HOCHSCHILD MINING

22 August 2012

Hochschild Mining plc

Interim Results for the six months ended 30 June 2012

Financial highlights[1]

- Revenue of $354.5 million (H1 2011: $496.8 million)
- Adjusted EBITDA of $168.4 million (H1 2011: $297.1 million)
- EPS of $0.08 (H1 2011: $0.27)
- Strong financial position with a cash balance of $543.6 million as at 30 June 2012 despite temporary inventory build-up in Argentina
- Minority investments valued at $297.6 million[2]
- Interim dividend of $0.03 per share (H1 2011: $0.03)

Operational highlights

- H1 2012 attributable production of 10.2 million silver equivalent ounces
- 2012 production target of 20.0 million attributable silver equivalent ounces on track
- Unit cost performance in line with full year expectations
- Continued progress at Inmaculada and Crespo Advanced Projects – expected to deliver 50% production growth
- $90 million exploration programme delivering encouraging results
- Continued discovery of new economic veins at core operations
- Good progress in greenfield exploration programme; full year drilling and exploration target on schedule

$000, pre-exceptional unless stated	**Six months to 30 June 2012**	Six months to 30 June 2011	% change
Attributable silver production (koz)	**6,887**	7,340	(6)
Attributable gold production (koz)	**55.94**	63.26	(12)
Attributable silver equivalent production (koz)	**10,243**	11,136	(8)
Net Revenue*	**354,504**	496,768	(29)
Adjusted EBITDA**	**168,353**	297,128	(43)
Profit from continuing operations	**54,555**	146,782	(63)
Profit from continuing operations (post exceptional)	**52,755**	151,057	(65)
Earnings per share ($)	**0.08**	0.27	(70)
Earnings per share ($ post-exceptional)	**0.08**	0.29	(72)

** Revenue presented in the financial statements is disclosed as net revenue (in the Financial Review it is calculated as gross revenue less commercial discounts).*
*** Please refer to the Adjusted EBITDA section on page 17 of the Financial Review for an explanation of the calculation of Adjusted EBITDA.*

[1] *On a pre-exceptional basis.*
[2] *Market value (as at 31 July 2012) of investments accounted under equity method and available for sale financial assets.*

Commenting on the results, Eduardo Hochschild, Executive Chairman, said:

"The first half of 2012 provided the Company with tougher challenges than last year, although I am pleased to report that we have delivered on our production targets and that we are on track to meet our full year target. Despite an anticipated fall in financial results, the Company remains in a strong financial position and therefore the Board is maintaining the interim dividend at $0.03 per share.

I am delighted that we were able to publish our feasibility studies for the Inmaculada and Crespo projects in January, laying the foundations for the next phase of our growth which is expected to deliver a 50% increase in production. Both projects have made good progress in the early stages of their development in the first half of the year. In addition, our ambitious exploration campaign continues to bear fruit with further additions to the pipeline and the ongoing drilling campaign well underway across our portfolio."

A live conference call & audio webcast will be held at 2pm (London time) on Wednesday 22 August 2012 for analysts and investors. Details as follows:

For a live webcast of the presentation please click on the link below:

http://www.media-server.com/m/p/czg3b8bd
Conference call dial in details:
UK: +44 (0)20 7784 1036 (Please quote 'Hochschild Mining webcast' or confirmation code 2492329).

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 7111 1244 (Access code: 2492329#)

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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 almost 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.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Hochschild has had a solid first half of production in 2012 with our operations on track to deliver on our forecast for the year of 20 million attributable silver equivalent ounces despite a tough external environment. We have delivered an adjusted EBITDA of $168 million, with earnings per share at $0.08, reflecting a fall in prices as well as continuing industry cost inflation and an expected year-on-year decrease in production. Our cash balance remains at a very healthy $544 million, despite a finished goods inventory build-up in Argentina, with our minority investments currently valued at $298 million.

Our current operations have once again proved to be a strong collective platform for the Company. During the period, we produced 10.2 million attributable silver equivalent ounces comprising 6.9 million ounces of silver and 55.9 thousand ounces of gold. Although average gold prices rose by some 14% year-on-year, this was offset by a 14% fall in the average realised silver price leading to lower overall Group revenue of $355 million.

In Peru, the Arcata mine is performing in line with our expectations and the mine's dore project is on track for completion in the third quarter. In addition, we will continue with our strategy of processing the low grade Macarena Waste Dam deposit in the second half, thus maximising revenue from material that is not included in our mineral resource base. At Pallancata, we also saw some grade decline due to temporary delays in the mine plan execution and our ongoing strategy of mining close to the average reserve grade at each of our core operations. In Argentina, the San Jose mine continued to run smoothly, delivering a small increase in production year-on-year. However, as mentioned above, industry-wide regulatory changes in the country affecting the settlement of concentrate exports led to a temporary inventory build-up at the mine amounting to just over one million silver equivalent ounces of concentrate. We have now been able to resume exports and the related revenue will be recognised in the second half.

The level of cost inflation in Peru, although high, remains within expectations and consequently in the first half both Arcata and Pallancata experienced double digit inflation. At Arcata, unit cost increases were restricted to below the 15% increase predicted for the full year, whilst at Pallancata, our move to narrower and more dilutive veins pushed costs up more than expected. However, for the full year, our expectation for the unit cost increase at our Peruvian operations remains at 15%. At San Jose I am pleased to report that unit cost increases were contained to a single digit figure helped by increased year-on-year tonnages (including lower cost mine development material), and a degree of local currency devaluation which has allowed us to revise our guidance for full year cost increases in Argentina to around 15-20%.

Early in the first half, we announced the completion of feasibility studies at two of our Advanced Projects, Inmaculada and Crespo which form the basis of our next phase of growth which is expected to deliver a 50% increase in production. Following their approval by the Board, I am pleased to report that the projects have seen steady progress throughout the remainder of the period on the engineering work as well as key infrastructural and procurement requirements. Tunnelling has begun at Inmaculada whilst the environmental and community aspects are moving forward at both projects. We currently expect approval for both projects' Environmental Impact Studies ('EIS') in the second half of the year. However, the increasingly complex permit approval process in Peru could potentially create some uncertainty on the precise timing for receiving the final construction permits.

Exploration remains the cornerstone of our long-term strategy for the Company and in line with this we announced a record budget for the year of $90 million which represents a near 30% increase on the 2011 figure. During the first half, through our brownfield exploration programme, we have received some very positive drilling results and have discovered a number of significant, high grade economic veins at both Arcata and Pallancata. I am confident that these results will not only increase the life of mine at our current operations, but in line with our revised strategy will also improve the grade quality of these resources in the long-term. Our greenfield programme remained on track in the first half with a number of projects added to the pipeline and over 19 thousand metres of drilling carried out at our greenfield projects.

Looking to the remainder of the year, Hochschild is well prepared for the continued uncertainty in global financial markets. We remain confident that we will once again meet our full year production target, strengthen our cost controls and continue with our steady progress at Inmaculada and Crespo. With our healthy balance sheet, we retain the flexibility to assess potential, value accretive acquisitions in addition to capital investment opportunities generated from our exciting project portfolio.

Ignacio Bustamante
Chief Executive Officer
21 August 2012

OPERATING REVIEW

CURRENT OPERATIONS

H1 2012 Highlights

- Half year production of 10.2 million attributable silver equivalent ounces
- On track to deliver 2012 attributable production target of 20.0 million silver equivalent ounces
- Temporary accumulation of San Jose concentrate inventory at end of H1 2012 due to industry-wide regulatory changes in Argentina; exports resumed and inventory to be sold in H2 2012

Production

In H1 2012 the Company delivered attributable production of 10.2 million silver equivalent ounces, which comprised 6.9 million ounces of silver and 55.9 thousand ounces of gold, placing it on track to fulfill its full year production target of 20.0 million attributable silver equivalent ounces in 2012.

Costs[3]

In H1 2012, the Company reported an increase in unit cost per tonne excluding royalties at its main operations in Peru (Arcata and Pallancata) of 20% to $71.6 (H1 2011: $59.7). Without the negative cost effect of the increased dore production at Arcata, (which is more than compensated for by a reduction in commercial discounts and selling expenses), the rise would have been 18%. The Company maintains its guidance of a 15% increase in costs in Peru for the full year, mainly made possible by the plant capacity expansion at Arcata that will reduce costs in H2 2012. At San Jose in Argentina, unit costs excluding royalties increased by a lower than expected 4% in H1 2012, to $185.3 (H1 2011: $177.7). The Company currently anticipates a cost increase of around 15-20% in Argentina for the full year. Ares and Moris, the Company's two ageing mines, have a longer than anticipated mine life and continue to be profitable. Further details on costs are provided on page 14 of the Financial Review.

Main operations

Arcata: Peru

Arcata summary	**Six months to 30 June 2012**	Six months to 30 June 2011	**% change**
Ore production (tonnes)	**344,660**	316,086	9
Average silver grade (g/t)	**308**	342	(10)
Average gold grade (g/t)	**0.91**	0.94	(3)
Silver produced (koz)	**3,012**	3,056	(1)
Gold produced (koz)	**9.04**	8.66	(4)
Silver equivalent produced (koz)	**3,555**	3,575	(1)
Silver sold (koz)	**2,659**	3,020	(12)
Gold sold (koz)	**7.81**	8.36	(7)
Unit cost ($/t)	**84.0**	76.0	11
Unit cost excl. royalties ($/t)	**80.5**	70.8	14
Total cash cost ($/oz Ag co-product)[4]	**13.6**	12.1	12

Production and sales

At Arcata, the Company continued to mine close to average reserve grade levels in H1 2012, in line with its policy to ensure a consistent level of long-term production at its core operations. Silver equivalent production of 3.6 million ounces in H1 2012 was broadly in line with the comparable period of 2011. The volume of treated low grade material from the Macarena Waste Dam deposit was similar to the first half of 2011 but is expected to rise in the second half with incremental plant capacity of 500 tonnes per day being added to

[3] Following the revision of the mining royalty regime in Peru in 2011 (as detailed in the Company's 2011 Full Year Results announcement), the mine royalties levied on the output of the Pallancata and Ares units are now accounted for as Income Tax, whereas previously, royalties for both units were treated as production costs. The effect of this change should be taken into account when comparing the units' production cost per tonne, cash costs and Adjusted EBITDA metrics in H1 2012 with those of H1 2011.

[4] Cash costs are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items less depreciation included in cost of sales.

accommodate this increase. The Arcata dore project, to process 100% of Arcata's concentrate, remains on schedule for completion in Q3 2012.

Costs
In H1 2012, in line with expectations, the unit cost per tonne excluding royalties at Arcata increased by 14% versus the same period last year, to $80.5 per tonne. Excluding the additional cost of increased dore production, the unit cost would have increased by 10%. This was principally due to increased personnel expenses mainly as a result of a high single digit average wage increase, as well as increased energy costs. Finally, there was a negative foreign exchange impact in costs due to an appreciation of the local currency.

Exploration
Positive results were received from the exploration programme at Arcata in H1 2012. A high grade resource was discovered in the Tunel 4 area (a vein system readily accessible from the existing mine infrastructure), which will not only increase the life of mine but will improve the average grade quality of the resource in the long-term. During H1 2012, 29.6 thousand metres of drilling was carried out at Arcata, with exploration work focused on the definition of new high grade structures and the incorporation of high quality resources from known and new vein systems, as well as to provide further geological interpretation of the district. Significant intercepts include[5]:

Vein	**Results**
Socorro Oeste	DDH171 0.79m at 8.81 g/t Au & 1,108.67 g/t Ag
Tunel 4	DDH306-S-12 1.15m at 6.87 g/t Au & 2,387.39 g/t Ag DDH312-S-12 1.08m at 3.38 g/t Au & 1,261.64 g/t Ag DDH304-S-12 1.33m at 3.48 g/t Au & 2,815.12 g/t Ag
Marion	DDH216-GE12 0.82m at 1.35 g/t Au & 428.86 g/t Ag
Sandra	DDH301-S-12 1.18m at 2.06 g/t Au & 1,059.53 g/t Ag

In H2 2012 the near-mine exploration programme at Arcata will continue, with drilling focused on the definition of new high grade structures and on improving the average grade of the resource. An estimated 35.2 thousand metres of drilling is planned for H2 2012.

Pallancata: Peru

Pallancata summary*	**Six months to 30 June 2012**	Six months to 30 June 2011	**% change**
Ore production (tonnes)	**528,300**	508,734	4
Average silver grade (g/t)	**256**	299	(14)
Average gold grade (g/t)	**1.04**	1.31	(21)
Silver produced (koz)	**3,606**	4,188	(14)
Gold produced (koz)	**12.01**	16.21	(26)
Silver equivalent produced (koz)	**4,326**	5,160	(16)
Silver sold (koz)	**3,556**	4,492	(21)
Gold sold (koz)	**11.43**	16.57	(31)
Unit cost ($/t)	**65.7**	60.3	9
Unit cost excl. royalties ($/t)**	**65.7**	52.5	25
Total cash cost ($/oz Ag co-product)	**11.0**	10.1***	9

* *The Company holds a 60% interest in Pallancata.*
** *Please see footnote 3 on page 4 relating to the treatment in the Company's accounts of mining royalties at the Pallancata and Ares units in H1 2012.*
*** *The H1 2011 Ag co-product cash cost would have been $9.4/ oz excluding royalties.*

Production and sales
At Pallancata, the Company's other main Peruvian operation, despite an increase in production in Q2 2012 versus the first quarter, overall half year production fell by 16% versus H1 2011, to 4.3 million silver equivalent ounces. This decrease was due to a decline in grades resulting from two factors. Firstly, temporary delays in the mine execution plan led to the treatment of an increased volume of lower grade material from the mine

[5] *Please note that all mineralised intersections referred to in this release are quoted as down-hole lengths, not true widths.*

although these delays are not expected to continue in the second half. In addition, the Company continues with its previously-mentioned strategy of mining close to the average reserve grade at each of its core operations in order to ensure a consistent level of long-term production.

Costs
Unit cost per tonne excluding royalties at Pallancata rose by 25% in H1 2012, to $65.7. As detailed above, mining was concentrated on narrower veins further from the central and wider mining area, therefore requiring an increased number of employees and higher mining cost (support and services). Additional contributing factors year-on-year included industry-wide wage increases as well as higher cement consumption for the mine backfill process, higher energy costs and local currency appreciation.

Exploration
In H1 2012, exploration work at Pallancata focused on identifying wider structures and the incorporation of new resources. Positive results were received from the Bolsa and Huararani areas, two new vein systems located 6.5km and 1.0km respectively from the main Pallancata vein. These discoveries will not only increase the life of mine but will improve the average grade quality of the resource in the long-term. During the period, drilling continued at the Luisa, Pallancata Este, Ramal Este and Teresa veins, with a total of 22.4 thousand metres of diamond drilling completed. Promising intercepts include[6]:

Vein	**Results**
Luisa	DLLU-A26 3.79m at 4.44 g/t Au & 1,060.70 g/t Ag DLLU-A88 3.03m at 1.76 g/t Au & 522.69 g/t Ag
Pallancata Este	DLPE-A83 7.01m at 8.54 g/t Au & 1,088.24 g/t Ag
Paola	DLLU-A28 7.13m at 2.52 g/t Au & 279.11 g/t Ag
Ramal Huararani	DLHU-A09 6.41m at 1.72 g/t Au & 702.15 g/t Ag
Ramal Este	DLPE-A91 1.04m at 1.38 g/t Au & 358.50 g/t Ag
Bolsa	DLBO-A05 1.50m at 24.67 g/t Au & 79.66 g/t Ag

In H2 2012, exploration will focus on identifying new high grade areas, with an estimated 22.9 thousand metres of drilling planned.

San Jose: Argentina

San Jose summary*	**Six months to 30 June 2012**	**Six months to 30 June 2011**	**% change**
Ore production (tonnes)	**244,334**	211,947	15
Average silver grade (g/t)	**423**	461	(8)
Average gold grade (g/t)	**5.98**	6.03	(1)
Silver produced (koz)	**2,855**	2,854	-
Gold produced (koz)	**42.30**	39.11	8
Silver equivalent produced (koz)	**5,393**	5,201	4
Silver sold (koz)	**2,178**	2,927	(26)
Gold sold (koz)	**32.00**	39.32	(19)
Unit cost ($/t)	**198.6**	191.3	4
Unit cost excl. royalties ($/t)	**185.3**	177.7	4
Total cash cost ($/oz Ag co-product)	**14.1**	14.3	(1)

** The Company holds a 51% interest in San Jose.*

Production and sales
San Jose delivered a strong production performance in the first half of 2012. Silver equivalent production rose by almost 4% versus the first half of 2011, to 5.4 million ounces, resulting from increased tonnages.

In Q2 2012, there was an accumulation in concentrate inventory at the San Jose mine due to the impact of industry-wide regulatory changes in Argentina that significantly reduced the time in which export contracts were required to be settled. As at 30 June 2012, approximately 1.2 million silver equivalent ounces of

[6] *Please note that all mineralised intersections referred to in this release are quoted as down-hole lengths, not true widths.*

concentrate remained in finished goods inventory. However, exports have now resumed and sales of this inventory will be reflected in the second half sales figures, with no impact to full year figures.

Costs
Unit cost per tonne excluding royalties in the first half of 2012 rose by 4% versus H1 2011 to $185.3 at San Jose. Despite local inflation, costs increased at a lower rate due to the extraction of economic, low cost mine development material, and the comparative devaluation of the Argentine peso in H1 2012. In addition, economies of scale and operational efficiencies were achieved as a result of increased mine and plant throughput in H1 2012. The Company has therefore lowered its expectations for full year cost increases in Argentina to around 15-20% for the full year.

Exploration
The exploration programme at San Jose continued to deliver positive results in H1 2012 with a total of 43.6 thousand metres of exploration drilling carried out to incorporate further resources and new economic areas. Positive results were received from the drilling campaign which took place on several veins with significant intercepts including[7]:

Vein	**Results**
Nuevo 1	SJD-1099 0.75m at 5.18 g/t Au & 216.32 g/t Ag
Kospi	SJD-1100 2.45m at 6.37 g/t Au & 382.30 g/t Ag
Frea	SJD-1119 1.70m at 3.11 g/t Au & 238.61 g/t Ag
Chenque	SJD-1121 1.70m at 11.05 g/t Au & 1,186.36 g/t Ag
R350	SJD-1125 0.50m at 3.06 g/t Au & 329.63 g/t Ag

In H2 2012, the exploration programme in and around the San Jose mine will continue and the geological map of the southern area of the district will be completed. An estimated 46.4 thousand metres of exploration drilling is planned for H2 2012.

Other operations

Ares: Peru

Ares summary	**Six months to 30 June 2012**	Six months to 30 June 2011	**% change**
Ore production (tonnes)	**160,632**	155,683	3
Average silver grade (g/t)	**51**	64	(20)
Average gold grade (g/t)	**2.56**	3.01	(15)
Silver produced (koz)	**227**	284	(20)
Gold produced (koz)	**12.63**	14.08	(10)
Silver equivalent produced (koz)	**985**	1,129	(13)
Silver sold (koz)	**178**	287	(38)
Gold sold (koz)	**9.94**	14.32	(31)

Production and sales
The Company's ageing Ares mine in Peru continued to operate during H1 2012 and produced 985 thousand silver equivalent ounces. The Company continues to monitor production closely at Ares to ensure the extraction of profitable ounces during the last stage of its life cycle. Subject to additional resources, and the price environment, production at Ares is expected to continue throughout H2 2012. In H1 2012 there was an inventory build-up at Ares due to delays in shipping that contributed to a fall in sales. These were however recovered during July.

Exploration
Exploration work at Ares in H1 2012 focused on identifying new economic structures. During the period, 4.2 thousand metres of drilling was carried out on the Olga, Isabel and Rosario veins. Promising intercepts include[8]:

[7,8] *Please note that all mineralised intersections referred to in this release are quoted as down-hole lengths, not true widths.*

Vein	Results
Olga	AM-1482 2.65m at 0.13 g/t Au & 448.31 g/t Ag
Isabel	AM-1482 6.05m at 0.44 g/t Au & 154.78 g/t Ag AM-1481 0.60m at 0.54 g/t Au & 303.24 g/t Ag

Additional exploration initiatives have been approved for Ares in order to continue increasing the life of mine. In H2 2012, exploration will focus on the definition of new economic structures beyond the known areas of the mine, with an estimated 22.8 thousand metres of drilling planned.

Moris: Mexico

Moris summary	**Six months to 30 June 2012**	Six months to 30 June 2011	**% change**
Ore production (tonnes)	**-**	612,257	-
Average silver grade (g/t)	**-**	4.83	-
Average gold grade (g/t)	**-**	0.94	-
Silver produced (koz)	**28**	32	(12)
Gold produced (koz)	**5.48**	10.86	(50)
Silver equivalent produced (koz)	**357**	683	(48)
Silver sold (koz)	**24**	31	(23)
Gold sold (koz)	**4.73**	10.82	(56)

Production

At Moris, the Company's open pit operation in Mexico, leaching of the pads continued, yielding a further 357 thousand silver equivalent ounces in H1 2012, despite mine production ceasing back in September 2011. The pads' cyanidation process has reached the final stages, with exploration continuing at the property.

Exploration

In H1 2012, exploration work at Moris focused on identifying new economic structures. During H1 2012, 5.9 thousand metres of drilling was carried out on the Creston, Eureka and La Nopalera areas. Promising intercepts include[8]:

Vein	Results
Veta del Bajo San Luis	DM-04 12.0m at 0.64 g/t Au & 1.14 g/t Ag DM-04 3.55m at 1.33 g/t Au & 1.00 g/t Ag

Exploration at Moris in H2 2012 will focus on increasing the life of mine at the operation, with an estimated 11.9 thousand metres of drilling planned.

ADVANCED PROJECTS

On 11 January 2012, Hochschild announced the successful completion of the Inmaculada and Crespo feasibility studies which are forecast to increase production by 50% with a contribution of 10 million silver equivalent ounces of attributable production on average per annum at an initial combined capital cost of $335 million (attributable). Full details of the feasibility studies can be found in the announcement. In H1 2012 both projects saw good progress and are running to schedule.

Inmaculada

During H1 2012, the Company made steady progress at Inmaculada. The suppliers for the main site equipment were selected, and orders have been placed. The contract for the plant construction ($142 million) was also awarded in H1 2012 within the Company's budget expectations, to an established local engineering and construction firm. Construction of three exploration tunnels commenced and the contract for the construction of the main access road to the site was granted, with completion due by the end of 2012. Project engineering continued during the period with a geotechnical drilling programme completed in June, whilst engineering contracts for the maintenance workshops and stores and the main camps were also granted at the end of June. The contract for the construction of the electricity transmission line was awarded and work began during the period.

The project's overall social development programme has received support from the local communities and in the first half of 2012, the Company continued to implement several initiatives in the areas surrounding Inmaculada. Approval of the EIS is currently expected in the second half of the year.

In June, the Peruvian Government revised the submission requirements for construction permit applications which, together with the unprecedented number of industry applications currently under consideration, could potentially create some uncertainty on the precise timing for receiving the final construction permit.

In H1 2012, resource exploration continued at Inmaculada, with seven drill rigs in operation by the end of Q2; 42 drill holes were completed during the first half, with six more in progress at the end of June. In H1 2012 a total of 19.2 thousand metres of exploration drilling was carried out at Inmaculada in order to continue with the incorporation of inferred resources and to identify new structures. Drilling was carried out in the Cimoide Angela SW, and Lucy veins, with encouraging results including[9]:

Vein	Results
Angela SW	ASW12-029 1.35m at 2.19 g/t Au & 128.83 g/t Ag ASW12-033 1.70m at 1.00 g/t Au & 569.25 g/t Ag
Cimoide Angela SW	ASW12-033 1.00m at 4.62 g/t Au & 123.58 g/t Ag
Lucy	ASW12-032 0.90m at 7.75 g/t Au & 232.10 g/t Ag ASW12-025 1.58m at 3.16 g/t Au & 107.47 g/t Ag

In H2 2012, exploration will focus on the definition and incorporation of potential systems outside of the current resource area, with an estimated 30.8 thousand metres of drilling planned.

Crespo

At the Company's 100% owned Crespo project, in H1 2012 engineering contracts for the plant, leach pads, waste dump and parts of the infrastructure were awarded to a local contractor. Tender proposals for the construction of the main access road to Crespo were received in June and the contract was awarded in July.

The project's overall social development programme has received support from the local communities and in the first half of 2012, the Company continued to implement several initiatives in the areas surrounding Crespo. We are currently expecting approval of the EIS in the second half of the year.

In June, the Peruvian Government revised the submission requirements for construction permit applications which, together with the unprecedented number of industry applications currently under consideration, could potentially create some uncertainty on the precise timing for receiving the final construction permit.

[9] *Please note that all mineralised intersections referred to in this release are quoted as down-hole lengths, not true widths.*

The surface sampling programme continued at Crespo in H1 2012, and the lithological and alteration models were completed. In H2 2012, a drilling programme will commence at Crespo in order to identify new potential areas of disseminated mineralisation with an estimated 5.4 thousand metres of drilling planned

Azuca
In H1 2012, surface geology work and detailed mapping were conducted at Azuca and the drilling programme continued on the Colombiana and Veronika veins, with two drill rigs in operation. In H2 2012, exploration will focus on identifying new potential areas with an estimated 22.2 thousand metres of drilling planned.

EXPLORATION REVIEW

Greenfield Exploration

Approximately 35% of the record $90 million exploration budget in 2012 has been allocated to the Company's greenfield programme, which saw good progress in H1 2012. During the period, a total of 19.3 thousand metres was drilled and the Company is on track to meet its full year drilling targets. In H1 2012, drilling was carried out at 11 projects; of which, six were Company Maker projects and five were Medium Scale projects.

Company Makers

The Company currently has 14 potential "Company Makers" which are projects with the potential to achieve 20-30 million silver equivalent ounces per year. These are typically high sulphidation, disseminated or gold/copper porphyry deposits and are generally open pit operations. In H1 2012, the Company made two additions to its Company Makers portfolio with the Potrero project in Chile, and the Encruijada project which was re-categorised as a Company Maker project. Highlights from the H1 2012 exploration programme for a number of our Company Maker projects include the following:

Victoria
At the 60% owned Victoria project in northern Chile, exploration work delivered good results in H1 2012. A total of 3.7 thousand metres of drilling was completed, with exploration work focusing on the porphyry potential of the property. Drilling to better define the Picaron porphyry mineralisation and exotic copper oxide targets was carried out, and geological mapping and target delineation was continued. Further targets will be drilled in Q3 2012. An estimated 3.4 thousand metres of drilling is planned for H2.

Valeriano
Drilling commenced at Valeriano in October 2011 and, in H1 2012, 2.6 thousand metres of drilling was carried out at the property to test the epithermal high sulphidation and porphyry copper targets identified last year. In H2 2012 the drilling programme will include follow up drilling and drill testing of the near surface high sulphidation target with an estimated 2.7 thousand metres planned.

Encrucijada
Following positive results from the exploration programme at the 51% owned Encrucijada property in Chile, the project was re-categorised as a Company Maker project in Q1 2012. In H1 2012, 1.7 thousand metres of drilling was carried out. Additional geophysical interpretation and targeting of the porphyry style mineralisation below the San Bernardo tourmaline breccias and dome complex, and in the surrounding area, was also carried out.

Mercurio
In H1 2012 the drilling campaign continued at the Mercurio property in Mexico, with the focus on expanding the known mineralisation and identifying new mineralised structures. A total of 2.9 thousand metres of drilling was carried out. Drilling commenced on the Santa Rosa vein system and geochemical sampling also continued at the property. In H2 2012, the drilling campaign, of an estimated 5.1 thousand metres, will focus on the Santa Rosa and Virginia vein areas and along the large north east structural zone which hosts a barite vein.

Apacheta
At the Apacheta project in Peru, 2.5 thousand metres of drilling was completed in H1 2012 to complete the initial exploration programme at Apacheta 1, and a surface sampling programme was carried out in order to define further targets. In H2 2012, exploration work will focus on obtaining the social permits for Apacheta 2 in order to initiate the drilling programme there.

Soranpampa
The drilling programme was initiated at the Soranpampa project in Peru in June. Drilling was carried out on a geophysical anomaly area in order to identify economic near-surface gold mineralisation. Further detailed geophysical work has identified targets in and adjacent to the primary target and exploration work will continue into the second half with an estimated 2.4 thousand of metres of drilling planned.

Huachoja
At the Huachoja project in Peru, an airborne geophysics programme was completed in H1 2012 and new targets identified. Following the exploration work conducted in H1 2012, an exploration drilling programme will be conducted in H2 2012 with an estimated 1.5 thousand metres of drilling planned.

Medium Scale projects

The Company's project pipeline also contains various Medium Scale properties in the prospects and drill target categories. These projects each have the potential to contribute 5-10 million silver equivalent ounces of production per year and tend to be low sulphidation epithermal gold/silver type deposits with varying base metal content and are typically mined underground. Following positive results obtained from exploration work during H1 2012, the El Tanque project in Mexico was added to the exploration pipeline as a Medium Scale project.

Cuello Cuello
At the Cuello Cuello project in Peru, the relevant government and community permits and approvals were received in December 2011. At the end of H1 2012 the drilling programme commenced at the project, with one drill rig in operation. A total of 1.2 thousand metres of drilling was carried out. Four silica structures with high sulphide content were identified. In H2 2012, exploration work will continue, with 700 metres of drilling planned.

El Tanque
In H2 2012, an exploration drilling campaign will be conducted at the El Tanque project in Mexico, with 2.5 thousand metres planned.

Copper projects

Following the acquisition of Southwestern Resources in 2008, the Company currently holds a number of copper projects located in the southern Andes in Peru, within a highly prospective area for copper deposits. The Company committed 6% of the total 2012 budget and a dedicated exploration team to drilling at the properties in order to establish potential value.

Jasperoide
In H1 2012, 566 metres of drilling was carried out at the Jasperoide copper project in Peru, focused on the already identified mineralised zone and surrounding area to locate new skarn blankets and to test for a potential associated porphyritic system. In H2 2012 exploration work will continue with 2.9 thousand metres of drilling planned.

Alpacocha
At the Alpacocha project in Peru, in H2 2012, an estimated five thousand metres of exploration drilling will be carried out.

FINANCIAL REVIEW

Key performance indicators:
(before exceptional items, unless otherwise indicated)

$000 unless otherwise indicated	**Six months to 30 June 2012**	Six months to 30 June 2011	% change
Net Revenue[1]	**354,504**	496,768	(29)
Attributable silver production (koz)	**6,887**	7,340	(6)
Attributable gold production (koz)	**55.94**	63.26	(12)
Cash costs ($/oz Ag co-product) [2]	**12.77**	12.08	6
Cash costs ($/oz Au co-product) [2]	**708**	496	43
Adjusted EBITDA[3]	**168,353**	297,128	(43)
Profit from continuing operations (pre exceptional)	**54,555**	146,782	(63)
Profit from continuing operations (post exceptional)	**52,755**	151,057	(65)
Earnings per share (pre exceptional)	**$0.08**	$0.27	(70)
Earnings per share (post exceptional)	**$0.08**	$0.29	(72)
Cash flow from operating activities [4]	**64,096**	236,903	(73)

[1] *Revenue presented in the financial statements is disclosed as net revenue (in this Financial Review it is calculated as gross revenue less commercial discounts).*
[2] *Includes Hochschild's operations: Arcata, Pallancata and San Jose. Cash costs are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items less depreciation included in cost of sales. Please refer to paragraph below on the changes of accounting treatment.*
[3] *Please refer to the Adjusted EBITDA section on page 17 of the Financial Review for an explanation of the calculation of Adjusted EBITDA.*
[4] *Cash flow from operations is calculated as profit for the year from continuing operations after exceptional items, plus the add-back of non-cash items within profit for the year (such as depreciation and amortisation, impairments and write-off of assets, gains/losses on sale of assets, amongst others) plus/minus changes in liabilities/assets such as trade and other payables, trade and other receivables, inventories, net tax assets, net deferred income tax liabilities, amongst others.*

The reporting currency of Hochschild Mining plc is U.S. dollars. In discussions of financial performance, the Group removes the effect of exceptional items, unless otherwise indicated, and in the income statement results are shown both pre and post such exceptional items. Exceptional items are those items, which due to their nature or the expected infrequency of the events giving rise to them, need to be disclosed separately on the face of the income statement to enable a better understanding of the financial performance of the Group and to facilitate comparison with prior years.

Following the revision of the mining royalty regime in Peru in 2011 (as detailed in the Company's 2011 Full Year Results announcement), the mine royalties incurred by the Pallancata and Ares units are now accounted for as Income Tax, whereas previously, royalties for both units were treated as production costs. The effect of this change should be taken into account when comparing the units' production cost per tonne, cash costs and Adjusted EBITDA metrics in H1 2012 with those of H1 2011.

Revenue

Gross revenue: Gross revenue from continuing operations decreased by 28% to $378.0 million in H1 2012 (H1 2011: $523.3 million) driven by lower ounces sold and lower silver prices.

Silver: Gross revenue from silver decreased by 32% in H1 2012 to $268.0 million (H1 2011: $392.2 million) as a result of lower prices and fewer ounces sold. The total amount of silver ounces sold in H1 2012 decreased to 8,596 koz (H1 2011: 10,758 koz) mainly due to lower production and the accumulation of inventory at San Jose as previously mentioned in the Operating Review.

Gold: Gross revenue from gold decreased by 16% in H1 2012 to $110.0 million (H1 2011: $131.1 million) also as a result of lower ounces sold. The total amount of gold ounces sold in H1 2012 decreased to 65.9 koz (H1 2011: 89.4 koz) mainly due to lower production and the accumulation of inventory at San Jose.

Gross average realised sales prices
The following table provides figures for average realised prices and ounces sold for H1 2010 and H1 2011:

Average realised prices	**Six months to 30 June 2012**	Six months to 30 June 2011
Silver ounces sold (koz)	**8,596**	10,758
Avg. realised silver price ($/oz)	**31.18**	36.46
Gold ounces sold (koz)	**65.91**	89.39
Avg. realised gold price ($/oz)	**1,669**	1,466

Commercial discounts
Commercial discounts refer to refinery treatment charges, refining fees and payable deductions for processing concentrates, and are discounted from gross revenue on a per tonne basis (treatment charge), per ounce basis (refining fees) or as a percentage of gross revenue (payable deductions). In H1 2012, the Group recorded commercial discounts of $23.7 million (H1 2011: $26.6 million). The ratio of commercial discounts to gross revenue in H1 2012 increased to 6% (H1 2011: 5%).

Net revenue
Net revenue decreased by 29% to $354.5 million, comprising silver revenue of $248.2 million and gold revenue of $106.1 million. In H1 2012, silver accounted for 70% and gold 30% of the Company's consolidated net revenue compared to 74% and 26% respectively in H1 2011.

Net revenue by mine

$000 unless otherwise indicated	**Six months to 30 June 2012**	Six months to 30 June 2011	% change
Silver revenue			
Arcata	**83,294**	108,666	(23)
Ares	**5,551**	10,229	(46)
Pallancata	**110,462**	167,239	(34)
San Jose	**67,946**	104,975	(35)
Moris	**767**	1,132	(32)
Commercial discounts	**(19,867)**	(22,984)	(14)
Net silver revenue	**248,153**	369,257	(33)
Gold revenue			
Arcata	**13,026**	12,299	6
Ares	**16,421**	21,046	(22)
Pallancata	**19,188**	24,519	(22)
San Jose	**53,520**	57,301	(7)
Moris	**7,846**	15,900	(51)
Commercial discounts	**(3,860)**	(3,587)	8
Net gold revenue	**106,141**	127,478	(17)
Other revenue[1]	**210**	33	536.4
Net revenue	**354,504**	496,768	**(29)**

[1]Other revenue includes revenue from sale of energy in Peru and revenue from administrative services in Mexico.

Costs

Total pre-exceptional cost of sales in the first half decreased 11% to $174.4 million (H1 2011: $195.6 million) principally due to lower sales volumes mainly related to lower production and the accumulation of concentrate inventory at San Jose due to the impact of industry-wide regulatory changes in Argentina. Direct production costs increased by 11% to $134.4 million (H1 2011: $120.6 million) mainly due to rises in personnel costs across the Group and increases in energy and material costs. Further details can be found in the Operating

Review. Depreciation and amortisation was higher than H1 2011, at $55.7 million (H1 2011: $47.2 million). Other costs, which principally includes workers' profit sharing, fell to $8.8 million (H1 2011: $22.2 million) mainly due to lower workers' profit sharing at the mining units in Peru and fewer stoppages in H1 2012 compared to H1 2011. Change in inventories reduced cost of sales by $24.5 million in H1 2012 (H1 2011: change in inventories increased cost of sales by $5.7 million) mainly as a result of inventory accumulation at San Jose.

Unit cost per tonne
The Company reported an overall increase in unit cost per tonne at its main operations excluding royalties of 16% in H1 2012 to $97.6 (H1 2011: $83.8). Further detail on unit costs per tonne can be found on page 4 of the Operating Review.

Unit cost per tonne by operation (including royalties):*

Operating unit ($/tonne)	**Unit cost per tonne H1 2012**	Unit cost per tonne H1 2011	% change
Main operations	**102.1**	92.0	11
Peru	**73.0**	66.5	10
Arcata	84.0	76.0	11
Pallancata	65.7	60.3	9
Argentina	**198.6**	191.3	4
San Jose	198.6	191.3	4
Others			
Ares	130.4	121.8	7
Total underground	**105.7**	96.0	10
Moris	-	17.8	-

**Unit cost per tonne is calculated by dividing mine and geology costs by extracted tonnage and plant and other costs by treated tonnage. Please refer to paragraph on page 13 relating to the treatment in the Company's accounts of mining royalties at the Pallancata and Ares units in H1 2012.*

Unit cost per tonne by operation (excluding royalties):*

Operating unit ($/tonne)	**Unit cost per tonne H1 2012**	Unit cost per tonne H1 2011	% change
Main operations	**97.6**	83.8	16
Peru	**71.6**	59.7	20
Arcata	80.5	70.8	14
Pallancata	65.7	52.5	25
Argentina	**185.3**	177.7	4
San Jose	185.3	177.7	4
Others			
Ares	130.4	118.5	10
Total underground	**101.9**	88.4	15
Moris	-	17.8	-

**Unit cost per tonne is calculated by dividing mine and geology costs by extracted tonnage and plant and other costs by treated tonnage. Please refer to paragraph on page 13 relating to the treatment in the Company's accounts of mining royalties at the Pallancata and Ares units in H1 2012.*

Cash costs
Cash costs include cost of sales, commercial deductions and selling expenses before exceptional items, less depreciation included in cost of sales.

Co-product silver/gold cash costs are total cash costs multiplied by the percentage of revenue from silver/gold, divided by the number of silver/gold ounces sold in the first half. Silver cash costs increased from $13.2 to $13.5 per ounce and gold cash costs increased from $549 to $751 per ounce. Silver and gold cash costs at the Company's main operations (Arcata, Pallancata and San Jose) increased from $12.1 to $12.8 per ounce and from $496 to $708 per ounce, respectively. The increase in silver cash costs resulted from higher production costs at all mines and lower average grades in line with the Company's policy of mining close to the average reserve grade.

By-product silver/gold cash costs are total cash costs less revenue from gold/silver, divided by the number of silver/gold ounces sold in the first half. By-product cash costs for the period were $6.4 per silver ounce (H1 2011:$5.6 per silver ounce) and ($1,564) per gold ounce (H1 2011: ($2,251) per gold ounce).

Cash cost reconciliation:*

$000	**Six months to 30 June 2012**	Six months to 30 June 2011	% change
Group Cash Cost	**165,307**	**191,063**	**(14)**
(+) Cost of sales	174,352	195,631	(11)
(-) Depreciation in Cost of Sales	(49,029)	(48,842)	0.4
(+) Selling expenses	15,908	17,703	(10)
(+) Commercial deductions	24,076	26,571	(9)
Gold	*3,870*	*3,587*	*8*
Silver	*20,206*	*22,984*	*(12)*
Revenue	**354,504**	**496,768**	**(29)**
Gold	106,141	127,478	(17)
Silver	248,153	369,257	(33)
Others	210	33	536
Ounces Sold			
Gold	66	89	(26)
Silver	8,596	10,758	(20)
Group Cash Cost ($/oz)			
Co product Au	751	549	37
Co product Ag	13.47	13.20	2
By product Au	(1,564)	(2,251)	31
By product Ag	6.43	5.58	15

** Cash costs are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items less depreciation included in cost of sales.*
Please refer to paragraph on page 13 relating to the treatment in the Company's accounts of mining royalties at the Pallancata and Ares units in H1 2012.

Cash costs are calculated based on pre-exceptional figures. Co-product cash cost per ounce is the cash cost allocated to the primary metal (allocation based on proportion of revenue), divided by the ounces sold of the primary metal. By-product cash cost per ounce is the total cash cost minus revenue and commercial discounts of the by-product divided by the ounces sold of the primary metal.

As detailed in the introduction to the Financial Review, in calculating 2012 cash costs royalties at Pallancata and Ares are now excluded from the cost of sales figure used. Consequently, for comparison purposes, please see below 2011 Group cash costs adjusting the royalties effect.

Restated Group Cash Cost ($/oz)	**Six months to 30 June 2012**	Six months to 30 June 2011	% change
Co-product Au	751	536	40
Co-product Ag	13.47	12.91	4
By-product Au	(1,564)	(2,298)	32
By-product Ag	6.43	5.18	24

Administrative expenses

Administrative expenses before exceptional items increased by 12% to $34.1 million (H1 2011: $30.6 million) primarily due to rises in personnel expenses mainly resulting from local inflation and the appreciation of local currencies. An increase in the Company's LTIP provision, with the introduction of the 2012 LTIP, also contributed to the increase. These increases were partially offset by the absence of voluntary contributions in H1 2012.

Exploration expenses

As a result of the Group's decision to focus on organic growth through exploration, exploration expenses which primarily relate to greenfield exploration, increased by 60% to $30.3 million in H1 2012 (H1 2011: $19.0 million).

In addition, in H1 2012, the Group capitalised $8.0 million relating to brownfield exploration compared to $4.9 million in H1 2011, bringing the total investment in exploration for the six month period to 30 June 2012 to $38.4 million. The previously announced 2012 exploration budget of $90 million constitutes the total investment in exploration (greenfield and brownfield).

Furthermore, as part of Hochschild´s aim to further develop the Company's production assets, the 2012 budget for Advanced Projects and operations includes an additional $3.8 million to convert Inferred resources into Measured and Indicated resources.

Selling expenses

Selling expenses decreased to $15.9 million (H1 2011: $17.7 million), due to lower sales at San Jose following the build-up in inventory in H1 2012.

Other income/expenses

Other income before exceptional items was $2.6 million (H1 2011: $4.1 million). There were no exceptional items related to other income in H1 2012.

Other expenses before exceptional items reached $4.5 million (H1 2011: $2.4 million). There were no exceptional items related to other expenses in H1 2012.

Profit from continuing operations before exceptional items, net finance costs, foreign exchange loss and income tax

Profit from continuing operations before exceptional items, net finance costs, foreign exchange loss and income tax decreased to $97.9 million (H1 2011: $235.6 million) as a result of the effects detailed above.

Adjusted EBITDA

Adjusted EBITDA decreased by 43% over the period to $168.3 million (H1 2011: $297.1 million) driven primarily by lower profit from continuing operations as a result of fewer ounces sold. Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs and income tax plus depreciation and exploration expenses other than personnel and other exploration related fixed expenses.

$000 unless otherwise indicated	**Six months to 30 June 2012**	Six months to 30 June 2011	% change
Profit from continuing operations before exceptional items, net finance cost, foreign exchange loss and income tax	**97,915**	**235,624**	(58)
Operating margin	**28%**	**47%**	
Depreciation and amortisation in cost of sales	**49,029**	**48,842**	0.4
Depreciation and amortisation in administrative expenses	**1,059**	**952**	11
Exploration expenses	**30,337**	**18,992**	60
Personnel and other exploration related fixed expenses	**(9,987)**	**(7,282)**	37
Adjusted EBITDA*	**168,353**	**297,128****	(43)
Adjusted EBITDA margin	***47%***	***60%***	

** Please refer to paragraph on page 13 relating to the treatment in the Company's accounts of mining royalties at the Pallancata and Ares units in H1 2012.*
*** 2011 EBITDA includes royalties for Ares and Pallancata of $4.2 million and a Group voluntary contribution to the Peruvian Government of $1.6 million. Excluding these effects H1 2011 EBITDA would have been $303.0 million.*

Impact of the Group's investments in joint ventures and associates

Hochschild's pre-exceptional share of the profit/(loss) after tax of associates totalled $3.8 million in H1 2012 (H1 2011: $2.3 million). In both H1 2012 and H1 2011, the Company's share in associates reflects profits relating to its holdings in Gold Resource Corporation. After exceptional items, the share of the profit/(loss) after tax of associates totalled $2.8 million.

Finance income and finance costs

Finance income before exceptional items at $0.7 million was lower than that of last year (H1 2011: $3.3 million). Finance costs before exceptional items was $7.1 million (H1 2011: $12.2 million). The decrease in finance income mainly reflects lower interest rates on deposits ($1.1 million), and lower interest from reduced loan balances to minority interests ($1.5 million). Finance costs were lower in H1 2012 reflecting lower interest due to a reduced average debt balance ($1.0 million) as well as an associated interest rate swap cost recognition in 2011 ($1.8 million).

Foreign exchange losses

The Group recognised a foreign exchange loss of $1.2 million in H1 2012 (H1 2011: $2.8 million loss) as a result of transactions in currencies other than the functional currency.

Income tax

The Group's pre-exceptional effective tax rate increased to 42.0% in H1 2012 (H1 2011: 35.1%). This increase is partly due to the introduction of three new taxes in Peru in Q4 2011 - the New Mining Royalty, the Special Mining Tax and the Special Mining Assessment. Detailed information on these taxes (collectively referred to as the 'New Taxes') is provided in the Company's 2011 Preliminary Results announcement released on 20 March 2012.

In H1 2012, income tax included $4.3 million from the New Mining Royalty and Special Mining Tax. Excluding these impacts, the effective tax rate was 37.4% compared to 35.1% in H1 2011. The increase in the tax rate mainly reflects lower profit before income tax in the operating companies (due to lower sales) and higher non-deductable expenses, mainly related to increases in exploration budgets.

Exceptional items

Exceptional items in H1 2012 totalled $(1.8) million after tax (H1 2011: ($4.3 million). This mainly comprises:

Positive exceptional items:

Main items	$000	Description of main items
Reversal/(Impairment and write-off of assets) (net)	238	Corresponds to the reversal of the impairment recorded in 2010 related to the 100% dore project at the San Jose mine.

Negative exceptional items:

Main items	$000	Description of main items
Share of post tax losses of associates and joint ventures accounted under equity method	(948)	Loss resulting from dilution of holding in Gold Resource Corp.
Finance cost	(1,090)	Includes the losses arising from the fair value adjustments in relation to the Iron Creek Capital Corp. warrants of $25,000, the impairment of Brionor Resources and Iron Creek Capital Corp. of $67,000 and $998,000 respectively.

Cash flow & balance sheet review:

Cash flow:

$000	**Six months to 30 June 2012**	Six months to 30 June 2011	change
Net cash generated from operating activities	**64,096**	236,903	(172,807)
Net cash used in investing activities	**(115,499)**	(21,475)	(94,024)
Cash flows generated / (used) in financing activities	**(31,943)**	(50,748)	18,805
Net (decrease) / increase in cash and cash equivalents during the period	**(83,346)**	164,680	(248,026)

Total cash generated decreased from $164.7 million in H1 2011 to $(83.3) million in H1 2012 ($248.0 million difference). Operating cashflow decreased by $172.8 million mainly due to lower ounces sold and lower commodity prices. Net cash used in investing activities increased by $94.0 million, primarily due to higher expenditure in operations and Advanced Projects during H1 2012 ($27.7 million) and the sale of Lake Shore Gold shares during H1 2011 ($80.5 million). Finally, cash flows used in financing activities decreased by $18.8 million, primarily as a result of the prepayment of a syndicated loan ($114.3 million), partially offset by short term debt raised in Peru ($99.0 million) during H1 2011.

Working capital:

$000 unless otherwise indicated	**As at 30 June 2012**	As at 30 June 2011
Trade and other receivables	**161,300**	185,100
Inventories	**78,148**	53,522
Net other financial assets / (liabilities)	**(5,264)**	(7,088)
Net Income tax receivable / (payable)	**6,353**	(15,247)
Trade and other payables and provisions	**(229,695)**	(222,255)
Working Capital	**10,842**	(5,968)

The Company's working capital position increased to $10.8 million in H1 2012 from $(6.0) million in H1 2011. This was primarily explained by higher net income tax receivable ($21.6 million) as a result of lower operating income in H1 2012, as well as higher inventories, mainly explained by the accumulation of inventory at San Jose. These effects were partially offset by lower trade and other receivables and higher trade and other payables.

Net cash:

$000 unless otherwise indicated	**As at 30 June 2012**	As at 31 December 2011
Cash and cash equivalents	**543,557**	627,481
Long term borrowings	**(103,876)**	(104,866)
Short term borrowings	**(48,114)**	(46,334)
Net cash	**391,567**	476,281

The Company reported net cash of $391.6 million as at 30 June 2011 (FY 2011: $476.3 million). This was primarily driven by the decrease in cash and cash equivalents from investing and financing activities ($147.4 million), partially offset by cash from operating activities ($64.1 million) during H1 2012.

The convertible bond has a current conversion price of £3.90 and, under its terms, the Company is entitled to force conversion of the bonds at any time after 20 October 2012 if, for a period of 20 out of 30 consecutive days, the average share price, calculated under the terms of the bonds, exceeds 130% of the conversion price (£5.07).

Capital expenditure[1]

$(000) unless otherwise indicated	**Six months to 30 June 2012**	Six months to 30 June 2011
Arcata	**21,891**	12,772
Ares	**3,172**	1,041
Selene	**930**	1,261
Pallancata	**25,920**	22,617
San Jose	**32,190**	24,504
Moris	**-**	513
Inmaculada	**21,018**	3,805
Crespo	**5,834**	2,350
Azuca	**4,706**	15,871
Other	**574**	672
Total	**116,235**	85,406

[1] Includes additions in property, plant and equipment and evaluation and exploration assets (confirmation of resources) and excludes increases in closure of mine assets.

H1 2012 capital expenditure of $116.2 million (H1 2011: $85.4 million) includes operations capital expenditure of $70.8 million, opportunity project capital expenditure of $5.4 million (including the dore project at Arcata and the plant expansion to treat Macarena Waste Dam deposit material), capitalised exploration costs of $8.0 million in respect of the Group's operating mines, $31.6 million capitalised in respect of the Advanced Projects (Inmaculada, Crespo and Azuca) and administrative capital expenditure of $0.4 million.

Interim Dividend

The Directors have declared an interim dividend of $0.03 per ordinary share which will be paid on 20 September 2012 to those shareholders appearing on the register on 31 August 2012.

Dividends are declared in US dollars. Unless a shareholder elects to receive dividends in US dollars, they will be paid in pounds sterling with the US dollar dividend converted into pound sterling at exchange rates prevailing at the time of payment. The dividend policy takes into account the profitability of the business and the underlying growth in earnings of the Company, as well as its capital requirements and cash flow.

Dividend dates	2012
Ex-dividend date	29 August
Record date	31 August
Deadline for return of currency election forms	4 September
Payment date	20 September

RISKS

The principal risks and uncertainties facing the Company in respect of the year ended 31 December 2011 were set out in detail in the Risk Management section of the 2011 Annual Report and in Note 36 to the 2011 Consolidated Financial Statements. These risks continue to apply to the Company in respect of the remaining six months of the current financial year.

The key risks disclosed in the 2011 Annual Report (available at www.hochschildmining.com) are categorised as:

- Financial risks which include commodity price risk, counterparty credit risk, liquidity risk and foreign currency risk;
- Operational risks including the risks associated with costs, business interruption, reserve and resource replacement and personnel;
- Macroeconomic risks which include political, legal and regulatory risks; and
- Corporate responsibility risks including health and safety, environmental and community relations risks.

Whilst not specifically mentioned in the section headed 'Macroeconomic risks', the Directors acknowledge the increasingly difficult environment of undertaking mining and exploration activities in Argentina. By way of example, changes in Argentine law during H1 2012, which were subsequently relaxed, impacted the Group principally by shortening, beyond industry practice, the time in which sales contracts for concentrate were required to be settled. This led to a build-up of the inventory of concentrate at San Jose as reported in the Operating Review section of this release.

In addition, the implementation of restrictions on converting Argentine Pesos into US Dollars and the repatriation of cash out of the country means that the remittance of cash from the Group's Argentine operations is not guaranteed.

The Board will continue to monitor the situation closely.

GOING CONCERN

After considering budgets and cash flow forecasts, the Directors confirm that they are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future. Accordingly, adoption of the going concern basis in the preparation of the financial statements contained herein is considered to be appropriate.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge, the interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and that the interim management report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7 and 4.2.8.

A list of current Directors and their functions is maintained on the Company's website.

For and on behalf of the Board

Ignacio Bustamante
Chief Executive Officer
21 August 2012

INDEPENDENT REVIEW REPORT TO HOCHSCHILD MINING PLC

Introduction

We have been engaged by Hochschild Mining plc (the Company) to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises the Interim consolidated income statement, the Interim consolidated statement of comprehensive income, the Interim consolidated statement of financial position, the Interim consolidated statement of cash flows, the Interim consolidated statement of changes in equity and the related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London
21 August 2012

Interim consolidated income statement

	Notes	Six-months ended 30 June 2012 (Unaudited)			Six-months ended 30 June 2011 (Unaudited)		
		Before exceptional items	Exceptional items Note 6	Total	Before exceptional items	Exceptional items Note 6	Total
				US$ (000)			
Continuing operations							
Revenue	4	354,504	—	**354,504**	496,768	—	**496,768**
Cost of sales	5	(174,352)	—	**(174,352)**	(195,631)	—	**(195,631)**
Gross profit		180,152	—	**180,152**	301,137	—	**301,137**
Administrative expenses		(34,134)	—	**(34,134)**	(30,570)	—	**(30,570)**
Exploration expenses		(30,337)	—	**(30,337)**	(18,992)	—	**(18,992)**
Selling expenses		(15,908)	—	**(15,908)**	(17,703)	—	**(17,703)**
Other income		2,627	—	**2,627**	4,139	—	**4,139**
Other expenses		(4,485)	—	**(4,485)**	(2,387)	—	**(2,387)**
Impairment and write-off of assets (net)		—	238	**238**	—	—	—
Profit from continuing operations before net finance income/(cost), foreign exchange gain/(loss) and income tax		97,915	238	**98,153**	235,624	—	**235,624**
Share of post tax profit/(losses) of associates and joint ventures accounted under the equity method		3,766	(948)	**2,818**	2,337	(324)	**2,013**
Finance income	7	671	—	**671**	3,314	6,254	**9,568**
Finance costs	7	(7,099)	(1,090)	**(8,189)**	(12,190)	(1,655)	**(13,845)**
Foreign exchange loss		(1,197)	—	**(1,197)**	(2,765)	—	**(2,765)**
Profit/(loss) from continuing operations before income tax		94,056	(1,800)	**92,256**	226,320	4,275	**230,595**
Income tax expense	8	(39,501)	—	**(39,501)**	(79,538)	—	**(79,538)**
Profit/(loss) for the period from continuing operations		54,555	(1,800)	**52,755**	146,782	4,275	**151,057**
Attributable to:							
Equity shareholders of the Company		28,430	(1,917)	**26,513**	91,957	4,275	**96,232**
Non-controlling interests		26,125	117	**26,242**	54,825	—	**54,825**
		54,555	(1,800)	**52,755**	146,782	4,275	**151,057**
Basic earnings per ordinary share from continuing operations and for the period (expressed in U.S. dollars per share)		0.08	—	**0.08**	0.27	0.02	**0.29**
Diluted earnings per ordinary share from continuing operations and for the period (expressed in U.S. dollars per share)		0.09	—	**0.09**	0.27	0.01	**0.28**

Interim consolidated statement of comprehensive income

	Notes	Six-months ended 30 June	
		2012 (Unaudited)	2011 (Unaudited)
		US$ (000)	
Profit for the period		52,755	151,057
Other comprehensive income			
Exchange differences on translating foreign operations		(164)	1,979
Change in fair value of available-for-sale financial assets		(6,567)	(18,966)
Recycling of the change in fair value of available-for-sale financial assets		266	(7,328)
Recycling of the change in fair value of cash flow hedges taken to equity		—	1,930
Deferred income tax relating to components of other comprehensive income		615	3,059
Other comprehensive (loss) for the period, net of tax		(5,850)	(19,326)
Total comprehensive income for the period		46,905	131,731
Total comprehensive income attributable to:			
Equity shareholders of the Company		20,663	76,843
Non-controlling interests		26,242	54,888
		46,905	131,731

Interim consolidated statement of financial position

	Notes	As at 30 June 2012 (Unaudited)	As at 31 December 2011
		US$ (000)	
ASSETS			
Non-current assets			
Property, plant and equipment	9	502,936	461,554
Evaluation and exploration assets	10	294,209	274,507
Intangible assets		18,049	18,772
Investments accounted under equity method		81,192	83,201
Available-for-sale financial assets	11	33,403	40,769
Trade and other receivables		10,335	8,741
Deferred income tax assets		105	—
		940,229	887,544
Current assets			
Inventories		78,148	53,032
Trade and other receivables		150,965	166,931
Income tax receivable		8,428	601
Other financial assets	12	3	28
Cash and cash equivalents	13	543,557	627,481
		781,101	848,073
Total assets		1,721,330	1,735,617
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Parent			
Equity share capital		158,637	158,637
Share premium		395,928	395,928
Treasury shares		(898)	(898)
Other reserves		(212,822)	(207,117)
Retained earnings		693,592	677,218
		1,034,437	1,023,768
Non-controlling interests		207,564	195,299
Total equity		1,242,001	1,219,067
Non-current liabilities			
Trade and other payables		—	8
Borrowings	14	103,876	104,866
Provisions		70,632	68,430
Deferred income tax liabilities		90,302	68,152
		264,810	241,456
Current liabilities			
Trade and other payables		112,955	117,037
Other financial liabilities	12	5,267	12,831
Borrowings	14	48,114	46,334
Provisions		46,108	74,432
Income tax payable		2,075	24,460
		214,519	275,094
Total liabilities		479,329	516,550
Total equity and liabilities		1,721,330	1,735,617

Interim consolidated statement of cash flows

	Notes	Six-months ended 30 June	
		2012 (Unaudited)	2011 (Unaudited)
		US$ (000)	
Cash flows from operating activities			
Cash generated from operations		93,753	267,093
Interest received		1,335	12,955
Interest paid		(4,877)	(17,665)
Payments of mine closure costs		(2,476)	(1,878)
Income tax (paid)/received		(23,639)	(23,602)
Net cash generated from operating activities		64,096	236,903
Cash flows from investing activities			
Purchase of property, plant and equipment		(100,902)	(61,035)
Purchase of evaluation and exploration assets		(19,481)	(25,617)
Dividends received from associates		4,827	2,235
Acquisition of subsidiary		—	(15,404)
Purchase of available-for-sale financial assets		—	(2,419)
Proceeds from sale of property, plant and equipment		57	313
Proceeds from sale of available-for-sale financial assets		—	80,452
Net cash used in investing activities		(115,499)	(21,475)
Cash flows from financing activities			
Proceeds of borrowings	14	44,963	107,560
Repayment of borrowings	14	(45,297)	(124,100)
Purchase of treasury shares		—	(898)
Dividends paid	15	(31,609)	(36,226)
Capital contribution from non-controlling interest		—	2,916
Cash flows used in financing activities		(31,943)	(50,748)
Net (decrease)/increase in cash and cash equivalents during the period		(83,346)	164,680
Exchange difference		(578)	656
Cash and cash equivalents at beginning of period		627,481	525,482
Cash and cash equivalents at end of period	13	543,557	690,818

Interim consolidated statement of changes in equity

					Other reserves										
	Notes	Equity share capital	Share premium	Treasury Shares	Unrealised gain/(loss) on available-for-sale financial assets	Unrealised gain/(loss) on cash flow hedges	Bond equity component	Cumulative translation adjustment	Merger reserve	Share-based payment reserve	Total other reserves	Retained earnings	Capital and reserves attributable to shareholders of the Parent	Non-controlling interests	Total Equity
Balance at 1 January 2012		158,637	395,928	(898)	5,058	—	8,432	(10,715)	(210,046)	154	(207,117)	677,218	1,023,768	195,299	1,219,067
Other comprehensive (loss)		—	—	—	(5,686)	—	—	(164)	—	—	(5,850)	—	(5,850)	—	(5,850)
Profit for the period		—	—	—	—	—	—	—	—	—	—	26,513	26,513	26,242	52,755
Total comprehensive (loss)/income for the period		—	—	—	(5,686)	—	—	(164)	—	—	(5,850)	26,513	20,663	26,242	46,905
Capital contribution from non-controlling interest		—	—	—	—	—	—	—	—	—	—	—	—	10,900	10,900
CEO LTIP		—	—	—	—	—	—	—	—	145	145	—	145	—	145
Dividends paid to non-controlling interests	15	—	—	—	—	—	—	—	—	—	—	—	—	(24,877)	(24,877)
Dividends	15	—	—	—	—	—	—	—	—	—	—	(10,139)	(10,139)	—	(10,139)
Balance at 30 June 2012		158,637	395,928	(898)	(628)	—	8,432	(10,879)	(210,046)	299	(212,822)	693,592	1,034,437	207,564	1,242,001
Balance at 1 January 2011		158,637	395,928	—	37,808	(1,930)	8,432	(9,508)	(210,046)	—	(175,244)	528,788	908,109	147,120	1,055,229
Other comprehensive (loss)/income		—	—		(23,235)	1,930	—	1,916	—	—	(19,389)	—	(19,389)	63	(19,326)
Profit for the period		—	—		—	—	—	—	—	—	—	96,232	96,232	54,825	151,057
Total comprehensive (loss)/income for the period		—	—	—	(23,235)	1,930	—	1,916	—	—	(19,389)	96,232	76,843	54,888	131,731
Capital contribution from non-controlling interest		—	—	—	—	—	—	—	—	—	—	—	—	2,694	2,694
Treasury shares		—	—	(898)	—	—	—	—	—	—	—	—	(898)	—	(898)
Dividends paid to non-controlling interests	15	—	—		—	—	—	—	—	—	—	—	—	(26,083)	(26,083)
Dividends	15	—	—		—	—	—	—	—	—	—	(10,143)	(10,143)	—	(10,143)
Balance at 30 June 2011		158,637	395,928	(898)	14,573	—	8,432	(7,592)	(210,046)	—	(194,633)	614,877	973,911	178,619	1,152,530

Notes to the interim consolidated financial statements

1 Corporate Information

Hochschild Mining plc (hereinafter the "Company") is a public limited company incorporated on 11 April 2006 under the Companies Act 1985 as a limited company and registered in England and Wales with registered number 05777693. The Company's registered office is located at 46 Albemarle Street, London W1S 4JL, United Kingdom. Its ordinary shares are traded on the London Stock Exchange.

The Group's principal business is the mining, processing and sale of silver and gold. The Group has three operating mines (Ares, Arcata and Pallancata) and a plant (Selene used to treat ore from the Pallancata mine) located in Southern Peru, one operating mine (San Jose) located in Argentina and one plant (Moris) located in Mexico. The Group also has a portfolio of projects located across Peru, Argentina, Mexico and Chile at various stages of development.

These interim condensed consolidated financial statements were approved for issue on behalf of the Board of Directors on 21 August 2012.

2 Significant Accounting Policies

(a) Basis of preparation

These interim condensed consolidated financial statements set out the Group's financial position as at 30 June 2012 and 31 December 2011 and its financial performance and cash flows for the periods ended 30 June 2012 and 30 June 2011.

They have been prepared in accordance with IAS 34 Interim Financial Reporting in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. Accordingly, the interim condensed consolidated financial statements do not include all the information required for full annual financial statements and therefore, should be read in conjunction with the Group's 2011 annual consolidated financial statements as published in the 2011 Annual Report.

The interim condensed consolidated financial statements do not constitute statutory accounts as defined in the Companies Act 2006. The financial information for the full year is based on the statutory accounts for the financial year ended 31 December 2011. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union has been delivered to the Registrar of Companies. The auditors' report under section 495 of the Companies Act 2006 in relation to those accounts was unmodified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

The impact of the seasonality or cyclicality of operations is not regarded as significant on the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for derivatives and available-for-sale financial instruments which have been measured at fair value. The financial statements are presented in US dollars ($) and all monetary amounts are rounded to the nearest thousand ($000) except when otherwise indicated.

(b) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statement for the year ended 31 December 2011, except for the adoption of the following standards and interpretations:

- IAS 12 “Income Taxes”, applicable for annual periods beginning on or after 1 January 2012.

  Under IAS 12, an entity is to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that recovery of the carrying amount will normally be through sale. The amendment is deemed to have no impact on the financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 Segment Reporting

The following tables present revenue, profit and asset information for the Group's operating segments for the six months ended 30 June 2012 and 2011 respectively:

Six months ended 30 June 2012	Ares US$000	Arcata US$000	Pallancata US$000	San Jose US$000	Moris US$000	Exploration US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue from external customers	21,972	85,521	122,049	116,139	8,613	—	210	—	354,504
Inter segment revenue	—	—	—	—	—	—	3,265	(3,265)	—
Total revenue	**21,972**	**85,521**	**122,049**	**116,139**	**8,613**	—	**3,475**	**(3,265)**	**354,504**
Segment profit/(loss)	3,837	43,717	62,425	49,638	3,779	(31,119)	2,137	(507)	133,907
Others[(1)]									(41,651)
Profit/(loss) from continuing operations before income tax									92,256
Assets									
Capital expenditure	3,172	21,891	26,850	32,190	—	31,674	458	—	116,235
Current assets	10,419	26,616	48,397	75,645	1,308	994	431	—	163,810
Other non-current assets	12,066	106,231	150,244	240,777	—	292,463	13,413	—	815,194
Total segment assets	22,485	132,847	198,641	316,422	1,308	293,457	13,844	—	979,004
Not reportable assets[(2)]	—	—	—	—	—	—	742,326	—	742,326
Total assets	**22,485**	**132,847**	**198,641**	**316,422**	**1,308**	**293,457**	**756,170**	—	**1,721,330**

(1) Comprised of administrative expenses of US$34,134,000, other income of US$2,627,000, other expenses of US$4,485,000, reversal of impairment of assets of US$238,000, share of profit of associates and joint ventures of US$2,818,000, finance income of US$671,000, finance costs of US$8,189,000, and foreign exchange loss of US$1,197,000.

(2) Not reportable assets are comprised of investments accounted under the equity method of US$81,192,000, available-for-sale financial assets of US$33,403,000, other receivables of US$75,638,000, income tax receivable of US$8,428,000, deferred income tax assets of US$105,000, other financial assets of US$3,000, and cash and cash equivalents of US$543,557,000.

Six-months ended 30 June 2011	Ares US$000	Arcata US$000	Pallancata US$000	San Jose US$000	Moris US$000	Exploration US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue from external customers	31,274	110,240	182,199	155,990	17,032	—	33	—	496,768
Inter segment revenue	—	—	—	—	—	—	3,588	(3,588)	—
Total revenue	**31,274**	**110,240**	**182,199**	**155,990**	**17,032**	**—**	**3,621**	**(3,588)**	**496,768**
Segment profit/(loss)	9,497	69,051	123,083	79,555	3,081	(19,439)	3,119	(3,505)	264,442
Others[(1)]									(33,847)
Profit/(loss) from continuing operations before income tax									230,595

Year ended 31 December 2011	Ares	Arcata	Pallancata	San Jose	Moris	Exploration	Other	Adjustments and eliminations	Total
Assets									
Capital expenditure	2,673	33,040	55,059	62,994	555	61,629	1,997	—	217,947
Current assets	4,798	31,826	62,348	59,064	7,338	276	2,761	—	168,411
Other non-current assets	10,971	94,583	141,635	231,757	—	255,473	20,414	—	754,833
Total segment assets	15,769	126,409	203,983	290,821	7,338	255,749	23,175	—	923,244
Not reportable assets[(2)]	—	—	—	—	—	—	812,373	—	812,373
Total assets	**15,769**	**126,409**	**203,983**	**290,821**	**7,338**	**255,749**	**835,548**	**—**	**1,735,617**

(1) Comprised of administrative expenses of US$30,570,000, other income of US$4,139,000, other expenses of US$2,387,000, share of profit of associates and joint ventures of US$2,013,000, finance income of US$9,568,000, finance costs of US$13,845,000, and foreign exchange loss of US$2,765,000.

(2) Not reportable assets are comprised of investments accounted under the equity method of US$83,201,000, available-for-sale financial assets of US$40,769,000, other receivables of US$60,293,000, income tax receivable of US$601,000, deferred income tax assets of US$Nil, other financial assets of US$28,000 and cash and cash equivalents of US$627,481,000.

4 Revenue

	Six-months ended 30 June	
	2012 (Unaudited)	2011 (Unaudited)
	US$(000)	
Gold (from dore bars)	48,636	68,437
Silver (from dore bars)	51,636	78,274
Gold (from concentrate)	57,505	59,041
Silver (from concentrate)	196,517	290,983
Services	210	33
	354,504	496,768

5 Cost of sales

Included in cost of sales are:

	Six-months ended 30 June	
	2012 (Unaudited)	2011 (Unaudited)
	US$(000)	
Depreciation and amortisation	56,717	48,185
Personnel expenses	58,371	57,609
Mining royalty	4,778	8,687
Change in products in process and finished goods	(24,531)	5,682

6 Exceptional items

Exceptional items in the six months ended 30 June 2012 relate to:

a) Gain of US$238,000 generated by the reversal of the write-off recorded in 2010 related to the 100% dore project at the San Jose mine.

b) Loss from dilution of US$948,000 generated by the Group´s investment in Gold Resource Corp.

c) The losses arising from the fair value adjustments in relation to the Iron Creek Capital Corp. warrants of US$25,000.

d) The impairment of Brionor Resources and Iron Creek Capital Corp. of US$67,000 and US$998,000 respectively.

Exceptional items in the six months ended 30 June 2011 relate to:

a) Loss from dilution of US$324,000 generated by the Group´s investment in Gold Resource Corp.

b) The overall gain on the sale of the holding of shares in Lake Shore Gold Corporation amounting to US$6,385,878 net of the loss on the sale of Golden Minerals Company shares of US$132,155.

c) The losses arising from the fair value adjustments in relation to the Golden Minerals Company warrants and Iron Creek warrants of US$1,563,200 and US$113,116 respectively.

7 Finance income and finance cost before exceptional items

The Group recognised the following finance income and finance cost before exceptional items:

	Six-months ended 30 June	
	2012 (Unaudited)	**2011 (Unaudited)**
	US$(000)	
Finance income:		
Interests on deposits and liquidity funds	415	1,564
Interest on loans to non-controlling interests	141	1,683
Change in discount rate	—	26
Others	115	41
	671	3,314
Finance cost:		
Interest on bank loans and long-term debt	(1,090)	(4,415)
Interest on convertible bond	(4,430)	(4,324)
Unwind of discount rate	(878)	(583)
Loss from changes in the fair value of derivative instruments[1]	—	(1,810)
Others	(701)	(1,058)
	(7,099)	(12,190)

1 Represented the loss of US$1,810,000 arising from the two swap contracts signed with BBVA and Citibank to fix the interest rate of the JP Morgan led syndicated loan at 1.75% that was accounted for as a fair value hedge. These contracts were cancelled in January 2011 when the syndicated loan was repaid.

8 Income tax expense

	Six-months ended 30 June	
	2012 (Unaudited)	**2011 (Unaudited)**
	US$(000)	
Current income tax expense	11,868	46,855
Current mining royalty charge	1,927	—
Current special mining tax charge	2,405	—
Deferred income tax relating to origination and reversal of temporary differences	22,653	28,104
Withholding taxes	648	4,579
Total taxation charge in the income statement	39,501	79,538

The tax related to items charged or credited to equity is as follows:

	Six-months ended 30 June 2012 (Unaudited)	Six-months ended 30 June 2011 (Unaudited)
	US$(000)	
Deferred income tax relating to origination and reversal of temporary differences	(615)	(3,059)
Total taxation (credit)/charge in the statement of comprehensive income	(615)	(3,059)

9 Property, plant and equipment

During the six months ended 30 June 2012, the Group acquired assets with a cost of US$96,789,000 (2011: US$59,789,000). The additions for the period ended 30 June 2012 relate to:

	Mining properties and development	Other property plant and equipment
	US$(000)	
San Jose	22,155	6,389
Pallancata	12,938	9,579
Inmaculada	13,672	4,005
Arcata	10,901	8,085
Crespo	4,497	340
Others	726	3,502
	64,889	31,900

Assets with a net book value of US$67,000 were disposed of by the Group during the six month period ended 30 June 2012 (2011: US$277,000), resulting in a net loss on disposal of US$10,000 (2011: gain on disposal of US$36,000).

For the six months ended 30 June 2012, the depreciation charge on property, plant and equipment was US$57,016,000 (2011: US$48,513,000).

10 Evaluation and exploration assets

During the six months ended 30 June 2012, the Group acquired evaluation and explorations assets with a cost of US$19,446,000 (2011: US$25,617,000). The additions mainly correspond to:

	US$(000)
Azuca	4,577
San Jose	3,646
Pallancata	3,403
Inmaculada	3,341
Arcata	2,905
Crespo	997
Others	577
	19,446

11 Available-for-sale financial assets

	As at 30 June 2012 (Unaudited)	As at 31 December 2011
	US$(000)	
Opening balance	40,769	153,620
Additions	—	2,910
Impairment	(799)	(198)
Fair value change recorded in equity	(6,567)	(33,078)
Disposals	—	(82,485)
Closing balance[1]	33,403	40,769

1 As at 30 June 2012, the amount mainly represents the fair value of shares of International Minerals Corporation (US$17,684,000), Pembrook Mining Corp. (US$11,725,000), Northern Superior Resources Inc. (US$1,727,000), Mariana Resources Ltd. (US$948,000), and Mirasol Resources Ltd. (US$800,000).

12 Other financial assets and liabilities

	As at 30 June 2012 (Unaudited)	As at 31 December 2011
	US$ (000)	
Other financial assets		
Warrants in Iron Creek Capital Corp.	3	28
Other financial assets	3	28
Other financial liabilities		
Embedded derivatives[1]	5,267	12,831
Other financial liabilities	5,267	12,831

1 Sales of concentrate and certain gold and silver volumes are provisionally priced at the time the sale is recorded. The price is then adjusted after an agreed period of time usually linked to the length of time it takes for the smelter to refine and sell the concentrate or for the refiner to process the dore into gold and silver, with the Group either paying or receiving the difference between the provisional price and the final price. At 30 June 2012 and at 31 December 2011 the provisional price adjustment resulted in a liability due to the decrease of forward prices of gold and silver.

13 Cash and cash equivalents

	As at 30 June 2012 (Unaudited)	As at 31 December 2011
	US$ (000)	
Cash at bank	253	349
Liquidity funds[1]	384,165	370,021
Current demand deposit accounts[2]	47,367	45,030
Time deposits[3]	111,772	212,081
Cash and cash equivalents	543,557	627,481

1 The liquidity funds are mainly invested in certificate of deposits, commercial papers and floating rate notes with a weighted average maturity between 5 and 26 days as at 30 June 2012 (as at 31 December 2011: between 5 and 24 days). In addition, liquidity funds include US Treasury bonds amounting to US$199,924,000 (as at 31 December 2011: US$199,924,000)

2 Relates to bank accounts which are readily accessible to the Group and bear interest.

3 These deposits have an average maturity from 1 to 45 days (as at 31 December 2011: 10 to 83 days).

14 Borrowings

The movement in borrowings during the period to 30 June 2012 is as follows:

	As at 1 January 2012	Additions	Repayments	Reclassifications	As at 30 June 2012
			US$ (000)		
Current					
Bank loans	39,721	44,963	(45,297)	311	**39,698**[1]
Convertible bond payable	6,613	4,430	(3,306)	679	**8,416**
	46,334	49,393	(48,603)	990	**48,114**
Non-current					
Bank loans	360	—	—	(311)	**49**
Convertible bond payable	104,506	—	—	(679)	**103,827**
	104,866	—	—	(990)	**103,876**
Accrued Interest:	(7,292)	(4,430)	3,306	—	**(8,416)**
Net of accrued interest	143,908	44,963	(45,297)	—	**143,574**

1 Mainly relates to pre-shipment loans for a total amount of US$37,500,000 advanced to Minera Santa Cruz S.A. (at 31 December 2011: US$38,500,000). These obligations accrue an effective annual interest rate ranging from 3.50% to 6.60% and are guaranteed by the inventories and the trade receivables of the Company (at 31 December 2011: 1.30% to 6.00%). Pre-shipment loans are credit lines given by banks to meet payment obligations arising from the exports of the Group.

15 Dividends paid and declared

	Six-months ended 30 June	
	2012	2011
	US$(000)	
Declared and paid during the period:		
Equity dividends on ordinary shares:		
Final dividend for 2011: US$0.03 (2010: US$0.03)	10,139	10,143
Dividends paid to non-controlling interest: US$0.03 (2010: US$0.32)	24,877	26,083
Dividends paid	35,016	36,226
Declared dividend to be paid:		
2012 Interim dividend: US$0.03 (2011: US$0.03)	10,139	10,143

A final dividend in respect of the year ended 31 December 2011 of US$0.03 per share, amounting to a total dividend of US$10,138,718 was approved by shareholders at the Annual General Meeting held on 23

May 2012. An interim dividend of US$0.03 per share in respect of the year ending 31 December 2012 has been declared by the Directors of the Company which will be paid to shareholders on 20 September 2012 to those shareholders appearing on the register on 31 August 2012. These financial statements do not reflect this dividend payable.

16 Related party transactions

During the period, in addition to the normal arrangements the Group has with its related parties, the Group recognised a dividend from its associate, Gold Resource Corporation of US$4,826,869 (30 June 2011: US$3,071,643). At 30 June 2012 the dividend receivable from Gold Resource Corporation amounted to US$877,612 (31 December 2011: US$710,000).

17 Commitments

a) Mining rights purchase options

During the ordinary course of business, the Group enters into agreements to carry out exploration under concessions held by third parties. Generally, under the terms of these agreements, the Group has the option to acquire the concession or invest in the entity holding the concession. In order to exercise the option the Group must satisfy certain financial and other obligations over the agreement term. The option lapses in the event that the Group does not meet the financial requirements. At any point in time, the Group may cancel the agreements without penalty, except in certain specific circumstances.

The Group continually reviews its requirements under the agreements and determines on an annual basis whether to proceed with the financial commitment. Based on management's current intention regarding these projects, the commitments at the balance sheet date are as follows:

	As at 30 June 2012	**As at 31 December 2011**
	US$ (000)	
Less than one year	1,798	4,064
Later than one year	32,154	19,200

b) Capital commitments

The future capital commitments of the Group are as follows:

	As at 30 June 2012	**As at 31 December 2011**
	US$ (000)	
Peru	55,111	39,472
Argentina	6,910	3,472
Mexico	3,955	51
	65,976	42,995

Profit by operation[1]

(Segment report reconciliation) as at 30 June 2012

Company (US$ 000)	Ares	Arcata	Pallancata	San Jose	Moris	Consolidation adjustment and others	Total/HOC
Revenue	21,972	85,521	122,049	116,139	8,613	210	354,504
Cost of sales (Pre consolidation)	(18,096)	(40,531)	(57,835)	(53,677)	(4,834)	621	(174,352)
Consolidation adjustment	141	891	(1,718)	(29)	–	621	(94)
Cost of sales (Post consolidation)	(18,237)	(41,422)	(56,117)	(53,648)	(4,834)	–	(174,258)
Production cost excluding depreciation	(19,860)	(27,808)	(32,030)	(51,037)	(3,578)	–	(134,313)
Depreciation in production cost	(1,711)	(12,026)	(18,174)	(23,815)	–	–	(55,726)
Other items	(2,046)	(3,929)	(2,775)	–	–	–	(8,750)
Change in inventories	5,380	2,341	(3,138)	21,204	(1,256)	–	24,531
Gross profit	3,876	44,990	64,214	62,462	3,779	831	180,152
Administrative expenses	–	–	–	–	–	(34,134)	(34,134)
Exploration expenses	–	–	–	–	–	(30,337)	(30,337)
Selling expenses	(39)	(1,273)	(1,789)	(12,824)	–	17	(15,908)
Other income/expenses	–	–	–	–	–	(1,858)	(1,858)
Operating profit before impairment	3,837	43,717	62,425	49,638	3,779	(65,481)	97,915
Impairment of assets	–	–	–	–	–	238	238
Investments under equity method	–	–	–	–	–	2,818	2,818
Finance income	–	–	–	–	–	671	671
Finance costs	–	–	–	–	–	(8,189)	(8,189)
FX gain/(loss)	–	–	–	–	–	(1,197)	(1,197)
Profit/(loss) from continuing operations before income tax	3,837	43,717	62,425	49,638	3,779	(71,140)	92,256
Income tax						(39,501)	(39,501)
Profit/(loss) for the year from continuing operations	3,837	43,717	62,425	49,638	3,779	(110,641)	52,755

1 On a post exceptional basis.

SHAREHOLDER INFORMATION

Company website

Hochschild Mining plc Interim and Annual Reports and results announcements are available via the internet on our website at www.hochschildmining.com. Shareholders can also access the latest information about the Company and press announcements as they are released, together with details of future events and how to obtain further information.

Registrars

Enquiries concerning shareholdings, dividends and changes in personal details should be referred to the Company's registrars, Capita as detailed below.

By post: Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
By telephone:

- If calling from the UK: 0871 664 0300 (Calls cost 10p per minute plus network extras, lines are open 8.30am – 5.30pm Mon-Fri)
- If calling from overseas: +44 20 8639 3399

By fax: +44 (0) 20 8639 2342

Currency option and dividend mandate

Shareholders wishing to receive their dividend in US dollars should contact the Company's registrars to request a currency election form. This form should be completed and returned to the registrars by 4 September 2012 in respect of the 2012 interim dividend.

The Company's registrars can also arrange for the dividend to be paid directly into a shareholder's UK bank account. To take advantage of this facility in respect of the 2012 interim dividend, a dividend mandate form, also available from the Company's registrars, should be completed and returned to the registrars by 4 September 2012. This arrangement is only available in respect of dividends paid in UK pounds sterling. Shareholders who have already completed one or both of these forms need take no further action.

Investor Relations

For investor enquiries please contact the London office by writing to the registered office (given below) or by telephone on 020 7907 2930 or by email to info@hocplc.com.

Financial Calendar

Dividend dates	2012
Ex-dividend date	29 August
Record date	31 August
Deadline for return of currency election forms	4 September
Payment date	20 September

Hochschild Mining plc
46 Albemarle Street
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Registered in England and Wales with Company Number 5777693