HOCHSCHILD MINING

11 January 2012

Hochschild Successfully Completes Inmaculada and Crespo Feasibility Studies

Highlights

- Inmaculada and Crespo Feasibility Studies successfully completed by independent consultant
- Profitable projects at conservative prices with significant price and geological upside
- Combined average attributable production of approximately 10 million silver eq. oz per annum providing strong growth profile
- Inmaculada and Crespo on track to start production in Q4 2013
- Azuca Feasibility Study postponed to allow resource optimisation through further exploration of new higher grade areas
- Significant exploration programme continuing during 2012 at all three Advanced Projects

Summary

Hochschild Mining plc ("Hochschild" or "the Company") is pleased to report the completion of Feasibility Studies by an independent company, Ausenco, for the Inmaculada and Crespo projects.

Both studies confirm a positive return for the Company at conservative price and resource assumptions. The exciting 60% owned Inmaculada project is now set to start construction with total initial capital expenditure of $315 million for a 3,500 tonne per day underground operation with average annual production of 12 million silver equivalent ounces and a commissioning date in the fourth quarter of 2013. Unit cost per tonne is projected to be in line with the similar highly profitable joint venture operation at Pallancata and, most importantly, total resources have now increased to almost 150 million silver equivalent ounces from the previous figure of 137m ounces. Hochschild remains confident that these resources will grow significantly from this excellent starting point in the same manner as its other mines at Arcata, Pallancata in Peru and San Jose in Argentina and see Inmaculada develop into a main contributor for the Company.

In addition, Hochschild is pleased to see a positive result from its 100% owned Crespo project which is set to add another 2.7 million silver equivalent ounces from 2014 at an initial capital cost of $111 million for a 6,850 tonne per day operation. This relatively simple open pit project is expected to have a unit cost per tonne of $13.5, high gold recovery rates and, with its proximity to Hochschild's other operations in Southern Peru, will benefit from operational synergies. Current inferred resources at Crespo are set to deliver more mineable material for the project and the exploration team remains positive about the geological potential of the surrounding areas.

Finally, the Company remains excited by the potential of the Azuca deposit especially in the ongoing exploration of the newly discovered higher grade Colombiana and Cimoide Vivian veins. However, the Company believes it is prudent to delay the Feasibility Study and continue exploration work at the project throughout 2012 in order to consolidate resources and provide a more comprehensive picture of the dispersed vein structures present in the area. To this end, the Board has approved an additional $10m exploration programme for 2012.

Ignacio Bustamante, CEO, commented:

"I am delighted that Hochschild has taken the next key steps in the development of our project pipeline and is now set to increase production from 2014 by almost 50%. Following on from scoping studies released in late 2010 and early 2011, the Company has been able to deliver both the Inmaculada and Crespo projects to feasibility on time and we are now able to present two independently audited studies which demonstrate solid profitability at conservative price assumptions and with strong price and geological upside potential.

With the Feasibility Study work behind us we look forward to the year ahead, where we will focus our efforts on the engineering, permitting and construction activities at both projects. Execution risk is expected to be considerably reduced as a result of both projects' proximity to our current operations and

our longstanding knowledge and experience of working closely with the surrounding communities. In addition, exploration work will continue at both sites to add more resources not included in the Feasibility Studies but which we are confident will positively impact the projects going forward."

A conference call will be held at **12pm** (London time) **on Wednesday 11th January 2012** for analysts and investors.

Dial in details as follows:

UK +44 (0) 20 3003 2666

A recording of the conference call will be available for one week following its conclusion, accessible from the following telephone number:

UK +44 (0) 20 8196 1998
Access code: 5485169#

INMACULADA FEASIBILITY STUDY

Summary of key parameters

The Inmaculada Feasibility Study was overseen by the independent engineering firm Ausenco (Qualified Person, Clint Donkin MAusIMM (CP)) following both JORC and NI–43101 standards. A summary of the key parameters is shown below. The study was conducted using only measured and indicated resources from the Angela vein.

Table 1: Feasibility Study Operating Summary

	Total	Attributable[1]
Production Data		
Base Case Gold price	$1,100/oz	$1,100/oz
Base Case Silver Price	$18/oz	$18/oz
Initial Life of Mine[2]	6.3 yrs	6.3 yrs
Daily plant capacity (353 days)	3,500 tpd	3,500 tpd
Average treatment grade Au	3.4 g/t	3.4 g/t
Average treatment grade Ag	120 g/t	120 g/t
Metallurgical Recovery Au	95.6%	95.6%
Metallurgical Recovery Ag	90.6%	90.6%
Average Annual Gold Production	124.0k oz	74.4k oz
Average Annual Silver Production	4.2m oz	2.5m oz
Average Annual Gold Equivalent Production[3]	193.9k oz	116.4k oz
Average Annual Silver Equivalent Production[3]	11.6m oz	7.0m oz
Life-of-Mine Gold Produced	783.1k oz	469.9k oz
Life-of-Mine Silver Produced	26.5m oz	15.9m oz
Operating Costs and Capex		
Direct production cost per tonne[4]	$74.4/t	$74.4/t
Cash cost (Au, co product)[5]	$527/oz	$527/oz
Cash cost (Ag, co product)[5]	$8.3/oz	$8.3/oz
Cash cost (Au equivalent) [5]	$518/oz	$518/oz
Cash cost (Ag equivalent)[5]	$8.6/oz	$8.6/oz
Pre-production capex[6]	$315m	$224m
Life-of-mine capex	$416m	$285m

1. Attributable estimates prepared by Hochschild reflect Hochschild's 60% ownership of the project, its commitment to fund the first $100m of capex and Feasibility Study costs and collection of a management fee equivalent to 7% of the annual production cost plus depreciation and royalties.
2. Total Reserves of 7.80mt divided by theoretical plant capacity of 3,500tpd assuming 353 days per year.
3. Gold and Silver equivalent numbers are estimated using a silver-to-gold ratio of 60:1.
4. Direct production cost per tonne includes mining, processing and mine administration costs; excludes mine royalties.
5. Cash costs include direct production cost plus royalties, workers' profit sharing, commercial treatment charges, and selling expenses. Attributable cash cost does not include the benefit of the management fee.
6. Pre-production capex includes a $25m contingency allowance. No escalation factors have been applied.

Table 2: Feasibility Study Post-tax Sensitivities (Reserves only)

Category	Gold Price/Silver Price ($/oz)			
	$1,100/ $18.00	$1,600/ $30.00	$1,800/ $40.00	$2,000/ $50.00
Total				
Non-discounted	$194m	$615m	$858m	$1,099m
NPV @ 5%	$90m	$405m	$587m	$766m
NPV @ 8%	$46m	$313m	$467m	$620m
IRR	12%	32%	42%	51%
Attributable				
Non-discounted	$100m	$356m	$503m	$648m
NPV @ 5%	$35m	$226m	$335m	$444m
NPV @ 8%	$7m	$169m	$262m	$354m
IRR	9%	26%	35%	42%

Updated Mineral Resource Estimate

Measured & Indicated resources totalled 7.07 million tonnes at 4.07g/t of gold and 144g/t of silver per tonne containing 930,000 ounces of gold and 32.8 million ounces of silver.

The updated resource estimate shown in Table 3 (as of 30 June 2011) replaces the previous resource estimate reported in a press release dated 24 February 2011 and represents an increase in Measured and Indicated Gold Equivalent resources of almost 10% (approximately 130,000 ounces).

Table 3: Inmaculada - Estimated Mineral Resources (@Cut-off Grade of 1.5g/t Gold Equiv.)

Resource Estimate Category	Tonnes (million)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Ounces		
				Au (k oz)	Ag (m oz)	Ag Equiv. (m oz)
Measured	3.28	4.10	128	430	13.5	39.4
Indicated	3.78	4.05	159	490	19.3	48.8
Measured & Indicated	**7.07**	**4.07**	**144**	**930**	**32.8**	**88.3**
Inferred	4.94	3.91	152	620	24.2	61.3

1. Numbers are rounded to reflect the precision of a resource estimate
2. The estimated mineral resources are not mineral reserves and do not have demonstrated economic viability.
3. Silver equivalent ounces are estimated for mineral resources using a 60:1 silver to gold ratio.
4. To limit the influence of individual high-grade samples, grade cutting was used. Gold assay grades were capped at 100 g/t and silver grades were capped at 5,000 g/t for the Angela vein which contributes 95% of the measured and indicated tonnage and 97% of the gold equivalent ounces. Minor veins were capped at variable values ranging from 5 g/t to 50 g/t gold and 500 g/t to 1,250 g/t silver.
5. An estimated dry bulk density of 2.51 tonnes per cubic metre was used for all mineralised rocks.
6. The grades were interpolated using the "Ordinary Kriging" estimation technique.
7. The contained metal estimates remain subject to factors such as mining dilution and losses and, process recovery losses.

The above resource estimation was conducted using all drill assay data available as of June 30th 2011, representing a total of 274 core drill-holes totalling approximately 83,066 metres. Drilling has been continuous since June 2011 and an updated resource estimate is expected in the first half of 2012.

Mineral Reserve Estimate

After allowing for mining dilution estimated between 25% and 30%, the Angela vein's resultant ore reserves totalled 7.8 million tonnes at 3.37g/t of gold and 120g/t of silver with a cut-off grade of 2.3 g/t gold-equivalent based on a 60:1 gold-silver ratio and metals prices of $1,100/ounce gold and $18/ounce silver.

The mineral reserve estimate, shown in Table 4, was calculated by Ausenco, an independent consultant, with an effective date of 30 September 2011 including only Measured & Indicated resources.

Table 4: Inmaculada - Estimated Mineral Reserves at Cut-off Grade of 2.3g/t Gold Equiv.

Reserve Estimate Category	Tonnes (million)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Ounces		
				Au (k oz)	Ag (m oz)	Ag Equiv. (m oz)
Proven	3.84	3.40	106	421	13.1	39.7
Probable	3.96	3.33	134	424	17.0	43.8
Proven and Probable	**7.80**	**3.37**	**120**	**845**	**30.1**	**83.5**

1. Numbers are rounded to reflect the precision of a reserve estimate.
2. Gold equivalent ounces are estimated for mineral reserves using a 60:1 silver to gold ratio.
3. The contained metal estimates include approximately 25-30% dilution and 3% ore loss, but remain subject to process recovery losses.
4. The mineral reserves were estimated using the CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council on December 11, 2005.
5. Hochschild is not aware of any known environmental, permitting, and legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the validity of these resource estimates.

Update since scoping study

The project has been updated since the Company released the Scoping Study prepared by International Minerals, Hochschild's joint venture partner, on 10 September 2010. The changes include among other items: an update of the mineral resource; the use of only Measured & Indicated resources as the basis for the initial reserves; a change in the metallurgical process from flotation to leaching and the resulting change from a concentrate to doré as the final product; and an increase in the plant capacity from 3,000 tpd to 3,500 tpd. In addition, as a result of feasibility level geotechnical studies, the rock quality was determined to be poorer than anticipated which has affected dilution, mine capex and mining costs. All of these factors have been incorporated in the new capex, cost and NPV figures presented in this announcement.

Location and Access

The Inmaculada property is located in southern Peru in the Ayacucho Department. The property is found at elevations between 4,200 metres and 4,800 metres above sea level ("asl") in the Puquio-Caylloma Belt and is located approximately 210 kilometres southwest of the town of Cuzco and 530 kilometres southeast of Lima. Inmaculada is 112 kilometres from Hochschild's Pallancata operation.

The site is readily accessible with two routes identified:

- Lima-Inmaculada - a 930 kilometres route with 750 kilometres of paved road to be used to transport heavy equipment, materials, general supplies etc.
- Arequipa-Inmaculada - a 530 kilometres route with 250 kilometres of paved road providing an alternative for personnel transport and vehicles

Mining

The Angela vein will be accessed through a ramp starting from a portal located at an elevation of approximately 4,400 metres asl declining to approximately 4,300 metres asl towards the middle and lower end of the vein. A primary crusher plant will be sited close to the portal with a 1.5 kilometres conveyor belt transporting ore to the plant and a waste dump located one kilometre to the south. There will be an additional horizontal access tunnel at the Quellopata gorge (4,500 metres) and a drainage tunnel at the Patari Gorge (4,300 metres).

The key mining infrastructure will consist of three main levels to exploit all sections of the vein at the 4,300 metre, 4,400 metre and 4,500 metre levels. These will be connected by four spiral ramps and six ore passes with other shafts for ventilation, water and additional support services.

The mining method employed on approximately half of the ore reserves will be sub-level stoping utilising long hole drilling and paste backfill and the remainder accessed through cut-and-fill utilising horizontal drilling.

Metallurgy and Processing

The Feasibility Study details the construction of a 3,500tpd processing plant comprising facilities for primary crushing, SAG milling, secondary grinding, cyanide leaching, Merrill Crowe processing, pressure filter separation and smelting to obtain a doré product. Gold recoveries are expected to be 95.6% for gold and 90.6% for silver.

The tailing storage facility ("TSF") is expected to be located on the north side of the Angela vein, approximately 1km from the plant, on the Quichca-Quichca gorge and will have a capacity of up to 7.2 million cubic metres with a 66 metre high dam wall. All tailings going to the TSF will have been pre-treated in a detoxification plant to reduce cyanide concentration, with any water recovered from the facility expected to be recycled.

Infrastructure

Power will be provided by a 62 kilometre high tension transmission line. This will involve a 38 kilometre 220 kV line from the national grid to Selene and a 24 kilometre 60kV line from Selene to Inmaculada.

The personnel camp constructed will include accommodation and catering for 750 employees as well as medical services, leisure and communication facilities.

FURTHER UPSIDE

This section has not been independently audited and does not form part of the Inmaculada Feasibility Study results as detailed above.

The above Feasibility Study results confirm that the project provides strong returns in the current economic environment with the existing reserve base representing an excellent starting point. However, Hochschild strongly believes that the mineable resource base will be expanded by upgrading the inferred mineral resources in the South West and North East extensions of the Angela vein, into the reserve category through additional definition drilling work. In addition, the Inmaculada district hosts over 25 kilometres of gold/silver-bearing quartz veins of the low sulphidation type which remain largely untested.

Previous drilling by Hochschild in Angela South West intersected encouraging mineralisation intervals including 3.6m at 6.7g/t gold and 63g/t silver, 2.1m at 8.1g/t gold and 151g/t silver and 1.5m at 5.9g/t gold and 272g/t silver. Drilling information indicates that Angela North East is still open along strike. Current project economics do not factor in almost five million tonnes of inferred resource containing over 60 million silver equivalent ounces which could almost double the life-of mine as well as further geological potential from a number of veins known in the district as shown in Figure 1 and Figure 2.

Figure 1: Inmaculada Vein Structure

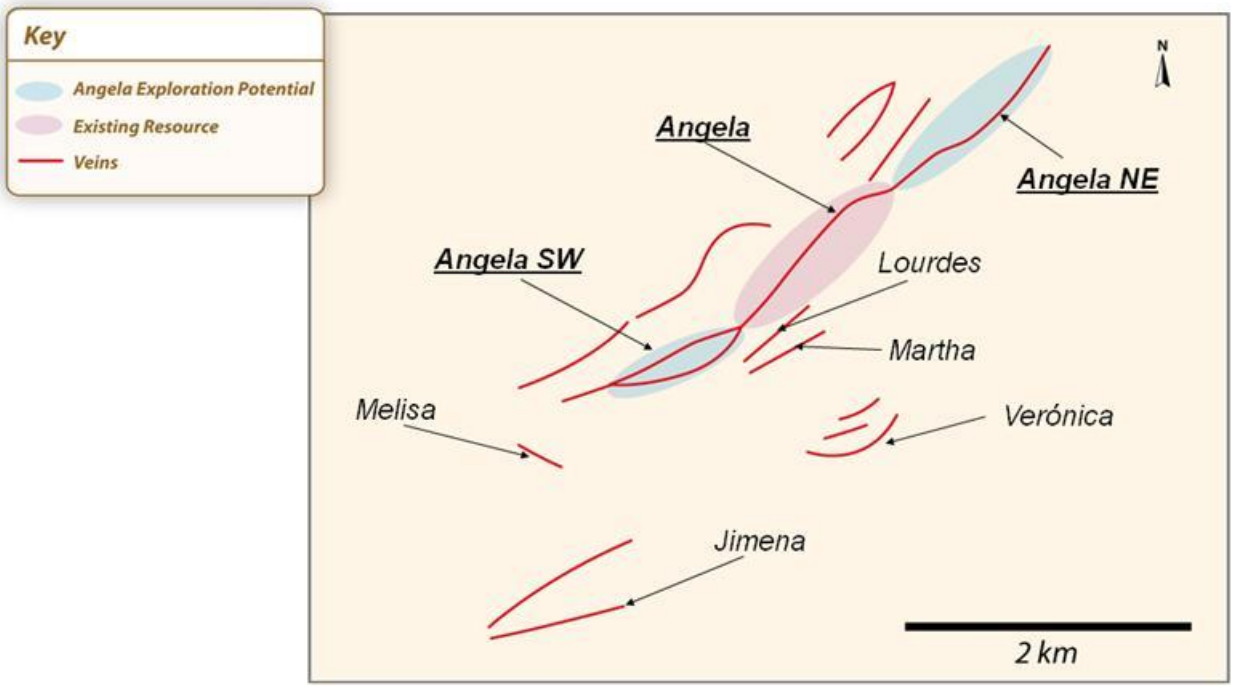
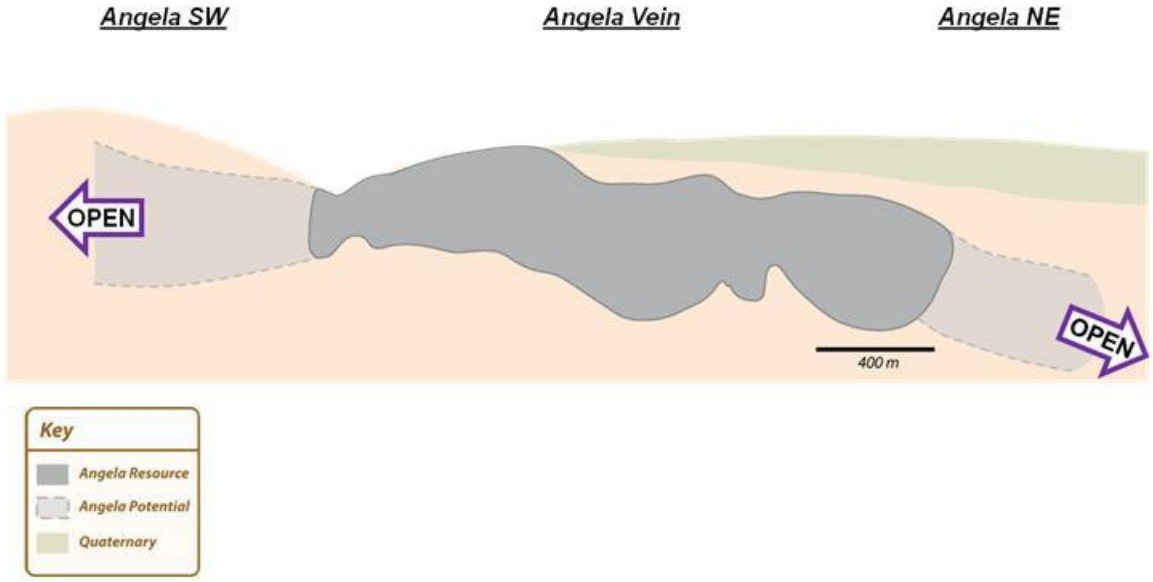


Figure 2: Angela vein



Sensitivity analysis including inferred resources

By including the Inferred resources within the Angela vein, which are not considered in the Feasibility Study, the post-tax Net Present Value ("NPV") at a 5% discount rate increases by 180% to $252 million (at base case price assumptions) and increases the life-of-mine from 6.3 years to 11.3 years.[1] The results are detailed below in Table 5.

Table 5: Price sensitivity including Inferred resources

Category	Gold Price/Silver Price ($/oz)			
	$1,100/ $18.00	$1,600/ $30.00	$1,800/ $40.00	$2,000/ $50.00
Total				
NPV @ 5%	$252m	$739m	$1,024m	$1,307m
IRR	18%	36%	45%	53%
Attributable				
NPV @ 5%	$138m	$433m	$605m	$776m
IRR	15%	30%	38%	44%

Sensitivity analysis including 25% and 50% additional resources

The current resource base is only a portion of the Angela vein which is open in both directions with other veins also identified in the district. A comprehensive exploration programme is already in place in the JV property. Consequently the Company is providing the following sensitivity analysis.

With 25% of additional resources, the post-tax NPV at a 5% discount rate increases by 267% to $330 million (at base case price assumptions) and increases the life-of-mine from 6.3 years to 14.1 years. The results are detailed below in Table 6.

[1] Please note that the inferred resources category as per JORC definition, are not guaranteed to be converted into reserves

Table 6: Price sensitivity including 25% of additional resources

Category	Gold Price/Silver Price ($/oz)			
	$1,100/ $18.00	$1,600/ $30.00	$1,800/ $40.00	$2,000/ $50.00
Total				
NPV @ 5%	$330m	$899m	$1,233m	$1,565m
IRR	19%	36%	45%	53%
Attributable				
NPV @ 5%	$187m	$532m	$734m	$935m
IRR	16%	31%	38%	45%

With 50% of additional resources, the post-tax NPV at a 5% discount rate increases by 342% to $398m (at base case price assumptions) and increases the life-of-mine from 6.3 years to 17.0 years. The results are detailed below in Table 7.

Table 7: Price sensitivity including 50% of additional resources

	Gold Price/Silver Price ($/oz)			
	$1,100/ $18.00	$1,600/ $30.00	$1,800/ $40.00	$2,000/ $50.00
Total				
NPV @ 5%	$398m	$1,039m	$1,417m	$1,792m
IRR	19%	36%	45%	53%
Attributable				
NPV @ 5%	$231m	$619m	$847m	$1,074m
IRR	17%	31%	38%	45%

CRESPO FEASIBILITY STUDY

Summary of key parameters

The Crespo Feasibility Study was overseen by the independent engineering firm, Ausenco (Qualified Person, Clint Donkin MAusIMM(CP)) following JORC standards. Details of the study are shown below. The study was conducted using only Measured & Indicated resources.

Table 8: Feasibility Study Operating Summary

Production Data	
Base Case Gold price	$1,300/oz
Base Case Silver Price	$23/oz
Initial Life of Mine[1]	8.5 yrs
Daily plant capacity (353 days)	6,850 tpd
Average treatment grade Au	0.46 g/t
Average treatment grade Ag	39.4 g/t
Metallurgical Recovery Au	80%
Metallurgical Recovery Ag	35%
Average Annual Gold Production	28.0k oz
Average Annual Silver Production	1.0m oz
Average Annual Gold Equivalent Production[2]	45.3k oz
Average Annual Silver Equivalent Production[2]	2.7m oz
Life-of-Mine Gold Produced	236.8k oz
Life-of-Mine Silver Produced	8.8m oz
Operating Costs and Capex	
Direct production cost per tonne[3]	$13.5/t
Cash cost (Au, co product)[4]	$754/oz
Cash cost (Ag, co product)[4]	$13.0/oz
Cash cost (Au equivalent)[4]	$764/oz
Cash cost (Ag equivalent)[4]	$12.7/oz
Pre-production capex[5]	$111m
Life-of-mine capex	$150m

1. Total Reserves of 20.48mt divided by theoretical plant capacity of 6,850 tpd assuming 353 days per year.
2. Gold and Silver equivalent numbers are estimated using a silver-to-gold ratio of 60:1.
3. Direct production cost per tonne includes mining, processing and mine administration costs; excludes mine royalties.
4. Cash costs include direct production cost plus royalties, workers profit sharing, commercial treatment charges, and selling expenses.
5. Pre-production capex includes a $9m contingency allowance. No escalation factors have been applied.

Table 9: Feasibility Study Post-tax Sensitivities

Category	Gold Price/Silver Price ($/oz)			
	$1,300/ $23.00	$1,600/ $30.00	$1,800/ $40.00	$2,000/ $50.00
Non-discounted	$45m	$126m	$207m	$286m
NPV @ 5%	$12m	$71m	$129m	$185m
NPV @ 8%	($1m)	$47m	$96m	$143m
IRR	8%	19%	27%	35%

Updated Mineral Resource Estimate

Measured & Indicated resources totalled 23.4 million tonnes at 0.45g/t of gold and 39g/t of silver per tonne containing 340,000 ounces of gold and 29.2 million ounces of silver.

The updated resource estimate shown in Table 10 replaces the previous resource estimate reported in the Scoping Study and represents an increase in Measured and Indicated Gold Equivalent resources of 58% (304,000 ounces).

Resources were estimated by Hochschild (Qualified Person, Abel Puerta). Reserves were calculated by Ausenco.

Table 10: Crespo - Estimated Mineral Resources (@Cut-off Grade of 0.33 g/t Gold Equiv)

Resource Estimate Category	Tonnes (million)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Ounces		
				Au (k oz)	Ag (k oz)	Ag Equiv. (m oz)
Measured	4.58	0.49	51	72	7.5	11.8
Indicated	18.80	0.44	36	268	21.7	37.8
Measured & Indicated	**23.39**	**0.45**	**39**	**340**	**29.2**	**49.6**
Inferred	5.17	0.35	31	59	5.2	8.7

1. Numbers are rounded to reflect the precision of a resource estimate.
2. The estimated mineral resources are not mineral reserves and do not have demonstrated economic viability.
3. Silver equivalent ounces are estimated for mineral resources using a 60:1 silver to gold ratio.
4. To limit the influence of individual high-grade samples, grade cutting was applied by domains. Gold assay grades were capped at 13 g/t and silver grades were capped at 1,300 g/t for Breccia Domain, Gold assay grades were capped at 1.8 g/t and silver grades were capped at 200 g/t for Disseminated Domain.
5. A dry bulk density was assigned to each rock alteration type in the block model of resources, the average dry bulk density is 2.38 tonnes per cubic metre.
6. The grades were interpolated using the "Ordinary Kriging" estimation technique.
7. The contained metal estimates remain subject to factors such as mining dilution and losses and, process recovery losses.

Mineral Reserve Estimate

Ore reserves totalled 20.48 million tonnes at 0.46g/t of gold and 39g/t of silver with a cut-off grade of 0.33g/t gold equivalent, based on a 60:1 gold-silver ratio and metals prices of $1,300/ounce gold and $23/ounce silver.

The mineral reserve estimate, shown in Table 11, was calculated by Ausenco, an independent consultant, with an effective date of 30 September 2011.

Table 11: Crespo - Estimated Mineral Reserves (@Cut-off Grade of 0.33 g/t Gold Equiv)

Reserve Estimate Category	Tonnes (million)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Ounces		
				Au (K Oz)	Ag (M Oz)	Ag Equiv. (M Oz)
Proven	4.16	0.50	51	67	6.8	10.8
Probable	16.32	0.45	37	238	19.2	33.4
Proven and Probable	**20.48**	**0.46**	**39**	**305**	**26.0**	**44.3**

1. Numbers are rounded to reflect the precision of a reserve estimate.
2. Gold equivalent ounces are estimated for mineral reserves using a 60:1 silver to gold ratio.
3. The contained metal estimates include approximately 3% ore loss, but remain subject to process recovery losses.
4. The mineral reserves were estimated using the JORC standard.
5. HOC is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the validity of these resource estimates.

Update since Scoping

The Crespo project has been updated since the Company released the Scoping Study on 19 January 2011. The changes include among others: an update of the mineral resource; an increase in the plant capacity from 5,650tpd to 6,850tpd; a change in the source of energy. Significant metallurgical testing was also performed in order to review the overall process and fine tune recoveries. All of these have been incorporated in the new capex, cost and NPV figures presented in this announcement.

Location and Access

The Crespo property is located in southern Peru within the provinces of Chumbivilcas in the Cuzco Department. The property is found at elevations between 4800 metres and 5280 metres asl and is approximately 145 kilometres southwest of the town of Cuzco and 587 kilometres southeast of Lima.

The site is readily accessible utilizing the 420 kilometres Arequipa-Caylloma-Arcata-Crespo route of which 150 kilometres is paved.

Mining

Crespo is a high sulphidation epithermal deposit and will be mined utilising open-pit methods with an average daily production of 6,850 tonnes and a stripping ratio of 1.15:1. Drilling and blasting will be carried out directly by Hochschild with earthworks being developed by contractors.

Processing and Metallurgy

The Feasibility Study details the construction of a 6,850tpd process comprising stages for primary, secondary and tertiary crushing, agglomeration, heap leaching with cyanidation, Merrill Crowe processing, pressure filter separation and smelting to obtain a doré product. Recoveries are expected to be 80% for gold and 35% for silver.

Infrastructure

Power will be provided by a 25km 60kV transmission line from the Arcata operation to Crespo.

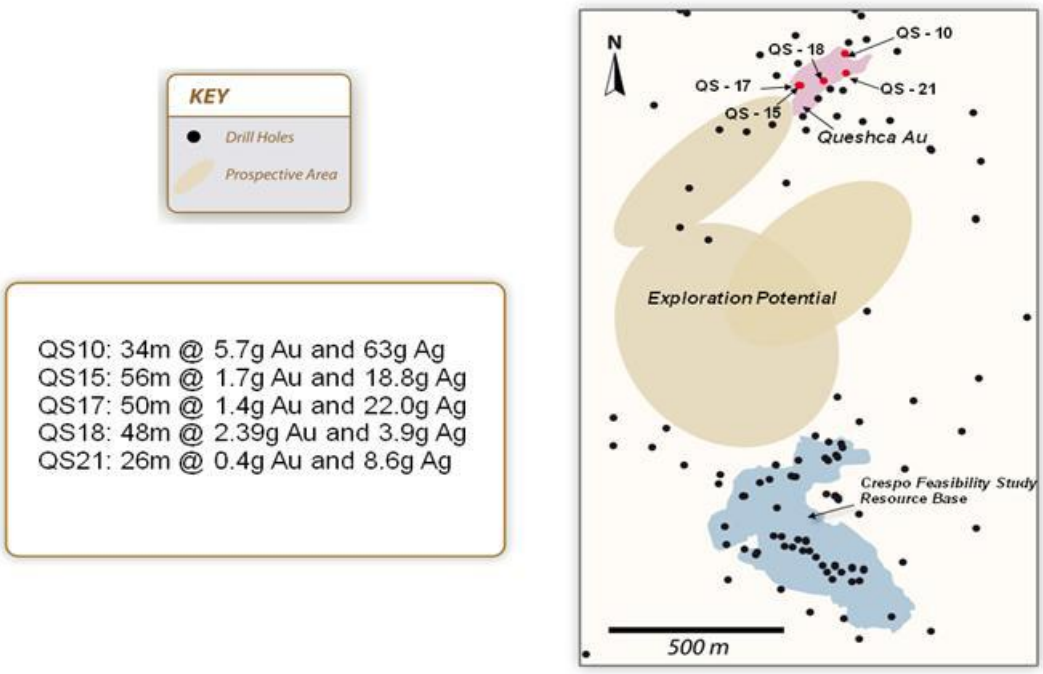
The personnel camp constructed will include accommodation and catering facilities for 550 employees as well as medical services, leisure and communication facilities.

FURTHER UPSIDE

This section has not been independently audited and does not form part of the Crespo Feasibility Study results as detailed above.

Current project economics do not factor in almost 3.8 million tonnes of in-pit inferred resource containing 6.6 million silver equivalent ounces which could add almost 18% of mineable material at no further mining cost to the Company. As well as this, there is further geological potential to the north of the current feasibility study resource base at the Queshca gold target where a drilling gap exists and encouraging geological evidence would suggest further potential for economic mineralisation, as shown in Figure 3.

Figure 3: Crespo and Queshca drill hole map



Sensitivity analysis including inferred resources

Including the in-pit Inferred resources, which are not included in the Feasibility Study, the post-tax NPV at a 5% discount rate increases by 125% to $27m and the life-of-mine increases from 8.5 years to 10.0 years.[2] The results are detailed below in Table 12.

Inferred resources included for this analysis consider only the resources within the pit design: 3.8 million tonnes at an average grade of 0.39g/t gold and 31.5g/t silver.

Table 12: Price sensitivity including Inferred resources

Category	Gold Price/Silver Price ($/oz)			
	$1,300/ $23.00	$1,600/ $30.00	$1,800/ $40.00	$2,000/ $50.00
NPV @ 5%	$27m	$92m	$156m	$219m
IRR	10%	20%	29%	36%

Sensitivity analysis including 25% and 50% additional resources

With 25% of additional resources, the post-tax NPV at a 5% discount rate increases by 250% to $42m (at base case price assumptions) and life-of-mine increases from 8.5 years to 12.5 years. The results are detailed below in Table 13.

Table 13: Price sensitivity including 25% of additional resources

Category	Gold Price/Silver Price ($/oz)			
	$1,300/ $23.00	$1,600/ $30.00	$1,800/ $40.00	$2,000/ $50.00
NPV @ 5%	$42m	$118m	$193m	$267m
IRR	12%	21%	29%	36%

With 50% of additional resources, the post-tax NPV at a 5% discount rate increases by 350% to $54m (at base case price assumptions) and the life-of-mine increases from 8.5 years to 15 years. The results are detailed below in Table 14.

[2] Please note that the inferred resources category as per JORC definition, may not be converted into reserves

Table 14: Price sensitivity including 50% of additional resources

Category	Gold Price/Silver Price ($/oz)			
	$1,300/ $23.00	$1,600/ $30.00	$1,800/ $40.00	$2,000/ $50.00
NPV @ 5%	$54m	$140m	$225m	$309m
IRR	13%	22%	29%	37%

AZUCA UPDATE

As of June 2011, the Azuca project has the following resource base:

Table 15: Azuca – Estimated Mineral Resources (@Cut-off of 101 g/t Silver Equivalent)

Resource Estimate Category	Tonnes (million)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Ounces		
				Au (k oz)	Ag (m oz)	Ag Eq. (k oz)
Measured	0.18	0.61	231	4	1.3	1.6
Indicated	4.97	0.82	212	131	33.9	41.8
Measured & Indicated	**5.15**	**0.81**	**213**	**135**	**35.3**	**43.3**
Inferred	6.13	0.92	185	182	36.5	47.5

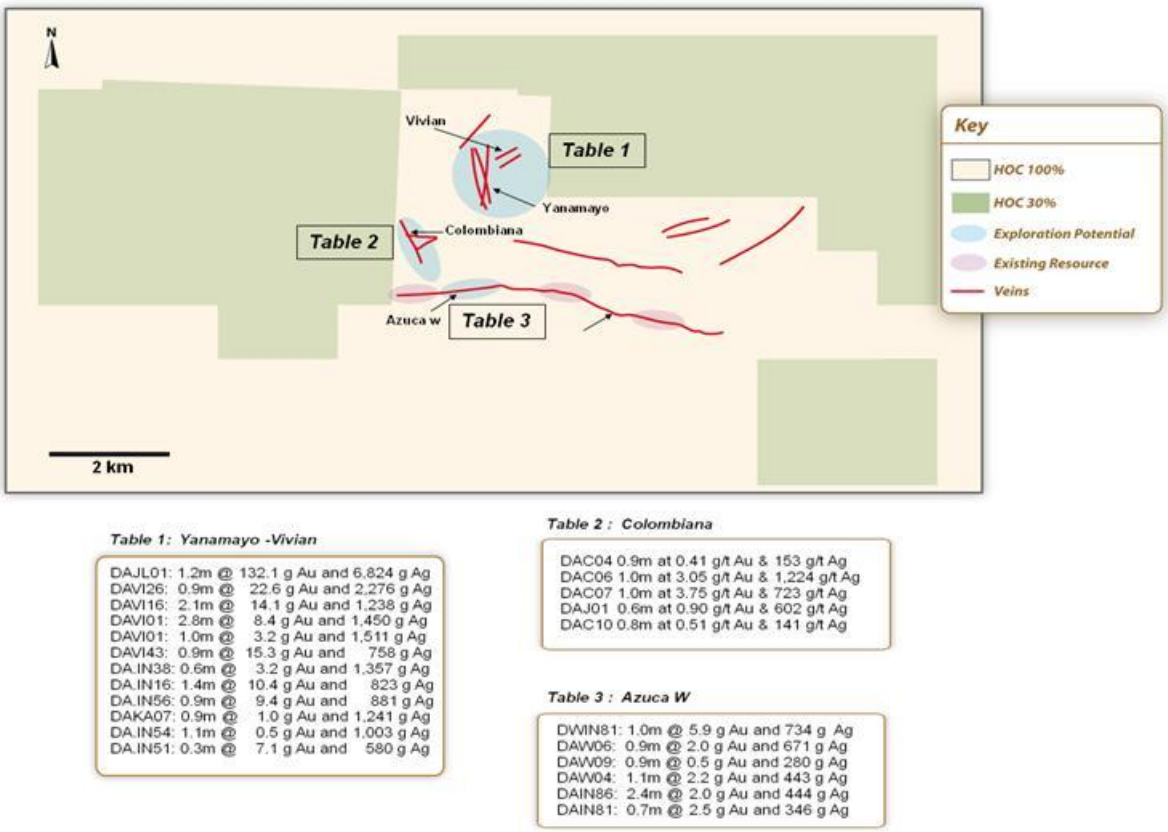
Exploration at the site is ongoing, with several promising higher grade intercepts suggesting the presence of new higher grade veins.

The Company believes it is prudent to delay the Feasibility Study process and continue exploration work at the project in order to provide a more comprehensive picture of the dispersed vein structures present in the area and potentially deliver a more robust and value accretive project going forward. Hochschild believes that the geological potential of the property is likely to produce richer structures that may further support the investment required to develop the asset but could alter the design and location of future mine and plant infrastructure, tailings ponds and other key deliverables. Consequently, the Company has decided that it is premature to move forward with a Feasibility Study at this stage.

The 2012 drilling plan will be focused on identifying further extensions of the Vivian-Yanamayo, Colombiana and Azuca West veins, with a drilling programme of 28,000 metres expected to be carried out in these new areas with high geological potential and a budget of $10m already committed.

Please note that the recent intercepts in Yanamayo-Vivian, Colombiana and Azuca West may not be reflected in the 31 December 2011 updated resource (to be reported at the 2011 Full Year Results), since these are new areas that do not have enough drilling work completed and are structurally complex.

Figure 4: Azuca veins



Enquiries:
Hochschild Mining plc
Charles Gordon +44 (0)20 7907 2934
Head of Investor Relations

RLM Finsbury
Charles Chichester +44 (0)20 7251 3801
Public Relations

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 forty years' experience in the mining of precious metal epithermal vein deposits and currently operates four underground epithermal vein mines, three located in southern Peru and one in southern Argentina. Hochschild also has numerous long-term prospects throughout the Americas.

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

The forward looking statements reflect knowledge and information available at the date of preparation of this announcement. Except as required by the Listing Rules and applicable law, the Board of Hochschild Mining plc does not undertake any obligation to update or change any forward looking statements to reflect events occurring after the date of this announcement.