,157 g/t Ag
Tunel 4	DDH-912-GE16:7.8m @ 1.1 g/t Au & 205 g/t Ag DDH-939-LM16:1.3m @ 3.6 g/t Au & 2,655 g/t Ag

Pallancata (Peru)

The 100% owned Pallancata silver/gold property is located in the Department of Ayacucho in southern Peru. Pallancata commenced production in 2007. Ore from Pallancata is transported 22 kilometres to the Selene plant for processing.

Pallancata summary	**Six months to 30 June 2016**	Six months to 30 June 2015	% change
Ore production (tonnes)	**135,736**	289,551	(53)
Average silver grade (g/t)	**341**	248	38
Average gold grade (g/t)	**1.77**	1.19	49
Silver produced (koz)	**1,273**	1,948	(35)
Gold produced (koz)	**6.37**	8.44	(25)
Silver equivalent produced (koz)	**1,745**	2,573	(32)
Gold equivalent produced (koz)	**23.58**	34.77	(32)
Silver sold (koz)	**1,315**	1,986	(34)
Gold sold (koz)	**6.50**	8.33	(22)
Unit cost ($/t)	**141.2**	99.5	42
Total cash cost ($/oz Ag co-product)	**12.3**	12.3	-
Total cash cost ($/oz Au co-product)	**925**	980	(6)
All-in sustaining cost ($/oz Ag Eq)	**15.9**	15.5	3
All-in sustaining cost ($/oz Au Eq)	**1,176**	1,146	3

Production
At Pallancata, as expected, tonnage through the plant in the first half was lower than the average 2015 rate with operations in a transitionary period before the introduction of feed from the new Pablo vein. Production in H1 2016 was 1.3 million ounces of silver and 6,370 ounces of gold bringing the silver equivalent total to 1.7 million ounces (H1 2015: 2.6 million).

Costs
All-in sustaining costs at Pallancata in the first half were at $15.9 per silver equivalent ounce (H1 2015: $15.5 per ounce) with the moderate increase versus the same period of 2015 due to the aforementioned significant fall in tonnage affecting cost per tonne. This was partially offset by increased grades and operational efficiencies. The all-in sustaining cost at the operation excluding capital expenditure on the Pablo development was $13.5 per silver equivalent ounce. Costs are expected to fall substantially when the Pablo vein begins production.

Brownfield exploration
At Pallancata, a drilling campaign has begun to the north and south of the Pablo structure to test anomalies and add potential resources (parallel to Pablo). So far, 698 metres have been drilled.

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. San Jose commenced production in 2007 and is a joint venture with McEwen Mining Inc. Hochschild holds a controlling interest of 51% in the mine and is the mine operator.

San Jose summary*	**Six months to 30 June 2016**	Six months to 30 June 2015	% change
Ore production (tonnes)	**248,766**	232,995	7
Average silver grade (g/t)	**446**	448	-
Average gold grade (g/t)	**6.16**	6.34	(3)
Silver produced (koz)	**3,132**	2,932	7
Gold produced (koz)	**43.49**	42.30	3
Silver equivalent produced (koz)	**6,350**	6,062	5
Gold equivalent produced (koz)	**85.81**	81.92	5
Silver sold (koz)	**3,380**	3,115	9
Gold sold (koz)	**47.29**	42.75	11
Unit cost ($/t)	**201.7**	219.5	(8)
Total cash cost ($/oz Ag co-product)	**9.1**	11.5	(21)
Total cash cost ($/oz Au co-product)	**713**	859	(17)
All-in sustaining cost ($/oz Ag Eq)	**11.7**	15.4	(24)
All-in sustaining cost ($/oz Au Eq)	**863**	1,144	(25)

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

Production
The San Jose operation delivered yet another solid half with production of 3.1 million ounces of silver and 43,490 ounces of gold resulting in silver equivalent production of 6.4 million ounces, a 5% improvement on H1 2015 (6.1 million ounces) mostly due to better than planned grades and higher than expected tonnage.

Costs
At San Jose, all-in sustaining costs were reduced by 24% versus H1 2015 to $11.7 per silver equivalent ounce mainly driven by the significant fiscal changes in Argentina in the first half. These included the elimination of export taxes and the restoration of the Patagonian port rebate.

Brownfield exploration
At San Jose 1,240 metres has been drilled mainly in the Aguas Vivas area with the programme ongoing.

FINANCIAL REVIEW

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 rose by 74% to $353.3 million in H1 2016 (H1 2015: $202.5 million) primarily driven by the substantial increase in production at Inmaculada.

Silver

Gross revenue from silver increased 32% in H1 2016 to $172.7 million (H1 2015: $131.3 million) as a result of a 30% increase in the total amount of silver ounces sold to 10,085 koz (H1 2015: 7,785 koz) driven by the increase from new production at Inmaculada as well as half-on-half increases at Arcata and San Jose.

Gold

Gross revenue from gold increased by 154% in H1 2016 to $180.5 million (H1 2015: $71.2 million) as a result of a 152% rise in the total amount of gold ounces sold in H1 2016 (146.1 koz). The increase in gold sales came from sales from the new Inmaculada operation as well as increases at Arcata and San Jose.

Gross average realised sales prices

The following table provides figures for average realised prices (which are reported before the deduction of commercial discounts and include the effects of the existing hedging agreements) and ounces sold for H1 2016 and H1 2015:

Average realised prices	**Six months to 30 June 2016**	Six months to 30 June 2015
Silver ounces sold (koz)	**10,085**	7,785
Avg. realised silver price ($/oz)	**17.1**	16.9
Gold ounces sold (koz)	**146.10**	58.01
Avg. realised gold price ($/oz)	**1,236**	1,227

Commercial discounts[7]

Commercial discounts refer to refinery treatment charges, refining fees and payable deductions for processing concentrates, and are deducted 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 2016, the Group recorded commercial discounts of $14.1 million (H1 2015: $12.3 million). The increase is explained by an increase in concentrate sold from Arcata. The ratio of commercial discounts to gross revenue in H1 2016 decreased to 4% (H1 2015: 6%).

Net revenue

Net revenue increased by 78% to $339.3 million (H1 2015: $190.3 million), comprising silver revenue of $163.1 million and gold revenue of $176.0 million. In H1 2016, silver accounted for 48% and gold 52% of the Company's consolidated net revenue with the strong increase in the gold percentage versus H1 2015 being due to a full contribution from the primarily gold producing Inmaculada mine.

Revenue by mine

$000 unless otherwise indicated	**Six months to 30 June 2016**	Six months to 30 June 2015	**% change**
Silver revenue			
Arcata	**51,204**	45,901	12
Inmaculada	**40,813**	-	-
Pallancata	**23,123**	34,200	(32)
San Jose	**57,594**	51,186	13
Commercial discounts[7]	**(9,650)**	(8,829)	9
Net silver revenue	**163,084**	122,458	33
Gold revenue			
Arcata	**12,283**	9,018	36
Inmaculada	**98,724**	-	-
Pallancata	**8,362**	10,990	(24)
San Jose	**61,156**	51,177	19
Commercial discounts[7]	**(4,497)**	(3,509)	28
Net gold revenue	**176,028**	67,676	160
Other revenue	**165**	125	32
Net revenue	**339,277**	190,259	78

[7]*Commercial discounts do not include those associated with dore sales which have already been considered in the gross revenue figures.*

Costs

Total pre-exceptional cost of sales increased to $238.7 million in H1 2016 (H1 2015: $174.5 million). The direct production cost was $139.0 million (H1 2015: $111.7 million) with the increase due to the addition of the new Inmaculada mine since H1 2015. Depreciation in H1 2016 was $88.5 million (H1 2015: $57.0 million) with the increase mainly due to the addition of Inmaculada depreciation. Other items, which in H1 2015 principally included the costs associated with stoppages in Argentina, decreased to $(0.08) million in H1 2016 (H1 2015: $4.9 million), as there have been no stoppages at the mine. Change in inventories was $11.3 million in H1 2016 (H1 2015: $1.0 million) with the difference explained by finished goods from December 2015 being sold in January 2016.

$000	**Six months to 30 June 2016**	Six months to 30 June 2015	% Change
Direct production cost excluding depreciation	**139,037**	111,651	25
Depreciation and amortisation in production cost	**88,516**	56,962	55
Other items	**(78)**	4,928	(102)
Change in inventories	**11,273**	953	(1,083)
Pre-exceptional cost of sales	**238,748**	174,493	37

Unit cost per tonne

The Company reported unit cost per tonne at its main operations of $108.7 in H1 2016, a significant fall versus the same period of last year (H1 2015: $138.3). 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 (including royalties)[8]:

Operating unit ($/tonne)	**Six months to 30 June 2016**	Six months to 30 June 2015	% change
Peru	**87.2**	106.5	(18)
Arcata	**106.0**	113.2	(6)
Inmaculada	**64.6**	-	-
Pallancata	**141.2**	99.5	42
Argentina			
San Jose	**201.7**	219.5	(8)
Total	**108.7**	138.3	(21)

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[9]:

$000 unless otherwise indicated	**Six months to 30 June 2016**	Six months to 30 June 2015	% change
Group cash cost	**168,128**	142,157	18
(+) Cost of sales	**238,748**	174,493	37
(-) Depreciation and amortisation in cost of sales	**(93,527)**	(56,536)	65
(+) Selling expenses	**7,077**	11,600	(39)
(+) Commercial deductions	**15,830**	12,600	26
Gold	***5,934***	*3,519*	*69*
Silver	***9,896***	*9,081*	*9*
Revenue	**339,277**	190,259	78
Gold	**176,028**	122,458	44
Silver	**163,084**	67,676	141
Others	**165**	125	32
Ounces sold			
Gold	**146.1**	58.0	152
Silver	**10,085**	7,785	30
Group cash cost ($/oz)			
Co product Au	**597**	872	(32)
Co product Ag	**8.0**	11.8	(32)
By product Au	**(33)**	183	(118)
By product Ag	**(1.4)**	9.1	(115)

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

[8] *Unit cost per tonne is calculated by dividing mine and geology costs by extracted tonnage and plant and other costs by treated tonnage.*
[9] *Cash costs are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items less depreciation included in cost of sales.*

cash 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.

All-in sustaining cost reconciliation

All-in sustaining cash costs per silver equivalent ounce[10]

Six months to 30 June 2016

$000 unless otherwise indicated	Arcata	Inmaculada	Pallancata[11]	San José	Main operations	Corporate & others	Total
(+) Production cost excluding depreciation	34,119	37,580	18,790	48,548	139,037	-	139,037
(+) Other items in cost of sales	(151)	44	(150)	179	(78)	-	(78)
(+) Operating and exploration capex for units	8,851	25,693	5,049	15,712	55,305	24	55,329
(+) Brownfield exploration expenses	313	1	531	619	1,464	1,294	2,758
(+) Administrative expenses (excl depreciation and before exceptional items)	750	1,743	361	3,880	6,734	14,749	21,483
(+) Royalties and special mining tax[12]	-	1,373	284	-	1,657	1,369	3,026
Sub-Total	**43,882**	**66,434**	**24,866**	**68,938**	**204,119**	**17,436**	**221,555**
Au ounces produced	10,362	79,204	6,372	43,493	139,430	-	139,430
Ag ounces produced (000s)	2,970	2,370	1,273	3,132	9,744	-	9,744
Ounces produced (Ag Eq 000s oz)	3,736	8,231	1,745	6,350	20,062	-	20,062
Sub-total ($/oz Ag Eq)	**11.7**	**8.1**	**14.3**	**10.9**	**10.2**	**-**	**11.0**
(+) Commercial deductions	4,077	828	2,570	8,355	15,830	-	15,830
(+) Selling expenses	693	510	365	5,509	7,077	-	7,077
(-) Patagonian port benefit	-	-	-	(8,360)	(8,360)		(8,360)
Sub-total	**4,770**	**1,338**	**2,935**	**5,504**	**14,547**	**-**	**14,547**
Au ounces sold	10,136	82,167	6,499	47,294	146,096	-	146,096
Ag ounces sold (000s)	2,922	2,468	1,315	3,380	10,085	-	10,085
Ounces sold (Ag Eq 000s oz)	3,672	8,548	1,796	6,880	20,896	-	20,896
Sub-total ($/oz Ag Eq)	**1.3**	**0.2**	**1.6**	**0.8**	**0.7**	**-**	**0.7**
All-in sustaining costs ($/oz Ag Eq)	**13.0**	**8.2**	**15.9**	**11.7**	**10.9**	**-**	**11.7**

Six months to 30 June 2015

$000 unless otherwise indicated	Arcata	Inmaculada	Pallancata	San José	Main operations	Corporate & others	Total
(+) Production cost excluding depreciation	33,629	-	27,186	49,559	110,374	-	110,374
(+) Other items in cost of sales	1,058	-	595	3,275	4,928	-	4,928
(+) Operating and exploration capex for units	5,283	-	5,010	19,968	30,261	1,199	31,460
(+) Brownfield exploration expenses	37	-	1,183	555	1,775	1,180	2,955
(+) Administrative expenses (excl depreciation and before exceptional items)	1,616	-	1,265	3,439	6,320	11,642	17,962
(+) Royalties and special mining tax[12]	-	-	373	-	373	-	373
Sub-Total	**41,623**	**-**	**35,612**	**76,796**	**154,031**	**14,021**	**168,052**
Au ounces produced	7,168	-	8,443	42,300	57,911		57,911
Ag ounces produced (000s)	2,726	-	1,948	2,932	7,606	-	7,606
Ounces produced (Ag Eq 000s oz)	3,256	-	2,573	6,062	11,891	-	11,891
Sub-total ($/oz Ag Eq)	**12.8**	**-**	**13.8**	**12.7**	**13.0**	**-**	**14.1**
(+) Commercial deductions	1,974	-	3,750	6,876	12,600	-	12,600
(+) Selling expenses	475	-	544	10,581	11,600	-	11,600
Sub-total	**2,449**	**-**	**4,294**	**17,457**	**24,200**	**-**	**24,200**
Au ounces sold	6,921	-	8,333	42,754	58,008	-	58,008
Ag ounces sold (000s)	2,683	-	1,986	3,115	7,785	-	7,785
Ounces sold (Ag Eq 000s oz)	3,196	-	2,602	6,279	12,077	-	12,077
Sub-total ($/oz Ag Eq)	**0.8**	**-**	**1.7**	**2.8**	**2.0**	**-**	**2.0**
All-in sustaining costs ($/oz Ag Eq)	**13.5**	**-**	**15.5**	**15.4**	**15.0**	**-**	**16.1**

Administrative expenses

Administrative expenses before exceptional items increased to $22.2 million (H1 2015: $18.8 million) primarily due to increased personnel expenses.

Exploration expenses

In H1 2016, pre-exceptional exploration expenses were broadly flat at $4.0 million (H1 2015: $4.1 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 2016, the Company capitalised $0.3 million relating to brownfield

[10] *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 74:1 (Au/Ag). Also includes commercial discounts and selling expenses divided by silver equivalent ounces sold using a ratio of 74:1 (Au/Ag).*

[11] *AISC for Pallancata includes capex for developing the Pablo vein. Excluding this capex, AISC for the operation was $13.5 per silver equivalent ounce. The total operational AISC excluding the Pablo capex was $10.6 per ounce.*

[12] *New royalties included in income tax line*

exploration compared to $0.7 million in H1 2015, bringing the total investment in exploration for H1 2016 to $4.3 million (H1 2015: $4.8 million).

Selling expenses

Selling expenses decreased by 39% versus H1 2015 to $7.1 million (H1 2015: $11.6 million) mainly due to the elimination of export duties at San Jose. Selling expenses in H1 2016 consisted mainly of logistic costs for the sale of concentrate in addition to approximately 1.5 months of final export duties on concentrate. Previously, export duties in Argentina were levied at 10% of revenue for concentrate and 5% of revenue for dore.

Other income/expenses

Other income before exceptional items was $12.9 million (H1 2015: $2.6 million). The increase is mainly due to the impact of the Patagonian port benefit ($8.4 million) reintroduced towards the end of 2015 and incremental revenue from logistic services provided to third parties. Other expenses before exceptional items was $6.2 million (H1 2015: $4.6 million) with the rise due to costs associated with energy contract renegotiation and costs to reorganise land concessions.

Adjusted EBITDA

Adjusted EBITDA increased by 333% over the period to $170.3 million (H1 2015: $39.3 million) driven by the substantial positive effects of the new low-cost Inmaculada contribution.

Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs and income tax plus non-cash items (depreciation and amortisation) and exploration expenses other than personnel and other exploration related fixed expenses.

$000 unless otherwise indicated	**Six months to 30 June 2016**	Six months to 30 June 2015	% change
Profit from continuing operations before exceptional items, net finance cost, foreign exchange loss and income tax	**73,923**	(20,707)	457
Depreciation and amortisation in cost of sales	**93,527**	56,536	65
Depreciation and amortisation in administrative expenses	**689**	817	(16)
Exploration expenses	**4,043**	4,092	(1)
Personnel and other exploration related fixed expenses	**(1,897)**	(1,432)	(32)
Adjusted EBITDA	**170,285**	39,306	333
Adjusted EBITDA margin	***50%***	*21%*	

Finance income

Finance income before exceptional items of $0.5 million was similar to H1 2015 ($0.6 million) and mainly includes interest received on deposits.

Finance costs

Finance costs before exceptional items increased from $14.6 million in H1 2015 to $17.4 million in H1 2016 principally due to the expensing of interest on the Senior Notes that was previously capitalised during the construction of Inmaculada in line with the IFRS standards and costs related to the Company's precious metal hedge agreements. These effects offset the fall in interest due to the repayment of debt since H1 2015.

Foreign exchange losses

The Group recognised a foreign exchange gain of $0.4 million (H1 2015: $1.2 million loss) as a result of exposures to currencies other than the functional currency, specifically the Peruvian Nuevo Sol and Argentinean Peso.

Income tax

The Group's pre-exceptional income tax charge was $21.4 million (H1 2015: $1.8 million). The substantial increase in the charge is explained by the Company's significant increase in profitability in the period for reasons explained above.

Exceptional items

Exceptional items in H1 2016 totalled $1.8 million profit after tax (H1 2015: $(6.1) million). Exceptional items principally included: a $2.7 million gain on the reversal of the mining reserve tax in Argentina in addition to the reversal of the associated interest on the reserve tax ($1.0 million); the effect of a donation to Universidad de Ingenieria y Tecnología financed with a gain on sale of Asociación Sumac Tarpuy of ($0.2 million) net; and a property, plant and equipment write-off of $0.5 million. These items excluded the exceptional tax effect that amounted to a $1.1 million tax charge (H1 2015: $1.3 million tax credit).

Cash flow and balance sheet review

Cash flow:

$000 unless otherwise indicated	Six months to 30 June 2016	Six months to 30 June 2015	Change
Net cash generated from operating activities	**144,596**	18,320	126,276
Net cash used in investing activities	**(54,840)**	(119,212)	64,372
Cash flows generated in financing activities	**(70,775)**	70,215	(140,990)
Net increase in cash and cash equivalents during the period	**18,981**	(30,677)	49,658

Operating cash flow increased from $18.3 million in H1 2015 to $144.6 million in H1 2016, mainly due to the cash contribution from the Inmaculada mine. Net cash used in investing activities decreased to $(54.8) million in H1 2016 from $(119.2) million in H1 2015 mainly due to the completion of the Inmaculada mine since H1 2015. Finally, cash generated from financing activities decreased to $(70.8) million from an inflow of $70.2 million in H1 2015 primarily due to the repayment of $65 million of debt in H1 2016 versus the raising of $75 million of short term debt in Peru in H1 2015. As a result, total cash inflow increased from a $(30.7) million outflow in H1 2015 to $19.0 million in H1 2016 ($49.7 million difference).

Working capital

$000 unless otherwise indicated	Six months to 30 June 2016	Six months to 30 June 2015
Trade and other receivables	**128,344**	161,903
Inventories	**59,174**	59,570
Net other financial assets	**(13,689)**	7,511
Net income tax receivable	**2,660**	21,921
Trade and other payables and provisions	**(236,454)**	(217,466)
Working capital	**(59,965)**	33,349

The Group's working capital position improved by $93.4 million to $(60.0) million in H1 2016 from $33.3 million in H1 2015. This was primarily explained by: lower trade and other receivables ($(33.6) million) due to VAT recoveries of $20 million in H2 2015 and $12 million in H1 2016; lower net financial assets ($21.2 million) primarily due to the hedge liability position in H1 2016 versus an asset position in H1 2015; and higher trade and other payables and provisions ($(18.9) million).

Net debt

$000 unless otherwise indicated	As at 30 June 2016	As at 30 June 2015
Cash and cash equivalents	**102,846**	84,316
Long term borrowings	**(290,557)**	(442,898)
Short term borrowings[13]	**(78,803)**	(97,053)
Net debt	**(266,514)**	(455,635)

The Group's reported net debt position was $266.5 million as at 30 June 2016 (H1 2015: $455.6 million). The reduction includes the net effect of: the equity rights issue ($95 million) in H2 2015; the prepayment of the Scotiabank medium term loan (($100) million); the repurchase of Senior Notes (($55) million); the repayment of pre-shipment loans ($15m) in H1 2016; the cash generated mainly in Inmaculada and the other units; and the final cash outflow required to complete the construction of Inmaculada.

Capital expenditure[14]

$000 unless otherwise indicated	Six months to 30 June 2016	Six months to 30 June 2015
Arcata	**8,851**	5,283
Ares	**10**	-
Selene	**13**	130
Pallancata	**5,036**	4,880
San Jose	**15,712**	19,968
Inmaculada[15]	**25,693**	98,978
Operations	**55,315**	30,261
Crespo	**2,260**	1,012
Volcan	**410**	565
Azuca	**1,175**	137
Other	**33**	1,199
Total	**59,193**	132,152

H1 2016 capital expenditure of $59.2 million (H1 2015: $132.2 million) mainly comprised operational capex of $55.3 million (H1 2015: $30.3 million), an increase versus H1 2015 due the commissioning of Inmaculada in H2 2015.

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[13] *Includes pre-shipment loans and short term interest payables.*
[14] *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 assets*
[15] *Inmaculada was accounted for as a project in H1 2015 and therefore is not included in the calculation of operations capital expenditure for H1 2015*

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

RISKS

The principal risks and uncertainties facing the Company in respect of the year ended 31 December 2015 are set out in detail in the Risk Management & Viability section of the 2015 Annual Report and in Note 36 to the 2015 Consolidated Financial Statements.

The key risks disclosed in the 2015 Annual Report (available at www.hochschildmining.com) are categorised as:

- Financial risks which include commodity price risk and refinancing risk;
- Operational risks including the risks associated with operational performance, delivery of projects, business interruption, exploration & reserve and resource replacement and personnel risks;
- 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.

RELATED PARTIES TRANSACTION

Related parties transactions are disclosed in note 18 to the condensed set of financial statements.

GOING CONCERN

The Company's business activities, together with the factors likely to affect future development, performance and position are set out in the Operating Review on pages 4 to 7. The financial position of the Company, its cash flow and liquidity position are described in the Financial Review on pages 8 to12.

The Directors believe that the financial resources available at the date of the issue of these condensed interim financial statements are sufficient for the Company to manage its business risks successfully.

The Company's forecasts and projections, taking into account reasonably possible changes in operational performance and in particular the price of gold and silver, and other mitigating actions described in the Risks section above, show that there are reasonable expectations that the Company will be able to operate on funds currently held and those generated internally, for the foreseeable future.

After making enquiries and considering the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and consider the going concern basis of accounting to be appropriate. As a result they continue to adopt the going concern basis of accounting in preparing the condensed interim financial statements.

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
15 August 2016

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 2016 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 21. 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 International Financial Reporting Standards 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 2016 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
15 August 2016

Interim condensed consolidated income statement

	Notes	Six-months ended 30 June 2016 (Unaudited)			Six-months ended 30 June 2015 (Unaudited)		
		Before exceptional items US$000	Exceptional items Note 7 US$000	Total US$000	Before exceptional items US$000	Exceptional items Note 7 US$000	Total US$000
Continuing operations							
Revenue	4	339,277	—	**339,277**	190,259	—	**190,259**
Cost of sales	5	(238,748)	—	**(238,748)**	(174,493)	—	**(174,493)**
Gross profit		100,529	—	**100,529**	15,766	—	**15,766**
Administrative expenses		(22,172)	—	**(22,172)**	(18,779)	—	**(18,779)**
Exploration expenses		(4,043)	—	**(4,043)**	(4,092)	—	**(4,092)**
Selling expenses		(7,077)	—	**(7,077)**	(11,600)	—	**(11,600)**
Other income	6	12,900	3,418	**16,318**	2,602	—	**2,602**
Other expenses		(6,214)	(1,000)	**(7,214)**	(4,604)	—	**(4,604)**
Impairment and write-off of non-financial assets (net)		—	(498)	**(498)**	—	(5,917)	**(5,917)**
Profit/(loss) from continuing operations before net finance income/(cost), foreign exchange gain/(loss) and income tax		73,923	1,920	**75,843**	(20,707)	(5,917)	**(26,624)**
Finance income	8	483	959	**1,442**	581	—	**581**
Finance costs	8	(17,430)	—	**(17,430)**	(14,636)	(1,486)	**(16,122)**
Foreign exchange gain/(loss)		442	—	**442**	(1,211)	—	**(1,211)**
Profit/(loss) from continuing operations before income tax		57,418	2,879	**60,297**	(35,973)	(7,403)	**(43,376)**
Income tax (expense)/benefit	9	(21,424)	(1,129)	**(22,553)**	(1,777)	1,268	**(509)**
Profit/(loss) for the period from continuing operations		35,994	1,750	**37,744**	(37,750)	(6,135)	**(43,885)**
Attributable to:							
Equity shareholders of the Company		27,220	596	**27,816**	(38,341)	(6,135)	**(44,476)**
Non-controlling interests		8,774	1,154	**9,928**	591	—	**591**
		35,994	1,750	**37,744**	(37,750)	(6,135)	**(43,885)**
Basic and diluted earnings per ordinary share from continuing operations and for the period (expressed in U.S. dollars per share)		0.05	0.01	**0.06**	(0.09)	(0.02)	**(0.11)**

Interim condensed consolidated statement of comprehensive income

	Notes	Six-months ended 30 June	
		2016 (Unaudited) US$000	**2015 (Unaudited) US$000**
Profit/(loss) for the period		**37,744**	**(43,885)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		2	(309)
Change in fair value of available-for-sale financial assets		502	201
Recycling of the loss on available-for-sale financial assets		(38)	(1)
Change in fair value of cash flow hedges		(43,382)	9,509
Recycling of the loss/(gain) on cash flow hedges		3,116	(4,991)
Deferred income tax relating to components of other comprehensive income	9	11,274	(1,266)
Other comprehensive (loss)/gain for the period, net of tax		(28,526)	3,143
Total comprehensive income/(expense) for the period		9,218	(40,742)
Total comprehensive income/(expense) attributable to:			
Equity shareholders of the Company		(710)	(41,333)
Non-controlling interests		9,928	591
		9,218	(40,742)

Interim condensed consolidated statement of financial position

	Notes	As at 30 June 2016 (Unaudited) US$000	As at 31 December 2015 US$000
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,012,495	1,045,516
Evaluation and exploration assets	11	140,221	138,171
Intangible assets		27,240	27,981
Available-for-sale financial assets		814	366
Trade and other receivables		16,852	10,187
Income tax receivable		—	47
Deferred income tax assets		1,199	—
		1,198,821	1,222,268
Current assets			
Inventories		59,174	70,286
Trade and other receivables		111,492	124,827
Income tax receivable		18,608	20,384
Other financial assets	12	6,139	21,267
Cash and cash equivalents	14	102,846	84,017
		298,259	320,781
Total assets		1,497,080	1,543,049
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Parent			
Equity share capital	16	223,805	223,805
Share premium	16	438,041	438,041
Treasury shares		(426)	(898)
Other reserves		(230,803)	(203,649)
Retained earnings		245,977	218,093
		676,594	675,392
Non-controlling interests		94,797	90,113
Total equity		771,391	765,505
Non-current liabilities			
Trade and other payables		20,873	20,379
Borrowings	15	290,557	339,778
Provisions		123,489	121,402
Deferred income		25,000	25,000
Deferred income tax liabilities		59,099	64,274
		519,018	570,833
Current liabilities			
Trade and other payables		84,866	101,892
Other financial liabilities	12	19,828	1,141
Borrowings	15	78,803	94,760
Provisions		7,226	6,115
Income tax payable		15,948	2,803
		206,671	206,711
Total liabilities		725,689	777,544
Total equity and liabilities		1,497,080	1,543,049

Interim condensed consolidated statement of cash flows

	Notes	Six-months ended 30 June 2016 (Unaudited) US$000	2015 (Unaudited) US$000
Cash flows from operating activities			
Cash generated from operations		158,827	44,503
Interest received		431	346
Interest paid	15	(14,341)	(18,554)
Payment of mine closure costs		(1,427)	(969)
Income tax received/(paid)		1,106	(7,006)
Net cash generated from operating activities	19	144,596	18,320
Cash flows from investing activities			
Purchase of property, plant and equipment		(53,982)	(116,012)
Purchase of evaluation and exploration assets		(2,050)	(2,732)
Purchase of intangibles		—	(592)
Proceeds from sale of subsidiary		1,100	—
Proceeds from sale of available-for-sale financial assets		54	3
Proceeds from sale of property, plant and equipment	10	38	121
Net cash used in investing activities		(54,840)	(119,212)
Cash flows from financing activities			
Proceeds from borrowings	15	12,497	100,784
Repayment of borrowings	15	(77,928)	(29,924)
Dividends paid to non-controlling interests	17	(5,344)	(645)
Cash flows (used in)/generated from financing activities		(70,775)	70,215
Net increase/(decrease) in cash and cash equivalents during the period		18,981	(30,677)
Impact of foreign exchange		(152)	(1,006)
Cash and cash equivalents at beginning of period		84,017	115,999
Cash and cash equivalents at end of period	14	102,846	84,316

Interim condensed consolidated statement of changes in equity

	Note	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 on hedges 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 2016		223,805	438,041	(898)	32	15,312	(13,602)	(210,046)	4,655	(203,649)	218,093	675,392	90,113	765,505
Other comprehensive gain/(loss)		—	—	—	464	(28,992)	2	—	—	(28,526)	—	(28,526)	—	(28,526)
Profit for the period		—	—	—	—	—	—	—	—	—	27,816	27,816	9,928	37,744
Total comprehensive (loss)/income for the period		—	—	—	464	(28,992)	2	—	—	(28,526)	27,816	(710)	9,928	9,218
Dividends declared to non-controlling interests	17	—	—	—	—	—	—	—	—	—	—	—	(5,244)	(5,244)
Share–based payments									1,529	1,529	383	1,912	—	1,912
Exercise of share options		—	—	472	—	—	—	—	(157)	(157)	(315)	—	—	—
Balance at 30 June 2016 (unaudited)		223,805	438,041	(426)	496	(13,680)	(13,600)	(210,046)	6,027	(230,803)	245,977	676,594	94,797	771,391
Balance at 1 January 2015		170,389	396,021	(898)	14	3,126	(13,005)	(210,046)	2,576	(217,335)	451,047	799,224	95,160	894,384
Other comprehensive gain/(loss)		—	—	—	200	3,252	(309)	—	—	3,143	—	3,143	—	3,143
(Loss)/profit for the period		—	—	—	—	—	—	—	—	—	(44,476)	(44,476)	591	(43,885)
Total comprehensive (loss)/income for the period		—	—	—	200	3,252	(309)	—	—	3,143	(44,476)	(41,333)	591	(40,742)
Exercise of share options	16	220	—	—	—	—	—	—	(1,560)	(1,560)	1,340	—	—	—
Share–based payments		—	—	—	—	—	—	—	1,679	1,679	316	1,995	—	1,995
Balance at 30 June 2015 (unaudited)		170,609	396,021	(898)	214	6,378	(13,314)	(210,046)	2,695	(214,073)	408,227	759,886	95,751	855,637

Notes to the interim condensed consolidated financial statement

1 Corporate Information

Hochschild Mining plc (hereinafter the “Company” and together with its subsidiaries, the “Group”) 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 three operating mines (Arcata, Pallancata and Inmaculada) 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.

These interim condensed consolidated financial statements were approved for issue on behalf of the Board of Directors on 15 August 2016.

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 2016 and 31 December 2015 and its financial performance and cash flows for the six months ended 30 June 2016 and 30 June 2015.

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 2015 annual consolidated financial statements as published in the 2015 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 2015. 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 auditor’s 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 auditor 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 followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective for the Group from 1 January 2016, which has not had a material impact on the annual consolidated financial statements or the interim condensed consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(c) Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed set of financial statements. For further detail refer to the detailed discussion of the assumptions outlined in the Going Concern section of the announcement.

3 Segment reporting

The following tables present revenue and profit/(loss) information for the Group's operating segments for the six months ended 30 June 2016 and 2015 and asset information as at 30 June 2016 and 31 December 2015 respectively:

Six months ended 30 June 2016 (unaudited)	**Arcata US$000**	**Pallancata US$000**	**San Jose US$000**	**Inmaculada US$000**	**Exploration and advanced projects US$000**	**Other US$000**	**Adjustments and eliminations US$000**	**Total US$000**
Revenue from external customers	60,009	28,915	110,651	139,537	—	165	—	339,277
Inter segment revenue	—	—	—	—	—	1,363	(1,363)	—
Total revenue	**60,009**	**28,915**	**110,651**	**139,537**	—	**1,528**	**(1,363)**	**339,277**
Segment profit/(loss)	12,810	99	30,681	50,135	(3,855)	(320)	(141)	89,409
Others(1)								(29,112)
Profit from continuing operations before income tax								60,297
As at 30 June 2016 (unaudited)								
Assets								
Capital expenditure	8,851	5,036	15,712	25,693	3,845	56	—	59,193
Current assets	16,721	13,103	62,149	25,395	30	4,074	—	121,472
Other non-current assets	51,819	46,529	212,800	614,128	183,816	70,864	—	1,179,956
Total segment assets	68,540	59,632	274,949	639,523	183,846	74,938	—	1,301,428
Not reportable assets(2)	—	—	—	—	—	195,652	—	195,652
Total assets	**68,540**	**59,632**	**274,949**	**639,523**	**183,846**	**270,590**	—	**1,497,080**

(1) Comprised of administrative expenses of US$22,172,000, other income of US$16,318,000, other expenses of US$7,214,000, write off of assets of US$498,000, finance income of US$1,442,000, finance costs of US$17,430,000 and foreign exchange gain of US$442,000.
(2) Not reportable assets are comprised of available-for-sale financial assets of US$814,000, other receivables of US$66,046,000, income tax receivable of US$18,608,000, deferred income tax assets of US$1,199,000, other financial assets of US$6,139,000 and cash and cash equivalents of US$102,846,000.

Six months ended 30 June 2015 (unaudited)	Arcata US$000	Pallancata US$000	San Jose US$000	Inmaculada US$000	Exploration and advanced projects US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue from external customers	52,945	41,440	95,749	—	—	125	—	190,259
Inter segment revenue	—	—	—	—	—	900	(900)	—
Total revenue	**52,945**	**41,440**	**95,749**	—	—	**1,025**	**(900)**	**190,259**
Segment profit/(loss)	2,007	(8,332)	10,245	—	(6,297)	336	2,115	74
Others(1)								(43,450)
Profit from continuing operations before income tax								(43,376)

As at 31 December 2015	Arcata US$000	Pallancata US$000	San Jose US$000	Inmaculada US$000	Exploration and advanced projects US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Assets								
Capital expenditure	14,600	10,683	38,451	166,336	4,011	4,078	—	238,159
Current assets	17,456	13,818	63,941	31,958	30	5,435	—	132,638
Other non-current assets	53,458	50,591	220,307	633,169	181,662	72,481	—	1,211,668
Total segment assets	70,914	64,409	284,248	665,127	181,692	77,916	—	1,344,306
Not reportable assets(2)	—	—	—	—	—	198,743	—	198,743
Total assets	**70,914**	**64,409**	**284,248**	**665,127**	**181,692**	**276,659**	**—**	**1,543,049**

(1) Comprised of administrative expenses of US$18,779,000, other income of US$2,602,000, other expenses of US$4,604,000, impairment of the Crespo unit of US$5,917,000, finance income of US$581,000, finance costs of US$16,122,000 and foreign exchange loss of US$1,211,000.

(2) Not reportable assets are comprised of available-for-sale financial assets of US$366,000, other receivables of US$72,662,000, income tax receivable of US$20,431,000, other financial assets of US$21,267,000 and cash and cash equivalents of US$84,017,000.

4 Revenue

	Six-months ended 30 June	
	2016 (Unaudited) US$000	2015 (Unaudited) US$000
Gold (from dore bars)	128,144	30,664
Silver (from dore bars)	94,373	58,796
Gold (from concentrate)	47,884	37,012
Silver (from concentrate)	68,711	63,662
Services	165	125
	339,277	190,259

The realised loss on gold and silver forward sales contracts in the period recognised within revenue was US$3,116,000 (loss on gold: US$3,501,000, gain on silver: US$385,000) (2015: gain of US$4,991,000 (gain on gold: US$1,793,000 and silver: US$3,198,000)).

5 Cost of sales before exceptional items

Included in cost of sales are:

	Six-months ended 30 June	
	2016 (Unaudited) US$000	2015 (Unaudited) US$000
Depreciation and amortisation in production cost	88,516	56,962
Personnel expenses	49,241	52,977
Mining royalty	3,024	2,613
Change in products in process and finished goods	11,273	953

6 Other income before exceptional items

Included in other income are:

	Six-months ended 30 June	
	2016 (Unaudited) US$000	2015 (Unaudited) US$000
Export credits	8,360	840
Logistic services	2,566	1,325
Gain on sale of other assets	1,550	—
Others	424	437
	12,900	**2,602**

7 Exceptional items

	Six-months ended 30 June	
	2016 (Unaudited) US$000	**2015 (Unaudited) US$000**
Other income		
Gain on sale of subsidiaries[1]	751	—
Reversal of reserves tax[2]	2,667	—
Total	**3,418**	**—**
Other expenses		
Donations (note 18)	(1,000)	—
Total	**(1,000)**	**—**
Impairment and write-off of assets (net)		
Impairment of assets[3]	—	(5,917)
Write-off of non-current assets[4]	(498)	—
Total	**(498)**	**(5,917)**
Finance income		
Reversal of interests on reserves tax[2]	959	—
Total	**959**	**—**
Finance costs		
Interest on disputed tax charges[5]	—	(1,486)
Total	**—**	**(1,486)**
Income tax (expense)/benefit		
Income tax (charge)/credit[6]	(1,129)	1,268
Total	**(1,129)**	**1,268**

1. Gain generated by the sale of the Group´s subsidiary Asociación Sumac Tarpuy to Inversiones ASPI S.A. of US$811,000 net of the loss generated by the sale of HMX S.A. de C.V. to Sergio Salinas Salinas and Servicios de Integración Fiscal S.A. de C.V. of US$60,000.
2. Corresponds to the reversal of the reserves tax liability and their associated interests due to an agreement reached with the Fiscal Authority in Argentina.
3. Corresponds to the impairment of the Crespo project of US$5,917,000 (note 10).
4. Write-off of non-current assets in Compañía Minera Ares S.A.C. (“CMA”) of US$495,000 and Minera Santa Cruz S.A. (“MSC”) of US$3,000.
5. Interest on overdue tax charges owed by the Group following a change in circumstances surrounding a tax dispute with the local tax authority, resulting in the exposure now being assessed as ‘probable’, rather than ‘possible’.
6. Corresponds to the current tax charge generated by the reversal of the tax over reserves and its interests (US$1,269,000) net of the deferred tax credit generated by the write-off of non-current assets (US$140,000). For the six months period ended June 2015, primarily related to the deferred tax benefit arising from the impairment of the Crespo project of US$1,539,000, net of the associated underlying tax charge of item 5 above, disclosed as exceptional current income tax of US$271,000.

8 Finance income and finance cost before exceptional items

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

	Six-months ended 30 June	
	2016 (Unaudited) US$000	**2015 (Unaudited) US$000**
Finance income:		
Interest on deposits and liquidity funds	328	262
Interest on loans	103	31
Unwind of discount rate	—	274
Others	52	14
Total	483	581
Finance cost:		
Interest on bank loans	(2,258)	(4,125)
Interest on bond	(11,662)	(9,188)
Other interest	(700)	(781)
Total interest expense	(14,620)	(14,094)
Unwind of discount rate	(1,722)	(11)
Loss from changes in the fair value of financial instruments	(829)	—
Others	(259)	(531)
Total	(17,430)	(14,636)

Finance costs above are presented net of borrowing costs capitalised in property, plant and equipment amounting to US$674,000 (2015: US$6,165,000).

9 Income tax expense

	Six-months ended 30 June	
	2016 (Unaudited) US$000	**2015 (Unaudited) US$000**
Current tax		
Current income tax expense	14,072	280
Current mining royalty charge	1,657	373
Current special mining tax charge	1,369	—
Withholding taxes	552	—
Total	17,650	653
Deferred tax		
Origination and reversal of temporary differences[1]	4,903	(144)
Total	4,903	(144)
Total taxation charge in the income statement	22,553	509

The pre-exceptional tax charge for the period was US$21,424,000 (2015: US$1,777,000).

1. In 2016 mainly due to the decrease on capitalisation of tax losses in Peru. In 2015, the charge primarily originated as result of a decrease in the US dollar value of the Group's Peruvian Nuevo Sol and Argentine Peso-denominated tax bases, due to the devaluation of these currencies relative to the US dollar in the period.

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

	Six-months ended 30 June	
	2016 (Unaudited) US$000	**2015 (Unaudited) US$000**
Deferred income tax relating to fair value gains on cash flow hedges	(11,274)	1,266
Total taxation (credit)/charge in the statement of comprehensive income	(11,274)	1,266

10 Property, plant and equipment

During the six months ended 30 June 2016, the Group acquired and developed assets with a cost of US$57,143,000 (30 June 2015: US$128,827,000). The additions for the six months ended 30 June 2016 relate to:

	Mining properties and development US$000	**Other property plant and equipment US$000**
San Jose	11,037	4,494
Pallancata	4,256	763
Inmaculada	12,300	13,280
Arcata	6,115	2,718
Crespo	1,302	822
Others	—	56
	35,010	22,133

Assets with a net book value of US$5,000 were disposed of by the Group during the six month period ended 30 June 2016 (30 June 2015: US$53,000) resulting in a net gain on disposal of US$33,000 (30 June 2015: US$68,000).

For the six months ended 30 June 2016, the depreciation charge on property, plant and equipment was US$90,605,000 (30 June 2015: US$63,056,000).

At 30 June 2016, the Group has not recorded any impairment charge with respect to property, plant and equipment (30 June 2015: Crespo project of US$3,899,000).

11 Evaluation, exploration and intangible assets

During the six months ended 30 June 2016, the Group capitalised evaluation and exploration costs of US$2,050,000 (30 June 2015: US$2,732,000). The additions correspond to the following properties:

	US$000
Azuca	1,175
San Jose	181
Pallancata	17
Inmaculada	113
Arcata	18
Crespo	136
El Dorado	410
	2,050

There were no transfers from evaluation and exploration assets to property, plant and equipment during the period (2015: US$nil).

At 30 June 2016, the Group has not recorded any impairment charge with respect to evaluation and exploration assets (30 June 2015: Crespo project of US$1,736,000).

12 Other financial assets and liabilities

	As at 30 June 2016 (unaudited) US$000	As at 31 December 2015 US$000
Other financial assets		
Embedded derivatives[1]	6,139	—
Commodity swaps[2]	—	21,267
Other financial assets	6,139	21,267
Other financial liabilities		
Commodity swaps[2]	17,301	—
Zero cost collars[3]	2,527	—
Embedded derivatives[2]	—	1,141
Other financial liabilities	19,828	1,141

1 Sales of concentrate and certain gold and silver volumes are provisionally priced at the time the sale is recorded (note 13).
2 Corresponds to the fair value of the following unsettled commodity swap contracts:
   a. signed in August 2015 with Citibank N.A. to hedge the sale of 71,000 ounces of gold at US$1,153.65 per ounce, during the period from January to December 2016;
   b. signed in October 2015 with Bank of America Merrill Lynch to hedge the sale of 6,000,000 ounces of silver at US$15.9352 per ounce, during the period from January to December 2016;
   c. signed in October 2015 with Bank of America Merrill Lynch to hedge the sale of 29,000 ounces of gold at US$1,144.50 per ounce, during the period from January to December 2016; and
   d. signed in February 2016 with Citibank N.A. to hedge the sale of 15,000 ounces of gold at US$1,244.25 per ounce, during the period from February to December 2016.
3 Corresponds to the fair value of the zero cost collar contract signed in February 2016 with JPMorgan Chase Bank to hedge the sale of 2,999,997 ounces of silver at a call/put price of US$17.6 and US$14.0 per ounce respectively, during the period February to December 2016.

13 Financial instruments

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 2016 and 31 December 2015, the Group held the following financial instruments measured at fair value:

	As at 30 June 2016 (unaudited) US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Assets measured at fair value				
Equity shares	814	814	—	—
Embedded derivatives (note 12)	6,139	—	—	6,139
	6,953	814	—	6,139
Liabilities measured at fair value				

Zero cost collars (note 12)	(2,527)	—	(2,527)	—
Commodity swaps (note 12)	(17,301)	—	(17,301)	—
	(19,828)	—	(19,828)	—

	As at 31 December 2015 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Assets measured at fair value				
Equity shares	366	366	—	—
Commodity swaps (note 12)	21,267	—	21,267	—
	21,633	366	21,267	—
Liabilities measured at fair value				
Embedded derivatives (note 12)	(1,141)	—	—	(1,141)
	(1,141)	—	—	(1,141)

During the six months ended 30 June 2016 and the year ended 31 December 2015, 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
Balance at 1 January 2015	(1,533)
Gain from the period recognised in revenue	392
Balance 31 December 2015	(1,141)
Gain from the period recognised in revenue	7,280
Balance 30 June 2016 (unaudited)	6,139

Valuation techniques:

Level 2: Commodity swap and zero cost collars contracts

Commodity swap and zero cost collars contracts: Contracts entered into to hedge against the risk of commodity price fluctuations. These contracts are valued using a commonly accepted methodology which makes maximum use of market inputs such as quoted market prices and discount rates.

Level 3: 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' (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.

Equity shares: The investments in unlisted shares (Pembrook Mining Corp. and ECI Exploration and Mining Inc.) were recognised at cost less any recognised impairment losses given that there is not an active market for these investments. The investments in ECI Exploration and Mining Inc. and Pembrook Mining Corp. are fully impaired as at 30 June 2016 and 31 December 2015, based on available observable market data of similar peers.

14 Cash and cash equivalents

	As at 30 June 2016 (unaudited) US$000	As at 31 December 2015 US$000
Cash at bank	335	368
Liquidity funds[1]	17	337
Current demand deposit accounts[2]	49,222	47,717
Time deposits[3]	53,272	35,595
Cash and cash equivalents	102,846	84,017

1 The liquidity funds are mainly invested in certificate of deposits, commercial papers and floating rate notes with a weighted average maturity of 12 days as at 30 June 2016 (as at 31 December 2015: 14 days).
2 Relates to bank accounts which are readily accessible to the Group and bear interest.
3 These deposits have an average maturity of 3 days (as at 31 December 2015: 2 days).

15 Borrowings

The movement in borrowings during the six month period to 30 June 2016 is as follows:

	As at 1 January 2016 US$000	Additions US$000	Repayments US$000	Reclassifications US$000	As at 30 June 2016 (Unaudited) US$000
Current					
Bank loans[1]	85,983	14,835	(30,341)	(452)	**70,025**
Bond payable[2]	8,777	12,256	(11,928)	(327)	**8,778**
	94,760	27,091	(42,269)	(779)	**78,803**
Non-current					
Bank loan[3]	49,548	—	(50,000)	452	**—**
Bond payable[2]	290,230	—	—	327	**290,557**
	339,778	—	(50,000)	779	**290,557**
Accrued interest:	(9,829)	(14,594)	14,341	779	**(9,303)**
Before accrued interest	424,709	12,497	(77,928)	779	**360,057**

1 Relates to the US$60,447,000 short-term credit lines with the BBVA Bank (2015: US$75,200,000), pre-shipment loans for a total amount of US$9,578,000 (2015: US$10,554,000) which are credit lines given by banks to meet payment obligations arising from the exports of the Group, and the current portion of the medium-term loan totalling US$nil, as the loan was repaid on 7 June 2016 (2015: US$229,000).
2 Relates to the issuance of US$350,000,000 7.75% Senior Unsecured Notes on 23 January 2014.The carrying value at 30 June 2016 of US$299,335,000 (2015: US$299,007,000) was determined in accordance with the effective interest method.
3 Medium-term loan of US$100,000,000 with Scotiabank Peru S.A.A. acting as Lead Arranger and The Bank of Nova Scotia and Corpbanca as lenders. The loan was fully repaid on 7 June 2016 (non-current and current balance at 31 December 2015: US$49,777,000).

The carrying amount of current borrowings approximates their fair value. The carrying amount and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	As at 30 June 2016 (Unaudited) US$000	As at 31 December 2015 US$000	As at 30 June 2016 (Unaudited) US$000	As at 31 December 2015 US$000
Bank loan	—	49,548	—	48,223
Bond payable	290,557	290,230	306,198	274,878
Total	**290,557**	339,778	**306,198**	323,101

16 Equity

Share capital and share premium

The movement in share capital of the Company from 31 December 2015 to 30 June 2016 is as follows:

	Number of ordinary shares	Share capital US$000	Share premium US$000
Shares issued as at 1 January 2016	505,571,505	223,805	438,041
Shares issued as at 30 June 2016	505,571,505	223,805	438,041

At 30 June 2016 and 31 December 2015 all issued shares with a par value of 25 pence each were fully paid (30 June 2016: weighted average of US$0.443 per share, 31 December 2015: weighted average of US$0.443 per share).

On 20 March 2015, the Group issued 587,015 ordinary shares under the Deferred Bonus Plan, to certain employees of the Group.

17 Dividends paid and declared

Dividends declared and paid to non-controlling interests in the six months ended 30 June 2016 were US$5,244,000 (30 June 2015: US$nil) and US$5,344,000 (30 June 2015: US$645,000) respectively.

There were no dividends declared in the six months ended 30 June 2015 or 2016. The Directors of the Company declared an interim dividend in respect of the six months ended 30 June 2016 of 1.38 US cents per share (totalling US$7,000,000) (30 June 2015: US$nil) which will be paid to shareholders on 22 September 2016 to those shareholders appearing on the register on 2 September 2016. These financial statements do not reflect this dividend payable.

18 Related party transactions

On 17 May 2016, Asociación Sumac Tarpuy was sold to Inversiones ASPI S.A. generating a gain on disposal of US$811,000 (note 7). The Group made a donation of US$1,000,000 to the Universidad de Ingenieria y Tecnología (“UTEC”) with the proceeds from the sale of this entity.

There were no other significant transactions with related parties during the six months period ended 30 June 2016.

19 Notes to the statement of cash flows

	Six- months ended 30 June	
	2016 (Unaudited) US$000	**2015 (Unaudited) US$000**
Reconciliation of gain/(loss) for the period to net cash generated from operating activities		
Profit/(loss) for the period	**37,744**	(43,885)
Adjustments to reconcile Group loss to net cash inflows from operating activities		
Depreciation	**88,420**	57,095
Amortisation of intangibles	**785**	684
Write-off of assets (net)	**498**	—
Impairment of assets	**—**	5,917
Gain on sale of available-for-sale financial assets	**(38)**	—
Gain on sale of property, plant and equipment	**(33)**	(68)
Provision for obsolescence of supplies	**267**	—
Gain on sale of subsidiary	**(751)**	—
Finance income	**(1,404)**	(581)
Finance costs	**17,430**	16,122
Income tax expense	**22,553**	509
Other	**2,063**	3,808
Increase/(decrease) of cash flows from operations due to changes in assets and liabilities		
Trade and other receivables	**2,587**	2,867
Income tax receivable	**(754)**	13,098
Other financial assets and liabilities	**(6,490)**	(184)
Inventories	**10,845**	(1,153)
Trade and other payables	**(18,483)**	(12,649)
Provisions	**3,588**	2,923
Cash generated from operations	**158,827**	44,503

20 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 2016 US$000	**As at 31 December 2015 US$000**
Less than one year	750	550
More than one year	5,850	6,450
	6,600	7,000

b) Capital commitments

The future capital commitments of the Group are as follows:

	As at 30 June 2016 US$000	As at 31 December 2015 US$000
Peru	16,820	7,684
Argentina	3,498	4,509
	20,318	12,193

21 Subsequent events

a) On 4 July 2016 the Group repaid US$35,000,000 of short-term credit lines with BBVA Bank and obtained two short-term loans with Interbank amounting to US$30,000,000 at an annual interest rate of 1.5%.

Profit by operation[1]

(Segment report reconciliation) as at 30 June 2016

Company (US$000)	Arcata	Pallancata	San Jose	Inmaculada	Consolidation adjustment and others	Total/HOC
Revenue	60,009	28,915	110,651	139,537	165	339,277
Cost of sales (pre-consolidation)	(46,506)	(28,451)	(74,461)	(88,892)	(438)	(238,748)
Consolidation adjustment	47	(91)	–	(394)	438	–
Cost of sales (post-consolidation)	(46,459)	(28,542)	(74,461)	(89,286)	–	(238,748)
Production cost excluding Depreciation	(34,119)	(18,790)	(48,548)	(37,580)	–	(139,037)
Depreciation in production cost	(10,779)	(9,085)	(22,362)	(46,290)	–	(88,516)
Other items	151	150	(179)	(44)	–	78
Change in inventories	(1,712)	(817)	(3,372)	(5,372)	–	(11,273)
Gross profit	13,503	464	36,190	50,645	(273)	100,529
Administrative expenses	–	–	–	–	(22,172)	(22,172)
Exploration expenses	–	–	–	–	(4,043)	(4,043)
Selling expenses	(693)	(365)	(5,509)	(510)	–	(7,077)
Other income/expenses	–	–	–	–	9,104	9,104
Operating profit before impairment	12,810	99	30,681	50,135	(17,384)	76,341
Impairment and write-off of assets	–	–	–	–	(498)	(498)
Finance income	–	–	–	–	1,442	1,442
Finance costs	–	–	–	–	(17,430)	(17,430)
Foreign exchange	–	–	–	–	442	442
Profit/(loss) from continuing operations before income tax	12,810	99	30,681	50,135	(33,428)	60,297
Income tax	–	–	–	–	(22,553)	(22,553)
Profit/(loss) for the year from continuing operations	12,810	99	30,681	50,135	(55,981)	37,744

[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

The Registrars can be contacted as follows for information about the AGM, shareholdings, dividends and to report changes in personal details:

BY POST
Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

BY TELEPHONE
If calling from the UK: 0371 664 0300 (Calls charged at the standard geographic rate and will vary by provider. Lines are open 8.30am-5.30pm Mon to Fri).

If calling from overseas: +44 371 664 0300 (Calls charged at the applicable international rate).

Currency option and dividend mandate

Shareholders wishing to receive their dividend in US dollars should contact the Company's registrars to request a currency election form. This form should be completed and returned to the registrars by 5 September 2016 in respect of the 2016 interim dividend.

The Company's registrars can also arrange for the dividend to be paid directly into a shareholder's UK bank account. To take advantage of this facility in respect of the 2016 interim dividend, a dividend mandate form, also available from the Company's registrars, should be completed and returned to the registrars by 5 September 2016. This arrangement is only available in respect of dividends paid in UK pounds sterling. Shareholders who have already completed one or both of these forms need take no further action.

Financial Calendar

Dividend dates	2016
Ex-dividend date	1 September
Record date	2 September
Deadline for return of currency election forms	5 September
Payment date	22 September

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