



22 October 2008

**Production Report and Interim Management Statement  
for the three months to 30 September 2008 ("Q308")**

**Highlights:**

- On track to achieve target production of 26 million attributable silver equivalent ounces in 2008 (16.9 moz Ag and 153 koz Au)
- Year to date production in line with expectations at 18.1 million attributable silver equivalent ounces, up 4.0% on the first nine months of 2007
- Continued focus on effective cost controls
- All three mine expansions completed on time; increase in plant capacity of 29% year on year
- Further development of cluster consolidation strategy with the acquisition of 50% of Liam Regional Joint Venture

Eduardo Hochschild, Executive Chairman, commented;

*"We remain on track to achieve our full year production target of 26 million attributable silver equivalent ounces in 2008. Our mine expansions are now completed and we will have the full benefit of a 29% increase in plant capacity in 2009. We continue to take a rigorous approach to cost control and despite difficult market conditions, we are on a firm footing to face the challenges ahead and to maintain profitable growth".*

**Overview:**

Total attributable silver equivalent production increased 2% quarter-on-quarter to 6.2 million ounces, comprised of 4.0 million ounces of silver and 36.7 thousand ounces of gold. This was primarily driven by strong performance at Arcata, where silver and gold production are up 25% and 43% respectively, and at Pallancata, where production of silver and gold have increased 8% and 4% respectively. As previously disclosed, attributable gold production decreased in the third quarter due to lower grades at Ares and Selene but this has been offset by the increase in production at our other operations.

With production of 18.1 million attributable silver equivalent ounces in the first nine months of the year up 4.0% on the equivalent period in 2007, we remain firmly on track to meet our full year attributable production target of 26 million silver equivalent ounces.

Realisable precious metals prices for the first nine months of the year were \$884/oz for gold and \$14.9/oz for silver. However, the precious metals market has been extremely volatile and silver prices have experienced a material decrease over the last few weeks.

**Capacity expansions:**

This year we completed expansions at Arcata, San José and Selene which will materially increase the Group's plant capacity by 29%, with full benefits accruing in 2009. All expansions

have been completed on time with Arcata and Selene currently awaiting final permits which we expect to secure by the end of the year. This year's expansions demonstrate once again our ability to deliver projects on schedule as they follow successful plant expansions in 2007.

#### **Cost update:**

Despite the challenging conditions facing the mining industry as a whole during the first half of 2008, we remain confident that we will control costs by continuing to execute Group-wide containment and reduction measures, ensuring that the business operates at optimum efficiency.

As previously announced, we are in the process of converting concentrate to doré at San José which will reduce working capital requirements and selling discounts. We expect this project to be completed in 2009. Market conditions for silver concentrate at Arcata have improved and we are now expecting lower commercial discounts on concentrate in the near term. As a result, we are reviewing the feasibility of converting production at Arcata from concentrate into doré.

#### **Exploration:**

Over the period we have encountered very positive exploration results at the following properties:

##### Azuca

We have had outstanding results in our second phase of drilling in the first two holes with a 2.40 metre drill intercept at 1.0 g/t Au & 1,313 g/t Ag and a 0.95 metre drill intercept at 1.4 g/t Au & 556 g/t Ag.

##### Arcata

A new vein, Luz, was discovered while advancing the Mariana northeast ramp. We have encountered a 0.95 metre intercept at 3.0 g/t Au and 712 g/t Ag. The structure has been recognised at surface for two kilometres along strike.

##### San Jose

Three new splits of the Frea vein have been identified. The best result was a 0.85 metre drill intercept at 16.2 g/t Au & 2,188 g/t Ag. These new discoveries are in addition to the previously announced Odin and Ayelen veins that have been identified within 200 metres of the Frea vein.

##### Moris

The Nopalera structure was defined after follow up work drill results by previous operators. Drilling has been completed and we are waiting for assay results.

#### **Acquisitions:**

Current market conditions are creating some new and interesting opportunities in the sector. We will maintain our disciplined approach to acquisitions, focusing on mid-sized, underground precious metals projects in the Americas, particularly in our existing clusters, which we believe will create long term shareholder value.

On 20 August 2008, we further consolidated our position in southern Peru through the acquisition of 50% of the Liam Regional Joint Venture ("Liam JV") for a total cash consideration of \$33.3 million funded entirely from existing cash. The Liam JV consists of over 282,000 hectares in the Tertiary Volcanic Belt of southern Peru, a region with significant mineral potential located approximately 170 kilometres northwest of Arequipa, and one of the largest single claim blocks in Peru. The acquisition has significant strategic importance for us as it is in close proximity to five of our existing properties; Arcata, Ares, Selene, Pallancata and Azuca, enabling us to leverage our existing infrastructure and knowledge of the regional geology.

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Other than as described in this announcement, there have been no material events or transactions in the period from 1 July 2008 to 21 October 2008 which have affected Hochschild's financial position.

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A conference call will be held at 2:30pm (London time) on Wednesday 22 October for analysts and investors.

Dial in details as follows:

UK +44 (0)20 7162 0077

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

UK +44 (0)20 7031 4064  
Access code 814229#

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**About Hochschild Mining plc:**

Hochschild Mining plc is a leading precious metals company listed on the London Stock Exchange (HOCH.L for Reuters / HOC LN for Bloomberg) with a primary focus on the exploration, mining, processing and sale of silver and gold. Hochschild currently operates five underground epithermal vein mines, four located in southern Peru and one in southern Argentina and one open pit mine in northern Mexico. Hochschild also has one early development project in Mexico and over sixteen long-term prospects throughout the Americas. Hochschild has over forty years experience in the mining of precious metal epithermal vein deposits. For further information please visit [www.hochschildmining.com](http://www.hochschildmining.com)

**TOTAL GROUP PRODUCTION<sup>1</sup>**

	<b>Q3 2008</b>	<b>Q2 2008</b>	<b>Q3 2007</b>	<b>9 mths 2008</b>	<b>9 mths 2007</b>
Silver production (koz)	4,890	4,684	3,555	13,885	9,188
Gold production (koz)	45.98	47.96	50.59	138	141
Total silver equivalent (koz)	7,649	7,562	6,591	22,165	17,666
Total gold equivalent (koz)	127.48	126.03	109.85	369	294
Silver sold (koz)	4,661	6,438	2,544	13,504	8,245
Gold sold (koz)	47.36	62.61	46.87	140	142

<sup>1</sup> Total production includes 100% of all production, including production attributable to joint venture partners at Moris, San José and Pallancata.

**ATTRIBUTABLE GROUP PRODUCTION<sup>1</sup>**

	<b>Q3 2008</b>	<b>Q2 2008</b>	<b>Q3 2007</b>	<b>9 mths 2008</b>	<b>9 mths 2007</b>
Silver production (koz)	4,041	3,812	3,424	11,484	9,057
Gold production (koz)	36.73	38.32	48.68	110	139
Attrib. silver equivalent (koz)	6,245	6,111	6,345	18,110	17,420
Attrib. gold equivalent (koz)	104.08	101.84	105.74	302	290

<sup>1</sup> Attributable production includes 100% of all production from Arcata, Ares and Selene, 60% from Pallancata, 51% from San José and 70% from Moris.

**QUARTERLY PRODUCTION BY MINE****ARCATA**

<b>Product</b>	<b>Q3 2008</b>	<b>Q2 2008</b>	<b>Q3 2007</b>
Ore production (tonnes)	158,893	116,847	106,656
Average head grade silver (g/t)	533.66	537.64	578.97
Average head grade gold (g/t)	1.48	1.36	1.48
Concentrate produced (tonnes)	5,502	4,120	4,457
Silver grade in concentrate (kg/t)	13.86	13.55	11.94
Gold grade in concentrate (kg/t)	0.04	0.03	0.03
Silver produced (koz)	2,236 <sup>1</sup>	1,794	1,711
Gold produced (koz)	6.39 <sup>1</sup>	4.46	4.23
Silver sold (koz)	1,683	2,518	896
Gold sold (koz)	4.27	5.70	2.24

<sup>1</sup> Arcata's silver equivalent production for Q3 was adjusted downwards by 236k ounces (216k Ag/ 0.34k Au) as a result of a measuring difference between reported and actual produced ounces during the year.

**ARES**

<b>Product</b>	<b>Q3 2008</b>	<b>Q2 2008</b>	<b>Q3 2007</b>
Ore production (tonnes)	89,798	86,339	84,995
Average head grade silver (g/t)	139.66	180.41	255.93
Average head grade gold (g/t)	5.67	6.72	13.98
Doré total (koz)	368.74	464.95	664.57
Silver produced (koz)	352	446	633
Gold produced (koz)	15.47	17.68	36.57
Silver sold (koz) <sup>1</sup>	934	634	646
Gold sold (koz) <sup>2</sup>	23.13	21.30	38.56

<sup>1</sup> Total sale figures for Ares include the sale of 746 koz of silver precipitates from San José.

<sup>2</sup> Total sale figures for Ares include the sale of 11.14 koz of gold precipitates from San José.

**SELENE**

<b>Product</b>	<b>Q3 2008</b>	<b>Q2 2008</b>	<b>Q3 2007</b>
Ore production (tonnes)	67,659	79,851	125,451
Average head grade silver (g/t)	205.09	222.72	275.31
Average head grade gold (g/t)	1.23	1.27	1.84
Concentrate produced (tonnes)	845	973	1,090
Silver grade in concentrate (kg/t)	13.05	16.44	26.69
Gold grade in concentrate (kg/t)	0.07	0.09	0.16
Silver produced (koz)	400	504	923
Gold produced (koz)	2.20	2.63	5.66
Silver sold (koz)	364	825	1,002
Gold sold (koz)	1.93	4.15	6.07

**PALLANCATA<sup>1</sup>**

<b>Product</b>	<b>Q3 2008</b>	<b>Q2 2008</b>	<b>Q3 2007</b>
Ore production (tonnes)	88,247	83,517	14,723
Average head grade silver (g/t)	337.22	339.36	255.45
Average head grade gold (g/t)	1.56	1.70	1.27
Concentrate produced (tonnes)	909	847	79
Silver grade in concentrate (kg/t)	30.76	30.45	41.60
Gold grade in concentrate (kg/t)	0.11	0.12	0.17
Silver produced (koz)	899	829	105
Gold produced (koz)	3.35	3.23	0.43
Silver sold (koz)	824	796	0
Gold sold (koz)	3.02	3.13	0.00

<sup>1</sup> The Company has a 60% interest in Pallancata.

**SAN JOSE<sup>1</sup>**

<b>Product</b>	<b>Q3 2008</b>	<b>Q2 2008</b>	<b>Q3 2007</b>
Ore production (tonnes)	70,036	60,603	27,494
Average head grade silver (g/t)	547.65	680.70	543.78
Average head grade gold (g/t)	6.76	7.56	7.21
Silver produced (koz)	990	1,093	182
Gold produced (koz)	12.34	12.41	3.30
Silver sold (koz)	846	2,284 <sup>2</sup>	0
Gold sold (koz)	9.76	28.98 <sup>3</sup>	0.00

<sup>1</sup> The Company has a 51% interest in San José.

<sup>2</sup> Total sale figures for San José include 835.2 koz of silver precipitates sold to Ares.

<sup>3</sup> Total sale figures for San José include 13.06 koz of gold precipitates sold to Ares.

**MORIS<sup>1</sup>**

<b>Product</b>	<b>Q3 2008</b>	<b>Q2 2008</b>	<b>Q3 2007</b>
Ore production (tonnes)	193,009	205,393	84,538
Average head grade silver (g/t)	6.31	5.56	4.92
Average head grade gold (g/t)	1.53	1.80	1.76
Silver produced (koz)	14	18	1
Gold produced (koz)	6.24	7.55	0.40
Silver sold (koz)	10	22	0
Gold sold (koz)	5.25	8.90	0.00

<sup>1</sup> The Company has a 70% interest in Moris.

Certain statements in this production report are or may be forward looking statements regarding Hochschild Mining plc's financial position and results, business strategy, production, plans and objectives. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the Group's control. As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. Except as required by applicable law or regulation, the Group does not undertake any obligation to update or change any forward-looking statements contained in this production report or any other forward-looking statement it may make. Nothing in this production report should be construed as a profit or production forecast.

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