



2 October 2019

Hochschild acquires the BioLantanidos Ionic Clay Rare Earth deposit in Chile

Hochschild Mining PLC ("Hochschild" or "the Company") is pleased to announce it has acquired the BioLantanidos ionic clay rare earth deposit in Chile. The acquisition represents an opportunity for Hochschild to enter into a unique rare earth deposit whilst maintaining its focus on its core precious metal strategy. Although the amount invested represents a small percentage of Hochschild's current precious metal revenue and market capitalisation, it provides significant optionality in a market expected to grow exponentially. Rare earths are essential in several technological components with increasing global demand and some are critical in the manufacturing of permanent magnets used in electric vehicles, wind turbines and drone motors amongst other things.

Key acquisitions highlights

- Ion Adsorption Clay deposits are currently the lowest cost sources of rare earths in the world
- Special concentration of high demand rare earths – Terbium, Dysprosium, Praseodymium and Neodymium
- Simple and low cost to extract with no use of explosives
- Environmentally friendly process to extract rare earths with no tailings dam
- Low capex, modular processing facility allowing for staged growth
- Geopolitically independent source with traceable and sustainable production
- Significant exploration upside potential
- Low risk and proven mining jurisdiction
- Substantially de-risked post initial 6.2% investment in 2018

Ignacio Bustamante, Chief Executive Officer said:

"We believe that consolidating 100% of this early-stage rare earth deposit in Chile represents a unique opportunity for our shareholders and is the direct result of Hochschild's deep understanding of the region. The investment is also the result of an extensive long-term project to identify commodities with very strong growth characteristics as well as our ability to discover regional investment options that might not otherwise be available. The Company remains focused on precious metals and on our successful exploration-based strategy but this diversification gives us the potential to acquire a unique deposit in a key industry with expected exponential growth and in a low risk jurisdiction. We are also excited by the strong geological upside potential which could see the Company become a relevant player in the global rare earth market."

Hochschild is acquiring 93.8% of the BioLantanidos deposit that it does not already own for a consideration of \$56.3 million and is therefore consolidating 100% of the project. BioLantanidos is a private Chilean company that is controlled by the private fund FIP Lantanidos, managed by private equity firm Minería Activa SpA. Hochschild has previously invested \$2.5 million in the project during 2018 and early 2019 in exchange for a 6.2% equity stake with an option to increase ownership.

The deposit has a high concentration of key rare earth minerals and in particular those with permanent magnetic properties such as Terbium, Dysprosium, Praseodymium and Neodymium. These metals offer highly attractive enhancement properties for a wide range of end-use applications and play a pivotal role in driving the efficiency of motors, particularly in electric vehicles and wind turbines.

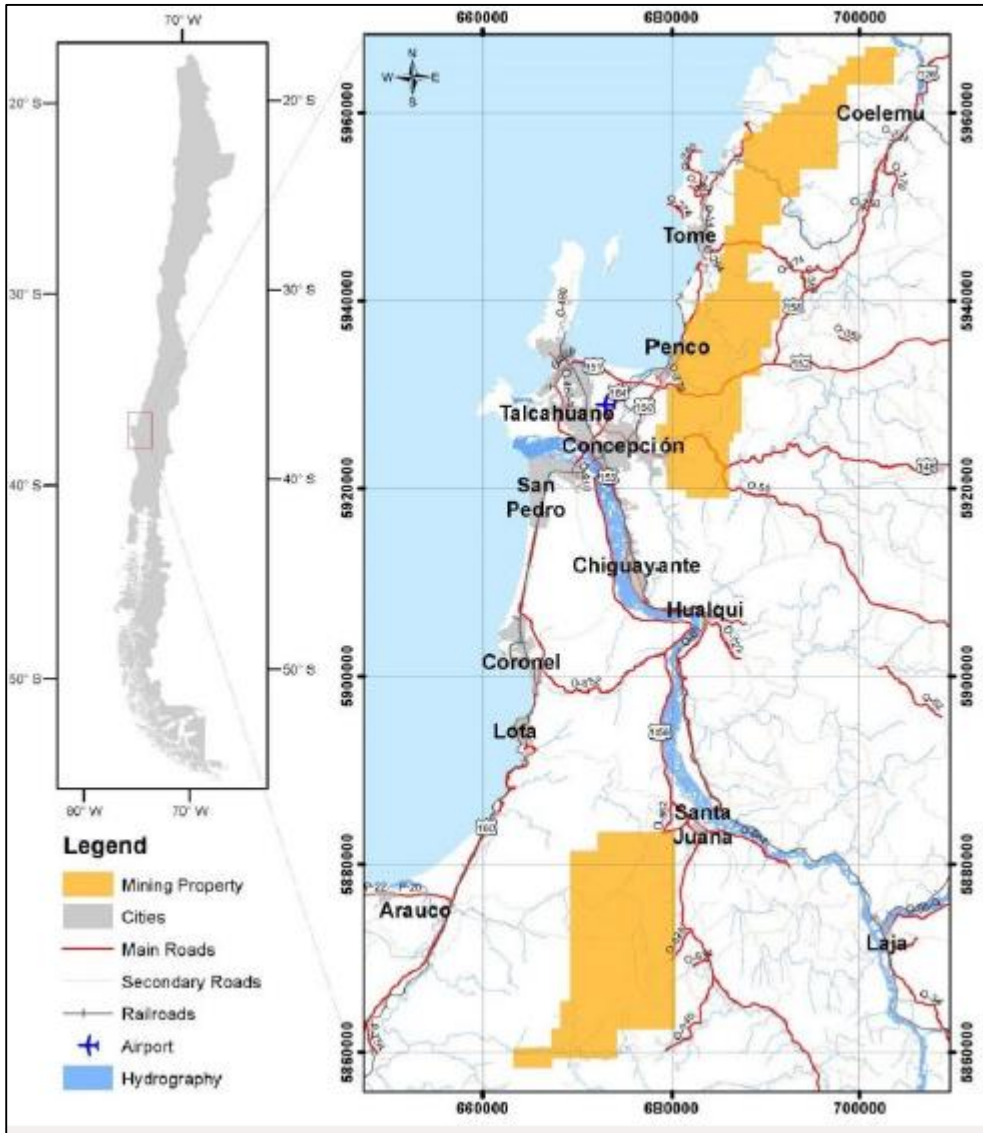
The project consists of ionic clay resources, similar to those found in China, but very different from most other rock-based rare earth projects worldwide. Mineralisation occurs from the surface to 20-30 metres deep and mining will not require explosives. The clay undergoes a simple washing process in which rare earths will be desorbed into a solution, concentrated and calcined to obtain a rare earth oxide. Furthermore, there is no requirement for a tailings dam as the washed clay is expected to be returned to the open pits. The process is environmentally friendly as it does not require potentially harmful chemicals whilst capital and operational expenditure is projected to be low with the result that the project is expected to be one of the lowest cost rare earth producers.

Although BioLantanidos owns approximately 72,000 hectares of concessions, an initial modular project has been developed in the Penco area in an area of 300 hectares, approximately 15km from Concepción in Chile and with excellent access to

infrastructure and energy. Other modules are expected to be evaluated in the future, providing significant low capital expenditure growth potential.

Since the time of their initial investment, BioLantánidos has constructed an on-site pilot plant that has demonstrated both technical and commercial viability, and the opportunity to scale up into industrial operations. Although the company has prepared a feasibility study, it is Hochschild's intention to revise the study over the next 18 months as well as appointing a dedicated management team to oversee development of the project. The Board strongly believes that BioLantánidos offers significant long-term value potential and that management's deep understanding of the region ensures that Hochschild is well placed to deliver it.

Figure 1: Location of BioLantánidos concessions



A conference call will be held at 2.30pm (London time) on Wednesday 2 October 2019 for analysts and investors.

Dial in details as follows:

International Dial in: +44 333 300 0804

UK Toll-Free Number: 0800 358 9473

Pin: 76581076#

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: 301300905#

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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 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.

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.

LEI: 549300JK10TVQ3CCJQ89

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