



17 January 2018

## Production Report for the 12 months ended 31 December 2017

### Ignacio Bustamante, Chief Executive Officer said:

*"Hochschild has once again delivered a historic year of production with output growing for the fifth consecutive year, driven by another record performance from our Inmaculada mine. Our costs and capex for 2017 are expected to be in line with expectations reflecting the ongoing focus on cost control and efficiencies. Our financial position is very robust and we look forward to a further improvement in the coming days with the previously announced early repayment of our bonds."*

*Our brownfield exploration programme has delivered some encouraging results across all our operations throughout the year. We are particularly excited by the geological prospectivity in the area surrounding the Angela vein at Inmaculada. Early results from our first drilling campaign at the deposit in six years confirm the strong geological potential close to the mine's infrastructure. These drill holes also confirm the presence of the Millet vein with some intercepts showing up to 38 metre widths and good grades. We are optimistic that these discoveries may be able to provide attractive resource additions once we have completed further drilling campaigns towards the end of 2018."*

### Operational highlights

- Record full year attributable production in 2017<sup>1</sup>
  - 254,932 ounces of gold
  - 19.1 million ounces of silver
  - 513,598 gold equivalent ounces
  - 38.0 million silver equivalent ounces (versus target of 37.0 million silver equivalent guidance)
- Record production of 239,479 gold equivalent ounces at Inmaculada (2016: 229,033 ounces)
- Production at Pallancata up 118% to 7.7 million silver equivalent ounces (2016: 3.5 million ounces)
- Record production of 13.9 million silver equivalent ounces at San Jose (2016: 13.7 million ounces)
- 2017 all-in sustaining costs per silver equivalent ounce on track to meet \$12.2-12.7 guidance

### Exploration highlights

- First results from surface drilling confirming strong geological potential at Inmaculada
- Encouraging results from brownfield exploration programme at Arcata and San Jose
- 2018 brownfield budget expected to exceed 2017 expenditure
- Budget approved for larger greenfield exploration program in 2018

### Strengthening financial position

- Total cash of approximately \$256 million as at 31 December 2017 (\$140 million as at 31 December 2016)
- Net debt of approximately \$97 million as at 31 December 2017 (\$183 million as at 31 December 2016)
- Current Net Debt/ LTM EBITDA of approximately 0.33x as of 31 December 2017

### 2018 guidance

- Production target of 514,000 gold equivalent ounces (38.0 million silver equivalent ounces)
- All-in sustaining cost expected to be \$960-\$990 per gold equivalent ounce (\$13.0-13.4 per silver equivalent ounce)<sup>2</sup>
  - Inmaculada costs expected to be \$700-750 per gold equivalent ounce
- Total sustaining and development capital expenditure expected to be approximately \$125-135 million including \$14 million for hydraulic backfill project at San Jose

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A conference call will be held at 2.00pm (London time) on Wednesday 17 January 2018 for analysts and investors.

Dial in details as follows:

International Dial in: +44 333 300 0804

UK Toll-Free Number: 0800 358 9473

**Pin: 28917910#**

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

International: +44 333 300 0819

UK Toll Free: 0800 358 2049

**Pin: 301216482#**

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<sup>1</sup> All equivalent figures assume a gold/silver ratio of 74x.

<sup>2</sup> All in-sustaining cost from operations

## Overview

In Q4 2017, the Company delivered attributable production of 66,268 ounces of gold and 4.9 million silver ounces with Pallancata's grades continuing to be better than expected and Inmaculada recording a strong finish to the year in terms of grades and recoveries. The total production for 2017 was a record 513,598 gold equivalent ounces or 38.0 million silver equivalent ounces, comprising 254,932 ounces of gold and 19.1 million ounces of silver.

The Company reiterates that its all-in sustaining cost per silver equivalent ounce for 2017 is expected to be between \$12.2 and \$12.7.

### TOTAL GROUP PRODUCTION

	Q4 2017	Q3 2017	Q4 2016	12 mths 2017	12 mths 2016
Silver production (koz)	5,784	6,087	4,910	22,301	20,562
Gold production (koz)	80.80	79.10	74.29	304.16	292.63
Total silver equivalent (koz)	11,763	11,940	10,407	44,809	42,217
Total gold equivalent (koz)	158.96	161.36	140.63	605.52	570.50
Silver sold (koz)	6,061	5,726	4,996	22,295	21,091
Gold sold (koz)	82.79	73.99	75.02	300.21	298.96

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

### ATTRIBUTABLE GROUP PRODUCTION

	Q4 2017	Q3 2017	Q4 2016	12 mths 2017	12 mths 2016
Silver production (koz)	4,864	5,339	4,075	19,141	17,284
Gold production (koz)	66.27	67.23	61.57	254.93	246.08
Silver equivalent (koz)	9,768	10,315	8,631	38,006	35,493
Gold equivalent (koz)	132.00	139.39	116.64	513.60	479.64

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

## Production

### Inmaculada

Product	Q4 2017	Q3 2017	Q4 2016	12 mths 2017	12 mths 2016
Ore production (tonnes treated)	337,358	343,990	344,199	1,295,701	1,306,606
Average grade silver (g/t)	146	149	134	145	133
Average grade gold (g/t)	4.29	4.19	4.26	4.15	4.21
Silver produced (koz)	1,363	1,499	1,220	5,506	4,908
Gold produced (koz)	41.53	43.72	41.03	165.07	162.71
Silver equivalent (koz)	4,436	4,735	4,256	17,721	16,948
Gold equivalent (koz)	59.95	63.98	57.51	239.48	229.03
Silver sold (koz)	1,445	1,410	1,266	5,498	5,004
Gold sold (koz)	43.48	40.52	41.93	162.32	164.75

Inmaculada's fourth quarter production was 41,532 ounces of gold and 1.4 million ounces of silver which amounts to gold equivalent production of 59,951 ounces and was once again driven by higher than expected extracted grades. Overall in 2017, Inmaculada has delivered record gold equivalent production of 239,479 ounces, a 5% improvement on 2016 (2016: 229,033 ounces) and represents a very successful result following the unexpected stoppage at the operation in the first quarter of the year.

### Arcata

Product	Q4 2017	Q3 2017	Q4 2016	12 mths 2017	12 mths 2016
Ore production (tonnes treated)	120,384	117,358	170,128	499,385	677,309
Average grade silver (g/t)	311.74	300	344	308	337
Average grade gold (g/t)	1.04	1.05	1.21	1.07	1.24
Silver produced (koz)	1,085	1,003	1,669	4,391	6,343
Gold produced (koz)	3.59	3.52	5.85	15.15	22.03
Silver equivalent (koz)	1,350	1,264	2,101	5,512	8,011
Gold equivalent (koz)	18.25	17.08	28.40	74.49	108.26
Silver sold (koz)	1,106	990	1,670	4,357	6,343
Gold sold (koz)	3.61	3.41	5.63	14.96	22.03

At Arcata, silver production in the fourth quarter was 1.1 million ounces with gold production of 3,588 ounces which resulted in silver equivalent production of 1.4 million ounces. Production for the year was 5.5 million silver equivalent ounces (2016: 8.0 million ounces) a result which reflected significantly reduced tonnage and lower grades following a revision of the mine plan to accommodate a lower number of available stopes and narrower veins.

### Pallancata

Product	Q4 2017	Q3 2017	Q4 2016	12 mths 2017	12 mths 2016
Ore production (tonnes treated)	125,872	152,087	26,881	470,903	244,765
Average grade silver (g/t)	408	471	414	442	381
Average grade gold (g/t)	1.70	1.80	1.98	1.78	1.86
Silver produced (koz)	1,459	2,058	317	5,956	2,620
Gold produced (koz)	6.03	7.65	1.47	23.47	12.37
Silver equivalent (koz)	1,905	2,624	426	7,693	3,536
Gold equivalent (koz)	25.74	35.46	5.75	103.95	47.78
Silver sold (koz)	1,665	1,838	322	5,940	2,660
Gold sold (koz)	6.72	6.85	1.45	23.29	12.41

Pallancata produced 1.5 million ounces of silver and 6,027 ounces of gold bringing the silver equivalent total to 1.9 million ounces in Q4. The permitting process for the Pablo vein was also completed in the period. The full year result was 7.7 million silver equivalent ounces, a 118% improvement on 2016 (2016: 3.5 million ounces) driven by better than forecast tonnage and silver grades.

### San Jose (the Company has a 51% interest in San Jose)

Product	Q4 2017	Q3 2017	Q4 2016	12 mths 2017	12 mths 2016
Ore production (tonnes treated)	144,732	137,548	146,892	532,676	536,024
Average grade silver (g/t)	465	406	418	436	444
Average grade gold (g/t)	7.26	6.35	6.32	6.71	6.28
Silver produced (koz)	1,877	1,526	1,704	6,448	6,691
Gold produced (koz)	29.65	24.21	25.95	100.47	95.01
Silver equivalent (koz)	4,071	3,318	3,624	13,883	13,721
Gold equivalent (koz)	55.02	44.84	48.97	187.60	185.42
Silver sold (koz)	1,845	1,489	1,734	6,501	7,081
Gold sold (koz)	28.98	23.22	26.00	99.63	99.76

The San Jose operation in Argentina enjoyed its customary strong final quarter with consistent tonnage and better than expected gold grades resulting in production of 1.9 million ounces of silver and 29,649 ounces of gold (4.1 million silver equivalent ounces). The overall production results for 2017 were 6.4 million ounces of silver and 100,474 ounces of gold which is 13.9 million silver equivalent ounces, a slight improvement on 2016.

### Average realisable prices and sales

Average realisable precious metal prices in Q4 2017 (which are reported before the deduction of commercial discounts) were \$1,283/ounce for gold and \$16.7/ounce for silver (Q4 2016: \$1,139/ounce for gold and \$15.0/ounce for silver).

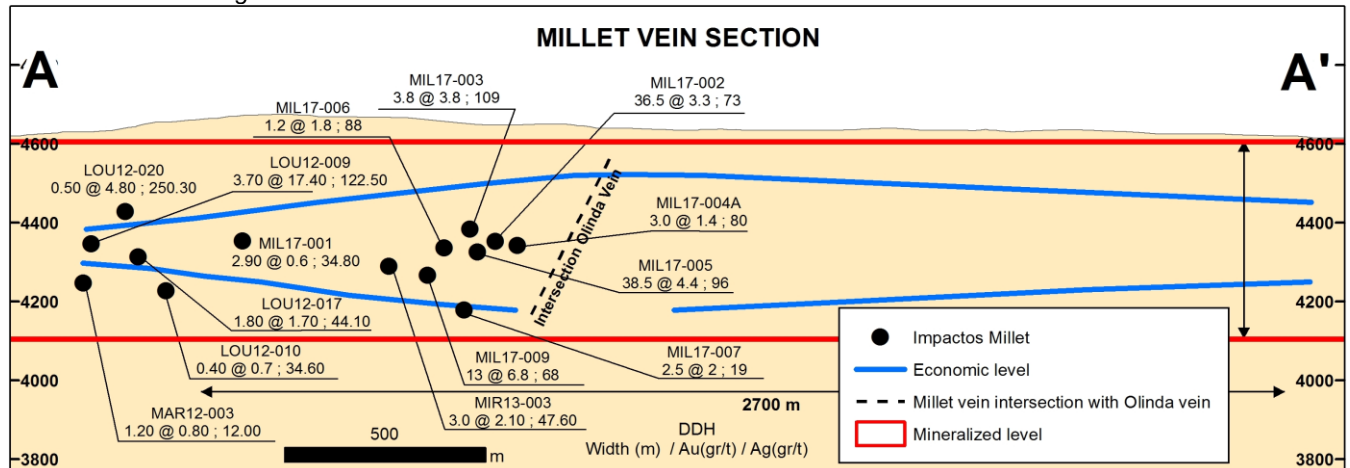
For 2017 as a whole, average realisable precious metal prices were \$1,270/ounce for gold and \$16.9/ounce for silver (2016: \$1,216/ounce for gold and \$17.1/ounce for silver).

### Brownfield exploration

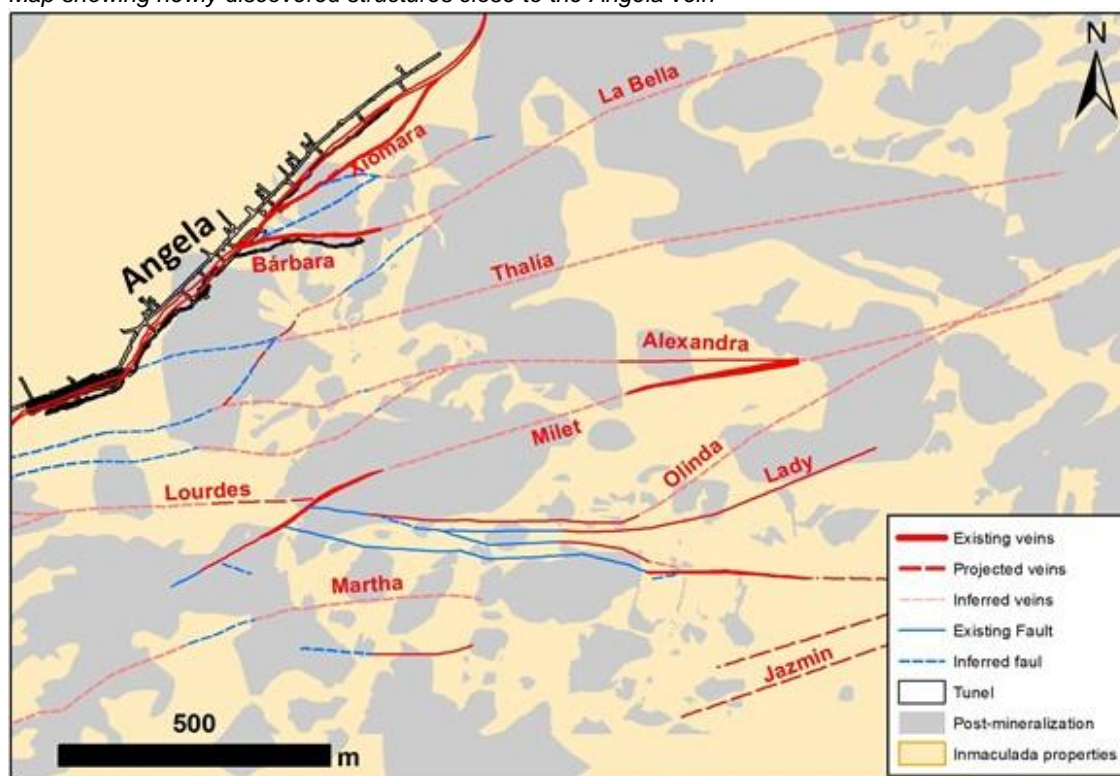
At Inmaculada, following receipt of the requisite permits from the government, a 56,000 metre surface drilling programme began in early November with four drill rigs onsite. Results in the area to the south west of the Angela vein have so far confirmed the presence of nine new veins close to the existing mine infrastructure. The first results from almost 5,000 metres of drilling are detailed below and show, in particular, the potential of the Millet vein. The current campaign will continue throughout 2018 and will include further potential drilling as well as infill drilling and resource conversion. The Company expects to provide further updates on drill results throughout the year.

Vein	Results
Millet	MIL-17-002: 36.5m @ 3.3g/t Au & 73g/t Ag MIL-17-003: 3.8m @ 3.8g/t Au & 109g/t Ag MIL-17-004A: 3.0m @ 1.4g/t Au & 80g/t Ag MIL-17-005: 38.5m @ 4.4g/t Au & 96g/t Ag MIL-17-006: 1.2m @ 1.8g/t Au & 88g/t Ag MIL-17-007: 2.5m @ 2.0g/t Au & 19g/t Ag MIL-17-009: 13.0m @ 6.8g/t Au & 68g/t Ag
Alessandra	MIL-17-002: 2.5m @ 2.2g/t Au & 122g/t Ag
Barbara	BAR17-017: 1.6m @ 1.4g/t Au & 82g/t Ag BAR17-018: 4.0m @ 3.3g/t Au & 124g/t Ag BAR17-019: 0.7m @ 1.7g/t Au & 314g/t Ag BAR17-020: 1.2m @ 7.9g/t Au & 665g/t Ag BAR17-021: 0.8m @ 1.1g/t Au & 92g/t Ag BAR17-022: 1.2m @ 1.7g/t Au & 720g/t Ag
Xiomara	BAR17-017: 1.0m @ 1.0g/t Au & 45g/t Ag BAR17-018: 1.5m @ 2.1g/t Au & 76g/t Ag BAR17-019: 1.8m @ 3.6g/t Au & 242g/t Ag BAR17-020: 2.1m @ 2.5g/t Au & 123g/t Ag BAR17-021: 0.7m @ 0.6g/t Au & 16g/t Ag BAR17-022: 1.0m @ 5.7g/t Au & 122g/t Ag
Thalia	BAR17-017: 1.5m @ 11.0g/t Au & 67g/t Ag LIA17-001: 0.7m @ 2.3g/t Au & 174g/t Ag LIA17-002: 3.0m @ 5.1g/t Au & 60g/t Ag

Cross section showing current and historic Millet drill holes



Map showing newly discovered structures close to the Angela vein



At San Jose, a further 1,941m of drilling for potential resources was carried out in the fourth quarter at the Aguas Vivas zone with results indicating an intermediate sulphide deposit with associated zinc and lead mineralisation. A further 3,000 metres of drilling at Aguas Vivas is scheduled for Q1 2018.

In addition, closer to the San Jose operation, almost 5,000 metres of further resource and potential drilling has been carried out in the Molle, Odin, Ramal Ayelen and Frea E-W veins. Selected results are provided in the table below:

Vein	Results
Aguas Vivas	SJD-1686: 2.6m @ 3.6g/t Au, 86g/t Ag, 19.0% Pb & 10.3% Zn SJD-1686: 1.5m @ 1.0g/t Au, 29g/t Ag, 1.1% Pb & 2.9% Zn SJD-1687: 0.4m @ 0.2g/t Au, 65g/t Ag, 3.1% Pb & 7.2% Zn SJD-1687: 1.0m @ 6.5g/t Au, 14g/t Ag
Molle	SJD-1696: 2.9m @ 3.8g/t Au & 913g/t Ag SJD-1697: 1.3m @ 92.3g/t Au & 2,429g/t Ag SJM-340: 0.6m @ 5.5g/t Au & 316g/t Ag SJM-341: 0.6m @ 0.6g/t Au & 31g/t Ag SJM-342: 1.1m @ 9.9g/t Au & 496g/t Ag
Odin	SJM-338: 1.4m @ 1.0g/t Au & 472g/t Ag
Ramal Ayelen	SJM-339: 0.6m @ 0.7g/t Au & 329g/t Ag SJM-339: 1.0m @ 0.8g/t Au & 461g/t Ag
Ramal Ayelen SE	SJD-1689: 0.6m @ 1.2g/t Au & 49g/t Ag SJD-1690: 0.5m @ 0.8g/t Au & 225g/t Ag
Frea (E-W)	SJM-331: 0.6m @ 15.9g/t Au & 405g/t Ag SJM-333: 1.2m @ 3.3g/t Au & 262g/t Ag SJD-1693: 1.6m @ 13.8g/t Au & 184g/t Ag

At Arcata, in the fourth quarter, just over 5,000 metres of potential drilling was executed in the Tunel 4, Ruby 2 and Ruby 3 veins whilst 7,662 metres of resource drilling was carried out in the Paralelas veins. Selected results are provided in the table below:

Vein	Results
Alexia Techo 2	DDH-094-ST-17: 1.0m @ 1.4g/t Au & 454g/t Ag
Ruby 2	DDH-155-DI-17: 1.0m @ 0.4g/t Au & 241g/t Ag DDH-190-EX-17: 1.3m @ 1.2g/t Au & 551g/t Ag

Ruby 3	DDH-155-DI-17: 2.0m @ 0.7g/t Au & 250g/t Ag DDH-184-DI-17: 1.3m @ 0.3g/t Au & 207g/t Ag DDH-198-EX-17: 1.1m @ 0.5g/t Au & 407g/t Ag DDH-197-DI-17: 1.7m @ 1.3g/t Au & 735g/t Ag
Tunel 4	DDH-576-S-17: 0.6m @ 1.0g/t Au & 268g/t Ag DDH-579-S-17: 2.8m @ 1.1g/t Au & 276g/t Ag
Paralela 3	DDH-107-DI-17: 1.3m @ 1.9g/t Au & 192g/t Ag

### Financial position

Total cash was approximately \$256 million as at 31 December 2017 resulting in net debt of approximately \$97 million.

On 6 December 2017 the Company announced that it had instructed the trustee to give notice to the note holders in respect of the redemption of all outstanding Notes with outstanding principal, in aggregate, of \$294.8 million. The redemption settlement is expected to occur on 23 January 2018 with the price set at \$103.875 per \$100 principal amount of the Notes, equating to a total payment of \$306.2 million.

The redemption will be financed through existing cash resources in addition to borrowings under committed facilities, in aggregate, of \$200 million on the terms outlined in the table below and is expected to result in a significant reduction in the Company's interest payments.

Principal	Bank	Term	Interest Rate
\$100 million	BBVA/Scotiabank	1 year	1.75% (BBVA)/Libor+0.32% (Scotiabank)
\$100 million	Citibank, N.A./The Bank of Nova Scotia	2 years (1 year grace period)	Libor+0.7%

On 15 December 2017, \$50 million was drawn down from the BBVA loan at the interest rate of 1.75%.

### Outlook

The overall attributable production target for 2018 is 514,000 gold equivalent ounces or 38.0 million silver equivalent ounces which consists of:

#### 2018 Production split

Operation	Gold production (m oz approximate)	Silver production (m oz approximate)
Inmaculada	160,000	5.6
Arcata	10,000	3.3
Pallancata	27,000	7.5
San Jose (100%)	100,000	6.5
<b>Total</b>	<b>297,000</b>	<b>22.9</b>

The all-in sustaining cost from operations in 2018 is expected to be between \$960 and \$990 per gold equivalent ounce (or \$13.0 and \$13.4 per silver equivalent ounce) which includes a full year of the new detoxification process at Inmaculada, further development costs at the Pablo vein and an investment of \$14 million in a highly value accretive hydraulic backfill project at San Jose. Arcata's costs are expected to be higher in line with its resource base and despite the implementation of significant cost control measures. An intense drilling campaign is expected to add higher quality resources during the year in order to provide continuity to the operation

#### 2018 AISC split

Operation	AISC (\$/oz)
Inmaculada	700-750 Au Eq
Arcata	18.0-18.5 Ag Eq
Pallancata	13.0-13.5 Ag Eq
San Jose	14.5-15.0 Ag Eq

The overall capital expenditure budget for 2018 is approximately \$125-135 million allocated to sustaining and development expenditure. This includes a \$14 million investment in the above-mentioned backfill project at San Jose where the current method utilises crushed waste rock obtained from the mining process. This is being replaced with hydraulic backfill using tailings and will result in a reduction in mine development, dilution and contamination and is expected to generate annual savings of approximately \$14 million. In addition, the overall budget also includes further expenditure on the development of the Pablo vein.

#### 2018 Capital expenditure split

Operation	Sustaining & development capital expenditure (\$m)
Inmaculada	40-45
Arcata	7
Pallancata	35
San Jose	43-48

The brownfield exploration budget for the year is expected to be \$17 million with the greenfield and advanced project budget set at approximately \$10 million.

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#### About Hochschild Mining plc

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

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#### Forward looking statements

*This announcement may contain 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. Nothing in this announcement should be construed as a profit forecast.*

*This announcement contains information which prior to its release could be considered inside information.*

#### Note

*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (Regulation (EU) No.596/2014). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.*

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