



18 October 2017

## Production Report for the 9 months ended 30 September 2017

### Ignacio Bustamante, Chief Executive Officer said:

*“Hochschild achieved record production levels in Q3 2017 driven by a strong performance from Inmaculada and we are firmly on track to hit our 37 million silver equivalent ounce target for the year. Costs remain under control and we can look forward to our financial position improving in the near future with good cashflow generation and a planned debt re-financing in the first quarter of next year.*

*The Pablo permitting process continues as expected with no major issues encountered so far. We are currently in the final stages and we expect to receive the environmental permit by the end of the month.*

*We are now in the middle of our brownfield exploration campaign and have seen some encouraging results from Arcata, San Jose and also at Inmaculada where underground drilling has already revealed a number of new veins close to the original Angela vein. Furthermore, with the permit recently received from the Peruvian government, we can now begin the surface drilling campaign at the deposit.”*

### Operational highlights

- Record quarterly attributable production<sup>1</sup>
  - 5.3 million ounces of silver
  - 67,234 ounces of gold
  - 10.3 million silver equivalent ounces
  - 139,388 gold equivalent ounces
- Q3 YTD 2017 attributable production in line with expectations
  - 14.3 million ounces of silver
  - 188,664 ounces of gold
  - 28.2 million silver equivalent ounces (Q3 YTD 2016: 26.9 million silver equivalent ounces)
  - 381,596 gold equivalent ounces (Q3 YTD 2016: 363,001 gold equivalent ounces)
- On track to deliver overall 2017 production target of 37 million silver equivalent ounces
- 2017 all-in sustaining costs per silver equivalent ounce expected to meet \$12.2-12.7 guidance

### Exploration highlights

- Inmaculada surface drilling permit received for all planned exploration campaigns in 2017/2018
- All drilling permits secured for Arcata’s 2017/2018 brownfield exploration programme
- Encouraging results year-to-date from brownfield exploration programme at all operations

### Strengthening financial position

- Total cash of approximately \$156 million as at 30 September 2017 (\$140 million as at 31 December 2016)
- Net debt of approximately \$147 million as at 30 September 2017 (\$187 million as at 31 December 2016)
- Current Net Debt/LTM EBITDA of approximately 0.54x as of 30 September 2017

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A conference call will be held at 2.30pm (London time) on Wednesday 18 October 2017 for analysts and investors.

Dial in details as follows:

International Dial in: +44 333 300 0804

UK Toll-Free Number: 0800 358 9473

Pin: 57446849#

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: 301205236#

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

## Overview

In Q3 2017, the Company delivered record attributable production of 10.3 million silver equivalent ounces (139,388 gold equivalent ounces) with Pallancata continuing to deliver tonnage and grades above expectations whilst Inmaculada recorded its second strongest quarter to date. Overall year-to-date production is a record 28.2 million silver equivalent ounces (381,596 gold equivalent ounces), placing the Company firmly on course to reach its 37 million ounce target for the year.

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

### TOTAL GROUP PRODUCTION

	Q3 2017	Q2 2017	Q3 2016	YTD 2017	YTD 2016
Silver production (koz)	<b>6,087</b>	5,599	5,908	<b>16,516</b>	15,652
Gold production (koz)	<b>79.10</b>	73.29	78.91	<b>223.37</b>	218.34
Total silver equivalent (koz)	<b>11,940</b>	11,022	11,747	<b>33,046</b>	31,810
Total gold equivalent (koz)	<b>161.36</b>	148.95	158.75	<b>446.56</b>	429.86
Silver sold (koz)	<b>5,726</b>	5,908	6,011	<b>16,234</b>	16,095
Gold sold (koz)	<b>73.99</b>	75.70	77.85	<b>217.41</b>	223.95

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

### ATTRIBUTABLE GROUP PRODUCTION

	Q3 2017	Q2 2017	Q3 2016	YTD 2017	YTD 2016
Silver production (koz)	<b>5,339</b>	4,824	4,999	<b>14,277</b>	13,209
Gold production (koz)	<b>67.23</b>	60.81	66.38	<b>188.66</b>	184.50
Silver equivalent (koz)	<b>10,315</b>	9,324	9,911	<b>28,238</b>	26,862
Gold equivalent (koz)	<b>139.39</b>	126.01	133.94	<b>381.60</b>	363.00

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

## Production

### Inmaculada

Product	Q3 2017	Q2 2017	Q3 2016	YTD 2017	YTD 2016
Ore production (tonnes treated)	<b>343,990</b>	330,393	343,247	<b>958,343</b>	962,407
Average grade silver (g/t)	<b>149</b>	148	132	<b>145</b>	132
Average grade gold (g/t)	<b>4.19</b>	3.80	4.09	<b>4.10</b>	4.19
Silver produced (koz)	<b>1,499</b>	1,405	1,318	<b>4,143</b>	3,688
Gold produced (koz)	<b>43.72</b>	38.03	42.48	<b>123.54</b>	121.68
Silver equivalent (koz)	<b>4,735</b>	4,219	4,461	<b>13,285</b>	12,692
Gold equivalent (koz)	<b>63.98</b>	57.01	60.29	<b>179.53</b>	171.52
Silver sold (koz)	<b>1,410</b>	1,448	1,270	<b>4,052</b>	3,738
Gold sold (koz)	<b>40.52</b>	38.35	40.66	<b>118.84</b>	122.83

Inmaculada's third quarter production was 43,722 ounces of gold and 1.5 million ounces of silver which amounts to gold equivalent production of 63,981 ounces and was principally driven by higher than expected extracted grades. Year-to-date, Inmaculada has delivered gold equivalent production of 179,528 ounces, which represents a 5% improvement on the same period of 2016 (Q3 YTD 2016: 171,520 ounces). Inmaculada is on track to meet its full year forecast of approximately 230,000 gold equivalent ounces (17 million silver equivalent ounces).

*Arcata*

<b>Product</b>	<b>Q3 2017</b>	<b>Q2 2017</b>	<b>Q3 2016</b>	<b>YTD 2017</b>	<b>YTD 2016</b>
Ore production (tonnes treated)	<b>117,358</b>	129,215	173,784	<b>379,001</b>	507,181
Average grade silver (g/t)	<b>300</b>	308	348	<b>306</b>	334
Average grade gold (g/t)	<b>1.05</b>	1.06	1.30	<b>1.08</b>	1.25
Silver produced (koz)	<b>1,003</b>	1,138	1,705	<b>3,306</b>	4,675
Gold produced (koz)	<b>3.52</b>	3.90	6.33	<b>11.56</b>	16.69
Silver equivalent (koz)	<b>1,264</b>	1,427	2,174	<b>4,162</b>	5,910
Gold equivalent (koz)	<b>17.08</b>	19.28	29.37	<b>56.24</b>	79.87
Silver sold (koz)	<b>990</b>	1,139	1,751	<b>3,250</b>	4,672
Gold sold (koz)	<b>3.41</b>	3.71	6.26	<b>11.35</b>	16.39

At Arcata, silver production in the third quarter was 1.0 million ounces with gold production of 3,516 ounces which resulted in silver equivalent production of 1.3 million ounces. Production for the first nine months of 2017 was 4.2 million silver equivalent ounces (Q3 YTD 2016: 5.9 million ounces) which reflected reduced tonnage and silver grades following a revision of the mine plan to accommodate a lower number of stopes and narrower veins.

*Pallancata*

<b>Product</b>	<b>Q3 2017</b>	<b>Q2 2017</b>	<b>Q3 2016</b>	<b>YTD 2017</b>	<b>YTD 2016</b>
Ore production (tonnes treated)	<b>152,087</b>	121,282	82,147	<b>345,031</b>	217,884
Average grade silver (g/t)	<b>471</b>	424	438	<b>454</b>	377
Average grade gold (g/t)	<b>1.80</b>	1.75	1.98	<b>1.81</b>	1.85
Silver produced (koz)	<b>2,058</b>	1,475	1,030	<b>4,497</b>	2,303
Gold produced (koz)	<b>7.65</b>	5.90	4.54	<b>17.44</b>	10.91
Silver equivalent (koz)	<b>2,624</b>	1,912	1,365	<b>5,788</b>	3,110
Gold equivalent (koz)	<b>35.46</b>	25.83	18.45	<b>78.21</b>	42.03
Silver sold (koz)	<b>1,838</b>	1,558	1,023	<b>4,275</b>	2,338
Gold sold (koz)	<b>6.85</b>	6.23	4.46	<b>16.57</b>	10.96

The Pallancata operation produced 2.1 million ounces of silver and 7,650 ounces of gold bringing the silver equivalent total to 2.6 million ounces. For the first nine months this has led to a better-than-expected 5.8 million silver equivalent ounces (Q3 YTD 2016: 3.1 million ounces) driven by better than forecast tonnage and grades.

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

<b>Product</b>	<b>Q3 2017</b>	<b>Q2 2017</b>	<b>Q3 2016</b>	<b>YTD 2017</b>	<b>YTD 2016</b>
Ore production (tonnes treated)	<b>137,548</b>	135,439	140,366	<b>387,943</b>	389,132
Average grade silver (g/t)	<b>406</b>	418	469	<b>425</b>	454
Average grade gold (g/t)	<b>6.35</b>	6.68	6.44	<b>6.51</b>	6.26
Silver produced (koz)	<b>1,526</b>	1,581	1,855	<b>4,570</b>	4,987
Gold produced (koz)	<b>24.21</b>	25.46	25.57	<b>70.83</b>	69.06
Silver equivalent (koz)	<b>3,318</b>	3,465	3,747	<b>9,811</b>	10,097
Gold equivalent (koz)	<b>44.84</b>	46.82	50.64	<b>132.59</b>	136.45
Silver sold (koz)	<b>1,489</b>	1,763	1,967	<b>4,657</b>	5,347
Gold sold (koz)	<b>23.22</b>	27.41	26.47	<b>70.65</b>	73.77

The San Jose mine in Argentina has continued to be a solid performer with consistent tonnage offsetting slightly lower gold grades and resulting in production of 1.5 million ounces of silver and 24,208 ounces of gold (3.3 million silver equivalent ounces). The first nine months' overall production was 4.6 million ounces of silver and 70,825 ounces of gold which is 9.8 million silver equivalent ounces, broadly in line with the same of 2016.

**Average realisable prices and sales**

Average realisable precious metal prices in Q3 2017 (which are reported before the deduction of commercial discounts) were \$1,293/ounce for gold and \$16.9/ounce for silver (Q3 2016: \$1,254/ounce for gold and \$18.6/ounce for silver). For the first nine months of 2017, average realisable precious metal prices were \$1,265/ounce for gold and \$17.1/ounce for silver (Q3 YTD 2016: \$1,205/ounce for gold and \$16.4/ounce for silver).

## Brownfield exploration

At Arcata, in the third quarter over 5,000m of resource drilling has been carried out at the Ramal Marion and Paralelas veins whilst 6,200m of potential drilling has been executed in the Tunel 3, Tunel 4, Pamela and Veta Paralelas veins. The outcome of drilling year-to-date is promising with selected results below:

Vein	Results
Ramal Marion	DDH-018-GE-17: 1.0m @ 1.0g/t Au & 326g/t Ag DDH-023-GE-17: 0.8m @ 0.6g/t Au & 154g/t Ag DDH-049-EX-17: 0.8m @ 0.6g/t Au & 146g/t Ag DDH-054-EX-17: 0.8m @ 0.4g/t Au & 201g/t Ag DDH-023-GE-17: 0.8m @ 0.9g/t Au & 246g/t Ag DDH-043-EX-17: 1.2m @ 0.3g/t Au & 159g/t Ag DDH-058-EX-17: 1.0m @ 2.1g/t Au & 712g/t Ag DDH-066-EX-17: 1.3m @ 0.4g/t Au & 167g/t Ag DDH-018-GE-17: 1.2m @ 2.6g/t Au & 1,229g/t Ag DDH-023-GE-17: 0.8m @ 1.0g/t Au & 227g/t Ag DDH-043-EX-17: 0.8m @ 0.2g/t Au & 477g/t Ag DDH-058-EX-17: 0.9m @ 0.5g/t Au & 309g/t Ag DDH-043-EX-17: 0.8m @ 0.2g/t Au & 132g/t Ag DDH-052-EX-17: 0.8m @ 0.4g/t Au & 106g/t Ag DDH-066-EX-17: 1.2m @ 1.1g/t Au & 408g/t Ag DDH-018-GE-17: 0.8m @ 0.9g/t Au & 303g/t Ag DDH-023-GE-17: 1.1m @ 3.8g/t Au & 1,025g/t Ag
Paralela	DDH-036-GE-17: 0.8m @ 4.9g/t Au & 605g/t Ag DDH-038-GE-17: 0.8m @ 1.5g/t Au & 198g/t Ag DDH-048-DI-17: 0.4m @ 3.9g/t Au & 389g/t Ag DDH-074-DI-17: 1.2m @ 1.8g/t Au & 176g/t Ag DDH-056-DI-17: 0.8m @ 1.5g/t Au & 177g/t Ag
Paralela 1	DDH-036-GE-17: 0.8m @ 5.2g/t Au & 692g/t Ag DDH-038-GE-17: 0.8m @ 1.4g/t Au & 240g/t Ag DDH-048-DI-17: 0.8m @ 6.6g/t Au & 765g/t Ag
Paralela 2	DDH-057-DI-17: 1.1m @ 3.0g/t Au & 244g/t Ag DDH-028-GE-17: 0.9m @ 2.6g/t Au & 226g/t Ag
Paralela 3	DDH-056-DI-17: 1.1m @ 2.1g/t Au & 331g/t Ag DDH-074-DI-17: 1.8m @ 12.2g/t Au & 1,339g/t Ag DDH-041-DI-17: 1.3m @ 1.4g/t Au & 173g/t Ag DDH-038-GE-17: 0.8m @ 1.7g/t Au & 117g/t Ag
Socorro+800	DDH-074-DI-17: 2.5m @ 12.2g/t Au & 399g/t Ag
Tunel 4	DDH-087-GE-17: 0.8m @ 1.6g/t Au & 850g/t Ag DDH-097-DI-17: 1.8m @ 0.9g/t Au & 397g/t Ag DDH-103-DI-17: 0.8m @ 0.8g/t Au & 126g/t Ag DDH-109-DI-17: 1.3m @ 4.2g/t Au & 636g/t Ag DDH-555-S-17: 0.4m @ 1.6g/t Au & 516g/t Ag DDH-557-S-17: 1.9m @ 1.5g/t Au & 205g/t Ag

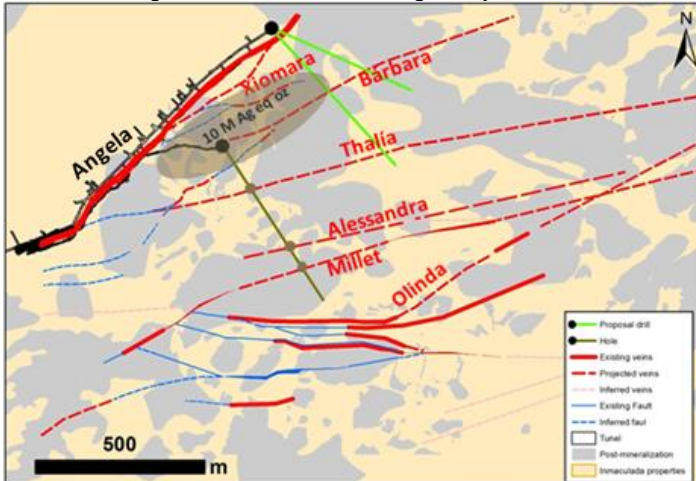
In addition, long horizontal drilling for potential resources has continued during the quarter having started in the Pamela and Paralelas vein systems in the second quarter with results still pending. During the fourth quarter drilling, will be carried out at the Michele, Soledad, Baja and Ramal 4 veins.

At Inmaculada, following the recent receipt from the Peruvian government of the exploration permit, the 3,600m surface drilling programme at the Millet vein will commence shortly. In addition, the permit also encompasses resource drilling that is expected to start by the end of the first quarter of 2018 at the Millet and Olinda structures. In addition, mine development during the third quarter has allowed a reinterpretation of the geological model at the deposit and has so far identified a further 9.7 million silver equivalent ounces of resources. Exploratory underground drilling has also already confirmed the presence of the Millet vein as well as discovering new structures, Barbara, Thalia and Alessandra. Supporting intercepts and diagram are provided below.

Vein	Results
Thalia	MIL-17-001: 1.1m @ 3.0g/t Au & 125g/t Ag BAR17-017: 1.5m @ 11.0g/t Au & 67g/t Ag
Alessandra	MIL-17-001: 1.2m @ 2.9g/t Au & 227g/t Ag MIL-17-001: 1.5m @ 1.5g/t Au & 82g/t Ag
Millet	MIL-17-001: 3.0m @ 0.7g/t Au & 35g/t Ag
Barbara	BAR17-001: 3.9m @ 1.6g/t Au & 235g/t Ag BAR17-003: 1.3m @ 2.4g/t Au & 419g/t Ag BAR17-004: 3.0m @ 2.6g/t Au & 175g/t Ag

	BAR17-008: 4.3m @ 10.0g/t Au & 751g/t Ag BAR17-009: 3.6m @ 1.9g/t Au & 348g/t Ag BAR17-010: 6.0m @ 15.2g/t Au & 3,049g/t Ag BAR17-011: 2.7m @ 6.6g/t Au & 780g/t Ag BAR17-012: 3.8m @ 6.5g/t Au & 692g/t Ag BAR17-013: 4.1m @ 11.1g/t Au & 1,449g/t Ag BAR17-014: 3.5m @ 16.2g/t Au & 1,227g/t Ag BAR17-017: 2.4m @ 1.2g/t Au & 70g/t Ag BAR17-018: 3.6m @ 3.5g/t Au & 132g/t Ag BAR 17-019: 1.9m @ 3.9g/t Au & 259g/t Ag
Ramal Barbara	BAR 17-019: 1.0m @ 1.7g/t Au & 314g/t Ag

View of underground drill holes showing newly discovered structures close to the Angela vein



At San Jose, a further 1,846m of drilling for potential resources was carried out in the third quarter at the Aguas Vivas zone with the results pending whilst resource drilling has been carried out close to the San Jose operation with results from the Molle vein shown below.

Vein	Results
Molle	SJD-1651: 0.8m @ 8.4g/t Au & 141g/t Ag SJM-320: 2.5m @ 5.2g/t Au & 427g/t Ag SJM-320: 1.2m @ 46.7g/t Au & 2,256g/t Ag

### Financial position

Total cash was approximately \$156 million as at 30 September 2017 following interest and equity dividend payments in the third quarter resulting in net debt of approximately \$147 million. The Company's cash balance is expected to rise in the fourth quarter.

### Outlook

The Company remains on track to deliver its overall production target for 2017 of 37.0 million silver equivalent ounces or 500 thousand gold equivalent ounces and also reaffirms its all-in sustaining cost per silver equivalent ounce forecast of between \$12.2 and \$12.7.

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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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