

14 August 2019

Interim Results for the six months ended 30 June 2019

Financial highlights

- Revenue of \$354.5 million (H1 2018: \$372.3 million)¹
- Adjusted EBITDA of \$153.7 million (H1 2018: \$161.9 million)²
- Pre-exceptional profit before income tax of \$41.5 million (H1 2018: \$54.9 million)
- Post-exceptional profit before income tax of \$29.5 million (H1 2018: \$38.6 million)
- Adjusted basic earnings per share of \$0.04 (H1 2018: \$0.05)³
- Cash and cash equivalent balance of \$95.4 million as at 30 June 2019 (31 December 2018: \$79.7 million)
- Gross debt of \$157.8 million as at 30 June 2019 (31 December 2018: \$157.1 million)
- Net debt of \$62.4 million as at 30 June 2019 (31 December 2018: \$77.4 million)
- Interim dividend of 2.0 cents per share totalling \$10.2 million (H1 2018: 1.965 cents per share totalling \$10.0 million)

H1 2019 operational delivery

- All-in sustaining costs (AISC) from operations of \$921 per gold equivalent ounce (H1 2018: \$909 per ounce) or \$11.4 per silver equivalent ounce (H1 2018: \$11.2 per ounce)⁴
- 2nd highest half-year of attributable production in Hochschild's history: 245,325 gold equivalent ounces or 19.9 million silver equivalent ounces (H1 2018: 256,939 gold equivalent ounces or 20.8 million silver equivalent ounces)
- Record production of 135,033 gold equivalent ounces at Inmaculada (H1 2018: 134,789 ounces)

Exploration highlights

- Several new veins discovered to the west of Angela at Inmaculada
- Infill drilling ongoing at Inmaculada - Millet grade already increasing
- Drilling started at Palca zone
- New programmes scheduled for H2 at Cochaloma, Pablo Sur and Corina

H2 2019 outlook⁵

- On track to deliver overall 2019 production target of 457,000 gold equivalent ounces (37.0 million silver equivalent ounces)
- 2019 all-in sustaining costs on track to meet \$960-\$1,000 per gold equivalent ounce guidance (\$11.8-12.3 per silver equivalent ounce)

\$'000 unless stated	Six months to 30 June 2019	Six months to 30 June 2018	% change
Attributable silver production (koz)	8,687	9,674	(10)
Attributable gold production (koz)	138	138	-
Revenue	354,450	372,328	(5)
Adjusted EBITDA	153,734	161,906	(5)
Profit from continuing operations (pre-exceptional)	25,085	22,242	13
Profit from continuing operations (post-exceptional)	16,661	10,718	55
Basic earnings per share (pre-exceptional) \$	0.04	0.05	(20)
Basic earnings per share (post-exceptional) \$	0.03	0.03	-

¹Revenue presented in the financial statements is disclosed as net revenue and is calculated as gross revenue less commercial discounts plus services revenue

²Refer to page 12 of the Financial Review for a definition of Adjusted EBITDA

³On a pre-exceptional basis

⁴All-in sustaining cost (AISC) per silver equivalent ounce: Calculated before exceptional items and includes cost of sales less depreciation in production cost and change in inventories, administrative expenses, brownfield exploration, operating and exploration capex and royalties (presented with income tax) divided by silver equivalent ounces produced, plus commercial deductions and selling expenses divided by silver equivalent ounces sold using a gold/silver ratio of 8:1. The Arcata operation is excluded from the calculation of the AISC from operations in H1 2019.

⁵All equivalent figures assume the average gold/silver ratio of 8:1.

IGNACIO BUSTAMANTE, CHIEF EXECUTIVE OFFICER SAID:

"Hochschild has delivered another strong first half operational performance with the second highest level of production in our history and solid cost control leaving us firmly on track to meet our 2019 goals. In parallel, we are in the middle of another busy period of brownfield exploration with new veins discovered at Inmaculada and the first campaign at the Palca zone already underway whilst further programmes are due in the second half at all our operations as well as in new areas such as Corina, Cochaloma and Pablo Sur. Healthy cashflow generation has continued to strengthen our balance sheet and we are therefore in a good position to execute our brownfield and greenfield strategy in addition to assessing acquisitions and investing in our innovation programme.

Safety

I am delighted to report that our Safety Culture Transformation Plan which was launched in 2017 is continuing to deliver positive results. This wide-ranging programme, which encompasses frequent training sessions at all levels and enhancements to our risk management systems, has undoubtedly contributed to the longest continuous period in our corporate history in which there have been zero lost time accidents – over 120 days. This is reflected in our safety frequency index for the first half of 0.51 (H1 2018: 2.1) which is the lowest of any six-month period since 2007. We will continue to implement decisively the Transformation Plan to underline our commitment to safety first.

Operations

Hochschild's output in the first half of 2019 was 245,325 gold equivalent ounces (19.9 million silver equivalent ounces) almost matching our record in H1 2018 (256,939 gold equivalent ounces) and this was achieved despite the absence of the Arcata mine which was placed on temporary care and maintenance in February 2019. This result was mainly due to consistent performance from all our mines and leaves us in a strong position to meet our full-year target of 457,000 gold equivalent ounces or 37.0 million silver equivalent ounces. Inmaculada delivered a record half-year production of 135,033 gold equivalent ounces (H1 2018: 134,789 ounces) driven by better than expected grades and also boosted by inventory in process at the beginning of the year leaving the mine well ahead of the run rate to meet its forecasted 241,000 gold equivalent ounces. All-in sustaining costs at \$726 per gold equivalent ounce were lower than guidance reflecting the good operational performance of the mine. However, with ore grades normalising in the second half, we reiterate our full year cost guidance of \$790-\$830 per gold equivalent ounce.

At Pallancata, we have now shifted production over to the much wider Pablo vein and consequently output improved by almost 16% versus H1 2018 to 4.9 million silver equivalent ounces (H1 2018: 4.2 million ounces) with the mine's all-in sustaining cost at a competitive \$12.3 per silver equivalent ounce (H1 2018: \$11.7 per ounce). In Argentina, better than expected grades led to the reliable San Jose operation increasing production by 5% in the first half to 7.1 million silver equivalent ounces (H1 2018: 6.8 million ounces) with costs in line with expectations at \$14.4 per silver equivalent ounce (H1 2018: \$14.0 per ounce).

Exploration

The 2019 brownfield programme is underway and includes drilling in and around the Angela vein at Inmaculada with current results identifying new structures to the west which we expect to yield substantial additional resources. Furthermore, we are confident that infill drilling being carried out at the new veins discovered in 2018 will improve grade consistency. We have also begun a surface drill programme to the north-west of Inmaculada at the Palca zone, with early results demonstrating mineralisation and a significant number of further targets to be drilled in the second half. During this period, we can also look forward to campaigns at Cochaloma to the south-west, at Pablo Sur close to where we are currently mining and at the promising Corina zone to the north of the Selene plant, where we have already begun a 3,500 metre drilling programme. Finally, at San Jose we have carried out further exploration of the polymetallic Aguas Vivas deposit in the north-west and will focus in the second half on structures to the south of the San Jose mine and magnetometry work on the area near to Newmont Goldcorp's Cerro Negro deposit.

Financial results

Total Group production was moderately lower versus H1 2018 and with a 7% fall in the average silver price achieved only partially offset by a 2% rise in the gold price achieved, revenue reduced slightly to \$354.5 million (H1 2018: \$372.3 million). All-in sustaining costs were lower than expected at \$11.4 per silver equivalent ounce (H1 2018: \$11.2 per ounce) but the budgeted rise in exploration expenses and also in selling expenses (resulting from the reintroduction of export taxes in Argentina in Q3 2018) has led to Adjusted EBITDA of \$153.7 million (H1 2018: \$161.9 million). These increases in expenses were not fully offset by falling interest costs and a reduced tax charge and therefore pre-exceptional earnings per share were moderately lower at \$0.04 (H1 2018: \$0.05). Post-exceptional earnings per share was held steady at \$0.03 (H1 2018: \$0.03) mainly due to the payment of the premium of \$11.4 million to redeem the senior notes in H1 2018 being offset by this year's exceptional costs of \$11.9 million associated with the temporary closure of the Arcata mine in February 2019.

Financial position

Our balance sheet remains in a strong position with cash and cash equivalents of approximately \$95.4 million at the end of June (31 December 2018: \$79.7 million) and gross debt of \$157.8 million (31 December 2018: \$157.1 million). In July 2019, we were able to refinance \$150.0 million of short term debt with local Peruvian banks resulting in a significant reduction in the average borrowing rate from 3.1% to 2%.

Outlook

In mid-June, the gold price started to rise significantly on the back of global uncertainty and a fall in the US dollar and reached levels not seen in six years. Silver also rose in July and therefore we expect the Company's second half cashflow generation to be healthy provided the price strength is maintained. However, we are also confident that Hochschild's ongoing solid operational performance, disciplined cost control and a strong balance sheet leave us in an advantageous position to execute a busy second half of brownfield and greenfield activity and continue to assess value accretive acquisitions. The Board is pleased to declare an interim dividend of 2.0 cents per share (\$10.2 million) which reflects the ongoing successful strategic and operational performance."

A live conference call & audio webcast will be held at 2.30pm (London time) on Wednesday 14 August 2019 for analysts and investors. For a live webcast of the presentation please click on the link below:

<https://webcasting.brrmedia.co.uk/broadcast/5cb0a5b9eb566331974d6a39>

Conference call dial in details:

UK: +44 (0)330 336 9125 (Please use the following confirmation code: 6706139).

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Non-IFRS Financial Performance Measures

The Company has included certain non-IFRS measures in this news release. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardised meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

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 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.

OPERATING REVIEW

OPERATIONS

Note: silver/gold equivalent production figures assume a gold/silver ratio of 81:1.

Production

In H1 2019, Hochschild produced 245,325 gold equivalent ounces or 19.9 million silver equivalent ounces, the second highest in the Company's history. This was mainly due to solid performances from all the Company's mines especially at Inmaculada, where better than expected grades helped to deliver a record half-year of production.

Total group production

	Six months to 30 June 2019	Six months to 30 June 2018
Silver production (koz)	10,237	11,135
Gold production (koz)	162.16	160.47
Total silver equivalent (koz)	23,371	24,133
Total gold equivalent (koz)	288.53	297.94
Silver sold (koz)	10,221	11,067
Gold sold (koz)	160.25	158.01

Total production includes 100% of all production, including production attributable to Hochschild's minority shareholder at San Jose.

Attributable group production

	Six months to 30 June 2019	Six months to 30 June 2018
Silver production (koz)	8,687	9,674
Gold production (koz)	138.08	137.51
Silver equivalent (koz)	19,871	20,812
Gold equivalent (koz)	245.33	256.94

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

Costs

All-in sustaining cost from operations in H1 2019 was \$921 per gold equivalent ounce or \$11.4 per silver equivalent ounce (H1 2018: \$909 per gold equivalent ounce or \$11.2 per silver equivalent ounce). The Company is maintaining its guidance of all-in sustaining cost from operations in 2019 at between \$960 and \$1,000 per gold equivalent ounce (or \$11.8 and \$12.3 per silver equivalent ounce). Inmaculada's costs are expected to rise in the second half due to timing in the execution of sustaining and development capital expenditure and lower production.

Inmaculada

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

Inmaculada summary	Six months to 30 June 2019	Six months to 30 June 2018	% change
Ore production (tonnes)	670,487	670,713	-
Average silver grade (g/t)	157	153	3
Average gold grade (g/t)	4.62	4.58	1
Silver produced (koz)	2,950	3,115	(5)
Gold produced (koz)	98.61	96.33	2
Silver equivalent produced (koz)	10,938	10,918	-
Gold equivalent produced (koz)	135.03	134.79	-
Silver sold (koz)	2,942	3,108	(5)
Gold sold (koz)	97.48	95.35	2
Unit cost (\$/t)	90.8	83.5	9
Total cash cost (\$/oz Au co-product)	480	466	3
All-in sustaining cost (\$/oz Au Eq)	726	631	15

Production

In the first half of 2019, Inmaculada produced 135,033 gold equivalent ounces, in line with the same period of 2018 (134,789 gold equivalent ounces), with the solid result reflecting steady tonnage, strong grades and a contribution from products in process from Q4 2018.

Costs

All-in sustaining costs were lower than expectations at \$726 per gold equivalent ounce (H1 2018: \$631 per ounce). This was mostly due to the impact of higher than expected grades as well as the effect of the inventory in process (mentioned above). However, in the second half, costs are expected to normalise with sustaining and development capital expenditure scheduled to increase. Costs rose versus H1 2018 due to increased mine development costs to access the new vein discoveries and reduced low cost mineral from mine developments.

Pallancata

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 22km to the Selene plant for processing.

Pallancata summary	Six months to 30 June 2019	Six months to 30 June 2018	% change
Ore production (tonnes)	472,294	285,568	65
Average silver grade (g/t)	284	399	(29)
Average gold grade (g/t)	1.01	1.47	(31)
Silver produced (koz)	3,812	3,278	16
Gold produced (koz)	13.44	11.86	13
Silver equivalent produced (koz)	4,901	4,238	16
Gold equivalent produced (koz)	60.51	52.33	16
Silver sold (koz)	3,768	3,256	16
Gold sold (koz)	13.20	11.58	14
Unit cost (\$/t)	80.9	101.9	(21)
Total cash cost (\$/oz Ag co-product)	8.6	8.0	8
All-in sustaining cost (\$/oz Ag Eq)	12.3	11.7	5

Production

Pallancata's output in H1 2019 was 4.9 million silver equivalent ounces, a 16% improvement on the corresponding period of 2018 (H1 2018: 4.2 million ounces), reflecting full production from the wider but lower grade Pablo vein.

Costs

All-in sustaining costs were better than guidance at \$12.3 per silver equivalent ounce (H1 2018: \$11.7 per ounce), mainly due to capital expenditure being second half weighted in 2019. The AISC figure increased versus H1 2018, as expected, in line with the full production from the wider, but lower-grade Pablo vein.

San Jose

The San Jose silver/gold mine is located in Argentina, in the province of Santa Cruz, 1,750km south west of Buenos Aires. San Jose commenced production in 2007. Hochschild holds a controlling interest of 51% in the mine and is the mine operator. The remaining 49% is owned by the minority interest, McEwen Mining Inc.

San Jose summary	Six months to 30 June 2019	Six months to 30 June 2018	% change
Ore production (tonnes)	251,753	264,341	(5)
Average silver grade (g/t)	446	407	10
Average gold grade (g/t)	6.89	6.34	9
Silver produced (koz)	3,162	2,982	6
Gold produced (koz)	49.14	46.86	5
Silver equivalent produced (koz)	7,143	6,778	5
Gold equivalent produced (koz)	88.18	83.68	5
Silver sold (koz)	3,189	2,955	8
Gold sold (koz)	48.89	46.00	6
Unit cost (\$/t)	229.2	241.6	(5)
Total cash cost (\$/oz Ag co-product)	9.3	10.6	(12)
All-in sustaining cost (\$/oz Ag Eq)	14.4	14.0	3

Production

First half total production at San Jose was 7.1 million silver equivalent ounces, ahead of the same period of 2018 (H1 2018: 6.8 million ounces) due to better than expected grades.

Costs

All-in sustaining costs were \$14.4 per silver equivalent ounce (H1 2018: \$14.0 per ounce) with the increase versus the same period of last year due to the reintroduction of export taxes, local inflation and slightly reduced treated tonnage partially offset by the devaluation of the Argentinian peso and higher gold and silver grades.

Arcata

The 100% owned Arcata underground operation is located in the Department of Arequipa in southern Peru. It commenced production in 1964. In February 2019, Hochschild suspended operations at Arcata and placed it on temporary care and maintenance.

Arcata summary	Six months to 30 June 2019	Six months to 30 June 2018	% change
Ore production (tonnes)	37,049	188,522	(80)
Average silver grade (g/t)	298	326	9
Average gold grade (g/t)	0.94	1.01	(7)
Silver produced (koz)	311	1,760	(82)
Gold produced (koz)	0.97	5.42	(82)
Silver equivalent produced (koz)	390	2,199	(82)
Gold equivalent produced (koz)	4.81	27.15	(82)
Silver sold (koz)	322	1,748	(82)
Gold sold (koz)	0.67	5.08	(87)
Unit cost (\$/t)	184.5	146.1	26
Total cash cost (\$/oz Ag co-product)	20.5	14.7	39
All-in sustaining cost (\$/oz Ag Eq)	22.4	18.8	19

Production

Production at Arcata in the first half was 0.4 million silver equivalent ounces (H1 2018: 2.2 million ounces).

EXPLORATION

Inmaculada

In the first half of 2019, almost 8,500m of potential resource drilling was carried out at the newly-discovered Susana Beatriz, Facundo and Salvador structures to the west of the Angela vein. Also, 9,172m of resource drilling was executed at the Angela and the newly discovered Pilar vein.

Vein	Results (potential resource drilling)
Salvador	ANG-19-012: 2.1m @ 41.0g/t Au & 480g/t Ag
Susana Beatriz	ANE-19-010: 4.2m @ 2.9g/t Au & 280g/t Ag IMM-19-001: 1.5m @ 8.1g/t Au & 114g/t Ag IMM-19-002: 2.5m @ 2.5g/t Au & 105g/t Ag
Lady	IMS-19-003: 1.1m @ 6.3g/t Au & 58g/t Ag
Facundo	HUA-19-001: 3.1m @ 6.0g/t Au & 136g/t Ag
M.Mamani	MM-19-001: 1.0m @ 2.2g/t Au & 155g/t Ag

Vein	Results (resource drilling)
Salvador	ANE-19-010: 0.8m @ 16.7g/t Au & 349g/t Ag ANE-19-011: 0.8m @ 20.7g/t Au & 667g/t Ag ANE-19-013: 0.8m @ 5.9g/t Au & 399g/t Ag IMM-19-001: 1.1m @ 31.9g/t Au & 5,053g/t Ag IMM-19-007: 0.6m @ 3.6g/t Au & 98g/t Ag
Pilar	ANG-18-023: 0.5m @ 5.0g/t Au & 236g/t Ag ANG-19-011A: 2.3m @ 7.4g/t Au & 250g/t Ag ANG-19-012: 2.2m @ 41.0g/t Au & 480g/t Ag IMM-19-001: 1.1m @ 31.9g/t Au & 5,053g/t Ag IMM-19-003: 1.9m @ 1.4g/t Au & 110g/t Ag IMM-19-008: 1.5m @ 3.7g/t Au & 203g/t Ag IMM-19-011: 3.1m @ 4.4g/t Au & 192g/t Ag IMM-19-014: 11.0m @ 18.2g/t Au & 773g/t Ag HUA-19-003: 1.4m @ 19.4g/t Au & 438g/t Ag

Infill drilling commenced in the first half targeting the Millet vein which was discovered in 2018. Results to date have already increased the resource grade by over 20% with results below:

Vein	Results (infill drilling)
Millet	MIL-19-001: 0.9m @ 1.7g/t Au & 80g/t Ag

	MIL-19-002: 4.5m @ 2.6g/t Au & 204g/t Ag MIL-19-003: 2.8m @ 3.6g/t Au & 153g/t Ag MIL-19-004: 1.3m @ 0.9g/t Au & 42g/t Ag MIL-19-005: 0.9m @ 3.2g/t Au & 25g/t Ag MIL-19-006: 4.2m @ 0.8g/t Au & 67g/t Ag MIL-19-007: 2.7m @ 7.0g/t Au & 129g/t Ag MIL-19-008: 1.5m @ 2.5g/t Au & 139g/t Ag MIL-19-009: 2.0m @ 4.8g/t Au & 557g/t Ag MIL-19-010: 5.0m @ 3.3g/t Au & 104g/t Ag MIL-19-011: 0.9m @ 2.0g/t Au & 37g/t Ag MIL-19-012: 6.8m @ 2.4g/t Au & 81g/t Ag MIL-19-013: 1.2m @ 1.3g/t Au & 8g/t Ag MIL-19-014: 2.0m @ 3.8g/t Au & 342g/t Ag MIL-19-015: 1.2m @ 0.9g/t Au & 97g/t Ag MIL-19-016: 5.9m @ 1.9g/t Au & 88g/t Ag MIL-19-017: 1.4m @ 2.0g/t Au & 344g/t Ag MIL-19-018: 1.2m @ 1.4g/t Au & 30g/t Ag MIL-19-019: 4.6m @ 1.3g/t Au & 67g/t Ag MIL-19-020: 1.2m @ 0.2g/t Au & 52g/t Ag MIL-19-021: 2.6m @ 9.4g/t Au & 184g/t Ag MIL-19-022: 4.0m @ 1.2g/t Au & 61g/t Ag MIL-19-023: 3.5m @ 3.1g/t Au & 208g/t Ag MIL-19-024: 1.0m @ 2.8g/t Au & 213g/t Ag MIL-19-025: 5.8m @ 2.9g/t Au & 174g/t Ag MIL-19-026: 6.2m @ 2.1g/t Au & 167g/t Ag MIL-19-027: 5.1m @ 2.7g/t Au & 264g/t Ag MIL-19-028: 3.0m @ 2.7g/t Au & 162g/t Ag MIL-19-029: 4.0m @ 2.9g/t Au & 470g/t Ag MIL-19-030: 0.7m @ 1.4g/t Au & 67g/t Ag MIL-19-031: 2.3m @ 1.6g/t Au & 113g/t Ag MIL-19-032: 2.5m @ 1.7g/t Au & 133g/t Ag MIL-19-033: 3.3m @ 3.0g/t Au & 14g/t Ag MIL-19-034: 1.4m @ 0.7g/t Au & 41g/t Ag MIL-19-035: 3.0m @ 2.7g/t Au & 77g/t Ag MIL-19-036: 2.3m @ 2.1g/t Au & 71g/t Ag MIL-19-037: 2.8m @ 4.5g/t Au & 509g/t Ag MIL-19-038: 1.0m @ 1.0g/t Au & 93g/t Ag MIL-19-039: 0.8m @ 0.9g/t Au & 68g/t Ag MIL-19-040: 3.5m @ 3.0g/t Au & 111g/t Ag MIL-19-041: 0.6m @ 0.2g/t Au & 347g/t Ag
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The drilling programme in the second half will focus mainly on 7,000m of resource drilling with the main targets of the Susana Beatriz, Salvador, Facundo, Laidy and Rosy veins. It will also include 1,200m of potential drilling in the Rosy and Lady structures. In addition, infill drilling will continue at the Millet, Divina and other veins discovered in 2018 with completion scheduled for early in the fourth quarter.

Pallancata

At Pallancata, 817m of potential resources were drilled from the Mariel and Pablo veins with results pending from the Mariel target.

Vein	Results (potential resource drilling)
Pablo	DLEP-A49: 3.4m @ 1.4g/t Au & 553g/t Ag

Drilling in the Pablo Sur area is scheduled for the second half along with the programme at Cochaloma to the south. Superficial work has also been completed at the Huachuilca target to the north of the Selene plant and drilling is expected for the fourth quarter.

Palca

The Palca drilling programme started late in the half with potential resource drilling in the Roxana, Santa Beatriz and Prometida structures. Early results confirm mineralisation with 200m of depth. The key result was obtained from the Prometida vein.

Vein	Results (potential resource drilling)
Roxana	PLC-195-001: 1.8m @ 1.0g/t Au & 27g/t Ag PLC-195-004: 0.8m @ 1.0g/t Au & 33g/t Ag
Santa Beatriz	PLC-195-001: 1.2m @ 0.7g/t Au & 13g/t Ag
Prometida	PLC-195-006: 2.9m @ 5.0g/t Au & 35g/t Ag

For the second half, 3,810m of drilling is scheduled for the Blanca, Alejandra, Rafaela, Escondida, Escandalosa and Kimberly targets.

San Jose

At San Jose, potential drilling was executed at the Aguas Vivas system as well as at the Pluma 19 structure, the south-east Kospi projection and East and West Antonella. The intercepted structures at Aguas Vivas correspond to an intermediate sulphidation system with associated grades of zinc and lead.

Vein	Results (potential resource drilling)
Aguas Vivas	SJD-1627: 3.0m @ 0.1g/t Au, 43/t Ag, 0.2% Cu, 8.2% Pb & 5.5% Zn SJD-1686: 1.1m @ 3.6g/t Au, 85g/t Ag, 0.1% Cu, 19.0% Pb & 10.3% Zn SJD-1703: 1.4m @ 0.2g/t Au, 55g/t Ag, 0.6% Pb & 1.9% Zn SJD-1720: 0.8m @ 2.4g/t Au, 9g/t Ag SJD-1851: 3.4m @ 0.3g/t Au, 44g/t Ag, 1.2% Cu, 4.6% Pb & 6.4% Zn SJD-1853: 1.1m @ 0.4g/t Au, 98g/t Ag, 1.6% Cu, 5.3% Pb & 4.2% Zn SJD-1855: 2.8m @ 0.9g/t Au, 9g/t Ag, 0.2% Cu, 0.7% Pb & 1.4% Zn SJD-1857: 0.9m @ 1.6g/t Au, 18g/t Ag, 0.1% Cu, 2.7% Pb & 2.2% Zn SJD-1865: 1.3m @ 0.4g/t Au, 12g/t Ag, 0.2% Cu, 2.1% Pb & 3.9% Zn SJD-1870: 1.1m @ 5.0g/t Au, 64g/t Ag, 0.4% Cu, 2.3% Pb & 3.9% Zn
Antonella	SJM-429: 3.9m @ 8.1g/t Au & 239/t Ag

During the second half, the programme will focus on the Antonella structure and on the south-east Kospi projection. Also, a magnetometry study will be performed on the extension of Cerro Negro structures covering a total area of 14.3km².

Arcata

At Arcata, a Titan geophysical programme and geological mapping for new targets has concluded and a drilling plan is scheduled for the third quarter of 2019.

Corina

During the half, final permits were obtained for the drilling programme planned for the Corina zone, approximately 15km to the north-east of the Selene plant. A 2,700m drilling campaign has recently commenced with results expected later in the year.

GREENFIELD AND BUSINESS DEVELOPMENT

Hochschild's strategy with regards to its greenfield exploration programme is to maintain and drill a balanced portfolio of early-stage to advanced opportunities using a combination of earn-in joint ventures, private placements with junior exploration companies and the staking of properties. To date, options have been secured on properties across the Americas including: the Snip mine in Canada owned by Skeena Resources; the Agni and Indra projects in Chile owned by Mirasol Resources; the Ferguson Mountain and Mars projects in Nevada owned by Renaissance Gold; the BP, Bellview and Horsethief projects in Nevada owned by Alianza Gold and the Stateline vein district in Nevada optioned from KA Gold.

A 2,000m Reverse Circulation (RC) drilling programme has already started at Ferguson Mountain whilst at the nearby Mars project, a 2,500m RC campaign is due for later in August as is a similar programme at the Agni-Indra projects. At Snip, the aim is to drill a further 9,000m by the year end.

Finally, the Company has also secured an option on the Condor project located in Arequipa (Peru) close to the Arcata operation with permitting and access rights currently being progressed.

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 periods.

Revenue

Gross revenue⁶

Gross revenue from continuing operations decreased by 5% to \$366.5 million in H1 2019 (H1 2018: \$386.4 million) due to a fall in the average realised silver price and in ounces sold of silver in line with reduced production. These effects were marginally offset by an increase in the realised gold price.

Gold

Gross revenue from gold in H1 2019 increased slightly to \$213.0 million (H1 2018: \$206.9 million) due to a small increase in the average realised gold price.

Silver

Gross revenue fell in H1 2019 to \$153.5 million (H1 2018: \$179.5 million) due to a 7% decline in the average silver price received as well as a reduction in the amount of silver ounces sold. This was mostly as a result of the absence of material production from the predominantly silver-producing Arcata mine, which was placed on care and maintenance in February 2019.

Gross average realised sales prices

The following table provides figures for average realised prices (before the deduction of commercial discounts) and ounces sold for H1 2019 and H1 2018:

Average realised prices	Six months to 30 June 2019	Six months to 30 June 2018
Silver ounces sold (koz)	10,221	11,067
Avg. realised silver price (\$/oz)	15.0	16.2
Gold ounces sold (koz)	160.25	158.01
Avg. realised gold price (\$/oz)	1,329	1,309

Commercial discounts

Commercial discounts refer to refinery treatment charges, refining fees and payable deductions for processing concentrate, 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 2019, the Group recorded commercial discounts of \$12.1 million (H1 2018: \$14.2 million) with the decrease explained by the significant reduction in production from the concentrate-only Arcata mine. The ratio of commercial discounts to gross revenue in H1 2019 was 3% (H1 2018: 4%).

Net revenue⁷

Net revenue was \$354.5 million (H1 2018: \$372.3 million), comprising net gold revenue of \$209.4 million (H1 2018: \$203.4 million) and net silver revenue of \$144.9 million (H1 2018: \$168.8 million). In H1 2019, gold accounted for 59% and silver for 41% of the Company's consolidated net revenue (H1 2018: gold 55% and silver 45%).

Revenue by mine⁸

\$000	Six months to 30 June 2019	Six months to 30 June 2018	% change
Silver revenue			
Arcata	4,970	28,550	(83)
Inmaculada	43,359	50,242	(14)
Pallancata	57,114	52,537	9
San Jose	48,087	48,186	-
Commercial discounts	(8,618)	(10,746)	(20)
Net silver revenue	144,912	168,769	(14)
Gold revenue			
Arcata	889	6,668	(87)
Inmaculada	127,315	125,432	2
Pallancata	18,275	14,962	22
San Jose	66,483	59,792	11
Commercial discounts	(3,524)	(3,499)	1
Net gold revenue	209,438	203,355	3
Other revenue	100	204	(51)
Net revenue⁹	354,450	372,328	(5)

⁶Includes revenue from services

⁷Included within revenue is a gain of US\$2,017,000 (2018: loss of US\$4,382,000) comprising net gold gain of US\$3,034,000 (2018: net loss of US\$1,870,000) and net silver loss of US\$1,017,000 (2018: net loss of US\$2,512,000) relating to provisional pricing adjustments arising on sales of concentrates and dore. Also

⁸Reconciliation of gross revenue by mine to Group net revenue

⁹Included within revenue is a transaction price of US\$3,444,000 (2018: US\$2,540,000) related to the shipping services provided by the Group to the customers arising on sale of concentrates of US\$2,650,000, gold: US\$1,244,000, silver: US\$1,406,000 and dore of US\$794,000, gold: US\$460,000, silver: US\$334,000 (2018: concentrates of US\$1,762,000, gold: US\$803,000, silver: US\$959,000 and dore of US\$778,000, gold: US\$431,000, silver: US\$347,000).

Costs

Total cost of sales was \$252.8 million in H1 2019 (H1 2018: \$267.3 million). The direct production cost excluding depreciation was lower at \$158.4 million (H1 2018: \$174.0 million) mainly due to the reduced production costs from Arcata which was placed on care and maintenance in early 2019 as well as costs savings at San Jose due to the ongoing devaluation of the Argentinian peso. This was partially offset by higher costs due to increased production volumes at Pallancata (ramp-up of the Pablo vein). Depreciation in production cost increased to \$90.4 million (H1 2018: \$82.9 million) due to higher extracted volumes at Pallancata partially offset by the increased life-of-mine at Inmaculada. Other items, which principally includes personnel-related provisions and stoppage costs (at San Jose) was relatively flat at \$1.1 million in H1 2019 (H1 2018: \$0.9 million). Change in inventories was \$2.9 million in H1 2019 (H1 2018: \$9.4 million) due to a reduction in products in process and finished goods.

\$000	Six months to 30 June 2019	Six months to 30 June 2018	% change
Direct production cost excluding depreciation	158,444	173,967	(9)
Depreciation in production cost	90,371	82,949	9
Other items	1,135	939	21
Change in inventories	2,881	9,404	(69)
Cost of sales	252,831	267,259	(5)

Unit cost per tonne

The Company reported unit cost per tonne at its operations of \$114.7 per tonne in H1 2019, a 8% decrease versus H1 2018 (\$124.5 per tonne) due to good cost control, increased mined tonnage at Pallancata and the depreciation of the Argentine peso more than offsetting inflation in Argentina.

Unit cost per tonne by operation (including royalties)¹⁰:

Operating unit (\$/tonne)	Six months to 30 June 2019	Six months to 30 June 2018	% change
Peru¹¹	86.6	98.7	(12)
Inmaculada	90.8	83.5	9
Pallancata	80.9	101.9	(21)
Arcata	184.5	146.1	26
Argentina			
San Jose	229.2	241.6	(5)
Total	114.7	124.5	(8)

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 reconciliation¹²:

\$000 unless otherwise indicated	Six months to 30 June 2019	Six months to 30 June 2018	% change
Group cash cost	185,735	199,140	(7)
(+) Cost of sales	252,831	267,259	(5)
(-) Depreciation and amortisation in cost of sales	(91,322)	(86,579)	5
(+) Selling expenses	10,480	2,504	319
(+) Commercial deductions ¹³	13,746	15,956	(14)
Gold	3,636	3,595	1
Silver	10,110	12,361	(18)
Revenue	354,450	372,328	(5)
Gold	209,438	203,355	3
Silver	144,912	168,769	(14)
Others	100	204	(51)
Ounces sold			
Gold	160.2	158.0	1
Silver	10,221	11,067	(8)
Group cash cost (\$/oz)			
Co product Au	685	689	(1)
Co product Ag	7.4	8.2	(10)
By product Au	192	114	68
By product Ag	(2.7)	(0.7)	286

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.

¹⁰Unit cost per tonne is calculated by dividing mine and treatment production costs (excluding depreciation) by extracted and treated tonnage respectively

¹¹Unit cost per tonne for Peru do not include the Arcata mine in H1 2019

¹²Cash costs are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items less depreciation included in cost of sales

¹³Includes commercial discounts (from the sales of concentrate) and commercial discounts from the sale of dore

All-in sustaining cost reconciliation

All-in sustaining cash costs per silver equivalent ounce

Six months to 30 June 2019

\$000 unless otherwise indicated	Inmaculada	Pallancata	San José	Main operations	Arcata	Corporate & others	Total
(+) Production cost excluding depreciation	58,598	36,603	56,430	151,631	6,813	-	158,444
(+) Other items in cost of sales	278	290	567	1,135	-	-	1,135
(+) Operating and exploration capex for units	31,025	14,456	21,527	67,008	48	1,258	68,314
(+) Brownfield exploration expenses	3,110	1,483	5,404	9,997	795	2,180	12,972
(+) Administrative expenses (excl depreciation)	1,651	675	3,247	5,573	49	16,353	21,975
(+) Royalties and special mining tax ¹⁴	1,714	701	-	2,414	51	1,132	3,597
Sub-total	96,376	54,208	87,175	237,758	7,756	20,923	266,437
Au ounces produced	98,608	13,444	49,137	161,188	966	-	162,155
Ag ounces produced (000s)	2,950	3,812	3,162	9,925	311	-	10,237
Ounces produced (Ag Eq 000s oz)	10,938	4,901	7,143	22,982	390	-	23,371
Sub-total (\$/oz Ag Eq)	8.8	11.1	12.2	10.3	19.9	-	11.4
(+) Commercial deductions	1,358	5,596	6,016	12,970	776	-	13,746
(+) Selling expenses	315	474	9,545	10,334	146	-	10,480
Sub-total	1,673	6,070	15,561	22,304	922	-	24,226
Au ounces sold	97,484	13,200	48,891	159,575	674	-	160,248
Ag ounces sold (000s)	2,942	3,768	3,189	9,899	322	-	10,221
Ounces sold (Ag Eq 000s oz)	10,838	4,837	7,150	22,824	377	-	23,201
Sub-total (\$/oz Ag Eq)	0.2	1.3	2.2	1.0	2.4	-	1.0
All-in sustaining costs (\$/oz Ag Eq)	9.0	12.3	14.4	11.4	22.4	-	12.4
All-in sustaining costs (\$/oz Au Eq)¹⁵	726	997	1,165	921	1,811	-	1,008

Six months to 30 June 2018

\$000 unless otherwise indicated	Arcata	Inmaculada	Pallancata	San José	Main operations	Corporate & others	Total
(+) Production cost excluding depreciation	27,610	54,939	30,087	61,331	173,967	-	173,967
(+) Other items in cost of sales	-	-	-	939	939	-	939
(+) Operating and exploration capex for units	7,328	24,551	12,453	20,414	64,746	30	64,776
(+) Brownfield exploration expenses	1,126	314	645	1,962	4,047	1,340	5,387
(+) Administrative expenses (excl depreciation)	302	1,726	617	3,540	6,184	14,764	20,948
(+) Royalties and special mining tax	-	1,755	627	-	2,383	1,771	4,154
Sub-total	36,366	83,285	44,429	88,186	252,266	17,905	270,171
Au ounces produced	5,418	96,329	11,862	46,859	160,468	-	160,468
Ag ounces produced (000s)	1,760	3,115	3,728	2,982	11,135	-	11,135
Ounces produced (Ag Eq 000s oz)	2,199	10,918	4,238	6,778	24,133	-	24,133
Sub-total (\$/oz Ag Eq)	16.5	7.6	10.5	13.0	10.5	-	11.2
(+) Commercial deductions	4,493	1,442	4,709	5,312	15,956	-	15,956
(+) Selling expenses	465	252	376	1,411	2,504	-	2,504
Sub-total	4,958	1,694	5,085	6,723	18,460	-	18,460
Au ounces sold	5,080	95,354	11,582	45,997	158,013	-	158,013
Ag ounces sold (000s)	1,748	3,108	3,256	2,955	11,067	-	11,067
Ounces sold (Ag Eq 000s oz)	2,160	10,832	4,194	6,680	23,866	-	23,866
Sub-total (\$/oz Ag Eq)	2.3	0.2	1.2	1.0	0.8	-	0.8
All-in sustaining costs (\$/oz Ag Eq)	18.8	7.8	11.7	14.0	11.2	-	12.0
All-in sustaining costs (\$/oz Au Eq)	1,525	631	947	1,135	909	-	969

Administrative expenses

Administrative expenses increased by 6% to \$23.0 million (H1 2018: \$21.7 million) primarily due to higher personnel costs and the increase in innovation-related expenses.

Exploration expenses

In H1 2019, exploration expenses increased to \$18.6 million (H1 2018: \$13.0 million) in line with the overall rise in the Company's investment in brownfield and greenfield exploration. In addition, the Group capitalises part of its brownfield exploration, which mostly relates to costs incurred converting potential resources to the Inferred or Measured and Indicated categories. In H1 2019, the Company capitalised \$2.4 million relating to brownfield exploration compared to \$4.9 million in H1 2018, bringing the total investment in exploration for H1 2019 to \$20.9 million (H1 2018: \$18.0 million).

Selling expenses

Selling expenses increased to \$10.5 million (H1 2018: \$2.5 million) principally due to the reintroduction of export taxes in Argentina from September 2018 (\$8.1 million).

¹⁴Royalties arising from revised royalty tax schemes introduced in 2011 and included in income tax line

¹⁵Calculated using a gold silver ratio of 81:1

Other income/expenses

Other income was lower at \$4.5 million (H1 2018: \$4.9 million) mainly due to a reduction in export credits in Argentina partially offset by higher income from logistics services.

Other expenses before exceptional items were slightly higher at \$8.8 million (H1 2018: \$7.9 million) mainly due to an increase in mine closure provisions.

Adjusted EBITDA

Adjusted EBITDA decreased by 5% to \$153.7 million (H1 2018: \$161.9 million) primarily due to the 7% fall in the average silver price and the reintroduction of export taxes in Argentina in September 2018.

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

\$000 unless otherwise indicated	Six months to 30 June 2019	Six months to 30 June 2018	% change
Profit from continuing operations before exceptional items, net finance cost, foreign exchange (loss)/gain and income tax	44,693	64,628	(31)
Depreciation and amortisation in cost of sales	91,322	86,579	5
Depreciation and amortisation in administrative expenses	1,167	743	57
Exploration expenses	18,552	13,048	42
Personnel and other exploration related fixed expenses	(3,087)	(2,786)	11
Other non-cash income, net ¹⁶	1,087	(306)	(455)
Adjusted EBITDA	153,734	161,906	(5)
Adjusted EBITDA margin	43%	43%	

Finance income

Finance income before exceptional items was \$1.4 million (H1 2018: \$1.1 million) with the main reason for the small increase in H1 2019 being the lower gain on discount of tax credits in Argentina (\$0.5 million).

Finance costs

Finance costs before exceptional items decreased from \$6.5 million in H1 2018 to \$3.5 million in H1 2019, principally due to the reduction in the interest payments resulting from the repayment of the Company's Senior Notes in H1 2018.

Foreign exchange losses

The Group recognised a foreign exchange loss of \$1.1 million (H1 2018: \$4.3 million loss) as a result of exposures in currencies other than the functional currency – the Argentinean peso which again significantly depreciated in H1 2019 and the Peruvian sol which appreciated during the period.

Income tax

The Company's pre-exceptional income tax charge was \$16.4 million (H1 2018: \$32.7 million). The substantial decrease in the charge is explained by the Company's decrease in profitability in the period and the impact of local currency devaluation in Argentina and Peru in H1 2018.

The effective tax rate (pre-exceptional) for the period was 39.5% (H1 2018: 59.5%), compared to the weighted average statutory tax rate of 30.5% (H1 2018: 31.2%). The increase is explained by royalties and the Special Mining Tax resulting in a charge of \$3.6 million (H1 2018: \$4.1 million), increasing the rate by 8.7% (H1 2018: 7.6%).

In H1 2019, there was no material impact from local currency devaluation. In H1 2018, the impact was \$8.7 million, increasing the rate further by 15.9%.

Exceptional items

Exceptional items in H1 2019 totalled an \$8.4 million loss after tax (H1 2018: \$11.5 million loss after tax). Exceptional items included the payment of termination benefits due to the restructuring process generated by the temporary suspension of operations at the Arcata mine unit (\$11.9 million) partially offset by the associated exceptional tax effect. H1 2018 included the premium and other financial expenses related to the repayment of the Compañía Minera Ares bond in January 2018 (US\$16.3 million), partially offset by the exceptional tax effect.

¹⁶Adjusted EBITDA has been presented before the effect of significant non-cash (income)/expenses related to changes in mine closure provisions and the write-off of property, plant and equipment

Cash flow and balance sheet review

Cash flow:

\$000	Six months to 30 June 2019	Six months to 30 June 2018	Change
Net cash generated from operating activities	100,500	117,176	(16,676)
Net cash used in investing activities	(70,281)	(64,050)	(6,231)
Cash flows used in financing activities	(13,796)	(164,639)	150,843
Net increase/(decrease) in cash and cash equivalents during the period	16,423	(111,513)	127,936

Net cash generated from operating activities decreased from \$117.2 million in H1 2018 to \$100.5 million in H1 2019 mainly due to lower Adjusted EBITDA of \$153.7 million (H1 2018: \$161.9 million) and higher exploration expenses of \$18.6 million (H1 2018: \$13.0 million).

Net cash used in investing activities increased to \$70.3 million in H1 2019 from \$64.1 million in H1 2018 mainly due to higher operational capex and in particular mine development at the new veins found at Inmaculada.

Cash used in financing activities fell to \$13.8 million in H1 2019 from \$164.6 million in H1 2018, mainly as due to the effect of the net repayment of borrowings of \$146.3 million in H1 2018, and the payment of lease liabilities of \$1.3 million in H1 2019, and lower payment of dividends to non-controlling interests of \$5.6 million. In H1 2018, debt restructuring consisted of the repayment of the Company's Senior Notes (\$294.8 million) and \$3.0 million of short term debt in Argentina. This was partially offset by new short-term loans of \$100.0 million which were secured to repurchase the Senior Notes. In both periods, the Company paid \$10 million of dividends to its own shareholders and also to McEwen Mining (\$2.2 million in H1 2019 and \$7.8 million in H1 2018).

Working capital

\$000	As at 30 June 2019	As at 31 December 2018
Trade and other receivables	102,951	84,187
Inventories	49,776	58,035
Other financial assets	47	47
Income tax receivable/(payable), net	13,507	17,462
Trade and other payables	(122,013)	(126,262)
Provisions	(102,722)	(97,793)
Working capital	(58,454)	(64,324)

The Group's working capital position in H1 2019 increased by \$5.9 million from \$(64.3) million to \$(58.5) million. The key drivers of the increase were: higher trade receivables of \$18.8 million and lower trade payables of \$4.2 million. These effects were partially offset by higher provisions of \$4.9 million, lower inventories of \$8.3 million and lower income tax receivable of \$4.0 million.

Net debt

\$000 unless otherwise indicated	As at 30 June 2019	As at 31 December 2018
Cash and cash equivalents	95,443	79,704
Long term borrowings	-	(50,000)
Short term borrowings ¹⁷	(157,820)	(107,067)
Net debt	(62,377)	(77,363)

The Group's reported net debt position was \$62.4 million as at 30 June 2019 (31 December 2018: \$77.4 million). The decrease in net debt is mainly a result of the net cash generation in the period. The Company's total debt position remained similar in both periods.

Capital expenditure¹⁸

\$000	Six months to 30 June 2019	Six months to 30 June 2018
Arcata	48	7,328
Pallancata	14,456	12,453
San Jose	22,553	21,279
Inmaculada	31,025	24,551
Operations	68,082	65,611
Other	2,749	1,645
Total	70,831	67,256

H1 2019 capital expenditure of \$70.8 million (H1 2018: \$67.3 million) mainly comprised of operational capex of \$68.1 million (H1 2018: \$65.6 million) with the small increase versus H1 2018 resulting from increased capex at Inmaculada and Pallancata due

¹⁷Includes pre-shipment loans and short term interest payables

¹⁸Includes 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

to a rise in new mine developments partially offset by the almost total capex reduction at Arcata which was placed on temporary care and maintenance in February 2019.

Non-IFRS Financial Performance Measures

The Company has included certain non-IFRS measures in this news release. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardised meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

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.

RISKS

The principal risks and uncertainties facing the Company in respect of the year ended 31 December 2018 are set out in detail in the Risk Management & Viability section of the 2018 Annual Report and in Note 35 to the 2018 Consolidated Financial Statements.

The key risks disclosed in the 2018 Annual Report (available at www.hochschildmining.com) are categorised as:

- Financial risks comprising commodity price risk and commercial counterparty risk;
- Operational risks including the risks associated with operational performance, business interruption, information security and cybersecurity, 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 PARTY TRANSACTIONS

There were no significant related parties transactions during the six month period ended 30 June 2019.

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. The financial position of the Company, its cash flow and liquidity position are described in the Financial Review.

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. In doing so, the Company makes assumptions on the expected renewal of facilities where it is considered highly probable.

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 Guidance and Transparency Rules 4.2.7R and 4.2.8R.

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
13 August 2019

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 2019 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 23. 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 Guidance 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 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

London

13 August 2019

Interim condensed consolidated income statement

	Notes	Six-months ended 30 June 2019 (Unaudited)			Six-months ended 30 June 2018 (Unaudited)		
		Before exceptional items	Exceptional items Note 9	Total US\$000	Before exceptional items	Exceptional items Note 9	Total US\$000
		US\$000	US\$000		US\$000	US\$000	
Continuing operations							
Revenue	4	354,450	—	354,450	372,328	—	372,328
Cost of sales	5	(252,831)	—	(252,831)	(267,259)	—	(267,259)
Gross profit		101,619	—	101,619	105,069	—	105,069
Administrative expenses		(23,021)	—	(23,021)	(21,691)	—	(21,691)
Exploration expenses	6	(18,552)	—	(18,552)	(13,048)	—	(13,048)
Selling expenses	7	(10,480)	—	(10,480)	(2,504)	—	(2,504)
Other income	8	4,471	—	4,471	4,949	—	4,949
Other expenses	8	(8,827)	(11,949)	(20,776)	(7,946)	—	(7,946)
Write-off of non-financial assets		(517)	—	(517)	(201)	—	(201)
Profit/(loss) from continuing operations before net finance income/(cost), foreign exchange loss and income tax		44,693	(11,949)	32,744	64,628	—	64,628
Finance income	10	1,424	—	1,424	1,088	—	1,088
Finance costs	10	(3,504)	—	(3,504)	(6,482)	(16,346)	(22,828)
Foreign exchange loss		(1,146)	—	(1,146)	(4,334)	—	(4,334)
Profit/(loss) from continuing operations before income tax		41,467	(11,949)	29,518	54,900	(16,346)	38,554
Income tax (expense)/benefit	11	(16,382)	3,525	(12,857)	(32,658)	4,822	(27,836)
Profit/(loss) for the period from continuing operations		25,085	(8,424)	16,661	22,242	(11,524)	10,718
Attributable to:							
Equity shareholders of the Company		22,319	(8,424)	13,895	24,438	(11,524)	12,914
Non-controlling interests		2,766	—	2,766	(2,196)	—	(2,196)
		25,085	(8,424)	16,661	22,242	(11,524)	10,718
Basic earnings per ordinary share from continuing operations and for the period (expressed in U.S. dollars per share)		0.04	(0.01)	0.03	0.05	(0.02)	0.03
Diluted earnings per ordinary share from continuing operations and for the period (expressed in U.S. dollars per share)		0.04	(0.01)	0.03	0.05	(0.02)	0.03

Interim condensed consolidated statement of comprehensive income

	Six-months ended 30 June	
	2019 (Unaudited) US\$000	2018 (Unaudited) US\$000
Profit for the period	16,661	10,718
Other comprehensive income that may be reclassified to profit or loss in subsequent periods; net of tax:		
Exchange differences on translating foreign operations	(17)	39
Sub total	(17)	39
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods; net of tax		
Net gain/(loss) on equity instruments at fair value through other comprehensive income	1,484	(1,647)
Sub total	1,484	(1,647)
Other comprehensive profit/(loss) for the period, net of tax	1,467	(1,608)
Total comprehensive income for the period	18,128	9,110
Total comprehensive income attributable to:		
Equity shareholders of the Company	15,362	11,306
Non-controlling interests	2,766	(2,196)
	18,128	9,110

Interim condensed consolidated statement of financial position

		As at 30 June 2019 (Unaudited) US\$'000	As at 31 December 2018 US\$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	12	834,444	849,172
Evaluation and exploration assets	13	159,095	155,241
Intangible assets		23,298	24,363
Financial assets at fair value through OCI		7,459	5,296
Trade and other receivables		4,584	5,451
Other financial assets	14	47	47
Deferred income tax assets	15	1,680	1,504
		1,030,607	1,041,074
Current assets			
Inventories		49,776	58,035
Trade and other receivables		98,367	78,736
Income tax receivable		16,880	20,733
Cash and cash equivalents	16	95,443	79,704
		260,466	237,208
Total assets		1,291,073	1,278,282
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Parent			
Equity share capital	19	225,409	225,409
Share premium	19	438,041	438,041
Other reserves		(219,602)	(223,156)
Retained earnings		281,438	278,995
		725,286	719,289
Non-controlling interests		73,769	71,003
Total equity		799,055	790,292
Non-current liabilities			
Trade and other payables		3,427	787
Borrowings	17	—	50,000
Provisions		96,688	94,640
Deferred income	18	32,536	31,966
Deferred income tax liabilities	15	73,154	71,231
		205,805	248,624
Current liabilities			
Trade and other payables		118,586	125,475
Borrowings	17	157,820	107,067
Provisions		6,034	3,153
Deferred income	18	400	400
Income tax payable		3,373	3,271
		286,213	239,366
Total liabilities		492,018	487,990
Total equity and liabilities		1,291,073	1,278,282

Interim condensed consolidated statement of cash flows

	Notes	Six-months ended 30 June	
		2019 (Unaudited) US\$000	2018 (Unaudited) US\$000
Cash flows from operating activities			
Cash generated from operations	22	105,310	141,411
Interest received		785	1,343
Interest paid	17	(1,598)	(24,751)
Payment of mine closure costs		(1,386)	(1,422)
Income tax (paid)/received		(2,611)	595
Net cash generated from operating activities		100,500	117,176
Cash flows from investing activities			
Purchase of property, plant and equipment		(67,231)	(57,120)
Purchase of evaluation and exploration assets		(3,854)	(6,003)
Purchase of intangibles		(2)	(1,897)
Purchase of financial assets at fair value to OCI	14	(500)	(120)
Proceeds from deferred income	18	750	1,000
Proceeds from sale of financial assets at fair value to OCI		424	32
Proceeds from sale of property, plant and equipment	12	132	58
Net cash used in investing activities		(70,281)	(64,050)
Cash flows from financing activities			
Proceeds from borrowings	17	63,500	157,500
Repayment of borrowings	17	(63,500)	(303,775)
Purchase of treasury shares	19	(309)	(579)
Payment of lease liabilities	2(b)	(1,275)	—
Dividends paid to shareholders	20	(10,002)	(10,000)
Dividends paid to non-controlling interests	20	(2,210)	(7,785)
Cash flows used in financing activities		(13,796)	(164,639)
Net increase/(decrease) in cash and cash equivalents during the period		16,423	(111,513)
Impact of foreign exchange		(684)	(3,796)
Cash and cash equivalents at beginning of period		79,704	256,988
Cash and cash equivalents at end of period	16	95,443	141,679

Interim condensed consolidated statement of changes in equity

Note	Other reserves												
	Equity share capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Dividends expired US\$'000	Fair value reserve of financial assets at fair value through OCI US\$'000	Cumulative translation adjustment US\$'000	Merger reserve US\$'000	Share-based payment reserve US\$'000	Total other reserves US\$'000	Retained earnings US\$'000	Capital and reserves attributable to shareholders of the Parent US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance at 1 January 2019	225,409	438,041	—	62	(4,324)	(13,708)	(210,046)	4,860	(223,156)	278,995	719,289	71,003	790,292
Other comprehensive income/(expense)	—	—	—	—	1,484	(17)	—	—	1,467	—	—	—	1,467
Profit for the period	—	—	—	—	—	—	—	—	—	13,895	13,895	2,766	16,661
Total comprehensive income/(loss) for the period	—	—	—	—	1,484	(17)	—	—	1,467	13,895	15,362	2,766	18,128
Sale of financial assets at fair value through OCI	—	—	—	—	1,656	—	—	—	1,656	(1,656)	—	—	—
Dividends	20	—	—	—	—	—	—	—	—	(10,002)	(10,002)	—	(10,002)
Treasury shares	—	—	(309)	—	—	—	—	—	—	—	(309)	—	(309)
Share-based payments	19	—	—	—	—	—	—	946	946	—	946	—	946
Exercise of share options	19	—	309	—	—	—	—	(515)	(515)	206	—	—	—
Balance at 30 June 2019 (Unaudited)	225,409	438,041	—	62	(1,184)	(13,725)	(210,046)	5,291	(219,602)	281,438	725,286	73,769	799,055
Balance at 1 January 2018	224,315	438,041	(140)	—	(937)	(13,712)	(210,046)	7,634	(217,061)	286,356	731,511	90,177	821,688
Other comprehensive income/(expense)	—	—	—	—	(1,647)	39	—	—	(1,608)	—	(1,608)	—	(1,608)
Profit/(loss) for the period	—	—	—	—	—	—	—	—	—	12,914	12,914	(2,196)	10,718
Total comprehensive (loss)/income for the period	—	—	—	—	(1,647)	39	—	—	(1,608)	12,914	11,306	(2,196)	9,110
Sale of financial assets at fair value through OCI	—	—	—	—	14	—	—	—	14	(14)	—	—	—
Dividends	20	—	—	—	—	—	—	—	—	(10,000)	(10,000)	—	(10,000)
Dividends declared to non-controlling interests	20	—	—	—	—	—	—	—	—	—	—	(9,823)	(9,823)
Treasury shares	—	—	(579)	—	—	—	—	—	—	—	(579)	—	(579)
Share-based payments	19	—	—	—	—	—	—	853	853	—	853	—	853
Exercise of share options	19	563	—	719	—	—	—	(2,608)	(2,608)	1,326	—	—	—
Balance at 30 June 2018 (Unaudited)	224,878	438,041	—	—	(2,570)	(13,673)	(210,046)	5,879	(220,410)	290,582	733,091	78,158	811,249

Notes to the interim condensed consolidated financial statements

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 17 Cavendish Square, London W1G 0PH, United Kingdom. Its ordinary shares are traded on the London Stock Exchange.

The Group’s principal business is the mining, processing and sale of gold and silver. The Group has two operating mines (Pallancata and Inmaculada) located in Southern Peru, and one operating mine (San Jose) located in Argentina. During the first quarter of 2019 the Arcata mine unit, located in Peru, ceased operations. The Group also has a portfolio of projects located across Peru, Argentina and Chile and the United States of America at various stages of development.

These interim condensed consolidated financial statements were approved for issue on behalf of the Board of Directors on 13 August 2019.

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 2019 and 31 December 2018 and its financial performance and cash flows for the six months ended 30 June 2019 and 30 June 2018.

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 2018 annual consolidated financial statements as published in the 2018 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 2018. 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 cyclicity 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 2018, except for the adoption of new standards and interpretations effective for the Group from 1 January 2019. The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below. Other amendments and interpretations apply for the first time in 2019, but do not have an impact on 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.

New international financial reporting standards adopted:

- IFRS 16 Leases, applicable for annual periods beginning on or after 1 January 2019. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, including the exemptions to recognise assets and liabilities for all leases unless the lease term is 12 months or less or when the underlying asset has a low value. Lease costs will be recognised in the income statement over the lease term in the form of depreciation on the right of use asset and finance charges representing the unwinding of the discount on the lease liability. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Group has adopted IFRS 16, Leases from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard (“modified retrospective approach, alternative 2”). The adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.12% for contracts denominated in US dollars. Contracts in other currencies are not material.

The associated right-of-use assets were measured at the amount equal to the lease liability, therefore there was no adjustment to retained earnings on adoption.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straightline basis.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

New accounting policies as a result of implementing IFRS 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straightline basis. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below US\$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The resulting lease liability as of 1 January 2019 was determined as follows:

	(Unaudited) US\$000
Operating lease commitments as at 31 December 2018	8,027
Discounted using the lessee's incremental borrowing rate of at the date of initial application	7,923
(Less): short-term leases recognised on a straight-line basis as expense	(730)
(Less): low-value leases recognised on a straight-line basis as expense	(1,474)
(Less): other adjustments	(244)
Lease liability recognised as at 1 January 2019	5,475
(Less): current portion	(2,619)
Non-current portion	2,856

The effect of adoption IFRS 16 is as follows:

	Right-of-use assets vehicles (Unaudited) ⁽¹⁾ US\$000	Lease liabilities (Unaudited) ⁽²⁾ US\$000
Recognised on transition as at 1 January 2019	5,475	(5,475)
Depreciation expense	(1,314)	—
Disposals	(534)	534
Additions	184	(184)
Interests expense ⁽³⁾	—	(95)
Payments	—	1,275
Balance at 30 June 2019	3,811	(3,945)

1 Included in the Interim condensed consolidated statement of financial position in the line of "Property, plant and equipment".

2 Included in the Interim condensed consolidated statement of financial position in the line of "Trade and other payables" (Current: US\$1,279,000, Non-current: US\$2,666,000).

3 Included in the Interim condensed consolidated income statement in the line of "Finance costs".

- IFRIC 23 Uncertainty over income tax treatments, applicable for annual periods beginning on or after 1 January 2019. IFRIC 23 clarifies the accounting for uncertainties in income taxes. This interpretation is applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The Interpretation specifically addresses the following:
 - Whether an entity considers uncertain tax treatments separately;
 - The assumptions an entity makes about the examination of tax treatments by taxation authorities;
 - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
 - How an entity considers changes in facts and circumstances

The Group applied the interpretation from its effective date, and do not have impacts on the financial statements as the Group's current treatment is in line with the requirements of the interpretation.

(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 2019 and 2018 and asset information as at 30 June 2019 and 31 December 2018 respectively:

Six months ended 30 June 2019 (Unaudited)	Arcata US\$000	Pallancata US\$000	San Jose US\$000	Inmaculada US\$000	Exploration US\$000	Other US\$000	Adjustments and eliminations US\$000	Total US\$000
Revenue from external customers	5,083	69,793	108,800	170,674	—	100	—	354,450
Inter segment revenue	—	—	—	—	—	3,009	(3,009)	—
Total revenue	5,083	69,793	108,800	170,674	—	3,109	(3,009)	354,450
Segment profit/(loss)	(2,021)	5,830	19,944	65,494	(18,707)	4,412	(2,365)	72,587
Others ⁽¹⁾								(43,069)
Profit from continuing operations before income tax								29,518
As at 30 June 2019 (Unaudited)								
Assets								
Capital expenditure	48	13,758	22,553	31,025	1,486	1,961	—	70,831
Current assets	2,559	26,785	38,823	19,551	7	3,518	—	91,243
Other non-current assets	6,569	77,073	172,271	512,140	197,561	51,223	—	1,016,837
Total segment assets	9,128	103,858	211,094	531,691	197,568	54,741	—	1,108,080
Not reportable assets ⁽²⁾	—	—	—	—	—	182,993	—	182,993
Total assets	9,128	103,858	211,094	531,691	197,568	237,734	—	1,291,073

1 Comprised of administrative expenses of US\$23,021,000, other income of US\$4,471,000, other expenses of US\$20,776,000, write off of assets of US\$517,000, finance income of US\$1,424,000, finance costs of US\$3,504,000 and foreign exchange loss of US\$1,146,000.

2 Not reportable assets are comprised of other financial assets of US\$47,000, financial assets at fair value through OCI of US\$7,459,000, other receivables of US\$61,484,000, income tax receivable of US\$16,880,000, deferred income tax assets of US\$1,680,000, and cash and cash equivalents of US\$95,443,000.

Six months ended 30 June 2018 (Unaudited)	Arcata US\$000	Pallancata US\$000	San Jose US\$000	Inmaculada US\$000	Exploration US\$000	Other US\$000	Adjustments and eliminations US\$000	Total US\$000
Revenue from external customers	30,732	62,790	102,935	175,674	—	197	—	372,328
Inter segment revenue	—	—	—	—	—	1,092	(1,092)	—
Total revenue	30,732	62,790	102,935	175,674	—	1,289	(1,092)	372,328
Segment profit/(loss)	(1,305)	19,082	13,315	72,840	(13,048)	4,054	(5,421)	89,517
Others ⁽¹⁾								(50,963)
Profit from continuing operations before income tax								38,554
As at 31 December 2018 (Unaudited)								
Assets								
Capital expenditure	526	27,079	44,632	57,678	1,856	2,634	—	134,405
Current assets	5,155	27,076	40,220	27,479	7	3,299	—	103,236
Other non-current assets	6,395	84,449	172,726	517,321	195,975	51,910	—	1,028,776
Total segment assets	11,550	111,525	212,946	544,800	195,982	55,209	—	1,132,012
Not reportable assets ⁽²⁾	—	—	—	—	—	146,270	—	146,270
Total assets	11,550	111,525	212,946	544,800	195,982	201,479	—	1,278,282

1 Comprised of administrative expenses of US\$21,691,000, other income of US\$4,949,000, other expenses of US\$7,946,000, write off of assets of US\$201,000, finance income of US\$1,088,000, finance costs of US\$22,828,000 and foreign exchange loss of US\$4,334,000.

2 Not reportable assets are comprised of financial assets at fair value through OCI of US\$5,296,000, other receivables of US\$38,986,000, other financial assets of US\$47,000, income tax receivable of US\$20,733,000, deferred income tax assets of US\$1,504,000, and cash and cash equivalents of US\$79,704,000.

4 Revenue

	Six-months ended 30 June	
	2019 (Unaudited) US\$000	2018 (Unaudited) US\$000
Gold (from dore bars)	154,141	154,804
Silver (from dore bars)	62,824	73,819
Gold (from concentrate)	55,297	48,551
Silver (from concentrate)	82,088	94,950
Other	100	204
	354,450	372,328

Included within revenue is a gain of US\$2,017,000 (2018: loss of US\$4,382,000) relating to provisional pricing adjustments arising on sales of concentrates and dore, contributed by provisional pricing loss of US\$678,000 (2018: loss of US\$2,449,000) from silver concentrates and US\$2,999,000 gain (2018: loss of US\$1,710,000) from gold concentrates, US\$339,000 loss (2018: loss of US\$63,000) from silver dore and US\$35,000 gain (2018: loss of US\$160,000) from gold dore resulting in total revenue from customers in the amount of US\$352,433,000 (2018: US\$376,710,000).

Included within revenue is a transaction price of US\$3,444,000 (2018: US\$2,540,000) related to the shipping services provided by the Group to the customers arising on sale of concentrates of US\$2,650,000, gold: US\$1,244,000, silver: US\$1,406,000 and dore of US\$794,000, gold: US\$460,000, silver: US\$334,000 (2018: concentrates of US\$1,762,000, gold: US\$803,000, silver: US\$959,000 and dore of US\$778,000, gold: US\$431,000, silver: US\$347,000).

5 Cost of sales before exceptional items

Included in cost of sales are:

	Six-months ended 30 June	
	2019 (Unaudited) US\$000	2018 (Unaudited) US\$000
Depreciation and amortisation in cost of sales ¹	91,322	86,579
Personnel expenses	51,071	61,901
Mining royalty	2,797	3,094
Change in products in process and finished goods	2,881	9,404

1 The depreciation and amortisation in production cost is US\$90,371,000 (2018: US\$82,949,000).

6 Exploration expenses

	Six months ended 30 June	
	2019 (Unaudited) US\$000	2018 (Unaudited) US\$000
Mine site exploration¹		
Arcata	795	1,126
Ares	241	108
Inmaculada	3,110	314
Pallancata	1,483	645
San Jose	5,404	1,962
	11,033	4,155
Prospects²		
Peru	277	311
USA	2,293	1,867
Chile	431	530
	3,001	2,708

Generative³		
Peru	1,249	3,390
USA	—	9
	<u>1,249</u>	<u>3,399</u>
Personnel	2,886	2,613
Depreciation right-of-use	182	—
Others	201	173
Total	<u>18,552</u>	<u>13,048</u>

1 Mine-site exploration is performed with the purpose of identifying potential minerals within an existing mine-site, with the goal of maintaining or extending the mine's life.

2 Prospects expenditure relates to detailed geological evaluations in order to determine zones which have mineralisation potential that is economically viable for exploration. Exploration expenses are generally incurred in the following areas: mapping, sampling, geophysics, identification of local targets and reconnaissance drilling.

3 Generative expenditure is early stage exploration expenditure related to the basic evaluation of the region to identify prospects areas that have the geological conditions necessary to contain mineral deposits. Related activities include regional and field reconnaissance, satellite images, compilation of public information and identification of exploration targets.

The increase in exploration expenses is mainly explained by the work performed at the mine units trying to identify new possible ore targets.

7 Selling expenses

	Six-months ended 30 June	
	2019 (Unaudited) US\$000	2018 (Unaudited) US\$000
Personnel expenses	260	146
Warehouse services	799	1,081
Taxes ¹	8,086	—
Other	1,335	1,277
Total	<u>10,480</u>	<u>2,504</u>

1 Corresponds to the export duties in Argentina applicable since September 2018.

8 Other income and expenses before exceptional items

	Six-months ended 30 June	
	2019 (Unaudited) US\$'000	2018 (Unaudited) US\$'000
Other income		
Export credit	—	956
Logistic services	2,448	1,997
Gain on recovery of expenses	596	783
Income related to the San Felipe agreement (refer to note 18)	600	—
Decrease in provision for mine closure	—	507
Others	827	706
	4,471	4,949
Other expenses		
Increase in provision for mine closure	(570)	—
Provision of obsolescence of supplies	(55)	(519)
Contingencies	—	(394)
Corporate social responsibility contribution in Argentina	(1,417)	(1,471)
Care and maintenance expenses of Ares mine unit	(2,346)	(2,891)
Termination benefits at Arcata mine unit	—	(1,324)
Care and maintenance expenses of Arcata mine unit	(2,920)	—
Others	(1,519)	(1,347)
	(8,827)	(7,946)

9 Exceptional items

Exceptional items relate to:

	Six-months ended 30 June	
	2019 (Unaudited) US\$'000	2018 (Unaudited) US\$'000
Other expense		
Restructuring of Arcata mine unit ¹	(11,949)	—
Total	(11,949)	—
Finance cost		
Expenses related to the repayment of the bond ³	—	(16,346)
Total	—	(16,346)
Income tax expense		
Income tax credit ^{2 and 4}	3,525	4,822
Total	3,525	4,822

The exceptional items for the period ended 30 June 2019 correspond to:

- 1 The termination benefits of 845 employees resulting from the restructuring process generated as the Arcata mine unit was placed on care and maintenance.
- 2 The current tax credit generated by the termination benefits arising from the restructuring process of the Arcata mine unit.

For the six months period ended 30 June 2018, the exceptional items correspond to:

- 1 The premium and other finance expenses related to the repayment of the Compañía Minera Ares ("CMA") bond in January 2018.
- 2 The current tax credit generated by the premium and other finance expenses related to the repayment of the CMA bond.

10 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	
	2019 (Unaudited) US\$000	2018 (Unaudited) US\$000
Finance income:		
Interest on deposits and liquidity funds	749	991
Interest on loans	63	59
Gain on discount of other receivables ¹	525	—
Gain on discount of deferred income	19	38
Others	68	—
Total	1,424	1,088
Finance cost:		
Interest on bank loans	(2,351)	(2,335)
Interest on bond	—	(1,487)
Other interest	(202)	(473)
Total interest expense	(2,553)	(4,295)
Unwind of discount rate	(284)	(113)
Loss on discount of other receivables ¹	—	(658)
Loss from changes in the fair value of financial instruments	—	(946)
Others ²	(667)	(470)
Total	(3,504)	(6,482)

1 Mainly corresponds to the gain/(loss) on discount of tax credits in Argentina.

2 Includes the effect of the discount of the lease liabilities related to IFRS 16 (refer to note 2(b)).

11 Income tax expense

	Six-months ended 30 June	
	2019 (Unaudited) US\$000	2018 (Unaudited) US\$000
Current tax		
Current income tax expense	7,512	5,453
Current mining royalty charge	2,466	2,383
Current special mining tax charge	1,132	1,771
Total	11,110	9,607
Deferred tax		
Origination and reversal of temporary differences	1,747	18,229
Total	1,747	18,229
Total taxation charge in the income statement	12,857	27,836

The pre-exceptional tax charge for the period was US\$16,382,000 (2018: US\$32,658,000).

The weighted average statutory income tax rate was 30.5% for 2019 and 31.2% for 2018. This is calculated as the average of the statutory tax rates applicable in the countries in which the Group operates, weighted by the profit/(loss) before tax of the Group companies in their respective countries as included in the consolidated financial statements.

The change in the weighted average statutory income tax rate is due to a change in the weighting of profit/(loss) before tax in the various jurisdictions in which the Group operates.

The effective tax rate for corporate income tax before foreign exchange effect for the six months ended 30 June 2019 is 32.9% (30 June 2018: 38.8%), compared to the corporate income tax and mining royalties before foreign exchange effect of 45.0% (30 June 2018: 49.5%) and the total taxation charge in the income statement of 43.6% (30 June 2018: 72.2%).

12 Property, plant and equipment

During the six months ended 30 June 2019, the Group acquired and developed assets with a cost of US\$66,975,000 (30 June 2018: US\$59,356,000). The additions for the six months ended 30 June 2019 relate to:

	Mining properties and development (Unaudited) US\$000	Other property plant and equipment (Unaudited) US\$000	Total additions of property plant and equipment (Unaudited) US\$000
San Jose	11,835	10,716	22,551
Pallancata	11,845	1,844	13,689
Inmaculada	24,596	4,106	28,702
Others	24	2,009	2,033
	48,300	18,675	66,975

Assets with a net book value of US\$130,000 were disposed of by the Group during the six month period ended 30 June 2019 (30 June 2018: US\$20,000) resulting in a net gain on disposal of US\$2,000 (30 June 2018: gain of US\$38,000).

For the six months ended 30 June 2019, the depreciation charge on property, plant and equipment was US\$89,661,000 (30 June 2018: US\$83,908,000).

There are no indicators of impairment for the six months ended 30 June 2019 and 30 June 2018.

The effect of the application of IFRS 16 is disclosed in note 2(b).

13 Evaluation and exploration assets

During the six months ended 30 June 2019, the Group capitalised evaluation and exploration costs of US\$3,854,000 (30 June 2018: US\$6,003,000). The additions correspond to the following properties:

	Unaudited US\$000
Inmaculada	2,323
Azuca	553
Crespo	448
Volcan	461
Others	69
	3,854

There were no transfers from evaluation and exploration assets to property, plant and equipment during the period (2018: US\$nil).

14 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 2019 and 31 December 2018, the Group held the following financial instruments measured at fair value:

	As at 30 June 2019 (Unaudited) US\$000	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000
Assets measured at fair value				
Equity shares	7,459	5,011	—	2,448
Warrants	47	47	—	—
Trade receivables	41,067	—	—	41,067
	<u>48,973</u>	<u>5,058</u>	<u>—</u>	<u>43,915</u>
	As at 31 December 2018 US\$000	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000
Assets measured at fair value				
Equity shares	5,296	2,110	—	3,186
Warrants	47	47	—	—
Trade and other receivables	45,201	—	—	45,201
	<u>50,544</u>	<u>2,157</u>	<u>—</u>	<u>48,387</u>

During the six months ended 30 June 2019 there were transfers between level 3 to level 1. During the year ended 31 December 2018, there were no transfers between these levels.

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

	Unlisted equity shares US\$000	Trade receivables subject to price adjustments US\$000
Balance at 1 January 2018	581	43,201
Acquisition	2,120	—
Fair value adjustment recognised through OCI	485	—
Net change in trade receivables from goods sold	—	(2,305)
Changes in fair value of price adjustments	—	(5,646)
Realised price adjustments during the period	—	9,943
Balance at 31 December 2018	<u>3,186</u>	<u>45,201</u>
Acquisition	500	—
Fair value adjustment recognised through OCI	37	—
Listing of shares	(1,275)	—
Net change in trade receivables from goods sold	—	(2,202)
Changes in fair value of price adjustments	—	2,017
Realised price adjustments during the period	—	(3,549)
Balance at 30 June 2019 (Unaudited)	<u>2,448</u>	<u>41,467</u>

The fair value of non-listed equity investments is determined based on financial information available of the companies and they are categorised as level 3.

15 Deferred income tax assets and liabilities

The changes in the net deferred income tax assets/(liabilities) are as follows:

	As at 30 June 2019 (Unaudited) US\$000	As at 31 December 2018 US\$000
Beginning of the period	(69,727)	(53,640)
Income statement charge	(1,747)	(16,087)
End of the period/year	(71,474)	(69,727)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to the same fiscal authority.

The amounts after offset, as presented on the face of the Statement of financial position, are as follows:

	As at 30 June 2019 (Unaudited) US\$000	As at 31 December 2018 US\$000
Deferred income tax assets	1,680	1,504
Deferred income tax liabilities	(73,154)	(71,231)
Net deferred income tax liabilities	(71,474)	(69,727)

16 Cash and cash equivalents

	As at 30 June 2019 (Unaudited) US\$000	As at 31 December 2018 US\$000
Cash at bank	324	366
Current demand deposit accounts ¹	31,339	43,095
Time deposits ²	63,780	36,243
Cash and cash equivalents	95,443	79,704

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

2 These deposits have an average maturity of 8 days (as at 31 December 2018: 14 days).

17 Borrowings

The movement in borrowings during the six month period to 30 June 2019 is as follows:

	As at 1 January 2019 US\$000	Additions US\$000	Repayments US\$000	As at 30 June 2019 (Unaudited) US\$000
Current				
Bank loans ¹	107,067	65,851	(15,098)	157,820
	107,067	65,851	(15,098)	157,820
Non-current				
Bank loans ¹	50,000	—	(50,000)	—
	50,000	—	(50,000)	—
Accrued interest:	(1,067)	(2,351)	1,598	(1,820)
Before accrued interest	156,000	63,500	(63,500)	156,000

1 Relates to pre-shipment loans for a total amount of US\$6,036,000 (2018: US\$6,047,000) which are credit lines given by banks to meet payment obligations arising from the exports of the Group. In addition the balance at 30 June 2019 includes US\$151,784,000 of loans with the BBVA Bank and Scotia Bank.

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 2019 (Unaudited) US\$000	As at 31 December 2018 US\$000	As at 30 June 2019 (Unaudited) US\$000	As at 31 December 2018 US\$000
Bank loans	—	50,000	—	47,353
Total	—	50,000	—	47,353

18 Deferred income

	As at 30 June 2019 (Unaudited) US\$000	As at 31 December 2018 US\$000
San Felipe contract ¹	32,146	31,396
El Mosquito contract	790	970
	32,936	32,366
Less current balance	(400)	(400)
Non-current balance	32,536	31,966

1 On 3 August 2011, the Group entered into an agreement with Impulsora Minera Santa Cruz ("IMSC") whereby IMSC acquired the right to explore the San Felipe properties and an option to purchase the related concessions. Under the terms of this agreement the Group has received US\$32,146,000 as non-refundable payments at 30 June 2019 (2018: US\$31,396,000).

On 15 December 2018, the option to sell the San Felipe property to Americas Silver Corporation (as IMSC's assignee) was extended to 15 December 2020. In consideration for the deferral of a cash payment, the Group received 452,200 ASC common shares on 18 January 2019 at an issue price equal to US\$600,000, that was recognised as other income.

During 2018 the Group collected US\$2,000,000 (January 2018: US\$500,000, April 2018: US\$500,000 and July 2018: US\$1,000,000).

During 2019 the Group has collected US\$750,000.

19 Equity

Share capital and share premium

The movement in share capital of the Company from 31 December 2018 to 30 June 2019 is as follows:

	Number of ordinary shares	Share capital US\$000	Share premium US\$000
Shares issued as at 1 January 2019	510,553,920	225,409	438,041
Shares issued as at 30 June 2019	510,553,920	225,409	438,041

At 30 June 2019 and 31 December 2018 all issued shares with a par value of 25 pence each were fully paid (30 June 2019: weighted average of US\$0.441 per share, 31 December 2018: weighted average of US\$0.441 per share).

On 2 January 2018 the Group issued 1,660,805 ordinary shares under the Restricted Share Plan, to certain employees of the Group, including the CEO.

On 20 March 2018, 40,383 Treasury shares with a value of US\$84,000 (being the cost incurred to acquire the shares) were transferred to the CEO of the Group with respect to the Deferred Bonus Plan benefit.

On 5 April 2018, the Group purchased 205,400 shares for a total consideration of £414,000 (equivalent to US\$579,000).

On 5 April 2018, 232,172 Treasury shares with a value of US\$635,000 (being the cost incurred to acquire the shares) were transferred to the CEO of the Group with respect to the Enhanced Long term Incentive Plan.

On 31 December 2018 the Group issued 1,660,805 ordinary shares, under the Restricted Share Plan, to certain employees of the Group.

On 21 March 2019, the Group purchased 115,640 shares for a total consideration of £236,000 (equivalent to US\$309,000).

On 22 March 2019, 115,682 Treasury shares with a value of US\$309,000 (being the cost incurred to acquire the shares) were transferred to the CEO of the Group with respect to the Enhanced Long term Incentive Plan.

At 30 June 2019 the balance of Treasury shares is nil (31 December 2018: 42) ordinary shares with a value of US\$nil (31 December 2018: US\$115).

20 Dividends paid and declared

Dividends declared to non-controlling interests in the six months ended 30 June 2019 were US\$nil (30 June 2018: US\$9,823,000). Dividends paid to non-controlling interests in the six months ended 30 June 2019 were US\$2,210,000 (30 June 2018: US\$7,785,000).

Final dividends for 2018 of US\$10,002,000 were declared in the six months ended 30 June 2019 (30 June 2018: US\$10,000,000). The Directors of the Company declared an interim dividend in respect of the six months ended 30 June 2019 of US\$2.00 cents per share (totalling US\$10,200,000) (30 June 2018: US\$10,000,000) which will be paid to shareholders on 19 September 2019 to those shareholders appearing on the register on 30 August 2019. These financial statements do not reflect this dividend payable.

21 Related party transactions

There were no significant related party transactions during the six months period ended 30 June 2019.

22 Notes to the statement of cash flows

	Six- months ended 30 June	
	2019 (Unaudited) US\$000	2018 (Unaudited) US\$000
Reconciliation of profit for the period to net cash generated from operating activities		
Profit for the period	16,661	10,718
Adjustments to reconcile Group profit to net cash inflows from operating activities		
Depreciation	90,599	82,649
Amortisation of intangibles	1,121	1,039
Write-off of non-financial assets	517	201
Gain on sale of property, plant and equipment	(2)	(38)
Provision for obsolescence of supplies	55	519
Finance income	(1,424)	(1,088)
Finance costs	3,504	22,828
Income tax expense	12,857	27,836
Other	2,624	4,274
Increase/(decrease) of cash flows from operations due to changes in assets and liabilities		
Trade and other receivables	(23,927)	(2,352)
Other financial assets and liabilities	—	2,207
Inventories	5,846	10,163
Trade and other payables	(5,079)	(18,390)
Provisions	1,958	845
Cash generated from operations	105,310	141,411

23 Subsequent events

- On 1 July 2019 the Group signed two short term loans of US\$50,000,000 each with Scotiabank del Perú, with an interest rate of 2.00%. The proceeds were employed to repay the two loans of US\$50,000,000 each with the same institution.
- On 1 July 2019 the Group signed a short term loan of US\$50,000,000 with Banco de Credito del Peru with an annual interest rate of 2.06%. The proceeds were employed to repay the loan of US\$50,000,000 with the BBVA Bank.

Profit by operation¹

(Segment report reconciliation) as at 30 June 2019 (Unaudited)

Company (US\$000)	Arcata	Pallancata	San Jose	Inmaculada	Consolidation adjustment and others	Total/HOC
Revenue	5,083	69,793	108,800	170,674	100	354,450
Cost of sales (pre-consolidation)	(6,958)	(63,489)	(79,311)	(104,865)	1,792	(252,831)
Consolidation adjustment	(86)	(879)	–	(827)	1,792	–
Cost of sales (post-consolidation)	(6,872)	(62,610)	(79,311)	(104,038)	–	(252,831)
Production cost excluding depreciation	(6,813)	(36,603)	(56,430)	(58,598)	–	(158,444)
Depreciation in production cost	(49)	(25,619)	(23,520)	(41,183)	–	(90,371)
Other items	–	(290)	(567)	(278)	–	(1,135)
Change in inventories	(10)	(98)	1,206	(3,979)	–	(2,881)
Gross profit	(1,875)	6,304	29,489	65,809	1,892	101,619
Administrative expenses	–	–	–	–	(23,021)	(23,021)
Exploration expenses	–	–	–	–	(18,552)	(18,552)
Selling expenses	(146)	(474)	(9,545)	(315)	–	(10,480)
Other income/(expenses)	–	–	–	–	(16,305)	(16,305)
Operating profit/(loss) before impairment	(2,021)	5,830	19,944	65,494	(55,986)	33,261
Write-off of non-financial assets	–	–	–	–	(517)	(517)
Finance income	–	–	–	–	1,424	1,424
Finance costs	–	–	–	–	(3,504)	(3,504)
Foreign exchange	–	–	–	–	(1,146)	(1,146)
Profit/(loss) from continuing operations before incometax	(2,021)	5,830	19,944	65,494	(59,729)	29,518
Income tax	–	–	–	–	(12,857)	(12,857)
Profit/(loss) for the period from continuing operations	(2,021)	5,830	19,944	65,494	(72,586)	16,661

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

Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

BY TELEPHONE

If calling from the UK: 0371 664 0300 (calls cost 12p per minute plus your phone company's access charge. Lines are open 9.00am-5.30pm Mon to Fri excluding public holidays in England and Wales).

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 2019 in respect of the 2019 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 2019 interim dividend, a dividend mandate form, also available from the Company's registrars, should be completed and returned to the registrars by 5 September 2019. 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	2019
Ex-dividend date	29 August
Record date	30 August
Deadline for return of currency election forms	5 September
Payment date	19 September

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Registered in England and Wales with Company Number 5777693