

IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the Prospectus following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended for you only and you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached document whether electronically or otherwise to any other person.

THE ATTACHED PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE ATTACHED PROSPECTUS MAY ONLY BE DISTRIBUTED TO PERSONS THAT ARE NOT “U.S. PERSONS” AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITHIN THE UNITED STATES TO QIBs (AS DEFINED BELOW). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THE ATTACHED PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE ATTACHED PROSPECTUS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE US SECURITIES ACT (“**RULE 144A**”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A “**QUALIFIED INSTITUTIONAL BUYER**” WITHIN THE MEANING OF RULE 144A (A “**QIB**”) OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

Confirmation of your representation: In order to be eligible to view the attached Prospectus or make an investment decision with respect to any securities, investors must be (i) QIBs or (ii) “**non-U.S. persons**” (as defined in Regulation S under the Securities Act) outside the United States who are not acting for the account or benefit of U.S. Persons. By accessing these materials, you shall be deemed to have represented to us that you (i) are a QIB or (ii) are outside the United States and are not a U.S. Person and are not acting for the account or benefit of a U.S. Person.

Under no circumstances shall the attached Prospectus constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities being offered, in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the attached Prospectus who intend to subscribe for or purchase the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares are reminded that any subscription or purchase may only be made on the basis of the information contained in the attached Prospectus.

In relation to each EEA State (except for the United Kingdom) which has implemented the Prospectus Directive (each a relevant member state), no Nil Paid Rights, Fully Paid Rights or New Ordinary Shares are only being offered or will be offered pursuant to the Rights Issue to qualified investor as defined in the Prospectus Directive.

In Switzerland, this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares. The Nil Paid Rights, Fully Paid Rights and New Ordinary Shares may not be publicly offered, sold or advertised directly or indirectly into or in Switzerland and will not be listed on the SIX Swiss Exchange or any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares will comply with the disclosure standards for prospectuses under Articles 652a and 1156 of the Swiss Code of Obligations or of the Listing Rules of the SIX Swiss Exchange or the listing rules of any other stock exchange or regulated trading facility in Switzerland and therefore do not constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations or a listing prospectus according to Article 27 of the Listing Rules of the SIX Swiss Exchange or of any other stock exchange or regulated trading facility in Switzerland.

Accordingly, neither this Prospectus nor any other offering or marketing material relating to the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares may be publicly distributed or otherwise made publicly available in Switzerland.

In Canada, this Prospectus is not, and under no circumstances is it to be construed as, a prospectus, an advertisement or a public offering in Canada of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offering of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares. In addition, no securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares and any representation to the contrary is an offence. In Canada, the Company is relying on the “Rights Offering” exemption to the prospectus filing requirement under section 2.1 of National Instrument 45-106 *Prospectus Exemptions* in connection with the Rights Issue.

You are reminded that the attached Prospectus has been delivered to you on the basis that you are a person into whose possession the attached Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of Hochschild Mining plc (the “**Issuer**”) in such jurisdiction.

The attached Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, J.P. Morgan Securities plc, Merrill Lynch International or RBC Europe Limited (the “Joint Bookrunners”) nor any person who controls them nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer and the Joint Bookrunners.

By accessing the attached document, you consent to receiving it in electronic form. None of the Joint Bookrunners nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the attached document or for any statement made or purported to be made by it, or on its behalf, in connection with the Issuer or the Rights Issue. To the fullest extent permitted by law, the Joint Bookrunners and each of their respective affiliates, each accordingly disclaims all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Joint Bookrunners or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in the attached document.

The Joint Bookrunners are acting exclusively for the Issuer and no one else in connection with the Rights Issue. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the Rights Issue and will not be responsible to anyone other than the Issuer for providing the protections afforded to their respective clients nor for giving advice in relation to the Rights Issue or any transaction or arrangement referred to the attached document. You are responsible for protecting against viruses and other destructive items. Your receipt of this document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000, as amended (“FSMA”), if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Subject to the restrictions set out below, if you sell or transfer or have sold or transferred all of your Existing Shares (other than ex-rights) held in certificated form before 8.00 a.m. on 20 October 2015 (the “**Ex-Rights Date**”), please send this Prospectus, together with any Provisional Allotment Letter, if and when received, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. This Prospectus and/or the Provisional Allotment Letter should not, however, be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to (subject to certain exceptions), the Excluded Territories.

Please refer to sections 8 and 9 of Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus if you propose to send this Prospectus and/or the Provisional Allotment Letter outside the United Kingdom. If you sell or have sold or transferred all or some of your Existing Shares (other than ex-rights) held in uncertificated form before the Ex-Rights Date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee. If you sell or have sold or transferred only part of your holding of Existing Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, please contact the stockbroker, bank or other agent through whom the sale or transfer was effected immediately. Instructions regarding split applications are set out in Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus and in the Provisional Allotment Letter.

The distribution of this Prospectus, any other offering or public material relating to the Rights Issue and/or the Provisional Allotment Letter and/or the transfer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares into a jurisdiction other than the United Kingdom may be restricted by law and therefore persons into whose possession this Prospectus (and/or any accompanying documents) comes should inform themselves about and observe any such restrictions. In particular, subject to certain exceptions, this Prospectus and the Provisional Allotment Letter should not be distributed, forwarded to or transmitted in or into the United States or any of the Excluded Territories or into any other jurisdiction where the extension or availability of the Rights Issue would breach any applicable law. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdictions. The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares have not been and will not be registered under the Securities Act, or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. No action has been taken by the Company or by any of the Underwriters that would permit an offer of the New Ordinary Shares or rights thereto or possession or distribution of this Prospectus or any other offering or publicity material or the Provisional Allotment Letters, the Nil Paid Rights or the Fully Paid Rights in any jurisdiction where action for that purpose is required, other than in the United Kingdom.



HOCHSCHILD MINING PLC

(incorporated in England and Wales with Registered No. 05777693)

**Proposed 3 for 8 Rights Issue of up to 137,883,138
New Ordinary Shares at 47.0 pence per New Ordinary Share**

Sponsor and Joint Bookrunner

J.P. Morgan Cazenove

Joint Bookrunners

BofA Merrill Lynch

RBC Capital Markets

This Prospectus comprises a prospectus relating to Hochschild Mining plc and the Rights Issue, prepared in accordance with the Prospectus Rules made under section 73A of FSMA. This Prospectus has been approved by the FCA in accordance with section 85 of FSMA. A copy of this Prospectus has been filed with the FCA in accordance with paragraph 3.2.1 of the Prospectus Rules. This Prospectus will be made available to the public in accordance with paragraph 3.2.4(3) of the Prospectus Rules by the same being made available at <http://www.hochschildmining.com>. This Prospectus can also be obtained on request from the Receiving Agent.

The Existing Shares have been admitted to the premium listing segment of the Official List, and to trading on the London Stock Exchange's main market for listed securities. Application will be made to the FCA for the New Ordinary Shares (nil and fully paid) to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities (together, "**Admission**"). Admission to trading on the London Stock Exchange's main market for listed securities constitutes admission to trading on a regulated market. It is expected that Admission will become effective and that dealings in the New Ordinary Shares (nil paid) will commence on the London Stock Exchange at 8.00 a.m. on 20 October 2015.

The New Ordinary Shares will rank equally for all dividends declared, made or paid after the date of allotment and issue of the New Ordinary Shares and otherwise *pari passu* with the Existing Shares.

Subject to certain exceptions, this document does not constitute an offer to sell or a solicitation of an offer to buy the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States. The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or under the applicable securities laws of any state or other jurisdiction of the United States. The Nil Paid Rights, Fully Paid Rights and New Ordinary Shares are being offered and sold outside the United States, in offshore transactions within the meaning of and in accordance with Regulation S under the Securities Act, and in the United States to qualified institutional buyers within the meaning of Rule 144A under the Securities Act only in a manner not requiring registration under the Securities Act ("QIB"). Prospective investors are hereby notified that sellers of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares may be relying on the exemption from registration provisions under Section 5 of the Securities Act, as amended, provided by Rule 144A thereunder.

The Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares will also not be registered under the securities laws of any Excluded Territories and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption. In particular, subject to certain exceptions, this Prospectus should not be distributed, forwarded to or transmitted in or into the United States or any of the Excluded Territories.

The whole of this Prospectus should be read, including the information incorporated by reference into this Prospectus. Shareholders and any other persons contemplating an acquisition of Provisional Allotment Letters, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares should particularly review the section of this Prospectus entitled "Risk Factors" for a discussion of certain factors that should be considered when deciding on what action to take in relation to the Rights Issue or deciding whether or not to subscribe for or acquire Provisional Allotment Letters, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares. In making an investment decision each investor must carry out their own examination, analysis and enquiry of the Company and the terms of the Rights Issue, including the merits and risks involved.

Qualifying CREST Shareholders who are CREST Sponsored Members should refer to their CREST Sponsors regarding the action to be taken in connection with this Prospectus or the Rights Issue.

J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("**J.P. Morgan Cazenove**"), which is authorised in the United Kingdom by the Prudential Regulation Authority ("**PRA**") and regulated by the FCA and the PRA, is acting as Sponsor and Joint Bookrunner exclusively for the Company and no one else in connection with the Rights Issue and Admission. Merrill Lynch International and RBC Europe Limited (trading as RBC Capital Markets), which are each authorised in the United Kingdom by the PRA and regulated by the FCA and the PRA, are Joint Bookrunners and acting exclusively for the Company and no one else in connection with the Rights Issue and Admission. Neither J.P.Morgan Cazenove, Merrill Lynch International or RBC Europe Limited will regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Rights Issue and will not be responsible to anyone other than the Company for providing the

protections afforded to their respective clients nor for giving advice in relation to the Rights Issue or any transaction or arrangement referred to herein.

Apart from responsibilities and liabilities, if any, which may be imposed on the Joint Bookrunners by the FSMA or the regulatory regime established thereunder, none of the Joint Bookrunners accepts any responsibility whatsoever, and make no representation or warranty express or implied, for the contents of this Prospectus, including its accuracy, completeness or verification or for any other statement made or purported to be made by either of them, or on behalf of either of them, in connection with the Company or Admission. The Joint Bookrunners accordingly disclaim to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which either of them might otherwise have in respect of this Prospectus or any such statement.

J.P. Morgan Cazenove, Merrill Lynch International or RBC Europe Limited (the “**Underwriters**”) or their respective affiliates may engage in trading activity for the purpose of hedging its commitments under the Underwriting Agreement or otherwise. Such activity may include purchases and sales of securities of the Company and related and other securities and instruments (including Ordinary Shares, Nil Paid Rights and Fully Paid Rights). In addition, the Joint Bookrunners or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which the Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of Shares. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Investors acknowledge that (a) they have not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision, and (b) they have relied only on the information contained in this Prospectus, and (c) that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the New Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Underwriters.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy any New Ordinary Shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. The New Ordinary Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

NOTICE TO OVERSEAS SHAREHOLDERS

The Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters and the New Ordinary Shares have not been and will not be registered under the Securities Act, or under any securities laws of any state or other jurisdiction of the United States, or any relevant laws of any of the Excluded Territories, and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, within the United States (except pursuant to an applicable exemption from or in a transaction not subject to the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States), or any of the Excluded Territories (except pursuant to applicable exemptions). There will be no public offer of the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters or the New Ordinary Shares in the United States or any of the Excluded Territories.

None of the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the New Ordinary Shares, this document or any other offering document has been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Rights Issue or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Except as otherwise provided for herein, this document does not constitute an offer of Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New Ordinary Shares to any Shareholder with a registered address in, or who is resident in, the United States or any of the Excluded Territories. This document does not constitute an offer to sell or a solicitation of an offer to buy New Ordinary Shares or to take up entitlements to Nil Paid Rights in any jurisdiction in which such offer or solicitation is unlawful.

The Underwriters may arrange for any New Ordinary Shares not taken up in the Rights Issue to be offered and sold only (i) outside the United States in accordance with Regulation S under the Securities Act or (ii) inside the United States to persons reasonably believed to be QIBs within the meaning of Rule 144A under the Securities Act in reliance on an exemption from the registration requirements of the Securities Act. Prospective investors are hereby notified that such sellers of the Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New Ordinary Shares may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. In addition, until 40 days after Admission, an offer, sale or transfer of the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters or the New Ordinary Shares within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

Subject to certain exceptions, neither this document nor any accompanying documents nor any Provisional Allotment Letter will be posted to any person with a registered address in the United States or in any of the Excluded Territories. All overseas shareholders and any person (including, without limitation, a nominee, custodian or trustee) who has a contractual or legal obligation to forward this document or any Provisional Allotment Letter, if and when received, or any other document to a jurisdiction outside the United Kingdom should refer to sections 8 and 9 of Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus.

The Company is not subject to the periodic reporting requirements of the US Exchange Act. In order to permit compliance with Rule 144A under the Securities Act in connection with resales of the New Ordinary Shares, the Company agrees to furnish upon the request of a Shareholder or a prospective purchaser from any Shareholder the information required to be delivered under Rule 144A(d)(4) of the Securities Act if at the time of such request it is not a reporting company under section 13 or section 15(d) of the US Exchange Act and is not exempt from reporting pursuant to Rule 12g3-2(b) thereunder. All Qualifying Shareholders with a registered address in the United States or any of the Excluded Territories and any person (including, without limitation, a nominee or trustee) who has a contractual or legal obligation to forward this document or any Provisional Allotment Letter to any jurisdiction outside the United Kingdom should read sections 8 and 9 of Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421B OF THE NEW HAMPSHIRE REVISED STATUTES (“RSA 421 B”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421 B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO RESIDENTS OF PERU

THE NIL PAID RIGHTS, FULLY PAID RIGHTS AND NEW ORDINARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH OR APPROVED BY THE PERUVIAN CAPITAL MARKETS SUPERINTENDENCY (“SUPERINTENDENCIA DEL MERCADO DE VALORES” OR “SMV”) OR THE LIMA STOCK EXCHANGE (“BOLSA DE VALORES DE LIMA” OR “BVL”). ACCORDINGLY, THE NIL PAID RIGHTS, FULLY PAID RIGHTS AND NEW ORDINARY SHARES CANNOT BE OFFERED OR SOLD IN PERU, EXCEPT IF SUCH OFFERING IS CONSIDERED A PRIVATE OFFERING UNDER THE SECURITIES LAWS AND REGULATIONS OF PERU. THE PERUVIAN SECURITIES MARKET LAW ESTABLISHES THAT ANY PARTICULAR OFFER MAY QUALIFY AS PRIVATE IF IT IS DIRECTED EXCLUSIVELY TO INSTITUTIONAL INVESTORS.

NOTICE TO EEA INVESTORS

In relation to each EEA State (except for the United Kingdom) which has implemented the Prospectus Directive (each a relevant member state), no Nil Paid Rights, Fully Paid Rights or New Ordinary Shares have been offered or will be offered pursuant to the Rights Issue to the public in that relevant member state prior to the publication of a prospectus in relation to the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, offers of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may be made to the public in that relevant member state at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such relevant member state; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in that relevant member state.

For this purpose, the expression “offer of any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares to the public” in relation to any Nil Paid Rights, Fully Paid Rights and New Ordinary Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Rights Issue and any Nil Paid Rights, Fully Paid Rights and New Ordinary Shares to be offered so as to enable an investor to decide to subscribe for or acquire any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

In the case of any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant Member State to qualified investors, in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale.

The Company, the Underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

NOTICE TO INVESTORS IN SWITZERLAND

In Switzerland, this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares. The Nil Paid Rights, Fully Paid Rights and New Ordinary Shares may not be publicly offered, sold or advertised directly or indirectly into or in Switzerland and will not be listed on the SIX Swiss Exchange or any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares will comply with the disclosure standards for prospectuses under Articles 652a and 1156 of the Swiss Code of Obligations or of the Listing Rules of the SIX Swiss Exchange or the listing rules of any other stock exchange or regulated trading facility in Switzerland and therefore do not constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations or a listing prospectus according to Article 27 of the Listing Rules of the SIX Swiss Exchange or of any other stock exchange or regulated trading facility in Switzerland. Accordingly, neither this Prospectus nor any other offering or marketing material relating to the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares may be publicly distributed or otherwise made publicly available in Switzerland.

NOTICE TO INVESTORS IN CANADA

In Canada, this Prospectus is not, and under no circumstances is it to be construed as, a prospectus, an advertisement or a public offering in Canada of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offering of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares. In addition, no securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares and any representation to the contrary is an offence. In Canada, the Company is relying on the “Rights Offering” exemption to the prospectus filing requirement under section 2.1 of National Instrument 45-106 *Prospectus Exemptions* in connection with the Rights Issue.

NOTICE TO ALL INVESTORS

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information contained in this Prospectus for any purpose other than considering an investment in the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares is prohibited. By accepting delivery of this Prospectus, each offeree of the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares agrees to the foregoing.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Rights Issue, including the merits and risks involved. Neither the Company nor the Joint Bookrunners, nor any of their respective affiliates or representatives, is making any representation to any offeree, subscriber or purchaser of the Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares regarding the legality of an investment in the Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each investor should consult his or its own legal, financial or tax advisers for legal, financial or tax advice before purchasing the Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of a purchase of the Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares. They are also required to make their independent assessment of the risks involved in the purchase of the Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares. Any tax consequences arising from an investor’s participation in the Rights Issue will be solely on account of such investor.

The date of this Prospectus is 15 October 2015.

CONTENTS

	<u>Page</u>
SUMMARY	7
RISK FACTORS	21
DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS	42
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	43
NEW ORDINARY SHARE ISSUE STATISTICS	44
IMPORTANT INFORMATION	45
WHERE TO FIND HELP	54
QUESTIONS AND ANSWERS ON THE RIGHTS ISSUE	55
SECTION 1: GENERAL	56
SECTION 2: ORDINARY SHARES HELD IN CERTIFICATED FORM	58
SECTION 3: ORDINARY SHARES HELD IN CREST	61
SECTION 4: FURTHER PROCEDURES FOR ORDINARY SHARES WHETHER HELD IN CERTIFICATED FORM OR IN CREST	62
PART 1 LETTER FROM THE CHAIRMAN	63
PART 2 TERMS AND CONDITIONS OF THE RIGHTS ISSUE	69
PART 3 BUSINESS	94
PART 4 INDUSTRY OVERVIEW	125
PART 5 FINANCIAL INFORMATION	132
PART 6 OPERATING AND FINANCIAL REVIEW	136
PART 7 CAPITALISATION AND INDEBTEDNESS STATEMENT	182
PART 8 INFORMATION CONCERNING MANAGEMENT, CORPORATE GOVERNANCE AND EMPLOYEES	184
PART 9 REGULATORY OVERVIEW	192
PART 10 ADDITIONAL INFORMATION	209
PART 11 INDEPENDENT AUDITOR	240
PART 12 DOCUMENTS INCORPORATED BY REFERENCE	241
PART 13 DEFINITIONS	243
ANNEX A	249

SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These Elements are numbered in Sections A–E (A.1–E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A—Introductions and warnings		
Element	Disclosure Requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to this document (“ Prospectus ”). Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of a relevant member state, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Resale or final placement of securities through financial intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any subsequent resale or final placement of securities and no consent is being given by the Company for the use of the Prospectus for any subsequent resale or final placement of securities by financial intermediaries.

Section B—Issuer		
Element	Disclosure Requirement	Disclosure
B.1	Legal and commercial name	Hochschild Mining plc
B.2	Domicile and legal form	The Company was incorporated on 13 June 2006 as a private company limited by shares under the laws of England and Wales and was re-registered as a public company limited by shares under the laws of England and Wales on 17 October 2006. Its registered number is 05777693. The principal legislation under which the Company operates is the Act.
B.3	Current operations and principal activities	Hochschild Mining is one of the world’s leading precious metals groups, focusing on the exploration, mining, processing and sale of silver and gold with more than 50 years of experience operating in the Americas. For the year ended 31 December 2014, the Group produced 16.2 million ounces of silver and approximately 101 thousand ounces of gold. For the six months ended 30 June 2015, the Group produced 6.3 million ounces of silver and approximately 40.6 thousand ounces of gold.

		<p>For the year ended 31 December 2014, the Group generated cash flow from operating activities of US\$93.8 million, and an Adjusted EBITDA of US\$135.6 million, representing an Adjusted EBITDA margin (being Adjusted EBITDA as a percentage of revenue) of 27.5%, compared to cash flow from operating activities of US\$64.7 million, and an Adjusted EBITDA of US\$201.0 million, representing an Adjusted EBITDA margin of 32.3%, for the year ended 31 December 2013. As of 31 December 2014, the Group had US\$462.9 million of Indebtedness and US\$116.0 million of cash and cash equivalents.</p> <p>For the six months ended 30 June 2015, the Group generated cash flow from operating activities of US\$18.3 million, and an Adjusted EBITDA of US\$39.3 million, representing an Adjusted EBITDA margin of 20.7%, compared to cash flow from operating activities of US\$44.2 million, and an Adjusted EBITDA of US\$94.3 million, representing an Adjusted EBITDA margin of 33.4%, for the six months ended 30 June 2014. As of 30 June 2015, the Group had US\$533.8 million of Indebtedness and US\$84.3 million of cash and cash equivalents.</p> <p>In 2006, the Company became the first Latin American company to be listed on the London Stock Exchange in nearly 100 years. The Company is headquartered in Lima, Peru.</p> <p><i>Geographic Regions and Operating Segments</i></p> <p>The Group has three distinct operating segments, divided into Mine Assets, Growth Projects, and Exploration. These are located in four countries in Latin America: Peru, Mexico, Chile and Argentina. The Group focuses on these key jurisdictions primarily as a result of the strong mining and geological potential offered by certain regions of such countries and the mining expertise that the Group has developed in such regions.</p> <p>The Group's Mine Assets consist of four underground mines in operation, with three located in southern Peru (Arcata, Pallancata and Inmaculada) and one in southern Argentina (San Jose), each of which has its own mine, plant and related facilities. The units of the Group currently produce Doré (Arcata, Inmaculada and San Jose) and Concentrate (Arcata, Pallancata and San Jose). A Doré bar is a semi-pure alloy of gold and silver, created on-site at the mines and then transported to a refinery for further purification. Concentrate is an ore material containing metallic compounds in concentrations higher than naturally occur in ore, but requiring additional processing to isolate the pure metal.</p> <p>In addition to its operating units, the Group has three Growth Projects: (i) Crespo (Peru), (ii) Azuca (Peru) and (iii) Volcan (Chile). The Group also has a portfolio of greenfield exploration projects across premium geological locations throughout South America and Mexico. A number of these projects and prospects are structured as joint ventures or option arrangements with mining partners, while others are exclusively owned and operated by the Group.</p> <p><i>Reserves, Resources and Production</i></p> <p>As of 31 December 2014, the Group had approximately 12.6 million tonnes of attributable Proved and Probable Ore Reserves, 439.3 million tonnes of attributable Measured and Indicated Mineral Resources and 74.7 million tonnes of attributable Inferred Mineral Resources.</p>
--	--	---

		<p>The table below shows key production information for each of the Group's Core Assets, for each of the periods indicated:</p> <table><tr><th rowspan="2">Mine</th><th colspan="3">Year ended 31 December 2014</th><th colspan="3">Six months ended 30 June 2015</th></tr><tr><th>Silver (million oz)</th><th>Gold (thousand oz)</th><th>Silver equivalent (million oz)</th><th>Silver (million oz)</th><th>Gold (thousand oz)</th><th>Silver equivalent (million oz)</th></tr><tr><td>Arcata</td><td>5.8</td><td>16.9</td><td>6.8</td><td>2.7</td><td>7.2</td><td>3.2</td></tr><tr><td>Pallancata</td><td>6.5</td><td>24.3</td><td>8.0</td><td>1.9</td><td>8.4</td><td>2.5</td></tr><tr><td>San Jose</td><td>6.5</td><td>94.2</td><td>12.1</td><td>2.9</td><td>42.3</td><td>5.5</td></tr></table>	Mine	Year ended 31 December 2014			Six months ended 30 June 2015			Silver (million oz)	Gold (thousand oz)	Silver equivalent (million oz)	Silver (million oz)	Gold (thousand oz)	Silver equivalent (million oz)	Arcata	5.8	16.9	6.8	2.7	7.2	3.2	Pallancata	6.5	24.3	8.0	1.9	8.4	2.5	San Jose	6.5	94.2	12.1	2.9	42.3	5.5
Mine	Year ended 31 December 2014			Six months ended 30 June 2015																																
	Silver (million oz)	Gold (thousand oz)	Silver equivalent (million oz)	Silver (million oz)	Gold (thousand oz)	Silver equivalent (million oz)																														
Arcata	5.8	16.9	6.8	2.7	7.2	3.2																														
Pallancata	6.5	24.3	8.0	1.9	8.4	2.5																														
San Jose	6.5	94.2	12.1	2.9	42.3	5.5																														
B.4a	Significant recent trends	<p>The financial performance of the Group is significantly affected by the market prices of gold and silver, particularly the prices quoted in the international markets for these commodities. Gold and silver prices have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Group. These factors, which affect each precious metal to varying degrees, include international economic and political conditions, levels of supply and demand, inventory levels maintained by producers and others, and, to a lesser degree, inventory carrying costs and currency exchange rates. In addition, the market prices of certain metals have on occasion been subject to rapid short-term changes due to speculative investment activities. The mining industry has experienced a decline in silver and gold prices, from an average of US\$31.1 per ounce in the year ended 31 December 2012 to an average of US\$16.6 per ounce in the six months ended 30 June 2015 in the case of silver, and from an average of US\$1,669 per ounce in the year ended 31 December 2012 to an average of US\$1,206 per ounce in the six months ended 30 June 2015 in the case of gold. In this environment of challenging commodity prices, the Group has reacted since April 2013 by restructuring its operations and reducing costs to mitigate the impact of lower prices through the implementation of a cash flow optimisation programme, which has delivered targeted cost savings to date of approximately US\$300 million. Initiatives under this cash flow optimisation programme include focusing on production of profitable ounces at all operations with reduced levels of sustaining capital expenditures. In addition, the availability of mining contractors, suppliers and skilled labour in the countries where the Group operates allows it to access competitive inputs for its operations.</p> <p>The Group focuses on improving operational productivity, reducing costs, optimising the life-of mine and ensuring long-term sustainability at its Core Assets. Due to the high-grade nature of the Group's deposits and drawing on many years of experience at multiple operations, the Group has been able to develop efficient production techniques to maintain its cash costs of production at competitive levels. Since 2013, the main areas of attention have been designing and executing the cash flow optimisation programme, reprogramming mine production plans to ensure positive cash flow generation at each of the Core Assets, focusing on brownfield exploration to improve the quality of the resource base and completing construction of the Inmaculada mine. As a result of the above, the Group also maintains a flexible cost structure that allows it to react to changing commodity prices.</p>																																		

		<p>For the three months ended 30 September 2015, the Group produced 7.6 million attributable silver equivalent ounces (assuming the 60:1 gold/silver ratio) consisting of 4.1 million ounces of silver and 57.0 thousand ounces of gold, which includes 36.1 thousand ounces of gold and 875 thousand ounces of silver from the new Inmaculada mine. For the period from 1 January 2015 to 30 September, the Group has produced 16.3 million attributable silver equivalent ounces (assuming the 60:1 gold/silver ratio) consisting of 10.4 million ounces of silver and 97.6 thousand ounces of gold. The Group is therefore on track to achieve its 2015 production target of 24.0 million attributable silver equivalent ounces (assuming the 60:1 gold/silver ratio). The Group expects its all-in sustaining cost per silver equivalent ounce to be reduced from US\$16.9 in the year ended 31 December 2014 to an estimated US\$13 to US\$14 for the year ending 31 December 2015 (assuming the average ratio for the period). All-in sustaining costs in the month of September 2015 is expected to be below \$10 per silver equivalent ounce at Inmaculada. Management estimates the total cash held by the Group to be approximately US\$75 million as at 30 September 2015.</p>												
B.5	Group structure	<p>The Company is the ultimate parent holding company of the Group. The significant subsidiaries of the Group are Compañía Minera Ares S.A.C., Minera Santa Cruz S.A., Hochschild Mining Holdings Ltd., Hochschild Mining (Peru) S.A., Minera Oro Vega S.A.C., Minera Antay S.A.C., Compañía Minera Arcata S.A., Empresa de Transmisión Aymaraes, Hochschild Mining (Argentina) Corporation S.A., MH Argentina S.A., Andina Minerals Chile Limitada, Minera Hochschild Chile SCM, Sociedad Contractual Minera Victoria, Minera Hochschild Mexico S.A. de C.V. and HMX S.A. de C.V.</p>												
B.6	Notifiable interests	<p>As at 14 October 2015 (being the latest practicable date prior to the publication of this Prospectus), the Company had been notified that the following persons held directly or indirectly 3% or more of the voting rights of the Company, which are notifiable under the Disclosure and Transparency Rules, or will do so immediately following the Rights Issue:</p> <table> <tr> <th><u>Name</u></th><th><u>Number of Shares held as at 14 October 2015</u></th><th><u>% of voting rights in respect of Shares held as at 14 October 2015</u></th></tr> <tr> <td>Eduardo Hochschild⁽¹⁾</td><td>199,320,272</td><td>54.21%</td></tr> <tr> <td>M&G Investment Management Ltd .</td><td>57,436,838</td><td>15.62%</td></tr> <tr> <td>Standard Life (Holdings) Limited . .</td><td>18,317,350</td><td>5.027%</td></tr> </table> <p>Note:</p> <p>(1) The shareholding of Mr. Eduardo Hochschild is held through Pelham.</p> <p>Mr. Eduardo Hochschild intends to take up his rights to subscribe for at least 68,887,508 New Ordinary Shares under the Rights Issue in respect of his beneficial holding of Existing Shares through the arrangements described below, which will result in Mr. Hochschild owning 53.05% of the issued and outstanding shares of the Company following completion of the Rights Issue. Pelham has agreed to transfer the Nil Paid Rights that it will receive in respect of its Existing Shares to ASPI. Pursuant to the Irrevocable Undertaking, ASPI has irrevocably undertaken to the Company to subscribe for 68,887,508 New Ordinary Shares and make payment in full for such New Ordinary Shares and the Company has agreed to pay ASPI a fee of 1% of the subscription commitment representing approximately £330,000 (US\$500,000).</p> <p>The Company's major Shareholders do not have any different voting rights to other Shareholders.</p>	<u>Name</u>	<u>Number of Shares held as at 14 October 2015</u>	<u>% of voting rights in respect of Shares held as at 14 October 2015</u>	Eduardo Hochschild ⁽¹⁾	199,320,272	54.21%	M&G Investment Management Ltd .	57,436,838	15.62%	Standard Life (Holdings) Limited . .	18,317,350	5.027%
<u>Name</u>	<u>Number of Shares held as at 14 October 2015</u>	<u>% of voting rights in respect of Shares held as at 14 October 2015</u>												
Eduardo Hochschild ⁽¹⁾	199,320,272	54.21%												
M&G Investment Management Ltd .	57,436,838	15.62%												
Standard Life (Holdings) Limited . .	18,317,350	5.027%												

B.7

Key financial information for the Group

The tables below set out certain selected consolidated financial and operating information of the Group on a consolidated and segmental basis, as at the dates and for the periods indicated below. Prospective investors should review the following selected financial information together with the whole of this document and any documents incorporated by reference herein and should not rely on the selected financial information below.

The financial information as at and for the six months ended 30 June 2014 and 2015, and the years ended 31 December 2012, 31 December 2013 and 31 December 2014 set forth below has been derived from the 2015 Interim Condensed Financial Statements and the 2012, 2013 and 2014 Financial Statements incorporated by reference in this Prospectus.

The following summary financial data excludes 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 Group’s financial performance and to facilitate comparison with prior periods.

Selected consolidated pre-exceptional income statement data:

	Year ended 31 December			Six months ended 30 June (unaudited)	
	2012	2013	2014	2014	2015
	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
Continuing operations					
Revenue	817,952	622,158	492,951	282,012	190,259
Cost of sales	(420,325)	(466,766)	(404,639)	(209,421)	(174,493)
Gross profit	397,627	155,392	88,312	72,591	15,766
Administrative expenses	(72,995)	(54,425)	(43,335)	(21,355)	(18,779)
Exploration expenses	(64,612)	(42,871)	(17,254)	(8,175)	(4,092)
Selling expenses	(39,460)	(28,785)	(28,697)	(14,536)	(11,600)
Other income	8,733	3,974	4,112	2,030	2,602
Other expenses	(9,525)	(15,555)	(17,512)	(4,817)	(4,604)
Impairment and write-off of assets net	—	—	—	—	—
(Loss)/profit from continuing operations before exceptional items, net finance income/(cost), foreign exchange loss and income tax	219,768	17,730	(14,374)	25,738	(20,707)
Share of post-tax profit of associates accounted for under equity method	6,456	5,921	—	—	—
Finance income	1,988	10,675	2,215	1,813	581
Gain on transfer from investment accounted for under the equity method to available-for-sale financial assets	—	—	—	—	—
Finance costs	(12,870)	(11,697)	(33,074)	(18,087)	(14,636)
Foreign exchange loss	(1,212)	(19,753)	(4,990)	(335)	(1,211)
(Loss)/profit from continuing operations before exceptional items and income tax . .	214,130	2,876	(50,223)	9,129	(35,973)
Income tax (expense)/benefit	(85,549)	(44,979)	(6,466)	(10,675)	(1,777)
(Loss)/profit for the year from continuing operations before exceptional items	128,581	(42,103)	(56,689)	(1,546)	(37,750)
Attributable to:					
Equity shareholders of the Company	64,830	(50,345)	(54,963)	(2,469)	(38,341)
Non-controlling interests	63,751	8,242	(1,726)	923	591
	<u>128,581</u>	<u>(42,103)</u>	<u>(56,689)</u>	<u>(1,546)</u>	<u>(37,750)</u>
Basic and diluted loss per ordinary share from continuing operations for the year (expressed in US dollars per share)	0.19	(0.15)	(0.15)	(0.01)	(0.10)
Total exceptional items	(1,715)	(86,574)	(14,142)	(10,203)	(6,135)

Selected consolidated statement of financial position data:

	As at 31 December			As at 30 June (unaudited)
	2012	2013	2014	2015
	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
Assets				
Non-current assets	1,195,281	1,188,005	1,334,932	1,394,133
Current Assets	624,703	545,887	371,380	331,099
Total Assets	<u>1,819,984</u>	<u>1,733,892</u>	<u>1,706,312</u>	<u>1,725,232</u>
Equity and liabilities				
Capital and reserves attributable to shareholders of the Parent	1,058,732	865,861	799,224	759,886
Non-controlling interests	264,518	104,375	95,160	95,751
Total equity	<u>1,323,250</u>	<u>970,236</u>	<u>894,384</u>	<u>855,637</u>
Non-current liabilities	279,115	195,328	662,636	660,545
Current liabilities	217,619	568,328	149,292	209,050
Total liabilities	<u>496,734</u>	<u>763,656</u>	<u>811,928</u>	<u>869,595</u>
Total equity and liabilities	<u>1,819,984</u>	<u>1,733,892</u>	<u>1,706,312</u>	<u>1,725,232</u>

Selected consolidated cash flow statement data:

	Year ended 31 December			Six months ended 30 June (unaudited)	
	2012	2013	2014	2014	2015
	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
Net cash generated from operating activities	254,879	64,674	93,779	44,159	18,320
Net cash used in investing activities	(427,869)	(218,113)	(263,007)	(127,049)	(119,212)
Cash flows generated in financing activities	(94,842)	99,830	5,039	27,374	70,215
Cash and cash equivalents at end of year	358,944	286,435	115,999	225,550	84,316

For the year ended 31 December 2014, the Group generated cash flow from operating activities of US\$93.8 million, and an Adjusted EBITDA of US\$135.6 million, representing an Adjusted EBITDA margin of 27.5%, compared to cash flow from operating activities of US\$64.7 million, and an Adjusted EBITDA of US\$201.0 million, representing an Adjusted EBITDA margin of 32.3%, for the year ended 31 December 2013 and cash flow from operating activities of US\$254.9 million, and an Adjusted EBITDA of US\$384.8 million, representing an Adjusted EBITDA margin of 47.0%, for the year ended 31 December 2012.

As of 31 December 2014, the Group had US\$462.9 million of Indebtedness and US\$116.0 million of cash and cash equivalents. Revenue decreased 20.8%, to US\$493.0 million for the year ended 31 December 2014, consisting of silver revenue of US\$320.8 million and gold revenue of US\$172.0 million, from US\$622.2 million for the year ended 31 December 2013, consisting of silver revenue of US\$405.5 million and gold revenue of US\$216.6 million. As of 31 December 2013, the Group had US\$438.7 million of Indebtedness and US\$286.4 million of cash and cash equivalents. Revenue decreased 23.9%, to US\$622.2 million for the year ended 31 December 2013, consisting of silver revenue of US\$405.5 million and gold revenue of US\$216.6 million, from US\$818.0 million for the year ended 31 December 2012, consisting of silver revenue of US\$557.8 million and gold revenue of US\$259.6 million.

In 2014, silver and gold accounted for 65.1% and 34.9%, respectively, of the Group's total revenue compared to 65.2% and 34.8%, respectively, for the year ended 31 December 2013 and 68.2% and 31.7%, respectively, for the year ended 31 December 2012. This decrease was primarily as a consequence of weak commodity prices which resulted in a decrease of 10.3% and 19.8% in the average price of gold and silver, respectively for the year ended 31 December 2014. Gross profit before exceptional items decreased 43.2%, to US\$88.3 million for the year ended 31 December 2014, from US\$155.4 million for the year ended 31 December 2013 and US\$397.6 million for the year ended 31 December 2012. Profit from

		<p>continuing operations before income tax decreased 1,846.3%, to a US\$50.2 million loss for the year ended 31 December 2014, from a US\$2.9 million gain for the year ended 31 December 2013 and US\$214.1 million for the year ended 31 December 2012.</p> <p>For the six months ended 30 June 2015, the Group generated cash flow from operating activities of US\$18.3 million, and an Adjusted EBITDA of US\$39.3 million, representing an Adjusted EBITDA margin of 20.7%, compared to cash flow from operating activities of US\$44.2 million, and an Adjusted EBITDA of US\$94.3 million, representing an Adjusted EBITDA margin of 33.4%, for the six months ended 30 June 2014. As of 30 June 2015, the Group had US\$533.8 million of Indebtedness and US\$84.3 million of cash and cash equivalents. Revenue decreased 32.5% to US\$190.3 million for the six months ended 30 June 2015, consisting of silver revenue of US\$122.5 million and gold revenue of US\$67.7 million, from US\$282.0 million for the six months ended 30 June 2014, consisting of silver revenue of US\$186.2 million and gold revenue of US\$95.8 million. For the six months ended 30 June 2015, silver and gold accounted for 64.4% and 35.6% of the Group's total revenue, respectively, from 66.0% and 34.0%, respectively, for the six months ended 30 June 2014. This change was primarily the result of a decrease of 17.4% in the price of silver, and a decrease of 6.6% in the price of gold. Gross profit decreased 78.3%, to US\$15.8 million for the six months ended 30 June 2015, from US\$72.6 million for the six months ended 30 June 2014. Profit from continuing operations before income tax decreased to a loss of US\$36.0 million for the six months ended 30 June 2015, from a gain of US\$9.1 million for the six months ended 30 June 2014.</p> <p>There has been no significant change in the financial condition and operating results of the Group since 30 June 2015 (being the date to which the Group's latest published results have been prepared).</p>
B.8	Key pro forma financial information	Not applicable. No pro forma information is included in this Prospectus.
B.9	Profit forecast	Not applicable. This Prospectus does not contain profit forecasts or estimates.
B.10	Qualifications in audit reports on the historical financial Information	Not applicable. The audit reports on the historical financial information contained in, or incorporated by reference into, this Prospectus are not qualified.
B.11	Working capital explanation	Not applicable. The Company is of the opinion that, taking into account the net proceeds of the Rights Issue and the bank and other facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is, for at least the 12 months following the date of publication of this Prospectus.

Section C—Securities		
Element	Disclosure Requirement	Disclosure
C.1	Type and class of the securities admitted to trading including any security identification number	<p>The Rights Issue comprises up to 137,883,138 New Ordinary Shares. The nominal value of the total issued ordinary share capital of the Company immediately following the Rights Issue is expected to be £126,392,876.25 divided among 505,571,505 Shares.</p> <p>The ISIN code for the Nil Paid Rights is GB00BYMT2284 and for the Fully Paid Rights is GB00BYMT2060. The ISIN code for the Shares (including the New Ordinary Shares) is GB00B1FW5029.</p>
C.2	Currency of the securities issue	The Shares are priced in Pounds Sterling, and the New Ordinary Shares will be quoted and traded in Pounds Sterling.
C.3	Shares issued and value per share	The Company has 367,688,367 Shares of 25 pence each in issue and fully paid as at the date of this Prospectus.
C.4	Rights attached to the securities	The New Ordinary Shares will, when allotted and issued, rank equally in all respects with the Existing Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Ordinary Shares.
C.5	Restrictions on free transferability of the securities	There are no restrictions on the free transferability of the Shares.
C.6	Admission and regulated markets where the securities are traded	<p>The Existing Shares have been admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.</p> <p>Application will be made for the New Ordinary Shares (nil and fully paid) to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission of the New Ordinary Shares will become effective and that dealings in the New Ordinary Shares (nil paid) will commence on the London Stock Exchange at 8.00 a.m. on 20 October 2015.</p>
C.7	Dividend policy	<p>The Directors did not recommend a dividend in respect of the years ended 31 December 2013 and 31 December 2014. Future decisions regarding the dividend will be based on a number of factors, including market conditions, distributable reserves, liquidity, operational performance and the impact of project capital expenditure.</p> <p>Since the Company is the holding company for the Group, its stand-alone income and its ability to pay dividends depends in part on the receipt of dividends and distributions from other members of the Group. The payment of dividends by these subsidiaries and associated companies is contingent upon the sufficiency of earnings, cash flows and distributable reserves.</p>

Section D—Risks		
Element	Disclosure Requirement	Disclosure
D.1	Key risks specific to the issuer or its industry	<ul style="list-style-type: none"> • <i>The Group's financial performance is highly dependent upon the price of silver and gold and a substantial or extended decline would have an adverse effect on the revenues, profitability and reserves of the Group:</i> The Group's financial performance is highly dependent on the market price of silver and gold, with sales of silver and gold accounting for 65.1% and 34.9%, respectively, of the Group's gross revenue in 2014. These prices have historically been subject to wide fluctuations and are affected by numerous factors beyond the Group's control, including international economic and political conditions, monetary and fiscal policies of industrialised economies and major central banks, levels of supply and demand, the availability and costs of substitutes, global inventory levels and actions of participants in the commodities markets. • <i>Changes in the demand for silver and gold could adversely affect the Group's sales volume and revenues:</i> The Group's revenues depend on the volume of silver and gold sold by the Group, which in turn depends on the level of industrial and consumer demand for these metals. A fall in demand may result from economic slow-downs or recessions or other factors and could materially and adversely impact the Group's results of operations and financial condition. • <i>The nature of the Group's business includes risks related to litigation and administrative proceedings:</i> The nature of the Group's business exposes it to litigation risks. While the Group contests litigation against it vigorously and makes insurance claims when appropriate, litigation and other proceedings are inherently costly and unpredictable, making it difficult to accurately estimate the outcome of actual or potential litigation or proceedings. There can be no assurance that existing or future legal proceedings or disputes will not have a material adverse effect on the Group's ability to conduct its business, financial condition and results of operations, in particular, in the event of an unfavourable outcome. • <i>The Group may not achieve further cost savings nor maintain its existing efficiencies from cost reduction initiatives, and an increase in the Group's production costs could materially and adversely affect its profitability:</i> The Group's success depends in part on its ability to be a low-cost producer in a highly competitive industry. The Group periodically makes investments in its operations to improve production facilities and reduce operating costs and monitors closely its operational performance, costs and capital expenditures. The Group may experience operational issues when carrying out major production, procurement, or logistical changes. These, as well as any failure by the Group to achieve planned production targets, cost and expense savings and efficiencies, or any increases in the cost of mining and processing operations, could have a material adverse effect on the Group's results of operations and financial condition. • <i>The Group must make substantial capital expenditures to achieve its operational and strategic objectives and is subject to risks in maintaining cash flows and ability to raise financing:</i> The mining business is capital intensive and the development and exploitation of silver and gold reserves and the acquisition of machinery and equipment require substantial capital expenditure. The Group's ability to continue exploration, exploitation, development and operational activities will depend ultimately on the Group's ability to generate cash flows and

		<p>secure financing as required. Any restrictions to the Group's cash flow or financing may restrict its ability to continue exploration, exploitation, development and processing activities, which could result in delay of projects, postponement of further exploration, assessment or development of certain projects which could have a material adverse effect on the Group's financial condition and results of operation.</p> <ul style="list-style-type: none"> • <i>The operations of the Group depend on its relations and agreements with local communities, and new projects in Peru require carrying out a prior consultation procedure:</i> The Group interacts with multiple local communities that surround the Group's operations in Peru and Argentina and with the corresponding regional and local governments. Such relationships are critical to ensuring the future success of the Group's existing operations and the construction and development of its projects. In the event that such relations were to deteriorate, it could have a material adverse effect on the Group's business, properties, operating results, financial condition or prospects. The Group has entered into numerous agreements with these local communities that mainly provide for the use of their land for the Group's operations. In the event that the communities do not comply with the existing agreements, or do not renew them upon expiration, or such agreements are challenged before a competent court and an unfavourable resolution is rendered against the Group, it could result in the suspension or cessation of the affected operations of the Group, which could have a material adverse effect on the Group's business, properties, operating results, financial condition or prospects. • <i>The Group's estimates of reserves and resources may be materially different from mineral quantities it actually recovers:</i> There is a degree of uncertainty attributable to the calculation of mineral reserves and resources. Until reserves are actually mined and processed, the quantity of ore and grades must be considered as estimates only. The Proved and Probable Ore Reserves and resources data included in this Prospectus are estimates that comply with standard evaluation methods generally used in the international mining industry and are stated in conformity with the JORC Code. No assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that mineral reserves can be mined or processed profitably, all of which could materially and adversely impact the business of the Group. • <i>The Group depends on its ability to replenish ore reserves and resources for its long-term viability:</i> The Group depends on its ability to replenish its ore reserves and resources for its viability. The Group uses several strategies to replenish and increase its ore reserves, including exploration, acquisition of mining concessions and investing in technology that could extend the life-of-mine of its existing operations, by allowing the Group to cost-effectively process ore types that were previously considered uneconomic. However, as a direct consequence of the continued low price environment, the level of greenfield exploration, appraisal of acquisition and joint venture opportunities, and sustaining capital expenditures have been significantly reduced until the precious metals markets show sustained improvement in prices. There can be no assurance that the Group will be able to sustain a level of exploration, appraisal of acquisition and joint venture opportunities and capital expenditure in order to replenish its reserves indefinitely.
--	--	--

		<ul style="list-style-type: none"> • <i>The Group could face increasing costs and complex environments over time as mines age and reserves deplete:</i> As reserves are gradually depleted in the ordinary course of a given mining operation, the average mining depth and operating distance from processing infrastructure increases. As the Group's more easily accessible reserves are depleted, it will need to mine deeper and implement more complex and labour intensive extraction procedures. Rising extraction costs could have an adverse effect on the Group's results of operations and financial condition. • <i>Health and safety, environmental and other laws and regulations may increase the Group's costs of doing business and require the Group to dedicate more resources to compliance and remediation activities:</i> The Group's activities are subject to a number laws and regulations, including relating to health and safety and environmental protection, as well as certain industry standards. Additional matters subject to regulation in the countries where the Group operates include, but are not limited to, concession fees, transportation, production, water use and discharge, power use, electricity generation and transmission, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, repatriation of capital and exchange controls, taxation, mining royalties, labour standards and occupational health and safety, including mine safety, and historic and cultural preservation. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations (including the imposition of higher taxes and mining royalties) or more stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Group's operations and delays in the development of its properties. • <i>The growth and profitability of the Group depends on economic, social and political stability in Peru and other emerging markets:</i> A substantial percentage of the Group's revenues are derived from the operations in Peru. Accordingly, the Group's results of operations and general financial condition depends in part on Peruvian markets for labour and certain services, materials, supplies, machinery and equipment, and on factors relating to Peruvian economic, social and political stability generally. While Peru has experienced relative political stability and economic growth in the last decade, there can be no assurance that future developments in or affecting the Peruvian political situation, including economic, social or political instability in Peru or in other emerging markets, will not result in material and adverse effects on the Group's business, financial condition or results of operations. The recent economic slowdown, coupled with the uncertainty of presidential and congressional elections in 2016 and the potential adverse economic impact of the El Niño current, could lead to increased economic, social or political instability. In recent years, different regions in Peru have experienced strikes and protests related mainly to the environmental impact of metallic mining activities, resulting in political tensions and commercial disruptions in that area. Future government policies in response to social unrest could include increased regulation, royalties and taxation as well as revocation of permits and expropriation of assets.
--	--	--

D.3	Key risks specific to the securities	<ul style="list-style-type: none"> • <i>The price of the Shares may fluctuate:</i> The market price of the Shares is subject to fluctuations due to changes in sentiment in the market or in response to various facts and events. Any regulatory changes affecting the Group's operations or capital structure, variations in the Group's financial results or its ability to manage its debt may cause volatility in its share price. • <i>The absence of an active trading market in Nil Paid Rights and any volatility in the trading price of Nil Paid Rights:</i> The trading period for the Nil Paid Rights is expected to commence on 20 October 2015 and to end on 3 November 2015. An active trading market in the Nil Paid Rights may not develop during that period. Because the trading price of the Nil Paid Rights depends on the trading price of the Shares, the price of the Nil Paid Rights will be subject to the same risks as the price of the Shares. Accordingly, the price of the Nil Paid Rights may be highly volatile and there is no certainty that a Qualifying Shareholder will be able to realise value for their Rights. • <i>Mr. Eduardo Hochschild exercises significant control over the Company and, as a result, investors may not be able to influence the outcome of important decisions in the future:</i> Pelham, the principal shareholder of the Company, which is controlled by Mr. Eduardo Hochschild, the Company's Chairman, beneficially owns approximately 54% of the issued and outstanding shares of the Company and intends, through Pelham and ASPI (the companies through which Mr. Hochschild will hold his Shares upon completion of the Rights Issue), to maintain at least a majority stake in the Company by participating in the Rights Issue. As a result, Mr. Hochschild will be able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and significant corporate transactions. • <i>The Group cannot assure investors that it will make dividend payments in the future:</i> The Directors may be unable to declare or pay any dividends. For example, for the years ended 31 December 2013 and 2014, the Company did not pay dividends to its shareholders. Future dividends will depend, among other things, on the Group's future profits, financial position, distributable reserves, holding capital requirements, general economic conditions and other factors that the Directors deem significant from time to time. In addition, the Company is primarily a holding company with no direct business operations other than its ownership of the capital stock of its subsidiaries and its ability to pay dividends, to the extent that it decides to do so, primarily depends on its subsidiaries' ability to generate revenue and pay dividends to the Company.
-----	--------------------------------------	---

Section E—Offer		
Element	Disclosure Requirement	Disclosure
E.1	Net proceeds and estimate of total expenses	<p>The value of the 137,883,138 New Ordinary Shares, at a price of 47.0 pence per New Ordinary Share, will be £64.8 million.</p> <p>Estimated expenses, including underwriting commission but excluding VAT, are expected to be approximately £3.7 million.</p> <p>No expense will be charged by the Company to Shareholders who take up their rights in the Rights Issue.</p>
E.2a	Reasons for the offer, use of proceeds and net amount of proceeds	<p>In accordance with the ongoing focused management of the Group's financial position, the net proceeds of the Rights Issue will strengthen the balance sheet and provide the flexibility necessary to enable the Company to continue to implement its strategy to increase long-term value for shareholders.</p> <p>Not less than 50% of the net proceeds of the Rights Issue will be applied to repay outstanding bank indebtedness. The balance will be held as cash on deposit to ensure certainty of access to the funds and liquidity in light of the prevailing price volatility in precious metal prices.</p>
E.3	Terms and conditions of the offer	<p>Pursuant to the Rights Issue, the Company is proposing to offer New Ordinary Shares by way of a Rights Issue to Qualifying Shareholders (other than, subject to certain limited exceptions, Qualifying Shareholders with a registered address in, or resident or located in, the United States or any of the Excluded Territories).</p> <p>The offer is to be made at 47.0 pence per New Ordinary Share, payable in full on acceptance by no later than 11.00 a.m. on 3 November 2015. The Rights Issue is expected to raise approximately £61.1 million (net of expenses). The Rights Issue price represents a 47.6% discount to the Closing Price of 89.75 pence per Existing Share on 14 October 2015 (being the last trading day prior to the announcement of the Rights Issue) and a 39.8% discount to the TERP of 78.09 pence per Existing Share calculated by reference to the Closing Price on 14 October 2015.</p> <p>The Rights Issue will be made on the basis of: 3 New Ordinary Shares at 47.0 pence per New Ordinary Share for every 8 Existing Shares held by Qualifying Shareholders on the Record Date.</p> <p>Entitlements to New Ordinary Shares will be rounded down to the next lowest whole number (or to zero in the case of Shareholders holding fewer than 8 Existing Shares at the close of business on the Record Date) and fractional entitlements will not be allotted to Qualifying Shareholders but will be aggregated and issued into the market for the benefit of the Company. Holdings of Existing Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.</p> <p>Other than the New Ordinary Shares which Mr. Eduardo Hochschild has agreed, through Pelham and ASPI, to subscribe for under the Rights Issue pursuant to the Irrevocable Undertaking, the Rights Issue is fully underwritten by the Underwriters pursuant to the Underwriting Agreement.</p> <p>The Rights Issue will result in 137,883,138 New Ordinary Shares being issued (representing approximately 37.5% of the existing issued share capital of the Company as at the latest practicable date on 14 October 2015).</p>

RISK FACTORS

Any investment in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares is subject to a number of risks and uncertainties. Prior to investing in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares, prospective investors should carefully consider the factors, risks and uncertainties associated with any such investment, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Prospective investors should note that the risks and uncertainties identified in the Summary are the risks and uncertainties that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares. However, as the risks and uncertainties which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the Summary but also, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares and should be used as guidance only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, the potential significance of the risks or of the scope of any potential harm to the Group's business, results of operations and financial condition or prospects. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations and financial condition. If any such risk should materialise, the price of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares may decline and investors could lose all or part of their investment. Investors should carefully consider whether an investment in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

RISKS RELATING TO THE BUSINESS AND OPERATIONS OF THE GROUP

The Group's financial performance is highly dependent upon the price of silver and gold and a substantial or extended decline would have an adverse effect on the revenues, profitability and reserves of the Group.

The Group's financial performance is highly dependent on the market price of silver and gold, with sales of silver and gold accounting for 65.1% and 34.9%, respectively, of the Group's gross revenue in 2014. These prices have historically been subject to wide fluctuations and are affected by numerous factors beyond the Group's control, including international economic and political conditions, monetary and fiscal policies of industrialised economies and major central banks, levels of supply and demand, the availability and costs of substitutes, global inventory levels and actions of participants in the commodities markets.

To a lesser extent, the market prices of silver and gold are also subject to the effects of inventory carrying costs and currency exchange rates. Factors that are generally understood to contribute to a decline in the price of silver and gold include sales by private and government holders, and, in relation to silver, a general global economic slowdown. Future prolonged reductions or significant declines in the world silver and gold prices could have a material adverse effect on the Group's revenues, profitability and reserves. For example, the continuing weakness of the precious metal markets following the initial price declines in 2013 has led to the Group's strategy with regards to Crespo, Azuca and Volcan being revised in 2013, with work on these deposits put on hold until there is a sustained improvement in the precious metals markets, which would allow the Group to reassess capital allocation to these assets and potentially to re-initiate development. The Group has also reduced the amount of its sustaining capital expenditure. As a direct consequence of the continued low price environment, exploration activity has focused on brownfield exploration in order to maintain and improve the brownfield resource base, and the level of greenfield exploration, appraisal of acquisition and joint venture opportunities and sustaining capital expenditure have been significantly reduced, and could affect the Group's ability to replace its reserves at its historic rates.

The Group has recently utilised commodity swaps to hedge certain of its cash flows from product sales against silver and gold price risk. The success of the Group's hedging strategy depends, in part, upon its ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the commodity being hedged and the Group's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. Although a hedge is intended to reduce risk, it does not eliminate risk entirely. The use of hedges involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the

Group's assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. If the Group's strategy is unsuccessful, it could materially and adversely impact the Group's results of operations and financial condition.

Changes in the demand for silver and gold could adversely affect the Group's sales volume and revenues.

The Group's revenues depend on the volume of silver and gold sold by the Group, which in turn depends on the level of industrial and consumer demand for these metals. Demand for these metals is mostly driven by: in the case of silver, its general perception as a store of value as well as its use in industrial processes and products, such as batteries, bearings, brazing and soldering, catalysts, electronics and photographic material, and its use by direct consumers, such as for jewellery, silverware and coins; and in the case of gold, its general perception as a store of value as well as its use by direct consumers, such as for jewellery and coins. A global increase in the production of silver and gold or changes in technology, industrial processes or consumer habits, including increased demand for substitute materials, may decrease the demand for these metals. A fall in demand may also result from economic slow-downs or recessions or other factors. A decrease in demand due to any of the factors described could also decrease the volume of silver and gold sold by the Group and therefore materially and adversely impact the Group's results of operations and financial condition.

The nature of the Group's business includes risks related to litigation and administrative proceedings, which could materially and adversely affect its business and financial performance.

The nature of the Group's business exposes it to litigation relating to labour, environmental, health and safety matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims, contractual disputes and criminal prosecution, among others.

While the Group contests litigation against it vigorously and makes insurance claims when appropriate, litigation and other proceedings are inherently costly and unpredictable, making it difficult to accurately estimate the outcome of actual or potential litigation or proceedings. Although the Group establishes provisions as it deems necessary, the amounts reserved could vary significantly from any amounts it actually pays due to the inherent uncertainties in the estimation process. There can be no assurance that existing or future legal proceedings or disputes will not have a material adverse effect on the Group's ability to conduct its business, financial condition and results of operations, in particular, in the event of an unfavourable outcome.

The Group may not achieve further cost savings nor maintain its existing efficiencies from cost reduction initiatives, and an increase in the Group's production costs could materially and adversely affect its profitability.

The Group's success depends in part on its ability to be a low-cost producer in a highly competitive industry. The Group periodically makes investments in its operations to improve production facilities and reduce operating costs and monitors closely its operational performance, costs and capital expenditures. The Group may experience operational issues when carrying out major production, procurement, or logistical changes and these, as well as any failure by the Group to achieve planned production targets, cost and expense savings and efficiencies, could have a material adverse effect on the Group's results of operations and financial condition.

Changes in the Group's production costs could have a major impact on its profitability. The Group's main production expenses are personnel costs, materials and energy. Changes in the costs of mining and processing operations could occur as a result of unforeseen events, including international and local economic and political events, and could result in changes in profitability. Any increase in silver and gold prices is also expected to lead to an increase in personnel, materials and energy costs. Many of these factors are beyond the control of the Group and could materially and adversely affect the Group's profitability.

The Group relies on third-party suppliers for a number of its raw materials, including for the supply of cement, wood, cyanide and steel used in the construction and continuing development of its mines and the processing of ore. Any material increase in the cost of raw materials, or the Group's inability to source third-party suppliers for its raw material supplies, could have a material adverse effect on the Group's results of operations and financial condition.

The Group must make substantial capital expenditures to achieve its operational and strategic objectives and is subject to risks in maintaining cash flows and ability to raise financing.

The mining business is capital intensive and the development and exploitation of silver and gold reserves and the acquisition of machinery and equipment require substantial capital expenditure. The Group has a number of development projects and prospects, as well as plans for its existing operations, which involve significant capital expenditure. In particular, the Group must continue to invest significantly to maintain or to increase the amount of reserves exploited and the amount of silver and gold produced. Some of the Group's development projects and prospects may require greater investment than currently planned. While the strategy with regards to Crespo, Azuca and Volcan was revised in 2013 with work on these projects currently on hold until a sustained improvement of the precious metals market, should the Group re-initiate development of these assets, significant capital allocation will be required. In addition, the Group's ability to continue long term exploration, exploitation, development and operational activities will depend ultimately on the Group's ability to generate cash flows and secure financing in the long term. Despite challenging conditions, the Group has been able to raise US\$350 million through the issuance of Senior Notes in January 2014, repay its US\$115 million convertible bonds in October 2014, enter into a US\$100 million credit agreement with The Bank of Nova Scotia and Corpbanca in October 2014, and drawing down on various short-term credit lines with different financial institutions in the aggregate amount of US\$75 million. The Group also has access to various short-term credit lines with different financial institutions if required. However, there can be no assurance that the Group will be able to continue to generate sufficient cash flow, or that the Group will have access to sufficient investments, loans or other financing alternatives in the long term. For example, certain incurrence and maintenance covenants in the credit agreement with The Bank of Nova Scotia and Corpbanca may restrict the Group from incurring further indebtedness. Such restrictions may affect the Group's cash flow and restrict its ability to continue its exploration, exploitation, development and processing activities at or above present levels and failure to do so, could result in delay of projects, postponement of further exploration, assessment or development of certain properties or projects and have a material adverse effect on the Group's financial condition and results of operation.

The operations of the Group depend on its relations and agreements with local communities, and new projects in Peru require carrying out a prior consultation procedure.

The Group interacts with multiple local communities that surround the Group's operations in Peru and Argentina and with the corresponding regional and local governments. Such relationships are critical to ensuring the future success of the Group's existing operations and the construction and development of its projects. In the event that such relations were to deteriorate, it could have a material adverse effect on the Group's business, properties, operating results, financial condition or prospects.

The Group has entered into numerous agreements with these local communities that mainly provide for the use of their land for the Group's operations. In the event that the communities do not comply with the existing agreements, or do not renew them upon expiration or such agreements are challenged before a competent court and an unfavourable resolution is rendered against the Group, it could result in the suspension or cessation of the affected operations of the Group, which could have a material adverse effect on the Group's business, properties, operating results, financial condition or prospects. Furthermore, in order to develop new projects on land owned by, or in the possession of, third parties, the Group is required to reach an agreement with such third parties in order to use that land. Failure to reach such agreements or obtain governmental approvals for new projects could prevent the Group from developing its new projects and replenishing its reserves and resources, which could result in a material adverse effect on the Group's financial condition. For example, in 2013 and 2014, the Group was unable to replenish resources at Pallancata through exploration in the areas adjacent to the mine due to its inability to obtain surface rights from the relevant third parties controlling such land. In addition, community protests and other actions relating to the alleged environmental impact of mining projects, such as those that occurred in 2011 with respect to Minas Conga in the Cajamarca region (Peru), the Toquepala mine in the Tacna region (Peru), more recently in 2015, with respect to the Tia Maria mine in the Arequipa region (Peru), and the Las Bambas mine in the Apurimac region (Peru), and in respect of the Inmaculada and Selene mines as at the date of this Prospectus, could also result in a material adverse effect if they were to impede, hinder, block, delay or in any other manner affect the Group's existing operations or expansion projects. From time to time, certain of the Group's operations have been targeted by community protests and there can be no assurance that similar protests will not have a material adverse effect on the Group's business, properties, operating results, financial condition or prospects.

On 7 September 2011, the Peruvian congress enacted Law No. 29785, Law on Prior Consultation Right for Indigenous and Native Communities based on the International Labour Organisation's 169th Convention, ratified by Peru in 1993 ("*Ley del Derecho a la Consulta Previa a los Pueblos Indígenas y Originarios, Reconocido en el Convenio 169 de la Organización Internacional del Trabajo*"). According to this law, the Peruvian government must carry out a prior consultation procedure with indigenous communities, whose collective rights may be directly affected by new laws, regulations or administrative orders, including granting authorisations necessary to develop new mining projects. The implementing regulations were approved by Supreme Decree No. 001-2012-MC enacted by the Ministry of Culture and became effective on 4 April 2012. The implementing regulations specify the form and circumstances under which the consultation will be made and the way in which agreements will be formalised with the indigenous communities, and limit the consultation process to a maximum of 120 calendar days. The Ministry of Culture has begun to publish preliminary lists of communities that could be deemed to be indigenous communities. Certain communities close to the Group's projects in Peru are featured on the preliminary lists and could be deemed to be indigenous communities which, if confirmed in due course, may result in delays, additional expenses or failure to obtain the required approvals for new projects.

The Group's estimates of reserves and resources may be materially different from mineral quantities it actually recovers.

There is a degree of uncertainty attributable to the calculation of mineral reserves and resources. Until reserves are actually mined and processed, the quantity of ore and grades must be considered as estimates only. The Proved and Probable Ore Reserves and resources data included in this Prospectus are estimates that comply with standard evaluation methods generally used in the international mining industry and are stated in conformity with the JORC Code. No assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that mineral reserves can be mined or processed profitably, all of which could materially and adversely impact the business of the Group.

Actual reserves may not conform to geological, metallurgical or other expectations to the estimated volume and grade of ore that is recovered. In particular, some estimates of the Group's resources presented in this Prospectus include Inferred Mineral Resources, which, by definition, are estimates that are made with a low level of confidence. Market prices of silver and gold, increased production costs, reduced recovery rates, short-term operating factors, royalty taxes and other factors may render Proved and Probable Ore Reserves uneconomic to exploit or increase the costs of such exploitation, which may result in revisions of reserves data from time to time. Reserves and resources data are not indicative of future results of operations and are depleted as the Group mines. The Group's results of operations or financial condition may be materially and adversely affected if its estimates of reserves and resources are materially different from mineral quantities it actually recovers.

In addition, there are numerous uncertainties inherent in estimating reserves and resources. Assumptions that are valid at the time of estimation based on long term analysts' consensus prices for silver and gold, which may be based on prices higher than spot prices, may change significantly when new information becomes available. To the extent that the spot prices of commodities are lower than forecast prices used in preparing the Group's models, mining of the relevant reserves and resources may become uneconomical. No assurance can be given that the reserves and resources, capital and operating costs will not be greater or lower than those anticipated, a variation of which could materially and adversely impact the business of the Group.

The Group depends on its ability to replenish ore reserves and resources for its long-term viability.

The Group's long-term viability depends on its ability to replenish its ore reserves and resources. The Group uses several strategies to replenish and increase its ore reserves, including exploration, acquisition of mining concessions and investing in technology that could extend the life-of-mine of its existing operations by allowing the Group to cost-effectively process ore types that were previously considered uneconomic. However, as a direct consequence of the continued low price environment and the Group's cash flow optimisation programme, the level of greenfield exploration, appraisal of acquisition and joint venture opportunities, and sustaining capital expenditures have been significantly reduced until the precious metals markets show sustained improvement in prices. There can be no assurance that the Group will be able to sustain a level of exploration, appraisal of acquisition and joint venture opportunities and capital expenditure in order to replenish its reserves and resources indefinitely. If the Group fails to

develop its resource base through the realisation of identified mineralised potential, the Group's results of operations or financial condition may be materially and adversely affected.

The Group could face increasing costs and complex environments over time as mines age and reserves deplete.

As reserves are gradually depleted in the ordinary course of a given mining operation, the average mining depth and operating distance from processing infrastructure increases. As the Group's more easily accessible reserves are depleted, it will need to mine deeper and implement more complex and labour intensive extraction procedures. These rising extraction costs affect the estimated life of the mine, which is determined on the basis of the feasibility of continued extraction in the context of rising costs. Rising extraction costs could have a material and adverse effect on the Group's results of operations and financial condition.

The Group's exploration efforts are highly speculative in nature and may be unsuccessful.

Mining exploration is highly speculative in nature, involves many risks and is frequently unsuccessful, including the risk that the Group will encounter no commercially exploitable reserves. The Group's future growth and profitability will depend, in part, on its ability to identify and acquire additional mineral rights and/or properties containing reserves and resources, and on the costs and results of its continued exploration and development programmes. Moreover, once mineralisation is discovered, it may take a number of years from the initial phases of drilling before production is possible, during which time the economic feasibility of production may change. Substantial capital expenditure is required to identify and delineate ore reserves through geological surveying, trenching and drilling, to determine processes to extract the metals and, if required, to construct mining and processing facilities and obtaining the rights on the land and resources required to develop the mining activities. In particular, the geological characteristics of the Group's operating mines mean that it is difficult to prove up reserves without significant investment in underground development.

The Group has approximately 1059 mining concessions totaling approximately 735,361 hectares throughout Peru (372,284 hectares), Chile (149,573 hectares) and Argentina (213,503 hectares), of which approximately 18% are currently being exploited, 4% falls under the Group's Growth Projects and the remaining 78% are either currently being explored or will be in the future. Despite the Group's consistent track record of replacing its reserves and its expertise in relation to mineral deposits of this nature, there can be no assurance that the Group's exploration programmes will result in the expansion or replacement of current production with new proven and probable reserves. Any failure to identify and delineate ore reserves in the future, to develop the Group's resource base through the realisation of identified mineralised potential, and/or to undertake successful exploration or acquire new resources could have a material adverse effect on its results of operations or financial condition.

Development projects have no operating history upon which to base estimates of Proved and Probable Ore Reserves and estimates of future cash operating costs. Estimates are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metal from the ore, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, actual cash operating costs and economic returns based upon the development of Proved and Probable Ore Reserves may differ significantly from those originally estimated. Moreover, significant decreases in actual or expected prices may mean reserves, once found, will be uneconomical to mine.

Environmental and health and safety laws may increase the Group's costs of doing business, restrict its operations, or result in the application of fines, revocation of permits or shutdown of the Group's facilities.

The Group is required to comply with occupational health and safety and environmental laws and regulations in the countries where it operates and the operations of the Group are subject to periodic inspections by relevant governmental authorities. These laws and regulations govern, among other things, work place conditions, use of safety equipment, worker insurance coverage, and the handling, storage and disposal of hazardous substances. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations (including the imposition of higher taxes and mining royalties) or more stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Group's operations and delays in the development of its

properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety impacts of the Group's past and current operations, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions.

The Group monitors environmental and occupational health and safety performance and compliance regularly through programmes, reports and activities onsite at its production facilities. The Group also issues reports according to its safety, health, environmental and quality system. These include, among other things, a daily report of accidents, a weekly environmental and occupational health and safety report, a monthly environmental and occupational health and safety report, and an annual occupational health and safety plan. Mining is an inherently dangerous activity that involves substantial risks and both workers of the Group and workers of its contractors are subject to accidents, some of which may result in serious injuries or death. Accidents are reported, as required, to the relevant authorities of the countries where the Group operates.

Although the Group believes that it is in compliance with applicable regulations in all material aspects, there can be no assurance that the Group has been or will be at all times in full compliance with applicable laws and regulations. Any violation of such laws or regulations could result in substantial fines, criminal sanctions, temporary or permanent shutdown of the affected operations or facilities or the suspension or revocation of authorisations, permits or licences may increase the Group's costs of doing business, restrict its operations, or result in the application of fines, revocation of permits or shutdown of the Group's facilities, which could have a material adverse effect on the Group's business, properties, operating results, financial condition or prospects.

Environmental laws and other regulations have become increasingly stringent in the countries where the Group operates over the last decade, additional laws and regulations are expected to be enacted over time with respect to environmental matters, and the Group has been required to dedicate more resources to compliance and remediation activities.

Environmental laws and regulations imposing environmental obligations on the mining industry have been enacted in all of the countries where the Group operates in the last decade. Additionally, future changes to environmental laws and regulations could increase the extent of investment and work required to be performed by the Group in order to comply with environmental obligations, including, but not limited to, those related to reclamation and remediation. Any such increases in future costs could materially impact the amounts charged to operations in this regard. Additional matters subject to regulation in the countries where the Group operates include, but are not limited to, concession fees, transportation, production, water use and discharge, power use, electricity generation and transmission, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, repatriation of capital and exchange controls, taxation, mining royalties, labour standards historic and cultural preservation.

Regulatory and industry response to climate change, restrictions, caps, taxes, or other controls on emissions of greenhouse gasses, including on emissions from the combustion of carbon-based fuels, controls on effluents and restrictions on the use of certain substances or materials could significantly increase the Group's operating costs. This could also affect the Group's customers. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. These regulatory initiatives will be either voluntary or mandatory and may impact the Group's operations directly or through its suppliers or customers.

The potential impact of climate change on the Group's operations is highly uncertain, and would be particular to the geographic circumstances of its facilities and operations. It may include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperatures, particularly those that could result from the El Niño current, which is expected in 2016. These effects may materially and adversely impact the cost, production and financial performance of the Group's operations.

Peru, Argentina and Chile are all signatories to, and have each ratified, the Kyoto Protocol. The Kyoto Protocol is intended to limit or capture emissions of greenhouse gases such as carbon dioxide and methane. While the precise nature of the revised environmental regulations and enforcement regime within these jurisdictions has yet to be finalised, compliance with new environmental requirements that may be enacted to ensure compliance with the Kyoto Protocol may require significant capital expenditure and failure to comply with any new legislation could result in the incurrence of fines and other penalties.

In addition, the Group has to submit an environmental impact assessment and/or other environmental/social compliance documentation for all of its new projects or expansions of existing operations or facilities in accordance with applicable mining regulations in the countries where the Group operates. The environmental impact assessment and other environmental/social compliance documentation may have to be discussed at various open hearings with the local communities, where they have the opportunity to voice their opinion and concerns. In Peru, for example, the governmental entity that approves environmental impact assessments for the execution of mining and energy projects typically requires companies that carry out mining or energy activities to address questions from the relevant community. There can be no assurance that any future projects will be approved or that existing approvals, authorisations, licences and permits will not be questioned or revoked. Furthermore, there can be no assurance that even if the Group obtains the required approvals, licences, authorisations and permits for any future projects it will not experience opposition from local communities that could impede the development of such projects.

Pursuant to certain applicable environmental laws, members of the Group could be found liable for all or substantially all of the damages caused by pollution at its current or former facilities or those of its predecessors at disposal sites. Members of the Group could also be found liable for all incidental damages due to the exposure of individuals to hazardous substances or other environmental damages. There can be no assurance that the Group's costs of complying with current and future environmental laws and regulations, and any liabilities arising from past or future releases of, or exposure to, hazardous substances will not materially and adversely affect its business, financial condition and results of operations.

The Peruvian environmental regulator, OEFA, routinely oversees and inspects all mining operations within the country. Following these inspections, the regulator issues findings which, in general terms, can range from the implementation of corrective measures as a matter of good practice to the taking of steps to address non-compliance. The Company has, to date, received a number of findings, the vast majority of which have been acted upon with the remainder to be implemented in due course.

The development of more stringent environmental protection programmes in the countries where the Group operates, international conventions and treaties, trade agreements or generally in the industry could impose constraints and additional costs on the Group's operations and require it to make significant capital expenditures in the future. There can be no assurance that future legislative, regulatory, international law, industry, trade or other developments will not have a material adverse effect on the Group's business, properties, operating results, financial condition or prospects.

The Group may be adversely affected by labour disputes.

Mining is a labour intensive industry. The Group depends on more than 5,373 workers to carry out its operations, 70.1% under direct payroll and 29.9% from mining service contractor companies as of 30 June 2015. The Group has front-line workers unions at its main operations and a mine office staff union in Argentina among its direct payroll staff; front-line workers unions represented approximately 54.5% of direct payroll workers. The Group engages in collective agreement negotiations with the unions annually. These generally relate to salaries, working conditions and welfare. In recent months, there have been a number of instances of mining companies facing industrial action and work stoppages at their Latin American operations which, in certain instances, have led to operations being shut down. Although the Group considers that its relations with employees and contractors are currently positive, and any recent work stoppages have been brief and have not affected production, there can be no assurance that the Group will not experience work slowdowns, work stoppages, strikes or other labour disputes in the future, particularly in the context of the annual renegotiation of its collective agreements. For example, the workers union in Arcata went on strike for 14 days in 2014 despite a collective agreement between the Group and the union. This strike was declared illegal by the Ministry of Labour in Peru and did not result in any material adverse effect on the Group meeting its 2014 production targets. Also, in May 2015 the Group experienced work stoppage at the San Jose mine relating to the demand by unions for pay increases. Any strikes or other labour disputes in the future could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group depends on key skilled personnel. If the Group is unable to attract and retain key personnel, its business may be materially and adversely affected.

The business of the Group depends in significant part upon the contributions of a number of its key senior management and personnel, in particular the Group's highly skilled team of engineers and geologists. There can be no certainty that the services of the Group's key personnel will continue to be available.

Factors critical to retaining present staff and attracting additional highly qualified personnel include the Group's ability to provide competitive compensation arrangements. If the Group is not successful in retaining or attracting highly qualified individuals in key management positions and highly skilled engineers and geologists, its business may be materially harmed. In some of the jurisdictions where the Group's operations and development projects are located, particularly Argentina, it may be difficult to find or hire qualified people in the mining industry who are situated in those jurisdictions or to obtain all of the necessary services or local expertise or to conduct operations on projects at reasonable rates. If the Group fails to obtain or retain qualified people and services or expertise in such jurisdictions, those services will need to be obtained from people located elsewhere, which will require work permits and compliance with applicable laws and could result in delays and higher costs to develop the Group's projects.

The Group's concessions may be terminated or not renewed by governmental authorities.

Under the laws of the jurisdictions where the Group's operations, development projects and prospects are located, mineral resources belong to the state and government concessions are required to explore for and exploit mineral reserves. The Group holds mining, exploration and other related concessions in each of the jurisdictions where it operates and carries out development projects and prospects. The concessions held by the group for its operations, development projects and prospects may be terminated under certain circumstances, including where minimum investment or production levels are not achieved (or a corresponding penalty is not paid), if certain fees are not paid or if environmental and safety standards are not met. Termination of any one or more of the Group's mining, exploration or other concessions would result in the Group losing rights to continue operations, development projects and exploration activities in certain locations or for certain of its assets, which could have a material adverse effect on its financial condition or results of operations.

The Group is required to obtain governmental permits to expand operations, commence new operations or renew certain permits for the existing operations and projects. The costs and delays associated with such approvals could affect the Group's operations, reduce its revenues, and negatively affect its business as a whole.

The Group is required to seek governmental permits for the expansion of existing operations, for the commencement of new operations or renew certain permits for the existing operations and projects in each of the jurisdictions where the Group's operations, development projects and prospects are located. Obtaining the necessary governmental permits is a complex and time-consuming process often involving public hearings and costly undertakings. The duration and success of permitting efforts are contingent on many factors that are outside the control of the Group. In the event of unanticipated problems with these applications, the governmental approval process may increase costs and cause delays, depending on the nature of the activity to be permitted, and could keep the Group from proceeding with the development, commissioning or operation of a mine or project, which could have a material effect on its revenues and overall financial results. Furthermore, there can be no assurance that even if the Group obtains the required permits for any projects it will not experience opposition from local communities that could impede the development or continued development of such projects.

The Group's results and financial condition are affected by global and local market conditions which it does not control and cannot predict.

The Group is subject to the risks arising from adverse changes in domestic and global economic and political conditions. The Group's industry is cyclical by nature and fluctuates with economic cycles, including the current global economic instability. The weakness in the global economy is often marked by, among other adverse factors, lower levels of consumer and corporate confidence, decreased business investment and consumer spending, increased unemployment, reduced income and asset values in many areas, currency volatility and limited availability of credit and access to capital.

If the global economic recovery falters or deteriorates, it could have a material impact on the Group's business and financial condition. In addition, the condition of the global financial markets may have a negative impact on the global and local economy, and consequently on the Group's business, financial condition and results of operations. The Group may experience longer sales cycles, difficulty in collecting sales proceeds, and lower prices for its products. Any potential global economic weakness may prompt banks to limit or deny lending to any of the members of the Group or to its customers, which could have a material adverse effect on the Group's liquidity, its operations, its ability to carry out its announced capital investment programmes and may prompt the Group's customers to slow down or reduce the purchase of the Group's products. If any of these events occur, it may have a material adverse effect on market

conditions, the prices of the Company's securities, the ability of the members of the Group to obtain financing, and the Group's results of operations and financial condition.

The mining industry is highly competitive.

The Group faces competition from other mining, processing, trading and industrial companies in the Americas and globally. Competition principally involves sales, supply and labour prices, contractual terms and conditions, attracting and retaining qualified personnel and securing the services and supplies needed for the operations of the Group. There can be no assurance that competition will not adversely affect the Group in the future. For example, lower cost producers of silver and gold could be better positioned to manage future volatility through commodity price cycles. In addition, mines have limited lives and, as a result, the Group must periodically seek to replace and expand its reserves by acquiring new properties and by developing projects. Significant competition exists to acquire mining concessions, land and related assets with potential mineralisation. Some other mining companies may have greater financial resources than the Group, and it may be unable to acquire attractive new mining properties on terms that the Group considers acceptable. As a result, revenues of the Group from the sale of silver and gold may decline over time, thereby materially and adversely affecting its results of operations or financial condition.

Potential changes to international trade regulations and agreements, as well as other political and economic arrangements (including direct or indirect subsidies) may benefit silver and gold producers or traders operating in countries other than where the Group's mining operations are currently located or adversely affect the prices paid by the Group for the supplies it needs and its export costs when the Group engages in international transactions. There can be no assurance that the Group will be able to compete on the basis of price or other factors with companies that in the future may benefit from favourable regulations, trading or other arrangements or that the Group will be able to maintain the cost of the supplies it requires and its export costs.

Changes in tax laws in the countries where the Group operates may increase the Group's tax burden and, as a result, could adversely affect its business, financial condition and results of operations.

The Group is subject to many different forms of taxation in various jurisdictions, including without limitation, corporation income tax, withholding tax, VAT and certain other payroll related taxes in jurisdictions such as the UK, Peru, Argentina, Mexico and Chile. Tax law and administration is complex and often requires subjective determinations. Tax authorities may not agree with determinations made by the Group with respect to the application of tax law and such disagreements could result in legal disputes, which may be lengthy, and ultimately result in the payment of substantial amounts of tax, interest and penalties, which could have an adverse effect on the Group's business, financial condition, results of operations or prospects. The Group is also exposed to the risk of unfavourable changes in tax legislation and to its interpretation, and increases in the rate of taxes in the jurisdictions in which the Group operates; some of which are identified below.

The Peruvian government from time to time implements changes to tax laws and regulations. Any such changes, as well as changes in the interpretation of such laws and regulations, may result in increases to the Group's overall tax burden, which would negatively affect its profitability. For example, on 28 September 2011, Law No. 29789 and Law No. 29788 were passed by the Peruvian Congress and increased taxation on metallic and non-metallic mining activities in Peru, and came into effect on 1 October 2011. The impact of this tax change in 2014 was not material to the Group. The Argentine government has also implemented changes to its tax laws and regulations from time to time. For example, on 23 September 2013, Law No. 26.893 was promulgated by the President of Argentina, creating a new tax of 10% on dividends. In addition, the Province of Santa Cruz passed a new tax law which imposes a 1% yearly tax on unmined mineral reserves. In Mexico, new tax legislation was passed introducing a new royalty of 7.5% of operating profits of all companies in the mining industry will be required to pay, as well as a special royalty of 0.5% from the sales of gold, silver and platinum. The Chilean government may, under certain circumstances, implement changes to taxation laws and regulations. Such changes may result in increases to the Group's overall tax burden, which would negatively affect its profitability. For example, following the February 2010 earthquake, the Chilean corporate income tax, which applies to companies resident or domiciled in Chile on taxable income defined as gross income from sources located in Chile and outside the country, and is calculated by deducting the direct costs of goods and services and necessary expenses incurred in earning income, was increased from 17% to 20% starting in 2011, in order to fund reconstruction efforts.

There can be no assurance that the governments of the jurisdictions where the Group operates will not implement additional changes to tax regulations in the future, which could adversely affect the Group's business, financial condition and results of operations.

Delay or failure to complete the Group's development projects or the incurrence of additional costs could have a material adverse effect on its growth prospects.

Successful completion of the Group's development projects, including its growth projects at Crespo (Peru), Azuca (Peru) and Volcan (Chile), is subject to various factors, many of which are not within its control. The strategy with regards to Crespo, Azuca and Volcan was revised in 2013 with work on these projects currently on hold until there is a sustained improvement in the precious metals markets, which would allow the Group to reassess capital allocation to these assets and potentially to re-initiate development. While the current suspension of these projects does not have an impact on the Group's production targets, re-initiation of these or other development projects are vital to the Group's long-term growth prospects and ability to replace reserves and resources. Factors that may delay or prevent the completion of the Group's development projects include the granting of consents and permits from the relevant government authorities, the availability, terms, conditions and timing of acceptable arrangements for transportation, construction and refining, and the performance of engineering and construction contractors, mining contractors, suppliers and consultants.

In addition, the lack of availability of acceptable contractual terms, receipt of change orders or slower than anticipated performance by any contractor, could delay or prevent the successful completion of any of the Group's development projects or lead to the incurrence of additional costs. Delays may also result from social and community issues, including without limitations, issues resulting in protests or work stoppages. Completion or further expansion of the Group's development projects may be compromised in the event of a prolonged decline in silver and gold prices.

Any unanticipated delay in the development and completion of projects may cause delays in projected cash inflows and increasing capital costs. There can be no guarantee as to when the Group's development projects will be re-initiated and completed, whether the resulting operations will achieve anticipated production volumes or whether the costs in developing these projects will be in line with those anticipated. The inability to complete the Group's development projects as planned may have a material adverse effect on its results of operations or financial condition.

The Group is subject to a number of risks and hazards inherent to the mining business, which are not fully covered by insurance.

The Group is subject to risks and hazards inherent to the mining business, many of which are outside the Group's control. Hazards associated with underground mining operations include environmental hazards, industrial accidents, encountering unusual or unexpected geological deposits, cave-ins or landslides, flooding, earthquakes, underground fires and explosions, including those caused by flammable gas, gas and coal outbursts, falling rocks, tunnel collapses, lack of oxygen, air pollution, discharges of tailings, hazardous substances and materials, gases and toxic chemicals, sinkhole formations and ground subsidence, other accidents and conditions resulting from underground mining, such as drilling, blasting, removing and processing material.

These occurrences could result in damage to, or destruction of, mineral properties or production facilities, human exposure to pollution, personal injury or death, environmental damage, reduced production and delays in mining, asset write-downs, reputational damage, monetary losses and possible legal liability. In particular, the Group's Peruvian and Mexican mines and projects are located in areas of high seismic risk. Although the facilities have been designed to take account of such potential activity, a major earthquake could lead not only to significant damage to the Group's facilities, but also to the collapse of tailings dams which could result in significant environmental damage.

Although the Group maintains insurance in an amount it considers adequate, liabilities might exceed policy limits, which could cause the Group to incur significant costs that could materially and adversely affect its results of operations. Insurance that fully covers many environmental risks (including potential liability for pollution or other hazards as a result of disposal of waste products occurring from exploration and production) is not generally available to the Group or to other companies in the mining industry. The realisation of any significant liabilities in connection with the Group's mining activities as described above could have a material adverse effect on its results of operations or financial condition.

Deliveries under the Group's sales agreements may be suspended or cancelled by its customers in certain cases.

Under the Group's sales agreements, its customers may suspend or cancel delivery of products purchased in some cases, such as *force majeure*. Events of *force majeure* under these agreements generally include, among others, acts of god, strikes, fires, floods, wars, government actions or other events that are beyond the Group's control. Any suspension or cancellation by the Group's customers of deliveries under such sales contracts that are not replaced by deliveries under new contracts would reduce the Group's cash flow and could materially and adversely affect its financial condition and results of operations.

Interruptions of energy supply or increases in energy costs and other production costs may materially and adversely affect the Group's results of operations.

The Group requires substantial amounts of electricity for its operations. Electricity costs constituted approximately 4% of the Group's total costs for the year ended 31 December 2014. The Group obtains the necessary electric power for the operation of its equipment and facilities from third parties through electricity supply contracts. The Group also has some small thermoelectric generators that serve only as a backup in case of interruptions. The Group has entered into long-term electricity supply contracts with SDF Energía S.A.C. & Compañía Eléctrica El Platanal S.A. (Arcata, Ares, Selene and Pallancata) and Central Puerto S.A. & Petrobras Energía S.A. (San Jose). In the event of any interruption or failure of the Group's sources of electricity or in transmission lines or in any part of the grid, there can be no assurance that the Group will have access to other energy sources at the same prices and conditions, which could have a material adverse effect on its business, financial condition and results of operations.

The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among others, new laws or regulations, imposition of new taxes or tariffs, supply interruptions, equipment damage, worldwide price levels and market conditions. In recent years, the price of oil, gas and electricity has been subject to substantial volatility due to a variety of factors. Disruptions in energy supply or increases in costs of energy resources or increases of other production costs could have a material adverse effect on the Group's financial condition and results of operations.

Shortages of water supply, critical spare parts, maintenance service and new equipment and machinery may materially and adversely affect the Group's operations and development projects.

The Group's operations require significant quantities of water for mining, ore processing and related support facilities. Although each operating facility currently has access to sufficient water resources to cover its operational demands, the extinction of some or all water resources due to extended droughts or other natural phenomena, such as El Niño, failure in the water supply infrastructure, or the loss of some or all water supply contracts or relevant rights in relation to any of the Group's mines or operations, in whole or in part, or shortages of water could require the Group to curtail or shut down operations and could prevent it from pursuing expansion opportunities.

The available water supply may be adversely affected by shortages or changes in governmental regulations. There can be no assurance that water will be available in sufficient quantities to meet the Group's future production needs or will prove sufficient to meet its water supply needs. In addition, there can be no assurance that the Group's existing licences related to water rights will be maintained. A reduction of the Group's water supply could materially and adversely affect its business, results of operations and financial condition. In addition, the Group has not yet secured water rights to support some of its expansion projects, and the inability to secure those rights could prevent the Group from pursuing them.

In addition to water and energy, the Group's mining operations require intensive use of equipment and machinery. Shortage in the supply of key spare parts or adequate maintenance service or new equipment and machinery to replace old ones and cover expansion requirements could materially and adversely affect the Group's operations and development projects.

The Group's financial condition and results of operations may be materially and adversely affected by currency exchange rate fluctuations.

While the Group's revenues are almost entirely in U.S. dollars, a substantial proportion of its costs are incurred in local currencies at its different operating locations. The Group does not undertake any hedging activities in relation to exchange rates. As a result, if these local currencies were to significantly strengthen against the U.S. dollar, this could have a material adverse effect on the Group's financial condition and results of operations. Similarly, Peru, Argentina, Mexico and the other Latin American countries where

the Group's projects are located have experienced periods of high inflation and substantial currency devaluation over recent decades. Although inflation has been largely stable in recent years in Peru and Mexico, if it were to increase without a corresponding devaluation of the relevant local currency relative to the U.S. dollar, as has been the case in Argentina, the Group's financial condition and results of operations could be materially and adversely affected.

The joint venture arrangements and options of the Group may not be successful.

The Group has entered into joint venture arrangements and options for certain development projects in order to gain access to mineral assets as part of its strategy. Some of these joint ventures are fundamental to the Group's business plan to achieve production growth. The Group currently operates the San Jose (Argentina) mine under a joint venture with a third-party. The Group is also developing early stage exploration projects through joint venture arrangements. Although the Group has sought to protect its interests in some of these exploration projects by ensuring it has management control and through the terms of the governing agreements, joint ventures necessarily involve special risks associated with the possibility that the joint venture partners may for example (i) have economic or business interests or goals that are inconsistent with those of the Group, (ii) take action contrary to the Group's policies or objectives with respect to its investments, for instance by vetoing proposals in respect of the joint venture operations, or (iii) as a result of financial or other difficulties, be unable or unwilling to fulfil their obligations under the joint venture or other agreements. Any of the foregoing could have a material adverse effect on the Group's results of operations, financial condition or prospects through the delay or non-completion of its development projects. In addition, the termination of certain of these joint ventures, if not replaced on similar terms, could have a material adverse effect on the Group's results of operations, financial condition or prospects.

If the Group fails to consummate or integrate acquisitions successfully, its rate of expansion could slow and its results of operations or financial condition could be harmed.

The Group has expanded operations in the Americas through both development and acquisition of new projects, and it expects to continue to do so in the future. The Group will continue to identify early stage exploration projects and/or existing businesses with a view to expanding its operating businesses. However, as a direct consequence of the continued low price environment, the level of greenfield exploration and appraisal of acquisition and joint venture opportunities has been significantly reduced until there is a sustained improvement in gold and silver prices. There can be no assurance that the Group will continue to identify suitable projects, acquisitions and strategic investment opportunities or that any business acquired will prove to be profitable at all, or as profitable as the Group's current operations. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on the Group's operating results, diversion of management's attention, failure to retain key personnel in the acquired businesses, risks associated with unanticipated events or liabilities and difficulties in the integration of operations.

The Group's current operations, projects and prospects are located in remote areas and the Group's production, processing and product delivery relies on the infrastructure being adequate and remaining available.

The mining, processing, development and exploration activities of the Group depend, to one degree or another, on adequate infrastructure. The regions where the Group's current operations, projects and prospects are located are sparsely populated and difficult to access. The Group requires reliable roads, bridges, power sources and water supplies to access and conduct its operations and the availability and cost of this infrastructure affects capital and operating costs and the Group's ability to maintain expected levels of production and sales. Unusual weather or other natural phenomena (such as the El Niño current), sabotage, government or other interference in the maintenance or provision of such infrastructure could impact development of a project, reduce mining volumes, increase mining or exploration costs, or delay the transportation of raw materials to the mines and projects or Doré and Concentrate to customers. Any such issues arising in respect of the infrastructure supporting or on the Group's sites could materially and adversely affect its results of operations or financial condition.

Furthermore, any failure or unavailability of the Group's operational infrastructure (for example, through equipment failure at its concentrator or leaching facilities or disruption to its transportation arrangements) could adversely affect the production output from its mines or impact its exploration activities or development of a mine or project. In particular, the Group sources the electricity supply for each of its operating units in Peru and Argentina from the national grid via supply lines. While back-up power

generators are located at each of the operating units in Peru and Argentina, and in the Growth Projects in Peru, in the event of a failure of these supply lines from the national grid, there can be no assurance that these back-up generators will be effective in preventing any interruption to the Group's operations. Any prolonged or persistent failure of the power supply from the national grid could increase production costs, significantly delay or halt operations and, consequently, have a material adverse effect on the Group's results of operations or financial condition.

The Group depends upon trucking to deliver fuel, wood, cement, cyanide, steel and other supplies to its operating facilities and to deliver commodities to customers. These transport services in some cases may not be adequate to support the Group's existing operations or to support expanded operations. Disruptions of these transport services because of weather-related problems (such as the El Niño current), key equipment failures, strikes, lock-outs or other events could temporarily impair the Group's ability to supply commodities to customers, which could materially and adversely affect its results of operations or financial condition.

The Group also depends on a pumping system to extract water located underground at the Arcata mine and to prevent the mine from flooding. While the Group has infrastructure in place for the extraction and storage of water, any prolonged or persistent failure in the operation of the pumping system leading to a significant delay in extracting water could lead to flooding of the Arcata mine which, in turn, could result in damage to, or destruction of, a portion of the production facilities in the Arcata mine or injury to the employees and contracted personnel. Any damage to or destruction of such production facilities or injury to employees or contracted personnel could have a material adverse effect on the Group's results of operations, financial condition or reputation.

The Group's revenues are primarily derived from silver and gold production at only four facilities.

All of the Group's current revenues are generated from silver and gold produced by the Arcata, Pallancata and Inmaculada mines in Peru and the San Jose mine in Argentina, and plant processing services at the Group's Selene mine. It is expected that these mines will continue to provide a substantial portion of the Group's operating revenues and cash flows in at least the short to medium-term. Consequently, if mining or processing operations in any one of these complexes were materially reduced, interrupted or curtailed, then the Group's results of operations or financial condition could be materially and adversely affected.

A reduction or discontinuance in the Group's refining arrangements could have an adverse effect on its cash flows, results of operations or financial condition.

There are a limited number of refineries available throughout the world for the refining of the Group's Doré. The Doré produced by the Group is primarily sent to Johnson Matthey Gold and Silver Refining Inc., Republic Metals Corporation and Argor-Heraeus S.A. for refining under contracts which normally last for one calendar year. The current term of these contracts are valid until December 2016 and the Group expects these contracts to be renewed in the ordinary course of business. Aggregate sales of Doré to Johnson Matthey Gold and Silver Refining Inc., Republic Metals Corporation and Argor-Heraeus S.A. accounted for 33.7% and 23.7% of the Group's total consolidated sales for the six months ended 30 June 2015 and the year ended 31 December 2014, respectively. If the refineries were to reduce or discontinue the arrangements they have in place with the Group, did not agree to a renewal of their contracts or the Group fails to re-negotiate these arrangements on favourable terms, no assurance can be given that an alternative refiner would be available on acceptable contractual terms, or that delays or disruptions in sales would not be experienced that could result in an adverse effect on the Group's cash flows, results of operations or financial condition.

The Group's sales of Concentrate could be adversely affected if there were to be a reduction or discontinuance of purchases by its principal customers.

The Group currently sells its Concentrate production to a limited number of smelters and traders worldwide. The Concentrate produced by the Group is primarily sold to LS Nikko, Glencore Perú S.A.C., Trafigura Peru and Teck Metals Ltd. under sales contracts which normally last for one calendar year and are therefore subject to annual negotiations. The current term of these contracts expires in the first quarter of 2016. The Group is in the process of renegotiating these contracts and expects these contracts to be renewed in the ordinary course of business given the demand expressed by different refineries during the course of negotiations. Aggregate sales of Concentrate to LS Nikko, Glencore Perú S.A.C., Trafigura Peru and Teck Metals Ltd. accounted for 50.2% and 65.0% of the Group's total consolidated sales for the

six months ended 30 June 2015 and the year ended 31 December 2014, respectively. If either of these customers were to unexpectedly reduce or discontinue purchasing the Concentrate produced by the Group or did not agree to a renewal of its existing contract, no assurance can be given that delays or disruptions in sales would not be experienced until such time as alternative customers could be found, or that arrangements with alternative customers would be entered into on terms as favourable to the Group. Any of the foregoing risks could result in an adverse effect on the Group's cash flows, results of operations or financial condition.

Termination of the Group's stability arrangements could have a material adverse effect on its financial condition or operating results.

The Group has been granted stability certificates by the Ministry of Mines in Argentina with respect to the San Jose mine, whereby the national and provincial tax regimes are frozen for a period of 30 years as of 15 May 2006 and 20 June 2006, respectively. The termination, renegotiation or withdrawal of such stability certificates, or any successful challenge as to the validity of these stability certificates could result in an increase in the amount of tax or royalties the Group might have to pay or the imposition of new duties or charges, including a claim for previous non-payment of tax or governmental royalties covered by these arrangements, which in turn could have a material adverse effect on the Group's financial condition and operating results.

The activities of the Group are subject to environmental hazards as a result of the processes and chemicals used in the extraction and production of ores, which could have a material adverse effect on the Group's business, financial condition or results of operations.

Mining activities are generally subject to environmental hazards as a result of the processes and chemicals used in the extraction and production of ores. In particular, the Group employs cyanide in the production of Doré and high levels of naturally occurring arsenic may be found in the production of Concentrate at the Arcata mine. As a result, environmental hazards may exist at the Group's properties that are currently unknown or may arise irrespective of whether the Group is in compliance with current environmental regulations. In addition, the storage of tailings may present a risk to the environment, property and persons. While the design of the Group's tailings dams is in accordance with governmental guidance in each of the countries where it operates and the Group has only previously experienced minor leakage from one of its dams in Peru, there remains a risk of environmental damage caused by leakage or overflow from or failure of any of the Group's tailings dams. Furthermore, while the Group treats the water discharged from its operating facilities in accordance with applicable law and current international standards, the long term implications of such discharge on the environment are difficult to predict.

The Group may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial clean-up action or to pay for governmental remedial clean-up actions, even in cases where such hazards have been caused by previous or subsequent owners or operators of the property, or by the past or present owners of adjacent properties or by natural conditions. Although the Group believes it is in substantial compliance with applicable laws and regulations, there is no guarantee that any such law, regulation, enforcement or private claim will not have a material adverse effect on the Group's business, financial condition or results of operations. Furthermore, the Group's cash flow optimisation programme has affected its environmental budget, resulting in the postponement of capital expenditure for infrastructure improvements, which may increase the risk of liability relating to environmental hazards.

The Group may be liable for additional profit sharing to individuals employed by third-party contractors.

The Group currently has over 3,768 employees under direct payroll. In addition, the Group uses over 1,605 individuals employed by third-party contractors. Under Peruvian law, outsourcing of employees from third-party contractors is permitted as long as certain requirements are met. During the term of outsourcing and up to one year after its conclusion, the outsourced company may be jointly liable for all mandatory employment benefits and will be required to pay workers used under an outsourcing scheme profit sharing benefits as if they were employed directly by the outsourced company. Although the Group believes that it is in material compliance with Peruvian labour laws, there can be no assurance that any proceedings initiated by outsourced employees will be resolved in terms favourable to the Group and that it will not be liable for any mandatory employment benefits or for profit sharing benefits.

Members of the Group may incur additional indebtedness in the future that could adversely affect the Group's financial health and its ability to satisfy its total outstanding debt obligations from its operating cash flow.

The Company is of the opinion that, taking into account the net proceeds of the Rights Issue and the bank and other facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is, for at least the 12 months following the date of publication of this Prospectus. However, any of the members of the Group may incur additional indebtedness in the future after this period and the arrangements governing such indebtedness may:

- limit the Group's ability to pay existing debt;
- limit the Group's ability to pay dividends;
- increase the Group's vulnerability to adverse general economic and industry conditions;
- require the Group to dedicate a portion of cash flow from operations to servicing and repaying indebtedness, which may place the Group at a disadvantage with respect to competitors with less debt;
- limit the Group's flexibility in planning for or reacting to changes in the business and the industry in which the Group operates;
- subject the Group to financial and other restrictive covenants of indebtedness, which may limit the Group's ability to borrow additional funds among other things;
- increase the cost of additional financing; and
- impose other operating and financial restrictions on the Group's business.

These provisions may negatively affect the ability of the Group to react to changes in market conditions, take advantage of business opportunities believed to be desirable, obtain future financing, fund needed capital expenditures, or overcome downturns in business in the future. For example, on 23 January 2014, Ares issued US\$350 million aggregate principal amount of 7.75% senior unsecured notes due 2021, guaranteed by the Company and certain of its subsidiaries (the "**Senior Notes**") and on 3 October 2014 entered into a US\$100 million credit agreement with The Bank of Nova Scotia and Corpbanca, as lenders. The arrangements governing such indebtedness include certain incurrence and maintenance covenants which may restrict the Group from incurring further indebtedness. Although the Group's management constantly monitors the Group's leverage and seeks to reduce its debt position organically through consistent free cash flow generation and maintaining tight control over administrative and other costs, there can be no assurance that the Group will be able to manage its debt effectively in the future.

In addition, the Group's ability to generate sufficient cash to satisfy its outstanding and future debt obligations depends on its operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond the Group's control. If the Group is unable to service its indebtedness in the future, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing the Group's indebtedness, or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

OTHER RISKS RELATING TO OPERATING IN PERU, MEXICO, CHILE AND ARGENTINA

The growth and profitability of the Group depends on economic, social and political stability in Peru and Argentina.

A substantial percentage of the Group's revenues are derived from the operations in Peru and Argentina. Accordingly, the Group's results of operations and general financial condition depend in part on Peruvian and Argentine markets for labour and certain services, materials, supplies, machinery and equipment, and on factors relating to Peruvian and Argentine economic, social and political stability generally. While Peru has experienced relative political stability since the mid-1990s, there can be no assurance that future developments in or affecting the Peruvian political situation, including economic, social or political instability in Peru or in other emerging markets, will not result in material and adverse effects on the Group's business, financial condition or results of operations. While Peru has experienced economic growth in the last decade, political tensions, high levels of poverty and unemployment, and social conflicts with local communities continue to be pervasive in Peru. In recent years, different regions in Peru (including Cajamarca in the north and more recently, Arequipa in the south) have experienced strikes and protests related mainly to the alleged environmental impact of metallic mining activities, resulting in political tensions and commercial disruptions in that area. The recent economic slowdown, coupled with

the uncertainty of presidential and congressional elections in Peru in 2016 and the potential adverse economic impact of the El Niño current, could lead to increased economic, social or political instability in Peru. Future government policies in response to social unrest could include increased regulation, as well as revocation of permits. These policies could materially and adversely affect the Peruvian economy and, as a result, the Group's business, financial condition and results of operations.

In addition, Argentina has experienced significant economic and political volatility in past decades, including numerous periods of low or negative growth and high and variable levels of inflation and devaluation. If economic conditions in Argentina were to deteriorate, if inflation were to accelerate further, or if the Argentine government's measures to attract or retain foreign investment and international financing in the future are unsuccessful, such developments could adversely affect Argentina's economic growth and political stability and in turn affect the Group's business, financial condition and results of operations.

The re-implementation of certain laws by the Peruvian government, most notably restrictive exchange rate policies, could have an adverse effect on the Group's business, financial condition and results of operations.

Since 1991, the Peruvian economy has undergone a major transformation from a highly protected and regulated system to a free-market economy. During this period, protectionist and interventionist laws and policies have been gradually dismantled to create a liberal economy dominated by private sector and market forces. The Peruvian economy has, in general, responded well to this transformation, growing at an average annual rate of over 6.0% from 2004 to 2014, according to the Peruvian Central Bank. Currency exchange controls and restrictions on remittances of profits, dividends and royalties have ceased. Prior to 1991, Peru exercised control over the foreign currency exchange markets by imposing multiple exchange rates and placing restrictions on the possession and use of foreign currencies. In 1991, the Peruvian government eliminated all foreign currency exchange controls and unified exchange rates. Currently, foreign currency exchange rates are determined by market conditions, with regular purchases of U.S. dollars in the local market by the Peruvian Central Bank in order to reduce volatility in the value of the *nuevo sol*. In the future, the Peruvian government may institute restrictive exchange rate policies and restrictions on remittances of profits, dividends and royalties. Any such policies could affect the Group's ability to engage in foreign currency exchange activities, and could also have a material adverse effect on its business, results of operations, financial condition and ability of the Company to pay dividends or make other distributions to its shareholders.

The perception of higher risk in other emerging economies may materially and adversely affect the economies of the countries where the Group operates, its business and the market price of securities issued by the Company, including the Shares.

Emerging markets are subject to greater risks than more developed markets and financial turmoil in an emerging market in which the Group operates could disrupt the Group's business and adversely affect the price of the Shares. Moreover, financial turmoil in any important emerging market country may materially and adversely affect prices in stock markets and prices for securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows in the Group's markets and materially and adversely affect these economies in general, and the interest of investors in securities issued by companies incorporated in or with exposure to such emerging markets, in particular. There can be no assurance that investors' interest in the markets where the Group operates, and in the securities issued by the Company, will not be materially and adversely affected by events in other emerging markets or the global economy in general.

Costs associated with the mine closure laws in Peru, Argentina and Mexico could have a material adverse effect on the Group's financial condition or results of operations.

Mine operators in Peru, Argentina and Mexico are subject to the mine closure obligations under the existing legislation or pursuant to contractual arrangements. Mining closure laws generally require companies to carry out closure plans for the purposes of preventing, minimising and controlling the risks and adverse impact on the environment once a mine has ceased to operate. Although the Group has provisions for mine closures, there can be no assurance that costs associated with closure of any of its operating mines would not exceed such provisions, which could have a material adverse effect on the Group's financial condition or results of operations.

Local economic and political conditions may have a material adverse effect on the Group's financial condition or results of operations.

The Group's operating mines are located in Peru and Argentina. Accordingly, its business, financial condition or results of operations could be adversely affected by changes in economic or other policies of the Peruvian or Argentine governments or other political, regulatory or economic developments in these jurisdictions. Latin America in general, and the jurisdictions where the Group's operations, development projects and prospects are located in particular, have had a history of political instability that has included a succession of regimes with differing policies and programmes. Past governments in each of these jurisdictions have frequently intervened in the nation's economy and social structure, as is presently the case in Argentina.

Among other actions, governments have imposed controls on prices, exchange rates and local and foreign investment as well as limitations on imports, restricted the ability of companies to dismiss employees, provided additional employment rights, expropriated private sector assets (including mining companies) and prohibited the remittance of profits to foreign investors. The Group cannot be certain whether the governments of the countries where the Group operates will maintain policies that are conducive to a business environment within the relevant country.

With respect to Argentina, exchange controls have been in place since 2001. Pursuant to Decree No. 753/2004, mining companies were allowed to retain funds abroad, provided such funds were generated from export transactions. However, in 2011 the Argentinian government revoked such Decree and mining companies are currently subject to the general obligation to repatriate their export proceeds to Argentina and exchange it for local currency at the official exchange rate. Furthermore, the repatriation of dividends in foreign currencies (namely U.S. dollars) requires specific approval by the Central Bank of Argentina. The inability of the Group's Argentine subsidiaries to obtain approval to repatriate dividends could have a material adverse impact on the Group's overall financial results.

Presidential and federal congressional elections in Argentina and Peru will be held in October 2015 and April 2016, respectively. It cannot be predicted whether changes in governmental and economic policy in either or both of these countries will result from the change in administration. Any such changes could adversely affect economic conditions in Argentina or Peru or their respective mining industries and therefore could have an adverse effect on the Group.

Localised violence in Mexico linked to drug-trafficking could lead to disruption in the Group's Mexican development projects and prospects which, in turn, could have a material adverse effect on the Group's growth prospects.

Certain areas in the north and west of Mexico have experienced outbreaks of localised violence linked to drug-trafficking in the region. While the Mexican projects and prospects of the Group have, to date, been materially unaffected by such outbreaks, any increase in the level of violence, or a concentration of the violence in areas where the Mexican projects and prospects of the Group are located, could have a material adverse effect on its financial condition or results of operations.

Local opposition to mining could lead to disruption in the Group's operations, mine development projects and prospects which could have a material adverse effect on its financial condition or results of operations.

Opposition in each of the jurisdictions where the Group's operations are located arises from time to time and there is potential for local opposition to the Group's mine development projects and prospects, primarily relating to the alleged environmental impact of mining projects or other issues. For example, during 2015 there have been community protests in the Arequipa region of Peru relating to the Tia Maria Copper Project and with respect to the Las Bambas mine in the Apurimac region of Peru, which have resulted in fatalities and the deployment of troops in the area. In addition, there are currently protests in respect of the Inmaculada and Selene mines as at the date of this Prospectus. These protests have not to date affected the ability of the Group to operate at Inmaculada or to achieve its production targets. While the Group believes it maintains good relations with most of the local communities that surround the Group's operations, it cannot rule out the possibility of further local opposition arising in the future in respect of existing operations, development projects or prospects or in relation to obtaining concessions or exploration or development permits for current or future projects and operations. If the Group continues to experience opposition in connection with existing operations, or new opposition arises in connection with existing, current or future projects, this could block or delay the Group's activities and have a material adverse effect on the Group's financial condition or results of operations.

The courts of the jurisdictions in which the Group operates or might operate in the future may offer less certainty as to the judicial outcome or less effective forms of redress or a more protracted judicial process than is the case in the United States and Western Europe.

The courts and legal systems in the jurisdictions in which the Group operates or might operate in the future may offer less certainty as to judicial outcome and less effective forms of redress than is the case in the United States or Western Europe. Accordingly, the Group could, *inter alia*, face risks from (i) a higher degree of discretion on the part of governmental authorities; (ii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iii) inconsistencies or conflicts between and with various laws, regulations, decrees, orders and resolutions; (iv) relative inexperience of the judiciary and courts in such matters; or (v) a more protracted judicial process resulting in delays in reaching a judicial outcome. Similarly, there may be less certainty that government officials and agencies will abide by legal requirements, licences, permits and negotiated agreements. There can be no assurance that the foregoing would not have an adverse effect on the validity or enforceability of the joint ventures, licences, permits or other legal arrangements the Group has entered into or the application or enforcement of laws and regulations to which it is subject.

The Group may be exposed to bribery and corruption risks.

Some countries in which the Group operates have, or are perceived to have, relatively high levels of corruption. The Audit Committee of the Board has implemented specific policies and procedures for detecting fraud, bribery and corruption and has implemented systems and controls for the prevention of fraud, bribery and corruption, and to receive reports on non-compliance. These procedures are designed to comply with the Group's obligations under the UK Bribery Act 2010. However, there can be no assurance that such policies and procedures are or will be sufficient to protect against fraud, bribery or corrupt activity. The Group may not always be able to prevent or detect corrupt or unethical practices, which may result in reputational damage to and/or civil and/or criminal liability under the UK Bribery Act 2010 being imposed on the Group.

RISKS RELATING TO THE RIGHTS ISSUE AND THE SHARES

The price of the Shares may fluctuate.

The market price of the Shares is subject to fluctuations due to changes in sentiment in the market or in response to various facts and events, whether occurring in the United Kingdom, Argentina, Chile, Mexico, Peru or in other jurisdictions. Any regulatory changes affecting the Group's operations or capital structure, variations in the Group's financial results or its ability to manage its debt may cause volatility in its share price. In addition, business developments of the Group or its competitors or changes in financial estimates for the Group or competitors in the industry by securities analysts may have an impact on the market price of the Shares. Stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices of listed securities. Events unrelated to the Group's operating performance or prospects may have an impact on the Company's share price. Factors such as changes in interest rates, exchange rates and the rate of inflation, changes in fiscal, monetary or regulatory policies or international hostilities may also negatively affect the Group's share price. Significant disposals of Shares by the Company's major shareholders could have an adverse effect on the market price of the Shares. These factors could also make it more difficult to raise capital through equity or equity linked offerings. The price at which investors may dispose of their Shares may be influenced by a number of factors, some of which may be related to the Group and others which are not and investors may realise less than the original amount invested. Furthermore, the Group's results and prospects may from time to time be below the expectations of market analysts and investors. Any of these events could adversely affect the market price of the Shares and the Company cannot ensure that the price of its Shares will not decline below the Issue Price.

The absence of an active trading market in Nil Paid Rights and any volatility in the trading price of Nil Paid Rights.

The trading period for the Nil Paid Rights is expected to commence on 20 October 2015 and to end on 3 November 2015 and the Nil Paid Rights will not be traded on any exchange other than the London Stock Exchange. Because the trading price of the Nil Paid Rights depends on the trading price of the Shares, the price of the Nil Paid Rights will be subject to the same risks as the price of the Shares. Furthermore, given that the Nil Paid Rights will have a lower value than the Shares and will only have a limited trading life, an active trading market in the Nil Paid Rights may not develop on the London Stock Exchange during that

period. Accordingly, the price of the Nil Paid Rights may be highly volatile and there is no certainty that a Qualifying Shareholder will be able to realise value for their Rights.

Mr. Eduardo Hochschild exercises significant control over the Company and, as a result, investors may not be able to influence the outcome of important decisions in the future.

Pelham, the principal shareholder of the Company, which is controlled by Mr. Eduardo Hochschild, the Company's Chairman, beneficially owns approximately 54% of the issued and outstanding shares of the Company and intends, through Pelham and ASPI (the companies through which Mr. Hochschild holds his Shares), to maintain at least a majority stake in the Company by participating in the Rights Issue. As a result, Mr. Hochschild will be able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and significant corporate transactions. The Company has entered into a relationship agreement with Mr. Hochschild and Pelham, dated as of 20 October 2006 and amended and restated on 27 October 2014, to ensure that the Company is capable of carrying on business independently, and to ensure that transactions and relationships between the Group, Pelham, ASPI (in its capacity as an associate of Mr. Hochschild) and Mr. Hochschild are conducted on an arm's length basis and on normal commercial terms. Nevertheless, the concentration of ownership may have the effect of delaying or deterring a change in control of the Company which could deprive shareholders of an opportunity to receive a premium for their shares as part of a sale of the Company and might affect the market price and liquidity of the Shares.

The Group cannot assure investors that it will make dividend payments in the future.

The Directors may be unable to declare or pay any dividends. For example, for the years ended 31 December 2013 and 2014, the Company did not pay dividends to its shareholders. Future dividends will depend, among other things, on the Group's future profits, financial position, distributable reserves, holding capital requirements, general economic conditions and other factors that the Directors deem significant from time to time.

Because the Company is primarily a holding company, its ability to pay dividends depends upon the ability of its subsidiaries to generate revenue and pay dividends.

The Company is primarily a holding company with no direct business operations other than its ownership of the capital stock of its subsidiaries. Consequently, the ability of the Company to fund its operations and, to the extent that it decides to do so, pay dividends, primarily depends on its subsidiaries' ability to generate revenue and pay dividends to the Company. The subsidiaries are separate and distinct legal entities. Any dividend payment, distribution, credit or advance from the subsidiaries is limited by the general provisions of the legislation in the countries in which they were incorporated regarding the distribution of corporate earnings and repatriation of dividends, including regarding legally required employee profit sharing payments and, in certain circumstances, contractual restrictions, such as those derived from financing contracts of the subsidiaries. The payment of dividends by the subsidiaries also depends on their earnings and business considerations. Moreover, if a shareholder initiates legal action against the Company, the enforcement of any judgment would be limited to the subsidiaries' available assets. In addition, the Company's right to receive any assets from any subsidiary upon its reorganisation or liquidation, in its capacity as a shareholder of such subsidiary, will be effectively subordinated to the rights of such subsidiary's creditors, including trade creditors and any adverse change in the financial situation or in the results of operations of the Company's subsidiaries could affect its financial situation.

Shareholders who do not (or who are not permitted to) acquire New Ordinary Shares will experience dilution in their ownership of the Company.

The issue of New Ordinary Shares will cause Shareholders who have not exercised their Rights to experience a dilution of their ownership interest and voting rights, and such dilution may be material. Even if any such Qualifying Shareholder elects to sell his or her unexercised Nil Paid Rights, or such Nil Paid Rights are sold on his or her behalf, the consideration he or she receives may not be sufficient to compensate him or her fully for the dilution of his or her percentage ownership of the Company's share capital which may be caused as a result of the Rights Issue.

Shareholdings in the Group may be diluted in other ways.

Any increase in the number of Shares in the market arising from issues of Shares or the exercise of employee options and the possibility of sales of Shares as the result of such exercise may have a negative effect on the market price of the Shares as well as diluting the voting power of Shareholders.

The ability of an Overseas Shareholder to bring an action or enforce a judgement against the Company or its Directors may be limited.

The ability of an Overseas Shareholder to bring an action against the Company may be limited under applicable laws. The Company is a public company incorporated in England and Wales and the rights of Shareholders are governed by English law and by the Articles. It may not be possible for an Overseas Shareholder to effect service of process upon the Directors within the Overseas Shareholder's country of residence or to enforce against the Directors judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurances that an Overseas Shareholder will be able to enforce any judgements in civil and commercial matters or any judgements under the securities laws of countries other than England against the Directors who are residents of countries other than those in which such judgements are made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against the Company or its Directors in a court of competent jurisdiction in the United Kingdom or other countries.

Shareholders may be subject to risks associated with taxation, including United States Tax Withholding and Reporting under the Foreign Account Tax Compliance Act (FATCA).

The United States has enacted rules, commonly referred to as "FATCA", that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by certain entities that are classified as financial institutions under FATCA. The Company does not expect that withholding under FATCA will apply to payments on the New Ordinary Shares. However, significant aspects of if or how FATCA will apply to non-U.S. issuers like the Company remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments on the New Ordinary Shares in the future. Nevertheless, under current regulations, even if FATCA were to become relevant to payments on the New Ordinary Shares, such withholding would not apply earlier than 1 January 2019. Shareholders and prospective investors should consult their own tax advisers regarding the potential impact of FATCA to an investment in the New Ordinary Shares.

International shareholders are subject to exchange rate risk.

The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares are priced in Pounds Sterling. Accordingly, the value of the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares is likely to fluctuate in line with any fluctuation of the exchange rate between the local currency of the country in which an investor outside the United Kingdom is based and the Pound Sterling. If the value of the Pound Sterling depreciates against the local currency of the country in which an investor outside the United Kingdom is based, the value of the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares will decrease.

Overseas Shareholders may not be able to exercise their pre-emptive rights or participate in the Rights Issue or future equity offerings.

In the case of an allotment of Shares for cash, the Company's existing shareholders are entitled to pre-emptive rights unless waived by a resolution of the shareholders at a general meeting or in certain circumstances as stated in the Articles. If the Company allots Shares for cash in the future and pre-emptive rights are not waived, holders of the Shares outside the United Kingdom may not be able to exercise their pre-emptive rights for Shares unless the Company decides to comply with applicable local laws and regulations and, in the case of holders in the United States, a registration statement under the Securities Act is effective with respect to such rights, or an exemption from the registration statement under the Securities Act is available. The Company intends to evaluate at the time of any rights or similar offering the costs and potential liabilities associated with any such registration statement or an exemption from registration, as well as the indirect benefits of enabling holders of the Company's Shares in the United

States to exercise any pre-emptive rights for Shares and any other factors considered appropriate at the time, and then to make a decision as to how to proceed. The Company cannot assure its United States shareholders that steps will be taken to enable them to exercise their pre-emptive rights, or to permit them to receive any proceeds or other amounts relating to their pre-emptive rights.

The rights of holders of Shares are governed by English law. Not all rights available to shareholders under US law will be available to US investors.

Rights afforded to holders of Shares under English law differ in certain respects from the rights of shareholders in typical US corporations. The rights of holders of Shares are governed by English law as well as the Articles. In particular, English law significantly limits the circumstances under which shareholders of English companies may bring derivative actions. Under English law, in most cases, only the Company can be the proper claimant for purposes of maintaining proceedings in respect of wrongful acts committed against it. Neither an individual shareholder nor any group of shareholders has any right of action in such circumstances. In addition, English law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a US corporation.

US investors may not be able to bring suits or enforce civil judgments of US courts against the Company or its Directors, controlling persons and officers.

The Company is incorporated under the laws of England and Wales. The Directors and executive officers of the Company are citizens or residents of countries other than the United States. A substantial portion of the assets of such persons and a substantial portion of the assets of the Group are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or the Company, or to enforce against them judgments of US courts, including judgments predicated upon civil liabilities under the US federal securities laws or the securities laws of any state or territory within the United States.

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Eduardo Hochschild (<i>Chairman</i>) Roberto Dañino (<i>Deputy Chairman</i>) Ignacio Bustamante (<i>Chief Executive Officer</i>) Enrico Bombieri (<i>Senior Independent Director</i>) Dr Graham Birch (<i>Independent Non-Executive Director</i>) Jorge Born Jr. (<i>Independent Non-Executive Director</i>) Sir Malcolm Field (<i>Independent Non-Executive Director</i>) Nigel Moore (<i>Independent Non-Executive Director</i>)
Company Secretary	Raj Bhasin
Registered Office	23 Hanover Square London W1S 1JB United Kingdom
Sponsor, Joint Bookrunner and Underwriter .	J.P. Morgan Securities plc 25 Bank Street London E14 5JP United Kingdom
Joint Bookrunners and Underwriters	Merrill Lynch International 2 King Edward Street London EC1A 1HQ United Kingdom RBC Europe Limited Riverbank House 2 Swan Lane London EC4R 3BF United Kingdom
Legal Adviser to the Company as to English and US law	Skadden, Arps, Slate, Meagher & Flom (UK) LLP 40 Bank Street Canary Wharf London E14 5DS United Kingdom
Legal Adviser to the Sponsor, Joint Bookrunners and Underwriters as to English and US law	White & Case LLP 5 Old Broad Street London EC2N 1DW United Kingdom
Independent Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom
Receiving Agent	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Please read the notes relating to this timetable set out below. Each of the times and dates in the table below is indicative only and may be subject to change.

	2015
Record Date for entitlement under Rights Issue	Close of business on 13 October
Announcement of Rights Issue	15 October
Publication of this Prospectus	15 October
Provisional Allotment Letters despatched (to Qualifying Non-CREST Shareholders)	15 October
Admission and dealings in New Ordinary Shares, nil paid, commence on the London Stock Exchange	8.00 a.m. on 20 October
Shares marked “ex-rights” by the London Stock Exchange	8.00 a.m. on 20 October
Nil Paid Rights credited to stock accounts in CREST (Qualifying CREST Shareholders only)	as soon as practicable after 8.00 a.m. on 20 October
Nil Paid Rights and Fully Paid Rights enabled in CREST	as soon as practicable after 8.00 a.m. on 20 October
Recommended latest time for requesting withdrawal of Nil Paid Rights or Fully Paid Rights from CREST (i.e. if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them into certificated form)	4.30 p.m. on 28 October
Latest time and date for depositing renounced Provisional Allotment Letters, nil paid or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights or Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form)	3.00 p.m. on 29 October
Latest time and date for splitting Provisional Allotment Letters, nil paid or fully paid	3.00 p.m. on 30 October
Latest time and date for acceptance, payment in full and registration of renounced Provisional Allotment Letters	11.00 a.m. on 3 November
Result of Rights Issue to be announced	by 8.00 a.m. on 4 November
Dealings in New Ordinary Shares taken up pursuant to the Rights Issue, fully paid, commence on the London Stock Exchange	by 8.00 a.m. on 4 November
New Ordinary Shares credited to CREST stock accounts (uncertificated holders only)	as soon as possible after 8.00 a.m. on 4 November
Expected date of despatch of definitive share certificates for New Ordinary Shares in certificated form	by not later than 11 November

Notes:

- (I) Each of the times and dates set out in the above timetable and mentioned in this Prospectus, the Provisional Allotment Letter and in any other document issued in connection with the Rights Issue is subject to change by the Company (with the agreement of, in certain instances, the Sponsor), in which event details of the new times and dates will be notified to the FCA and, where appropriate, to Shareholders.
- (II) Any reference to a time in this Prospectus is to London time, unless otherwise specified.
- (III) The ability to participate in the Rights Issue is subject to certain restrictions relating to Shareholders with registered addresses or located or resident in countries outside the UK, details of which are set out in Part 2 (*Terms and Conditional of the Rights Issue*) of this Prospectus.

NEW ORDINARY SHARE ISSUE STATISTICS

Number of Shares in issue as at 14 October 2015 (being the last practicable day prior to the publication of this Prospectus)	367,688,367
Number of New Ordinary Shares to be allotted pursuant to the Rights Issue	137,883,138
Basis of Rights Issue	3 New Ordinary Shares for every 8 Existing Shares held at the Record Date
Issue Price	47.0 pence
Value of the maximum number of New Ordinary Shares that could be issued pursuant to the Rights Issue at the Issue Price	£64.8 million
Amount of commissions, fees and expenses payable by the Company	£3.7 million
New Ordinary Shares as a percentage of the Company's enlarged issued share capital immediately after the completion of the Rights Issue	27.3%
Shares in issue immediately after the Rights Issue	505,571,505

IMPORTANT INFORMATION

No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, the Directors, the Joint Bookrunners or any of them.

The Company and the Directors (whose names appear in Part 8 of this Prospectus) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

No representation or warranty, express or implied, is made by the Joint Bookrunners or any of them as to the accuracy, completeness or verification of such information. Without prejudice to any obligation of the Company to publish a supplementary prospectus, neither the publication of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Group or that the information contained in this Prospectus is correct since the date hereof.

None of the Company nor the Joint Bookrunners nor any of their respective representatives, is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Notice to investors

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its own lawyer, financial adviser or tax adviser in relation to the legal, business, financial or tax aspects of a purchase of the Shares.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Rights Issue, the Bond Restructuring and Admission, including the merits and risks involved.

The investors also acknowledge that: (i) they have not relied on the Joint Bookrunners or any person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus, and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Joint Bookrunners.

In connection with the Rights Issue and Admission, the Joint Bookrunners and any of their affiliates, acting as an investor for their own account, may take up Shares in the Rights Issue and in that capacity may retain, purchase or sell for its own account such securities and any Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Rights Issue. Accordingly, references in the Prospectus to Shares being offered or placed should be read as including any offering or placement of Shares to the Joint Bookrunners or any of their affiliates acting in such capacity. In addition, the Joint Bookrunners or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which the Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of Shares. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Certain terms used in this Prospectus are defined in Part 13 (*Definitions*) of this Prospectus.

Except as otherwise provided for herein, none of this Prospectus nor the Provisional Allotment Letter nor the crediting of Nil Paid Rights to a stock account in CREST constitutes, or will constitute, or form part of any offer or invitation to sell or issue, or any solicitation of any offer to subscribe for, purchase or acquire the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares in any jurisdiction in which such an offer or invitation or issue or solicitation is unlawful.

Subject to certain exceptions, shareholders in the United States may not exercise their Nil Paid Rights or Fully Paid Rights or subscribe for or acquire any New Ordinary Shares in connection with the Rights Issue. The attention of Overseas Shareholders and other recipients of this Prospectus and/or the Provisional Allotment Letter who are residents or citizens of any country other than the United Kingdom or who have a contractual or other obligation to forward this Prospectus and/or the Provisional Allotment Letter to a

jurisdiction outside the United Kingdom is drawn to section 8 of Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus.

Sourcing and presentation of certain information

Statistical data and other information appearing in this Prospectus relating to the Company has, unless otherwise stated, been extracted from documents and other publications released by the Company. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source.

Where third-party information has been used in this Prospectus such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

Part 4 (*Industry Overview*) of this Prospectus was prepared at the Company's request and expense by CPM Group LLC ("CPM"). CPM is an independent consulting and research company specialising in commodities and precious metals. The business address of CPM is 30 Broad Street, New York, NY10004, USA. CPM has no material interest in the Company. CPM has given and not withdrawn its consent to the inclusion of such disclosure in this Prospectus in the form and context in which it appears. CPM also accepts responsibility for such disclosure and confirms that it has taken all reasonable care to ensure that the information contained in Part 4 (*Industry Overview*) is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Percentages in tables have been rounded and accordingly may not add up to 100%. Certain financial and other data has also been rounded. As a result of this rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetical totals of such data.

All references to reserves and resources, capital expenditure, loans and valuations in this Prospectus are to 100% thereof, unless otherwise stated, notwithstanding that in certain cases the percentage interest attributable to the Group may be less than this.

Presentation of financial information for the Group

This Prospectus incorporates by reference:

- the unaudited interim condensed financial statements of the Group as at and for the six months ended 30 June 2015 (2015 Interim Condensed Financial Statements);
- the audited consolidated financial statements of the Group as at and for the year ended 31 December 2014 (2014 Financial Statements);
- the audited consolidated financial statements of the Group as at and for the year ended 31 December 2013 (2013 Financial Statements); and
- the audited consolidated financial statements of the Group as at and for the year ended 31 December 2012 (2012 Financial Statements).

The 2015 Interim Condensed Financial Statements include as comparative financial information the unaudited consolidated financial information of the Group as at and for the six months ended 30 June 2014.

The 2014 Financial Statements, 2013 Financial Statements and 2012 Financial Statements are collectively referred to as the Annual Financial Statements and, together with the 2015 Interim Condensed Financial Statements, represent the Consolidated Financial Statements.

The Annual Financial Statements were prepared in accordance with IFRS, as adopted by the EU. The 2015 Interim Condensed Financial Statements were prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Consolidated Financial Statements are hereinafter referred to as being prepared in accordance with IFRS as adopted by the EU.

The reporting currency of the Group is the US Dollar. The underlying financial information stated in local currency has been translated into US Dollars on the basis set out in the section entitled "Currencies" below.

The financial information incorporated by reference into this Prospectus is not intended to comply with the applicable accounting requirements of the Securities Act and the related rules and regulations that would apply if the New Ordinary Shares were to be registered in the United States. Compliance with such requirements would require the modification or exclusion of certain information included in this Prospectus, and the presentation of certain information which is not included in this Prospectus.

Use of financial measures not recognised under IFRS

Adjusted EBITDA

Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs, foreign exchange loss, income tax, depreciation and amortisation, exploration expenses other than personnel and other exploration related fixed expenses and other non-cash expenses.

Adjusted EBITDA is presented in this Prospectus because the Group considers it to be an important supplemental measure of the Group's financial performance. Additionally, the Group believes this measure is frequently used by investors, securities analysts and other interested parties to evaluate the efficiency of a group's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for the Group's operating results as reported under IFRS. In particular, Adjusted EBITDA:

- does not reflect capital expenditures, or future requirements for capital and major maintenance expenditures or contractual commitments;
- does not reflect changes in, or cash requirements for, our working capital needs;
- does not reflect the interest expense, or the cash requirements necessary to service interest payments on debt; and
- does not reflect cash required to pay income taxes.

The Company compensates for these limitations by relying on its IFRS results and using Adjusted EBITDA only as a supplemental measure.

Adjusted EBITDA is a measure of the Group's operating performance that is not required by, or presented in accordance with, IFRS. Adjusted EBITDA is not a measurement of the Group's operating performance under IFRS and should not be considered as an alternative to profit for the year, operating profit or any other performance measures derived in accordance with IFRS, or as an alternative to cash flow from operating activities or as a measure of the Group's liquidity.

The following table sets forth reconciliations of Adjusted EBITDA of the Group for the periods presented.

	Year ended 31 December			Six months ended 30 June		% change
	2012	2013	2014	2014	2015	
		(US\$'000)		(US\$'000)		
Profit/(loss) from continuing operations before net finance income/(cost), foreign exchange loss and income tax	219,768	17,730	(14,374)	25,738	(20,707)	(180.5)
Depreciation and amortisation in cost of sales	117,627	144,923	128,480	62,761	56,536	(9.9)
Depreciation and amortisation in administrative expenses	2,285	2,638	2,072	1,324	817	(38.3)
Exploration expenses	64,612	42,871	17,254	8,175	4,092	(49.9)
Other noncash expenses	—	5,516	9,088	—	—	—
Personnel and other exploration related fixed expenses	(19,501)	(12,699)	(6,934)	(3,716)	(1,432)	(61.5)
Adjusted EBITDA	384,791	200,979	135,586	94,282	39,306	(58.3)
Adjusted EBITDA margin	47%	32%	28%	33%	21%	(36.4)
Total sales	817,952	622,158	492,951	282,012	190,259	(32.5)

All-in Sustaining Cost

All-in sustaining cash cost per silver equivalent ounce is a non-IFRS measure developed by mining companies in an effort to provide a comparable standard of performance. However, there can be no assurance that the Company's reporting of all-in sustaining cash cost per silver equivalent ounce is similar to that reported by other mining companies. All-in sustaining cash cost per silver equivalent ounce is a measure used by the Company to manage and evaluate operating performance of the Group's mining operations, and is widely reported in the silver and gold mining industry as benchmarks for performance, but do not have standardised meanings prescribed by IFRS, and are disclosed in addition and supplemental to the prescribed IFRS measures provided in the Company's financial statements. All numbers presented in the all-in sustaining cost calculations exclude exceptional items.

All-in sustaining cash cost per silver equivalent ounce is calculated before exceptional items and includes cost of sales less depreciation and change in inventories, administrative expenses, brownfield exploration, operating capex and royalties divided by silver equivalent ounces produced using the average ratio for the period (Au/Ag). The measure also includes commercial discounts and selling expenses divided by silver equivalent ounces sold using the average ratio for the period (Au/Ag).

The following tables set forth reconciliations of All-in Sustaining Cash Costs per silver equivalent ounce of the Group for the periods presented.

Year ended 31 December 2014

	<u>Arcata</u>	<u>Pallancata</u>	<u>San José</u>	<u>Main Operations</u>	<u>Other Operations</u>	<u>Corporate & Others</u>	<u>Total</u>
Production Costs Excluding							
Depreciation	62,644	71,742	110,089	244,475	17,853	0	262,328
Other Items in Cost of Sales	1,301	834	1,724	3,859	546	0	4,406
Operating & Exploration capex for units	28,867	34,657	51,350	114,874	0	1,613	116,487
Brownfield Exploration Expenses . . .	2,038	1,728	1,003	4,769	42	3,232	8,043
Administrative expenses w/o							
Depreciation	5,266	7,317	8,270	20,853	362	20,049	41,263
Royalties	0	1,370	0	1,370	241	0	1,611
Subtotal	100,116	117,648	172,436	390,200	19,044	24,984	434,138
Ounces Produced (Ag Eq oz)	6,948	8,143	12,718	27,809	1,306	0	29,115
Sub Total (\$/oz)	14.4	14.4	13.6	14.0	14.6	0	14.9
Commercial Discounts	18,016	13,666	17,198	48,880	0	0	48,880
Selling Expenses	1,987	1,995	24,648	28,630	67	0	28,697
Subtotal	20,003	15,661	41,846	77,510	67	0	77,577
Ounces Sold (Ag eq oz)	6,660	8,097	12,374	27,131	1,325	0	28,456
Subtotal (\$/oz)	3.0	1.9	3.4	2.9	0.1	0	2.7
All-in sustaining costs (\$/oz Ag Eq) . .	17.4	16.4	16.9	16.9	14.6	0	17.6

Year ended 31 December 2013

	Arcata	Pallancata	San José	Main Operations	Other Operations	Corporate & Others	Total
Production Costs Excluding							
Depreciation	72,706	75,321	112,764	260,791	50,908	0	311,699
Other Items in Cost of Sales	(638)	571	7,074	7,007	(3)	0	7,004
Operating & Exploration capex for units	43,255	44,356	56,502	144,113	4,715	2,510	151,338
Brownfield Exploration Expenses . . .	2,052	2,149	1,795	5,996	581	3,201	9,778
Administrative expenses w/o							
Depreciation	6,469	11,472	8,588	26,529	2,983	22,274	51,786
Royalties	0	1,822	0	1,822	522	0	2,344
Subtotal	123,843	135,691	186,724	446,259	59,706	27,984	533,949
Ounces Produced (Ag Eq oz)	5,981	9,276	12,209	27,465	2,664	0	30,129
Sub Total (\$/oz)	20.7	14.6	15.3	16.2	22.4	0	17.7
Commercial Discounts	920	16,788	19,335	37,043	15	0	37,058
Selling Expenses	325	2,369	25,899	28,593	192	0	28,785
Subtotal	1,245	19,157	45,234	65,636	207	0	65,843
Ounces Sold (Ag Eq oz)	5,868	9,146	11,889	26,903	2,633	0	29,536
Subtotal (\$/oz)	0.2	2.1	3.8	2.4	0.1	0	2.2
All-in sustaining costs (\$/oz Ag Eq) . .	20.9	16.7	19.1	18.7	22.5	0	20.0

Six months ended 30 June 2015

	Arcata	Pallancata	San José	Main Operations	Other Operations	Corporate & Others	Total
Production Costs Excluding							
Depreciation	33,629	27,186	49,559	110,374	0	0	110,374
Other Items in Cost of Sales	1,058	595	3,275	4,928	0	0	4,928
Operating & Exploration capex for units	5,283	5,010	19,968	30,261	0	1,199	31,460
Brownfield Exploration Expenses	37	1,183	555	1,775	0	1,180	2,955
Administrative expenses w/o							
Depreciation	1,616	1,265	3,439	6,320	0	11,642	17,962
Royalties	0	373	0	373	0	0	373
Subtotal	41,623	35,612	76,796	154,031	0	14,021	168,052
Ounces Produced (Ag Eq oz)	3,248	2,563	6,012	11,823	0	0	11,823
Sub Total (\$/oz)	12.8	13.9	12.8	13.0	0	0	14.2
Commercial Discounts	1,974	3,750	6,876	12,600	0	0	12,600
Selling Expenses	475	544	10,581	11,600	0	0	11,600
Subtotal	2,449	4,294	17,457	24,200	0	0	24,200
Ounces Sold (Ag Eq oz)	3,187	2,592	6,228	12,008	0	0	12,008
Subtotal (\$/oz)	0.8	1.7	2.8	2.0	0	0	2.0
All-in sustaining costs (\$/oz Ag Eq) . .	13.6	15.6	15.6	15.0	0	0	16.2

Six months ended 30 June 2014

	Arcata	Pallancata	San José	Main Operations	Other Operations	Corporate & Others	Total
Production Costs Excluding							
Depreciation	29,059	34,779	49,838	113,676	17,600	0	131,276
Other Items in Cost of Sales	992	647	656	2,295	683	0	2,978
Operating & Exploration capex for units	18,164	17,859	20,926	56,949	(5)	431	57,375
Brownfield Exploration Expenses	214	629	91	934	(61)	688	1,561
Administrative expenses w/o							
Depreciation	2,144	2,947	4,063	9,154	166	10,709	20,029
Royalties	0	897	0	897	262	0	1,159
Subtotal	50,573	57,758	75,574	183,905	18,645	11,828	214,379
Ounces Produced (Ag Eq oz)	3,459	4,415	5,803	13,676	1,264	0	14,940
Sub Total (\$/oz)	14.6	13.1	13.0	13.4	14.8	0	14.3
Commercial Discounts	9,846	7,872	8,758	26,476	0	0	26,476
Selling Expenses	1,054	977	12,461	14,492	44	0	14,536
Subtotal	10,900	8,849	21,219	40,968	44	0	41,012
Ounces Sold (Ag Eq oz)	3,499	4,460	5,789	13,748	1,251	0	14,998
Subtotal (\$/oz)	3.1	2.0	3.7	3.0	0.0	0	2.7
All-in sustaining costs (\$/oz Ag Eq) . . .	17.7	15.1	16.7	16.4	14.8	0	17.1

Country, market and other information

This Prospectus contains and refers to information and statistics regarding Peru, Argentina, Chile, Mexico and the markets of the metals produced by the Company. The data was obtained from independent public sources, including publications and materials from participants in the industry and from governmental entities such as the SBS, the Peruvian Central Bank (“**Banco Central de Reserva del Perú**”), the Peruvian Ministry of Economy and Finance (“**Ministerio de Economía y Finanzas**”), the Peruvian Ministry of Energy and Mines (“**Ministerio de Energía y Minas**”), the Peruvian National Institute of Statistics and Data Processing (“**Instituto Nacional de Estadística e Informática**” or “**INEI**”), the Peruvian Superintendency of the Public Registries (“**Superintendencia Nacional de los Registros Públicos**”), the World Bank and the International Monetary Fund, among others. Some data are also based on estimates made by the Company, which are derived from reviews of internal reports, as well as independent sources. The Company has accurately reproduced the industry data, and as far as the Company is aware and able to ascertain from the third-party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. All tonnage information in this Prospectus is expressed in metric tonnes and all references to ounces are to troy ounces, in each case, unless otherwise specified.

Currencies

In this Prospectus, references to “**Pounds Sterling**”, “**pence**”, “**£**” or “**p**” are to the lawful currency of the United Kingdom, references to “**US Dollars**”, “**\$**”, “**US\$**”, “**cents**” or “**¢**” are to the lawful currency of the United States, references to “**Nuevo Sol**”, “**S/.**” or “**Sol**” are to the lawful currency of Peru, references to “**Peso**” or “**ARS**” are to the lawful currency of Argentina, and references to “**Euro**” or “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in US Dollars. The functional currency for each entity in the Group is determined by the currency of the primary economic environment in which it operates. For the holding companies and operating entities this currency is US Dollars and for the other entities it is the local currency of the country in which it operates. The presentational and functional currency of the Group is the US Dollar. On consolidation, subsidiary financial statements expressed in their corresponding functional currencies are translated into US Dollars by applying the exchange rate at period-end for assets and liabilities and the transaction date exchange rate for income statement items. These translations should not be construed as representations that the relevant currency could be converted into US Dollars at the rate indicated or at any other rate.

On 14 October 2015 (being the latest practicable date prior to the publication of this Prospectus):

- US\$1.00 = 3.2381 Nuevo Sol (based on the official exchange rate provided by Bloomberg on 14 October 2015);
- US\$1.00 = 9.4779 Pesos (based on the official exchange rate provided by Bloomberg on 14 October 2015); and
- £1.00 = US\$1.5443 (based on the official exchange rate provided by Bloomberg on 14 October 2015).

Save as otherwise stated in this Prospectus, the exchange rates above have been applied in this Prospectus for all comparisons between Pounds Sterling, US Dollars, Nuevo Sol and Pesos.

The basis of the translation of foreign currency transactions and amounts in the Consolidated Financial Statements and a discussion of the effect of exchange rates is set out in Part 5 (*Financial Information*) and Part 6 (*Operating and Financial Review*) of this Prospectus.

Ore reserve and mineral resource reporting

The Group reports ore reserves in accordance with the JORC Code in respect of the key mining assets and mineral resources in accordance with the JORC Code for these assets.

The JORC mineral resource and ore reserve statements for the Group were prepared by or under the supervision of Competent Persons (as defined in the JORC Code). Competent Persons are required to have sufficient relevant experience and understanding of the style of mineralisation, types of deposits and mining methods in the area of activity for which they are qualified as a Competent Person under the JORC Code. The Competent Person must sign off their respective estimates of the original mineral resource and ore reserve statements for the various operations and consent to the inclusion of that information in this report, as well as the form and context in which it appears.

The Company employs its own Competent Person who has audited all the estimates mineral resource and ore reserves of the Group. Group companies are subject to a comprehensive programme of audits which aim to provide assurance in respect of ore reserve and mineral resource estimates. The audits are conducted by Competent Persons provided by independent consultants. The frequency and depth of an audit depends on the risks and/or uncertainties associated with that particular ore reserve and mineral resource, the overall value thereof and the time that has lapsed since the previous independent third-party audit.

This Prospectus incorporates by reference the Operating Review, Exploration Review, Reserves and Resources and Production sections of the Company's 2014 Annual Report and Accounts.

Forward-looking statements

This Prospectus contains statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the US Exchange Act. These statements appear throughout this Prospectus, including in the sections entitled "Summary", "Operating and Financial Review" and "Business". Such estimates and forward-looking statements are primarily based on current expectations and projections about future events and financial trends that affect, or may affect, our business, financial condition, results of operations and prospects.

There are many significant risks, uncertainties and assumptions that might cause the business, financial condition, results of operations and prospects to differ materially from those set out in estimates and forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding intent, belief or current expectations with respect to, among other things, the use of proceeds of the Rights Issue, financing plans, trends affecting business, the impact of competition and future plans and strategies. These statements reflect views with respect to such matters and are subject to risks, uncertainties and assumptions, including, among other factors:

- the price of and changes in demand for, silver and gold;
- the amount of ore expected to be extracted from Inmaculada;
- failure to achieve or maintain cost savings and efficiencies, and increases in production costs;
- substantial capital expenditure requirements and risks associated with such expenditures;
- litigation and disputes;

- unpredictable relations and agreements with local communities;
- estimates of reserves and resources being materially different from mineral quantities actually recovered;
- ability to replenish ore reserves and resources;
- increasing costs and complex environments over time as mines age and reserves deplete;
- health and safety, environmental and other laws and enactment of additional related laws and regulations;
- labour disputes;
- dependency on key skilled personnel;
- termination or non-renewal of concessions by governmental authorities;
- costs and delays associated with obtaining governmental permits;
- global and local market conditions and competition;
- changes in tax laws;
- delay or failure to complete development projects;
- risks and hazards of mining that may not be fully covered by insurance;
- cancellations of agreements with key customers;
- interruptions in energy supply or increases in energy costs;
- shortages of water supply, critical spare parts, maintenance service and new equipment and machinery;
- currency exchange rate fluctuations;
- failure to consummate or integrate acquisitions;
- maintenance of infrastructure to allow access to operations, projects and prospects located in remote areas;
- reduction or discontinuance in the Group's refining arrangements;
- reduction of purchases of Concentrates by the Group's principal customers;
- termination of stability arrangements;
- environmental hazards as a result of the processes and chemicals used in the extraction and production of ores;
- liability for additional profit sharing to individuals employed by third-party contractors;
- incurrence of additional indebtedness;
- economic, social and political instability in Peru or other emerging markets;
- re-implementation of restrictive exchange rate policies by the Peruvian government or increased inflation in Peru;
- the perception of higher risk in other emerging economies;
- costs associated with mine closure laws;
- potential local opposition to mining; and
- other factors discussed under "Risk Factors".

The words "believe", "could", "may", "estimate", "continue", "potential", "anticipate", "intend", "expect", "will", "should" and "plan", among others, are intended to identify forward-looking statements. Forward-looking statements speak only as of the date they were made and neither we nor the initial purchasers undertake to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking information, events and circumstances discussed in this Prospectus might not occur. Any such forward-

looking statements are not guarantees of future performance. As a result, prospective investors should not make an investment decision based on the forward looking statements contained in this Prospectus.

Forward-looking statements contained in this document apply only as at the date of this document. To the extent required by the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules and other applicable regulations, the Group will update or revise the information in this document. Otherwise, the Group undertakes no obligation publicly to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

WHERE TO FIND HELP

If you have any questions relating to the procedure for acceptance and payment under the Rights Issue, please telephone Capita Asset Services on 0371 664 0321 or if calling from outside the United Kingdom on +44 (0) 208 639 3399. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

QUESTIONS AND ANSWERS ON THE RIGHTS ISSUE

The questions and answers set out herein are intended to be generic only and, as such, you should also read Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus for full details of what action you should take if you wish to participate in the Rights Issue. If you are in any doubt about the action to be taken you are recommended to seek your own personal financial advice immediately from your stockbroker, solicitor, accountant or other appropriate independent financial adviser duly authorised under FSMA if you are in the UK, or if you are not, from another appropriately authorised financial adviser. The attention of Overseas Shareholders is drawn to section 8 of Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus.

The questions and answers set out in this section of this Prospectus deal with general questions relating to the Rights Issue only and more specific questions relating to the Ordinary Shares held by persons resident in the United Kingdom who hold their Ordinary Shares in certificated form and persons whose Ordinary Shares are on the Register.

If you are an Overseas Shareholder you should read section 8 of Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus and you should take professional advice as to whether you are eligible and/or need to observe any formalities to enable you to take up your Rights. If you hold your Ordinary Shares in uncertificated form (through CREST or through a broker) you should read section 5 of Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether you hold your Ordinary Shares in certificated form or in CREST, you should contact Capita Asset Services on 0371 664 0321 or if calling from outside the United Kingdom on +44 (0) 208 639 3399. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

The Company's Ordinary Shares can be held in certificated form (that is, represented by a share certificate) or in uncertificated form (that is, through CREST or a broker). Accordingly, these questions and answers are split into four:

- | | |
|-----------|---|
| Section 1 | ("General") |
| Section 2 | ("Ordinary Shares held in certificated form"). This section answers questions you may have in respect of the procedures for Qualifying Shareholders who hold their Ordinary Shares in certificated form. You should note that Sections 1 and 4 may still apply to you. |
| Section 3 | ("Ordinary Shares held in CREST"). This section answers questions you may have in respect of the equivalent procedures for Qualifying Shareholders who hold their Ordinary Shares in CREST. You should note that Sections 1 and 4 may still apply to you. |
| Section 4 | ("Further procedures for Ordinary Shares whether held in certificated form or in CREST"). This section answers some detailed questions about your rights and the actions you may need to take and is applicable to Ordinary Shares whether held in certificated form or in CREST. |

SECTION 1: GENERAL

Question

Answer

What are the principal elements of the proposal?

The Rights Issue.

Why is the Rights Issue being implemented?

The Board of the Company has decided on a rights issue as a means of raising capital so as to provide Shareholders with the opportunity to participate in a Rights Issue that would ensure that, if Shareholders buy all of the New Ordinary Shares to which they are entitled, their shareholdings would not be diluted. This means that Shareholders who subscribe for all of the New Ordinary Shares to which they are entitled under the Rights Issue will have the same percentage interest in the Company both before and after the Rights Issue, subject to the rounding down of fractions.

In accordance with the ongoing focused management of the Group's financial position, the net proceeds of the Rights Issue will strengthen the balance sheet and provide the flexibility necessary to enable the Company to continue to implement its strategy to increase long-term value for shareholders.

Not less than 50% of the net proceeds of the Rights Issue will be applied to repay outstanding bank indebtedness. The balance will be held as cash on deposit to ensure certainty of access to the funds and liquidity in light of the prevailing price volatility in precious metal prices.

For more information, please see Part 1 (*Letter from the Chairman*).

Rights Issue

What is a rights issue?

Rights issues are one of the ways for companies to raise money. Companies do this by giving their existing shareholders a right to buy further shares in the relevant company in proportion to their existing shareholdings, usually at a discount to the prevailing market price at that time.

This rights issue is "3 for 8"; that is, an offer by the Company of 3 New Ordinary Shares for every 8 Ordinary Shares held at the close of business on 13 October 2015 (the Record Date for the Rights Issue).

What is being offered?

Shareholders, (other than Shareholders with registered addresses in Excluded Territories), who hold their Shares on the Record Date for the Rights Issue will be entitled to buy the New Ordinary Shares at the Issue Price of 47.0 pence per New Ordinary Share.

The purchase of New Ordinary Shares by shareholders under a rights issue may be referred to as 'subscribing', 'taking up' or 'exercising' their rights. If you held Shares on the Record Date you are deemed to be a Qualifying Shareholder for the purposes of the Rights Issue.

In a rights issue, new shares are typically offered at a discount to the market share price. As a result of this discount and while the market price of shares exceeds the discounted price, the right to subscribe for the new shares is potentially valuable and tradable. In this Rights Issue, the Issue Price of 47.0 pence per New Ordinary Share represents a 47.6% discount to the closing middle-market price of 89.75 pence on 14 October 2015 (being the latest practicable business day prior to the publication of this Prospectus).

What is my entitlement?

Qualifying Shareholders, (other than Shareholders with registered addresses in Excluded Territories), will have the Right to purchase 3 New Ordinary Shares for every 8 Ordinary Shares held at the Record Date.

Rights Issue

What do I need to do in relation to the Rights Issue?

Qualifying Non-CREST Shareholders (other than Shareholders with registered addresses in Excluded Territories) will be sent a Provisional Allotment Letter (“**PAL**”) which sets out their entitlement to New Ordinary Shares under the Rights Issue and Qualifying CREST Shareholders (other than Shareholders with registered addresses in Excluded Territories) will receive a credit of Nil Paid Rights to the appropriate stock account in CREST.

If you hold your Ordinary Shares in certificated form, the PAL enables you to participate in the Rights Issue.

If your Ordinary Shares are held under the name of a nominee, the PAL will be sent to your nominee. Therefore, you should contact your nominee for more details.

If you hold Ordinary Shares in certificated form, it is expected that a PAL will be despatched to you on 15 October 2015 or, if you or your nominee hold Ordinary Shares in CREST, it is expected that Nil Paid Rights will be credited to your or their stock account in CREST on 20 October 2015.

Shareholders with a registered address outside of the United Kingdom may be affected by the laws of the relevant jurisdiction. Nil Paid Rights will be provisionally allotted to all Qualifying Shareholders, including Qualifying Shareholders with registered addresses in any Excluded Territory.

However, PALs will not be sent to, and Nil Paid Rights will not be credited to CREST accounts of, Qualifying Shareholders with registered addresses in any Excluded Territory, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction. Further information on the position of Overseas Shareholders is provided in section 8 of Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus.

SECTION 2: ORDINARY SHARES HELD IN CERTIFICATED FORM

Question	Answer
What is a Provisional Allotment Letter?	<p>You should retain this Prospectus pending receipt of a Provisional Allotment Letter (PAL). The PAL is expected to be sent to you on 15 October 2015. The PAL is the document that will detail your entitlement to subscribe for New Ordinary Shares, the PAL is also the document that you will need in order to take up your Rights, sell your Rights or transfer your Rights should you decide to do so. The PAL will show:</p> <p>In Box 1: how many Ordinary Shares you held at the close of business on the Record Date;</p> <p>In Box 2: how many New Ordinary Shares you are entitled to buy pursuant to the Rights Issue; and</p> <p>In Box 3: how much you need to pay if you want to take up your rights in full.</p>
What options do I have?	<p>You may:</p> <ol style="list-style-type: none"> a. Take up all of your Rights e.g. acquire all of the New Ordinary Shares to which you are entitled; b. Take up some but not all of your Rights and also sell the remainder of your Rights if you so choose; c. Sell all of your Rights to acquire New Ordinary Shares; or d. Do nothing (let your Rights lapse or expire). In the event that you take no action, the Joint Bookrunners will endeavour to sell the Rights and you may receive your share of the net sale proceeds but there is no guarantee that this sale can be executed. e. You may also: <ol style="list-style-type: none"> (i) split or renounce some of your Rights contained in your PAL; or (ii) deposit your Rights into CREST, in both cases by completing Form X (and/or Form Y if appropriate) on page 4 of the PAL or by taking the PAL to a stockbroker.
How do I take up all of my Rights if the Ordinary Shares are registered in my own name in certificated form?	<p>If you wish to take up all of your Rights e.g. acquire all of the New Ordinary Shares to which you are entitled at the subscription price of 47.0 pence per New Ordinary Share and the Ordinary Shares you currently hold are registered in your name you must:</p> <p>Return your PAL together with a cheque or banker's draft in pounds sterling, made payable to "Capita Registrars Limited re: Hochschild Mining plc—Rights Issue A/C" and crossed "A/C payee only", for the full amount payable, by post or by hand (during normal business hours only) to the address shown on the front of the PAL, so as to arrive as soon as possible and in any event so as to be received no later than the latest time for acceptance and payment in full stated on the PAL which is expected to be 11.00 a.m. on 3 November 2015. If you post the PAL within the UK by first class post, it is recommended that you allow at least four business days for delivery. A reply-paid envelope will be enclosed with the PAL for use within the UK only for this purpose.</p> <p>When the Rights Issue is complete, a definitive share certificate will be sent to you for the New Ordinary Shares you buy (unless you request to receive the New Ordinary Shares in uncertificated form, that is, in CREST) and it is expected that such certificate will be despatched by no later than 11 November 2015.</p>

Can I sell or transfer my Rights?

Section 4.2 of Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus has full instructions on how to accept and pay for your New Ordinary Shares. Instructions will also be set out in the Provisional Allotment Letter.

Please note that you will only need the Provisional Allotment Letter to be returned to you if you want to deal in your Fully Paid Rights. Your Provisional Allotment Letter will not be returned to you unless you tick Box 4 on page 4 of the Provisional Allotment Letter.

If you do not want to buy any or all of the New Ordinary Shares to which you are entitled, you can instead sell or transfer your rights to those shares and receive the net proceeds, if any, of the sale or transfer in cash.

This is referred to as dealing “nil paid.”

You should contact your stockbroker, bank or other appropriate authorised independent financial adviser to arrange for the sale to be made in the market.

What action do I need to take if I want to take up some but not all of my Rights?

You may want to acquire some of the New Ordinary Shares to which you are entitled but not all of them and may wish to sell your remaining Rights or let them lapse (in which case you must pay for the New Ordinary Shares which you wish to acquire).

You should contact your stockbroker or other appropriate independent financial adviser regarding the sale of some of your Nil Paid Rights.

You will also need to apply for split PALs by completing Form X: Form of Renunciation on page 4 of the PAL, and returning it by post or by hand (during normal business hours only) to Capita Asset Services to be received by 3.00 p.m. on 30 October 2015, the latest time and date for splitting Provisional Allotment Letters, nil paid, together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights to be comprised in each split PAL.

For example if you have the right to acquire 10,000 New Ordinary Shares and wish to acquire 6,000 New Ordinary Shares and sell the Nil Paid Rights to 4,000 New Ordinary Shares you should sign Form X: Form of Renunciation on page 4 and send this to Capita together with a letter asking to receive two PALs one for the entitlement to 6,000 New Ordinary Shares and one for the entitlement to 4,000 New Ordinary Shares. The PALs will be stamped ‘Original Duly Renounced.’ You will then need to return the PAL for 6,000 New Ordinary Shares together with a cheque or banker’s draft for £300 to Capita Asset Services and provide the PAL for 4,000 New Ordinary Shares to the Stockbroker or other appropriate adviser who is effecting your sale of Nil Paid Rights.

What action do I need to take if I want to sell all of my Rights?

If you want to sell all of your rights, you should contact your stockbroker, solicitor, accountant or other appropriate independent financial adviser. You will need to sign Form X: Form of Renunciation on page 4 of the PAL and pass the PAL to the stockbroker, solicitor, accountant or other appropriate independent financial adviser, through or by whom the sale or transfer is to be effected.

Please note that your ability to sell your Rights is dependent on the demand for such rights and that the price for the Nil Paid Rights will fluctuate. The market price for Rights reflects the value the market places on the Rights. If the market price of the Existing Shares is less than the Issue Price then the Rights may not have any value.

The latest time and date for selling your Nil Paid Rights is 11.00 a.m. on 3 November 2015. Please ensure, however, that you allow enough time so as to enable the person acquiring your Rights to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 3 November 2015.

Question

Answer

Can I sell some of my Rights in order to take up the remaining Rights?

If you sell your Rights through your broker, he will return the proceeds to you (net of expenses) in accordance with whatever terms you agree with him.

You may also be able to sell some of your Rights in order to take up the remaining Rights to New Ordinary Shares. This is known as a “Cashless take up” because you do not have to pay any additional money. You should seek the advice of your stockbroker or other appropriate independent financial adviser if you wish to undertake a Cashless take up.

How do I transfer my Rights?

If you wish to transfer your Rights in certificated form you must sign Form X: Form of Renunciation on page 4 of the PAL. Form Y: Registration Application Form on page 4 of the Provisional Allotment Letter must be completed by or on behalf of the person(s) in whose name(s) the New Ordinary Shares are to be registered.

If the New Ordinary Shares are to be registered in CREST the CREST Deposit Form on page 4 of the Provisional Allotment Letter must be completed instead of Form Y.

The latest time and date for splitting your Nil Paid Rights is 3.00 p.m. on 30 October 2015. Please ensure, however, that you allow sufficient time so as to enable the person acquiring any rights to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 3 November 2015.

Further information on dealing in Nil Paid Rights and Fully Paid Rights represented by Provisional Allotment Letters is set out in section 4 of Part 2 (Terms and Conditions of the Rights Issue).

What happens if I take no action in relation to my Rights?

If you do not want to buy any of the New Ordinary Shares to which you are entitled and you do not wish to sell any or all of your Rights, you do not need to do anything. If you do not return your Provisional Allotment Letter by 11.00 a.m. on 3 November 2015, and take no other action, the Underwriters will try to find investors to take up your Rights by 4.30 p.m. on 4 November 2015. If the Underwriters find investors and are able to sell your New Ordinary Shares at a price which exceeds the Issue Price and the related expenses of procuring those investors (including any brokerage, commission and payments in relation to value added tax), you will be sent a cheque in pounds sterling for the amount of that aggregate premium provided that this is £5.00 or more. Cheques are expected to be despatched on or around 11 November 2015 and will be sent to your address as it appears on the Company’s register of members (or to the first named holder if you hold Ordinary Shares jointly).

Can I change my mind?

Once you have sent your PAL and payment to Capita you cannot withdraw your application or change the number of New Ordinary Shares that you have applied to acquire except in the very limited circumstances set out in section 6.2 of Part 2 of this Prospectus (*Terms and Conditions of the Rights Issue*).

What happens if I do not return my form in time?

The Rights Issue process must run according to a strict timetable which will be set out in the PAL. Please also refer to the Prospectus (*Expected Timetable of Principal Events*) for guidance.

If you wish to take up your Rights but your completed PAL and payment is received after the relevant deadline your election will not be processed, unless the Company (having consulted with the Underwriters and taken into accounts its reasonable comments) decides to treat your application as valid, and your Rights will expire. In which case your expired Rights may be sold to other investors as detailed above in “*What happens if I take no action in relation to my Rights?*”

You should therefore ensure that you allow sufficient time for posting of your PAL.

SECTION 3: ORDINARY SHARES HELD IN CREST

Question	Answer
How will I know if I am eligible to participate in the Rights Issue?	<p>It is expected that each Qualifying CREST Shareholder (other than certain Overseas Shareholders) will receive a credit to his CREST stock account of his entitlement to Nil Paid Rights as soon as practicable after 8.00 a.m. on 20 October 2015.</p> <p>The CREST stock account to be credited will be the account with the participant ID and member account ID that applies to the Existing Shares held on the Record Date by Qualifying CREST Shareholders in respect of which the Nil Paid Rights are provisionally allotted.</p>
How can I take up or sell my Rights using the CREST system?	<p>If you are a Qualifying CREST Shareholder you should refer to section 5 of Part 2 (<i>Terms and Conditions of the Rights Issue</i>) of this Prospectus.</p> <p>CREST Members who wish to take up all or part of their entitlements in respect of, or otherwise to transfer, Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures. Further information is provided in section 5 (<i>Terms and Conditions of the Rights Issue</i>) of Part 2 of this Prospectus.</p> <p>IF YOUR ORDINARY SHARES ARE HELD BY A NOMINEE OR YOU ARE A CREST SPONSORED MEMBER YOU SHOULD SPEAK DIRECTLY TO THE NOMINEE WHO LOOKS AFTER YOUR ORDINARY SHARES OR YOUR CREST SPONSOR (AS APPROPRIATE WHO WILL BE ABLE TO HELP YOU).</p>

**SECTION 4: FURTHER PROCEDURES FOR ORDINARY SHARES
WHETHER HELD IN CERTIFICATED FORM OR IN CREST**

<u>Question</u>	<u>Answer</u>
What should I do if I live outside the UK?	Your ability to take up rights to New Ordinary Shares may be affected by the laws of the country in which you live and you should take professional advice about any formalities you need to observe. Shareholders resident outside the UK should refer to section 8 of Part 2 (<i>Terms and Conditions of the Rights Issue</i>) of this Prospectus.
Are there any tax implications I need to consider?	Certain information in relation to taxation is set out in section 16 of Part 10 (<i>Additional Information</i>) of this Prospectus. Any personal issues regarding possible tax implications should be taken forward with a duly authorised independent financial/taxation adviser. The Company is unable to provide any tax or other investment advice in relation to the Rights Issue.
What do I do if I have any further queries about the Rights Issue or the action I should take?	<p>If you have any other questions, please telephone Capita Asset Services on 0371 664 0321 or if calling from outside the United Kingdom on +44 (0) 208 639 3399. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.. If you are in any doubt as to the action to be taken you are recommended to seek your own personal financial advice immediately from your stockbroker, solicitor, accountant or other appropriate independent financial adviser duly authorised under FSMA, if you are in the UK, or if you are not, from another appropriately authorised financial adviser. Capita Asset Services can explain the options available to you, which forms you need to fill in and how to fill them in correctly.</p> <p>Your attention is drawn to the Terms and Conditions of the Rights Issue in Part 2 of this Prospectus and (in the case of Qualifying Non-CREST Shareholders) in the Provisional Allotment Letter.</p>

PART 1
LETTER FROM THE CHAIRMAN



HOCHSCHILD MINING PLC

(incorporated in England and Wales with Registered No. 05777693)

23 Hanover Square, London W1S 1JB, United Kingdom

Directors:

Eduardo Hochschild
Roberto Dañino
Ignacio Bustamante
Enrico Bombieri
Dr Graham Birch
Jorge Born Jr.
Sir Malcolm Field
Nigel Moore

(Chairman)
(Deputy Chairman)
(Chief Executive Officer)
(Senior Independent Director)
(Independent Non-Executive Director)
(Independent Non-Executive Director)
(Independent Non-Executive Director)
(Independent Non-Executive Director)

15 October 2015

Dear Shareholder,

**PROPOSED 3 FOR 8 RIGHTS ISSUE OF UP TO 137,883,138 NEW ORDINARY SHARES
AT 47.0 PENCE PER NEW ORDINARY SHARE**

1. INTRODUCTION

The Board announced today that the Company is proposing to raise £64.8 million (£61.1 million net of expenses) by way of a 3 for 8 Rights Issue of 137,883,138 New Ordinary Shares at a price of 47.0 pence per New Ordinary Share. Other than the New Ordinary Shares which Mr. Eduardo Hochschild has agreed to subscribe for under the Rights Issue pursuant to the Irrevocable Undertaking (as further described at paragraph 6 below), the Rights Issue is fully underwritten by J.P. Morgan Securities plc, Merrill Lynch International and RBC Europe Limited pursuant to the terms of the Underwriting Agreement.

The Rights Issue Price of 47.0 pence per New Ordinary Share represents a 47.6% discount to the Closing Price of 89.75 pence on 14 October 2015 (being the last Business Day prior to the announcement of the launch of the Rights Issue) and a 39.8% discount to the TERP of 78.09 pence per Existing Share calculated by reference to the Closing Price on 14 October 2015.

This letter sets out the background to, and reasons for, the Rights Issue and explains why the Board considers the Rights Issue to be in the best interests of the Company and its Shareholders as a whole. It also sets out the principal terms of the Rights Issue.

2. REASON FOR THE RIGHTS ISSUE, STRATEGY AND USE OF PROCEEDS

Reason for the Rights Issue

Whilst to date the Group has managed to execute its strategy within the constraints of its existing resources, the proceeds from the Rights Issue will give the Group substantially increased financial flexibility.

The Company's business is directly affected by volatility in silver and gold prices. In recent years the mining industry has had to adjust to a broader decline in precious metals prices by significantly reducing costs, capital expenditure and expenses and focusing on higher quality assets. In April 2013, the Company responded to these conditions by commencing a cash flow optimisation programme aimed at conserving cash to mitigate the impact of lower prices, which has delivered targeted cost savings to date of approximately US\$300 million.

The Company continues to make substantial progress in improving its cost position. Initiatives being pursued encompass all business areas, including operations, administration and exploration. At the operational level, the Company has achieved material improvements through labour optimisation, efficiencies in supply chain management and renegotiation of commercial terms as well as significant working capital improvements. In order to reduce capital expenditure and ensure that the Company's mines can continue to deliver profitable ounces in 2015, the mine plans of the Arcata and Pallancata operations in Peru have been optimised, allowing the operations to maximise cash generation by focusing on accessible ore areas requiring less capital deployment, lowering throughput and increasing cut-off grades which reflect the weaker metal price environment. Whilst exploration-led growth remains an important part of the Company's long term strategy, the cash flow optimisation programme has led to a significant reduction of the level of greenfield exploration and appraisal of acquisition and joint venture opportunities until a sustained improvement in gold and silver prices.

Throughout 2013 and 2014, the Company has actively managed its financial position, including raising proceeds from an offering of senior notes to fund the acquisition of International Minerals Corporation ("IMZ"). Proceeds were also raised through medium-term credit facilities and the refinancing of its convertible bonds to fund the development of a new world-class mine at Inmaculada, which commenced commercial production in August 2015. The Company's balance sheet has been further strengthened by ongoing implementation of management's cash flow optimisation programme. The Company has also taken advantage of short periods of precious metal price improvement to hedge almost 44% and 41% of 2015 and 2016 production, respectively, in order to improve cash flow certainty during these years. As a result of these initiatives, and despite the backdrop of the challenging market environment, management has successfully preserved capital, optimised cash flow and focused on delivering substantial value through the development of, and subsequent commencement of production at, the Inmaculada mine.

However, after careful deliberation, the Board and management feel it is a prudent time to reassess the capital structure of the Group with a view to reducing the Group's overall net debt level so as to strengthen the Group's balance sheet. The Board is of the view that the Rights Issue provides the best opportunity for the Group to both retain strategic flexibility and to preserve and grow long-term shareholder value.

Strategy

The Group has been focusing on the development and construction of the Inmaculada mine in recent years and successfully commenced commercial production there in August 2015. The first production of doré was announced on 5 June 2015. Approximately 39.5 thousand ounces of gold and 970 thousand ounces of silver have been produced up to 30 September 2015, a portion of which was produced during the ramp-up and commissioning phase in June 2015. The mine is expected to produce between 6 and 7 million silver equivalent ounces in 2015 and between 11 and 12 million silver equivalent ounces in 2016.

Inmaculada is a world class gold and silver project which is expected to be the Group's lowest cost operation with all-in sustaining costs of US\$759 per ounce of gold equivalent and US\$10.40 per ounce of silver equivalent over an initial projected 6.3 year reserve mine life. Inmaculada will contribute to an increase in the Group's attributable production from 20.5 million silver-equivalent ounces in 2013 to a projected 29.0 million silver equivalent ounces in 2016. In addition, Inmaculada will also drive a reduction in Group-wide all-in sustaining costs to approximately between US\$13 and US\$14 per silver-equivalent ounce in 2015 (from US\$16.9 per silver-equivalent ounce in 2014). The Company expects its liquidity position and financial leverage levels to progressively improve as its Inmaculada mine delivers significant operating cash flow in the second half of 2015.

In addition, the Group is also focused on the near to medium term objective of developing its recent discovery of a significant new high grade, wide vein at the Pallancata mine in south west Peru, which was announced in September 2015. Management expects the new east-west vein, called the Pablo vein, to lead to a significant expansion of the mine's mineral resources and to improve the operational outlook for the Pallancata mine. The Group is currently conducting a comprehensive exploration and infill drilling programme through to the end of November 2015 to better understand the potential of the new discovery and to achieve an initial inferred resource. As the Pablo vein is easily accessible through the existing infrastructure at the Pallancata mine and the mineral mined from the Pablo vein can be processed using the excess plant capacity at Selene, it is expected that limited capital expenditure will be required to bring the Pablo vein into production.

Use of proceeds

In accordance with the ongoing focused management of the Group's financial position, the net proceeds of the Rights Issue will strengthen the balance sheet and provide the flexibility necessary to enable the Company to continue to implement its strategy to increase long-term value for shareholders.

Not less than 50% of the net proceeds of the Rights Issue will be applied to repay outstanding bank indebtedness. The balance will be held as cash on deposit to ensure certainty of access to the funds and liquidity in light of the prevailing price volatility in precious metal prices.

3. SUMMARY OF THE PRINCIPAL TERMS OF THE RIGHTS ISSUE

General

The Company is proposing to raise approximately £61.1 million (net of expenses) by way of the Rights Issue of 137,883,138 New Ordinary Shares. The Rights Issue Price of 47.0 pence per New Ordinary Share, which is payable in full on acceptance by not later than 11.00 a.m. on 3 November 2015, represents a 47.6% discount to the Closing Price of 89.75 pence per Existing Share on 14 October 2015 (being the last trading day prior to the announcement of the Rights Issue) and a 39.8% discount to the TERP of 78.09 pence per Existing Share calculated by reference to the Closing Price on 14 October 2015.

The Company proposes to offer New Ordinary Shares by way of the Rights Issue to Qualifying Shareholders on the following basis:

3 New Ordinary Shares for every 8 Existing Shares

held by Qualifying Shareholders on the Record Date and so in proportion to any other number of Existing Shares then held, and otherwise on the terms and conditions as set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter.

Holdings of Existing Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. New Ordinary Shares representing fractional entitlements will not be allotted to Qualifying Shareholders and, where necessary, entitlements to New Ordinary Shares will be rounded down to the nearest whole number. Such fractional entitlements will be aggregated and, if possible, sold in the market for the benefit of the Company.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Shares, including the right to all future dividends or other distributions made, paid or declared after the date of issue of the New Ordinary Shares.

The Rights Issue is conditional upon:

1. Admission becoming effective by not later than 8.00 a.m. on 20 October 2015 (or such later time and/or date as the Company and the Underwriters may agree (being not later than 4 November 2015)); and
2. the Underwriting Agreement having become unconditional in all respects (save for conditions relating to Admission) and not having been terminated in accordance with its terms prior to Admission.

Other than the New Ordinary Shares which Mr. Eduardo Hochschild has agreed to subscribe for under the Rights Issue pursuant to the Irrevocable Undertaking (as further described at paragraph 6 below), the Rights Issue is fully underwritten by the Underwriters pursuant to the Underwriting Agreement. The Underwriters have agreed under the terms of the Underwriting Agreement to procure subscribers for, or failing which to itself subscribe for, New Ordinary Shares not taken up in the Rights Issue at the Rights Issue Price. Further details of the terms of the Underwriting Agreement are set out in Part 10 (*Additional Information*) of this document.

If the Underwriting Agreement is not declared or does not become unconditional in all respects or if it is terminated in accordance with its terms, the Rights Issue will be revoked and will not proceed. Revocation cannot occur after Admission, and therefore if Admission has occurred by 8.00 a.m. on 20 October 2015 (or such later time and/or date as the Company and the Underwriters agree), the Rights Issue will proceed.

Application will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its main market for listed securities. It is expected that Admission will

become effective and that dealings in the New Ordinary Shares will commence on the London Stock Exchange, nil paid, at 8.00 a.m. on 20 October 2015.

The latest time and date for acceptance and payment in full of the New Ordinary Shares will be 11.00 a.m. on 3 November 2015.

The terms and conditions of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in Part 2 (*Terms and Conditions of the Rights Issue*) of this document.

Qualifying Non-CREST Shareholders

Qualifying Non-CREST Shareholders will receive a Provisional Allotment Letter with this document which will indicate the number of New Ordinary Shares provisionally allotted to such Qualifying Non-CREST Shareholders pursuant to the Rights Issue.

Qualifying Non-CREST Shareholders should note that, other than the Provisional Allotment Letter, they will receive no further written communication from the Company in respect of the subject matter of this document.

Qualifying CREST Shareholders

Qualifying CREST Shareholders, none of whom will receive a Provisional Allotment Letter, are expected to receive a credit to their appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled on 20 October 2015. The Nil Paid Rights so credited are expected to be enabled for settlement by CREST as soon as practicable after Admission.

Qualifying CREST Shareholders should note that they will receive no further written communication from the Company in respect of the subject matter of this document. They should accordingly retain this document for, amongst other things, details of the action they should take in respect of the Rights Issue. Qualifying CREST Shareholders who are CREST-sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Rights Issue.

Settlement

The New Ordinary Shares will be capable of being held in certificated or uncertificated form. Pending the issue of definitive certificates for the New Ordinary Shares to be issued in certificated form, transfers will be certified against the register. No temporary documents of title in respect of the New Ordinary Shares will be issued.

Any New Ordinary Shares to be issued in certificated form will be represented by definitive share certificates, which are expected to be despatched by 11 November 2015 to the persons entitled thereto at that person's registered address.

Overseas Shareholders

The attention of Qualifying Shareholders who have registered addresses outside the UK, or who are resident or located in, or who are citizens of, countries outside the UK, or who are holding Existing Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents), or who have a contractual or other legal obligation to forward this document or the Provisional Allotment Letter to such persons, is drawn to the information which appears in section 8 of Part 2 (*Terms and Conditions of the Rights Issue*) of this document. In particular, subject to limited certain exceptions, the Rights Issue is not being made to Shareholders in or into any of the Excluded Territories.

Persons who have registered addresses in, or who are resident or located in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements to the Rights Issue.

4. DIVIDENDS AND DIVIDEND POLICY

The Directors did not recommend a dividend in respect of the years ended 31 December 2013 and 31 December 2014. Future decisions regarding the dividend will be based on a number of factors, including

market conditions, distributable reserves, liquidity, operational performance and the impact of project capital expenditure.

Since the Company is the holding company for the Group, its stand-alone income and its ability to pay dividends depends in part on the receipt of dividends and distributions from other members of the Group. The payment of dividends by these subsidiaries and associated companies is contingent upon the sufficiency of earnings, cash flows and distributable reserves.

Future dividend payments will also be adjusted to take account of the indicative bonus factor of the Rights Issue.

5. TAXATION

Information regarding taxation in the UK and US in relation to the Shares is set out in Section 16 (*Taxation*) of Part 10 (*Additional Information*) of this document. Shareholders who are in any doubt as to their tax position, or who are subject to tax in any jurisdiction other than the UK or US, should consult their appropriate professional adviser as soon as possible.

6. DIRECTORS' AND SHAREHOLDERS' INTENTIONS

The Board considers that the Rights Issue is in the best interests of the Company and its Shareholders as a whole.

Mr. Eduardo Hochschild intends to take up his rights to subscribe for at least 68,887,508 New Ordinary Shares under the Rights Issue in respect of his beneficial holding of Existing Shares through the arrangements described below, which will result in Mr. Hochschild owning 53.05% of the issued and outstanding shares of the Company following completion of the Rights Issue. The existing shareholding of Mr. Eduardo Hochschild is held through Pelham. Pelham has agreed to transfer the Nil Paid Rights that it will receive in respect of its Existing Shares to ASPI. Pursuant to an irrevocable undertaking dated the date of this Prospectus executed by ASPI, Pelham and the Company (the “**Irrevocable Undertaking**”), ASPI has irrevocably undertaken to the Company: (i) to subscribe for 68,887,508 New Ordinary Shares and make payment in full for such New Ordinary Shares; and (ii) not to withdraw its subscription for the 68,887,508 New Ordinary Shares at any time. As part of the Irrevocable Undertaking, the Company has agreed to pay ASPI a fee of 1% of the subscription commitment, representing approximately £330,000 (US\$500,000). ASPI has prior to the date of this Prospectus deposited US\$50 million with the Company to fund its proposed subscription pursuant to the Irrevocable Undertaking, which is refundable by the Company to ASPI in the event that Admission does not take place on or before 27 October 2015. Mr. Hochschild also intends to retain a controlling shareholding in the Company for the foreseeable future and, accordingly, both ASPI and Pelham have agreed to a lock-up undertaking in the Irrevocable Undertaking with respect to their Shares that will be in force for 180 days after the completion of the Rights Issue, subject to customary exceptions and waiver by the Joint Bookrunners.

The Directors (other than Mr. Hochschild), in respect of their aggregate beneficial holding of 395,528 Existing Shares, intend to take up their rights to subscribe for New Ordinary Shares under the Rights Issue or, in the case of certain of the Directors, to sell a sufficient amount of their Nil Paid Rights entitlement in order to provide sufficient funds to subscribe for New Ordinary Shares in respect of the balance of their entitlement.

See section 3 of this Part 1 for a description of the principal conditions to which the Rights Issue is subject.

7. ACTION TO BE TAKEN

On the basis that dealings commence on 20 October 2015, the latest time for acceptance by Shareholders under the Rights Issue will be 11.00 a.m. on 3 November 2015. The procedure for acceptance and payment is set out in Part 2 (*Terms and Conditions of the Rights Issue*) of this document. Further details will also appear in the Provisional Allotment Letter, which will be sent to all Qualifying Non-CREST Shareholders.

If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor or other independent professional adviser who, if you are taking advice in the UK, is duly authorised under FSMA, or from any appropriately authorised independent financial adviser if you are in a territory outside the UK, in each case who specialises in advice on the acquisition of shares and other securities.

8. FURTHER INFORMATION

Your attention is drawn to the section entitled “Risk Factors” set out in pages 21 to 41 of this document and to the further information set out in Part 2 (*Terms and Conditions of the Rights Issue*) of this document. You should read all of the information contained in this document before deciding the action to take in respect of the Rights Issue.

Yours sincerely,

Eduardo Hochschild
Chairman

PART 2

TERMS AND CONDITIONS OF THE RIGHTS ISSUE

1. Details of the Rights Issue

The Company proposes to issue up to 137,883,138 New Ordinary Shares by way of a rights issue at a price of 47.0 pence per New Ordinary Share.

Pursuant to the terms of the Underwriting Agreement (as described in Part 11 (*Additional Information*) of this Prospectus), the Underwriters have agreed to underwrite the number of New Ordinary Shares (other than those committed to be taken up by Mr. Eduardo Hochschild through ASPI pursuant to the Irrevocable Undertaking) on the date of this Prospectus (currently 68,995,630 New Ordinary Shares).

The Issue Price of 47.0 pence per New Ordinary Share represents:

- a 39.8% discount to the TERP based on the Closing Price of 78.09 pence per Share; and
- a 47.6% discount to the Closing Price of 89.75 pence per share on 14 October 2015, the last practicable day prior to the publication of this Prospectus.

The ability to trade Rights may, subject to market conditions, enable Qualifying Shareholders to reduce any dilution in the value of their holding resulting from the implementation of the Rights Issue as they may be able to sell a portion of their Rights and use the proceeds of that sale to take up some or all of their remaining Rights. No expenses will be charged to the Qualifying Shareholders directly by the Company.

2. Terms and Conditions of the Rights Issue

Subject to the fulfilment (or waiver where permitted) of the conditions of the Underwriting Agreement and the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letter if they receive one), the New Ordinary Shares will be offered for subscription by way of rights to Qualifying Shareholders (other than, subject to certain exceptions, Qualifying Shareholders with registered addresses in Excluded Territories) at 47.0 pence per New Ordinary Share, payable in full on acceptance on the basis of:

3 New Ordinary Shares for every 8 Existing Shares

held by and registered on the Record Date in the names of Qualifying Shareholders.

Entitlements to New Ordinary Shares under the Rights Issue will be rounded down to the nearest whole number and fractions of New Ordinary Shares will not be allotted. Qualifying Shareholders who do not or cannot take up entitlements to New Ordinary Shares will have their proportionate shareholdings in the Company diluted by approximately 27.3% by the Rights Issue.

Those Qualifying Shareholders who are permitted to, and do, take up all of their Rights to the New Ordinary Shares provisionally allotted to them in full will, subject to the rounding down of fractions, have the same proportionate voting and distribution rights as held by them at the Record Date.

The Nil Paid Rights are entitlements to subscribe for New Ordinary Shares subject to payment of the Issue Price. The Fully Paid Rights are entitlements to receive the New Ordinary Shares, for which a subscription and payment has already been made.

Holdings of Existing Shares in certificated form and uncertificated form will each be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

The Underwriters have agreed to underwrite the number of New Ordinary Shares (other than those committed to be taken up by Mr. Eduardo Hochschild through ASPI pursuant to the Irrevocable Undertaking) on the date of this Prospectus. The Underwriters' underwriting commitment is subject to the conditions set out in the Underwriting Agreement.

The obligations of the Underwriters under the Underwriting Agreement are conditional upon (*inter alia*):

- (a) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and

- (b) Admission becoming effective by not later than 8.00 a.m. on 20 October 2015 (or such later time and/or date as the Company and the Underwriters may agree, being no later than 4 November 2015).

A summary of certain terms and conditions of the Underwriting Agreement is set out in section 9 of Part 10 (*Additional Information*) of this Prospectus.

The attention of Shareholders with a registered address in, or who are resident or located in countries other than the United Kingdom, or who are holding Shares in the Company for the benefit of such a person, and any person (including, without limitation, custodians, nominees, agents and trustees) who has a contractual or other legal obligation to forward this Prospectus (or any Provisional Allotment Letter) into a jurisdiction other than the United Kingdom is drawn to section 8 of this Part 2. In particular, subject to the provisions of section 8 of this Part 2 and certain exceptions, Qualifying Shareholders with a registered address in any Excluded Territory will not be sent Provisional Allotment Letters and will not have their CREST stock accounts credited with Nil Paid Rights.

Application will be made for the New Ordinary Shares (nil paid and fully paid) to be admitted to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and dealings will commence (nil paid) in the New Ordinary Shares at 8.00 a.m. (London time) on 20 October 2015.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Shares, including the right to receive all future dividends and other distributions declared, made or paid after the date of their issue.

The New Ordinary Shares and the Existing Shares are in registered form and can be held in certificated form or uncertificated form via CREST. No further application to CREST is required for the New Ordinary Shares and all the New Ordinary Shares when issued and fully paid may be held and transferred by means of CREST. Applications will be made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST. Euroclear requires the Company to confirm that certain conditions (imposed by the CREST Manual) are satisfied before Euroclear will admit the Nil Paid Rights and the Fully Paid Rights to CREST. It is expected that these conditions will be satisfied on Admission. As soon as practicable after Admission, the Company will confirm this to Euroclear. The ISIN code for the New Ordinary Shares will be the same as that of the Existing Shares, being GB00B1FW5029. The ISIN code for the Nil Paid Rights is GB00BYMT2284 and for the Fully Paid Rights is GB00BYMT2060.

Subject to, amongst other things, the aforementioned conditions to the Rights Issue being satisfied, it is expected that:

- (a) Provisional Allotment Letters (which constitute temporary documents of title) in respect of Nil Paid Rights will be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, such Qualifying Non-CREST Shareholders with a registered address in any Excluded Territory) at their own risk on 15 October 2015;
- (b) Admission and dealings in the New Ordinary Shares, nil paid, will commence on the London Stock Exchange at 8.00 a.m. on 20 October 2015;
- (c) the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than, subject to certain exceptions, such Qualifying CREST Shareholders with a registered address in any Excluded Territory) with such Qualifying CREST Shareholders' entitlements to Nil Paid Rights, with effect from 8.00 a.m. on 20 October 2015;
- (d) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by Euroclear on 20 October 2015, as soon as practicable after the Company has confirmed to Euroclear that all the conditions for admission of such Rights to CREST have been satisfied;
- (e) New Ordinary Shares will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders (or their renounees) who validly take up their Rights as soon as practicable after 8.00 a.m. on 4 November 2015; and
- (f) share certificates for the New Ordinary Shares will be despatched to relevant Qualifying Non-CREST Shareholders (or their renounees) who validly take up their Rights by not later than 11 November 2015, at their own risk.

The offer of New Ordinary Shares pursuant to the Rights Issue is not being, and will not be, made by means of this Prospectus into any Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be illegal to make an offer, subject to certain exceptions.

All documents including Provisional Allotment Letters, cheques and definitive share certificates posted to, by or from Qualifying Shareholders and/or their transferees or renounees (or their agents, as appropriate) will be posted at their own risk.

All Qualifying Shareholders, by accepting and/or renouncing a Provisional Allotment Letter or requesting registration of the New Ordinary Shares comprised therein, or by making a valid acceptance in accordance with the procedures set out in this Part 2 will be deemed to make the representations and warranties to the Company and the Underwriters contained in section 9 of this Part 2 (*Further Representations and Warranties*). Shareholders taking up their Rights by sending an MTM instruction to Euroclear will also be deemed to have given the representations and warranties set out in section 5.2(d) of this Part 2 unless the requirement is waived by the Company and the Underwriters.

The attention of Overseas Shareholders is drawn to section 8 of this Part 2.

3. Action to be taken by Qualifying Shareholders

The action to be taken in respect of New Ordinary Shares depends on whether, at the relevant time, Nil Paid Rights or Fully Paid Rights in respect of which action is to be taken are in certificated form (i.e. represented by Provisional Allotment Letters) or uncertificated form (i.e. in CREST).

If you are a Qualifying Non-CREST Shareholder and receive a Provisional Allotment Letter and, subject to certain exceptions, are not located or resident in and do not have a registered address in any Excluded Territory, please refer to sections 4 and 6 to 10 inclusive of this Part 2.

If you are a Qualifying CREST Shareholder and, subject to certain exceptions, are not located or resident in and do not have a registered address in any of the Excluded Territories, please refer to sections 5 and 6 to 10 inclusive of this Part 2 and to the CREST Manual for further information on the CREST procedures referred to below.

If you are Qualifying Shareholder located or resident in and/or with a registered address in any of the Excluded Territories, please refer to section 8 of this Part 2.

CREST Sponsored Members should refer to their CREST Sponsors, as only their CREST Sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST Sponsored Members.

If you are a Qualifying Shareholder and you have any queries about the Rights Issue or the procedure for acceptance and payment, you should call Capita Asset Services on 0371 664 0321 or if calling from outside the United Kingdom on +44 (0) 208 639 3399. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

4. Action to be taken by Qualifying Non-CREST Shareholders in relation to Nil Paid Rights represented by Provisional Allotment Letters

4.1 General

It is expected that Provisional Allotment Letters will be despatched to Qualifying Non-CREST Shareholders (other than certain Overseas Shareholders) on 15 October 2015. If the Rights Issue is delayed, or if, for any reason, the Provisional Allotment Letters are not posted, the expected timetable as set out in this Prospectus may be adjusted. References to times and dates in this Prospectus should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates and times, and if possible the revised times and dates will be set out in the Provisional Allotment Letters. The Provisional Allotment Letter will set out:

- (a) the holding at the close of business on the Record Date of Existing Shares in certificated form on which a Qualifying Non-CREST Shareholder's entitlement to New Ordinary Shares has been based;

- (b) the aggregate number of New Ordinary Shares which have been provisionally allotted to such Qualifying Non-CREST Shareholder with respect to the Existing Shares referred to in paragraph (a) above;
- (c) the amount payable by a Qualifying Non-CREST Shareholder at the Issue Price to take up his entitlement in full;
- (d) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of his entitlement, or to convert all or part of his entitlement into uncertificated form; and
- (e) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

The latest time and date for acceptance and payment in full will be 11.00 a.m. on 3 November 2015.

4.2 Procedure for acceptance and payment

(a) *Qualifying Non-CREST Shareholders who wish to accept in full*

Holders of Provisional Allotment Letters who wish to take up all of their entitlements must return the Provisional Allotment Letter, in accordance with the instructions thereon, together with a cheque or banker's draft in Pounds Sterling, made payable to "Capita Registrars Limited re: Hochschild Mining plc—Rights Issue A/C" and crossed "A/C payee only", for the full amount payable on acceptance, by post or by hand (during normal business hours only) to the address shown on the front of the Provisional Allotment Letter, so as to arrive as soon as possible and in any event so as to be received no later than the latest time for acceptance and payment in full stated in the Provisional Allotment Letter, which is expected to be 11.00 a.m. on 3 November 2015. If you post the Provisional Allotment Letter within the UK by first class post, it is recommended that you allow at least four business days for delivery. A reply-paid envelope will be enclosed with the Provisional Allotment Letter for use within the UK only for this purpose.

(b) *Qualifying Non-CREST Shareholders who wish to accept in part*

Holders of Provisional Allotment Letters who wish to take up some but not all of their rights should refer to section 4.6 of this Part 2.

(c) *Qualifying Non-CREST Shareholders who wish to dispose of some or all of their Nil Paid Rights*

Any Qualifying Non-CREST Shareholder who is permitted to, and wishes to, dispose of all or part of his or her Nil Paid Rights should contact his or her stockbroker or bank or other appropriate authorised independent financial adviser to arrange the disposal of those Nil Paid Rights in the market. The stockbroker, bank or other authorised independent financial adviser will require the Provisional Allotment Letter to arrange such a disposal and you will need to make arrangements with the stockbroker, bank or other authorised independent financial adviser for the completion of the Provisional Allotment Letter and its dispatch to the stockbroker, bank or other authorised independent financial adviser. Further information about such disposals by Qualifying Non-CREST Shareholders is set out in section 4.6 of this Part 2.

Nil Paid Rights may only be transferred in compliance with applicable securities laws and regulations of all relevant jurisdictions.

(d) *Company's discretion as to validity of acceptances*

If payment is not received in full by 11.00 a.m. on 3 November 2015, the provisional allotment will (unless the Company has exercised its right to treat as valid an acceptance as set out herein) be deemed to have been declined and will lapse.

The Company may elect, but shall not be obliged to treat as a valid acceptance, the receipt of appropriate remittance by 5.00 p.m. on 4 November 2015 from an authorised person (as defined in the FSMA) specifying the number of New Ordinary Shares to be acquired and containing an undertaking by that person to lodge the relevant Provisional Allotment Letters, duly completed, in due course.

The Company may, having consulted with the Underwriters, treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in

accordance with the relevant instructions, or not accompanied by a valid power of attorney where required.

The Company reserves the right to treat as invalid any acceptance or purported acceptance of the New Ordinary Shares that appears to the Company to have been executed in, dispatched from or that provides an address for delivery of definitive share certificates for New Ordinary Shares in, an Excluded Territory.

The provisions of this paragraph (d) and any other terms of the Rights Issue relating to Qualifying Non-CREST Shareholders may be waived, varied or modified as regards specific Qualifying Non-CREST Shareholder(s) or on a general basis by the Company, with the agreement of the Underwriters.

A Qualifying Non-CREST Shareholder who makes a valid acceptance and payment in accordance with section 4.2 of this Part 2 is deemed to request that the New Ordinary Shares to which they will become entitled be issued to them on the terms set out in this Prospectus and subject to the Articles.

(e) *Payments*

Unless otherwise agreed by the Company in its sole discretion, all payments made by Qualifying Non-CREST Shareholders must be made by cheque or banker's draft in Pounds Sterling drawn on a branch of a bank or building society in the UK which is either a settlement member of the Cheque & Credit Clearing Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for the members of either of those companies and must bear the appropriate sorting code number in the top right hand corner. Cheques and banker's drafts should be made payable to "Capita Registrars Limited re: Hochschild Mining plc—Rights Issue A/C" and crossed "A/C payee only". The Company reserves the right to have cheques and banker's drafts presented for payment on receipt and to instruct Capita to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. Interest will not be paid on payments made before they are due but will accrue for the benefit of the Company. Return of the Provisional Allotment Letter with a remittance in the form of a cheque will constitute a warranty that the cheque will be honoured on first presentation. The Company may elect to treat as invalid any acceptances in respect of which cheques or other remittances are notified to it or its agent as not having been so honoured.

All enquiries in connection with Provisional Allotment Letters should be addressed to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

If New Ordinary Shares have already been allotted to a Qualifying Non-CREST Shareholder prior to any payment not being so honoured or such acceptances being treated as invalid, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such New Ordinary Shares on behalf of such Qualifying Non-CREST Shareholder. The Company may hold the proceeds of such sale (net of the Company's reasonable estimate of any loss it has suffered as a result of the same and of the expenses of the sale including, without limitation, any stamp duty or SDRT payable on the transfer of the New Ordinary Shares) of the relevant New Ordinary Shares on behalf of such Qualifying Non-CREST Shareholder. None of the Company, Capita or the Underwriters will be responsible for, or liable to, any person for any loss, expense or damage suffered or incurred by such Qualifying Non-CREST Shareholder as a result of the exercise of any such discretion or as a result of any sale of relevant New Ordinary Shares.

- (f) Holders of Provisional Allotment Letters who wish to take up any of their entitlements must make the representations and warranties set out in paragraph 9 below.

4.3 Money Laundering Regulations

It is a term of the Rights Issue that to ensure compliance with the Money Laundering Regulations, Capita and/or the Company may, in their absolute discretion, require verification of the identity of the person lodging the Provisional Allotment Letter with payment or, where relevant, its beneficial owner or ultimate controller and/or the person on whose behalf the Provisional Allotment Letter is lodged with payment and, where relevant, its beneficial owner or ultimate controller (which requirements are referred to below as the "verification of identity requirements"). The person(s) (the acceptor) who, by lodging a Provisional Allotment Letter with payment, as described above, accept(s) the allotment of the New Ordinary Shares (the relevant shares) comprised in such Provisional Allotment Letter (being the provisional allottee or, in

the case of renunciation, the person named in Form Y on such Provisional Allotment Letter), including any person who appears to Capita or the Company to be acting on behalf of another person, shall thereby be deemed to agree to provide Capita and/or the Company with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements. If an application is made by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of Capita or the Company. In such case, the lodging agent's stamp should be inserted on the Provisional Allotment Letter.

If Capita or the Company determines that the verification of identity requirements apply to an acceptance of an allotment and the verification of identity requirements have not been satisfied (which Capita and/or the Company shall in their absolute discretion determine) by 11.00 a.m. on 3 November 2015, the Company may, in its absolute discretion, and without prejudice to any other rights of the Company, treat the acceptance as invalid or may confirm the allotment of the relevant New Ordinary Shares to the acceptor but (notwithstanding any other term of the Rights Issue) such New Ordinary Shares will not be issued to him or registered in his name until the verification of identity requirements have been satisfied (which Capita and/or the Company shall in their absolute discretion determine). If the acceptance is not treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is despatched to the acceptor, as the Company may in its absolute discretion allow, the Company may (in its absolute discretion as to manner, timing and terms) sell such New Ordinary Shares (and for that purpose the Company will be expressly authorised to act as agent of the acceptor). Any proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of the New Ordinary Shares) of the relevant New Ordinary Shares (which shall be issued to and registered in the name of the purchaser(s)) or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the acceptor, subject to the requirements of the Money Laundering Regulations. Capita and/or the Company are entitled in their absolute discretion to determine whether the verification of identity requirements apply to any acceptor and whether such requirements have been satisfied. None of the Company, Capita or the Underwriters will be liable to any person for any loss, expense or damage suffered or incurred (or alleged) as a result of the exercise of any such discretion or as a result of any sale of relevant New Ordinary Shares.

Return of a Provisional Allotment Letter with the appropriate remittance will constitute a warranty from the acceptor that the Money Laundering Regulations will not be breached by acceptance of such remittance and an undertaking by the applicant to provide promptly to Capita such information as may be specified by Capita as being required for the purpose of the Money Laundering Regulations. If the verification of identity requirements applies, failure to provide the necessary evidence of identity may result in your acceptance being treated as invalid or in delays in the despatch of a receipted fully-paid Provisional Allotment Letter or a share certificate.

The verification of identity requirements will not usually apply:

- (a) if the acceptor is an organisation required to comply with the EU Money Laundering Directive (no. 2005/60/EC); or
- (b) if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (c) if the acceptor (not being an acceptor who delivers his acceptance in person) makes payment by way of a cheque drawn on an account in the name of such acceptor; or
- (d) if the aggregate subscription price for the relevant New Ordinary Shares is less than €15,000 (or its Pounds Sterling equivalent, approximately £11,000); or
- (e) if the acceptor is a company whose securities are listed on a regulated market subject to specified disclosure obligations.

In other cases, the verification of identity requirements must apply. Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements:

- (f) if payment is made by building society cheque (not being a cheque drawn on an account of the acceptor) or banker's draft, request the building society or bank to endorse the cheque or draft with

the acceptor's name and the number of an account held in the acceptor's name at such building society or bank. Such endorsement must be validated by a stamp and an authorised signature;

- (g) if payment is not made by a cheque drawn on an account in the name of the acceptor and (i) below does not apply, the acceptor should enclose with his Provisional Allotment Letter evidence of his name and address from an appropriate third-party, for example, a recent bill from a gas, electricity or telephone company or a bank statement (being dated not earlier than 1 April 2015), in each case bearing the acceptor's name and address. The originals of such documents (not copies) are required; such documents will be returned in due course. Capita may not accept a payment made on a third-party cheque;
- (h) if the Provisional Allotment Letter is lodged with payment by an agent which is an organisation of the kind referred to in (f) above or which is subject to anti money-laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, India, Japan, Korea, Mexico, New Zealand, Norway, Russia, Singapore, South Africa, Switzerland, Turkey, the United States of America and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation with the Provisional Allotment Letter that it has such status and a written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to Capita or the relevant authority. In order to confirm the acceptability of any written assurance referred to in this paragraph (c) or in any other case, the applicant should contact Capita Asset Services on 0371 664 0321 or if calling from outside the United Kingdom on +44 (0) 208 639 3399. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes; and
- (i) if a Provisional Allotment Letter is lodged by hand by the acceptor in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and recent evidence of his address.

In order to confirm the acceptability of any written assurance referred to in (h) above or any other case, the acceptor should contact Capita.

4.4 Dealings in Nil Paid Rights

Subject to the fulfilment (or waiver where permitted) of the conditions set out in section 1 of this Part 2, dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence at 8.00 a.m. on 20 October 2015. A transfer of Nil Paid Rights can be made by a Qualifying Non-CREST Shareholder by way of renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it or, in the case of any person in whose favour the Nil Paid Rights have been renounced, by delivery of such Provisional Allotment Letter to the transferee.

The last time and date for renouncing Nil Paid Rights is 11.00 a.m. on 3 November 2015.

4.5 Dealings in Fully Paid Rights

After acceptance of the provisional allotment in accordance with the provisions set out in this Prospectus and in the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant fully paid Provisional Allotment Letter and delivery of the same by post or by hand (during normal business hours only) to Capita Asset Services Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 11.00 a.m. on 3 November 2015. Thereafter the New Ordinary Shares will be in registered form and will be transferable by written instrument of transfer in any usual or common form complying with the Articles or in any other written form which the Directors may approve.

To deal in Fully Paid Rights, a Qualifying Non-CREST Shareholder will need to have their fully paid Provisional Allotment Letter returned to them after acceptance has been effected by Capita. However, fully paid Provisional Allotment Letters will not be returned to Shareholders unless their return is requested by ticking Box 4 on page 4 of the Provisional Allotment Letter.

After 3 November 2015, the New Ordinary Shares will be registered in the name(s) of the person(s) entitled to them in the Company's register of members and will be transferable in the usual way.

4.6 Renunciation and splitting of Provisional Allotment Letters

Qualifying Non-CREST Shareholders who wish to transfer all of their Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X on page 4 of the Provisional Allotment Letter (if it is not already marked “Original Duly Renounced”) and passing the entire Provisional Allotment Letter to their stockbroker or bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been renounced, it becomes a negotiable instrument in bearer form and the Nil Paid Rights or Fully Paid Rights (as appropriate) comprised in the Provisional Allotment Letter may only be transferred by delivery of the Provisional Allotment Letter to the transferee. The latest time and date for registration of renunciation of Provisional Allotment Letters, fully paid, is 11.00 a.m. on 3 November 2015.

If a Qualifying Non-CREST Shareholder wishes either to have only some of the New Ordinary Shares registered in his name and to transfer the remainder, or wishes to transfer all the Nil Paid Rights or (as appropriate) Fully Paid Rights but to different persons, he may have the Provisional Allotment Letter split, for which purpose he must complete and sign Form X on page 4 of the Provisional Allotment Letter. The Provisional Allotment Letter must then be delivered by post or by hand (during normal business hours) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 3.00 p.m. on 30 October 2015 when fully paid, to be cancelled and exchanged for the split Provisional Allotment Letters required. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each letter should be stated in a covering letter. If a Qualifying Shareholder wishes to take up any of his Rights, he must include a cheque or banker’s draft for the correct amount with the covering letter in accordance with section 4.2(a) of this Part 2. If the Qualifying Shareholder wishes to receive a fully paid Provisional Allotment Letter in respect of any Rights he has taken up this must be specifically requested in his covering letter. Holders of split Provisional Allotment Letters who wish to take up their entitlements must do so by returning the split Provisional Allotment Letters together with a cheque or banker’s draft in accordance with section 4.2(a) of this Part 2. Form X on page 4 of the split Provisional Allotment Letters will be marked “Original Duly Renounced” before issue.

Alternatively, a Qualifying Non-CREST Shareholder who wishes to take up only some of his Nil Paid Rights, without transferring the remainder, should complete Form X on page 4 of the Provisional Allotment Letter and return it by post or by hand (during normal business hours) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, together with a covering letter confirming the number of New Ordinary Shares to be taken up and a cheque or banker’s draft for the appropriate amount to pay for this number of New Ordinary Shares (in accordance with section 4.2 of this Part 2). In this case, the Provisional Allotment Letter and cheque must be received by Capita by 3.00 p.m. on 30 October 2015, being the last date and time for splitting Nil Paid Rights.

The Company and Capita reserve the right to refuse to register any renunciation in favour of any person which the Company and Capita believe may violate applicable legal or regulatory requirements including (without limitation) any renunciation in the name of any person with an address outside the UK.

4.7 Registration in names of Qualifying Non-CREST Shareholders

A Qualifying Non-CREST Shareholder who wishes to have all his entitlement to New Ordinary Shares registered in his name must accept and make payment for such New Ordinary Shares in accordance with the provisions summarised in this Prospectus and set out in the Provisional Allotment Letter but need take no further action; a share certificate is expected to be sent to him by post by not later than 30 November 2015.

4.8 Registration in names of persons other than Qualifying Non-CREST Shareholders originally entitled

In order to register Nil Paid Rights or Fully Paid Rights in certificated form in the name of someone other than the Qualifying Shareholder(s) originally entitled, the renounee or his agent(s) must complete Form Y on the Provisional Allotment Letter (unless the renounee is a CREST member who wishes to hold such Shares in uncertificated form, in which case, Form X and the CREST Deposit Form must be completed—see section 4.9 of this Part 2 of this Prospectus) and lodge the entire Provisional Allotment Letter, when fully paid, by post or by hand (during normal business hours only) with Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than

11.00 a.m. on 3 November 2015. Registration cannot be effected unless and until the New Ordinary Shares comprised in a Provisional Allotment Letter are fully paid.

The New Ordinary Shares comprised in two or more Provisional Allotment Letters (duly renounced where applicable) may be registered in the name of one holder (or joint holders). To consolidate rights attached to two or more Provisional Allotment Letters, complete Form Y on page 4 of the Provisional Allotment Letter (the Principal Letter) and attach a letter detailing each Provisional Allotment Letter number (as shown on the Provisional Allotment Letter), the number of New Ordinary Shares represented by each Provisional Allotment Letter, the total number of Provisional Allotment Letters to be consolidated and the total number of New Ordinary Shares represented by all the Provisional Allotment Letters to be consolidated. All the Provisional Allotment Letters to be consolidated must be lodged in one batch together.

4.9 Deposit of Nil Paid Rights or Fully Paid Rights into CREST

Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether any such conversion arises as a result of a renunciation of those rights or otherwise). Subject as provided in the next section (or in the Provisional Allotment Letter), normal CREST procedures (including timings) apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures. The procedure for depositing the Nil Paid Rights represented by the Provisional Allotment Letter into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and addresses appear(s) on page 1 of the Provisional Allotment Letter, or in the name of a person or persons to whom the Provisional Allotment Letter has been renounced, is as follows: Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter) must be completed and the Provisional Allotment Letter deposited with the CREST courier and sorting service (CCSS). In addition, the normal CREST Stock Deposit procedures must be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST Transfer Form (prescribed under the Stock Transfer Act 1963) with the CCSS and (b) only the whole of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST. If you wish to deposit some only of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter into CREST, you must first apply for split Provisional Allotment Letters. If the rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each letter must be completed and deposited. The consolidation listing form on page 4 of the Provisional Allotment Letter must not be used.

A holder of Nil Paid Rights or (if appropriate) Fully Paid Rights represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights or (if appropriate) Fully Paid Rights in CREST following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 3 November 2015. In particular, having regard to normal processing times in CREST and on the part of Capita, the latest recommended time for depositing a renounced Provisional Allotment Letter, with Form X and the CREST Deposit Form on page 4 of the Provisional Allotment Letter duly completed, with the CCSS (in order to enable the person acquiring the Nil Paid Rights or (if appropriate) Fully Paid Rights in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 3 November 2015 is 3.00 p.m. on 29 October 2015. When Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter) have been completed, the title to the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter will cease forthwith to be renounceable or transferable by delivery and, for the avoidance of doubt, any entries in Form Y will not subsequently be recognised or acted upon by Capita.

All renunciations or transfers of the Nil Paid Rights or Fully Paid Rights must be effected through the means of CREST once such Nil Paid Rights or Fully Paid Rights have been deposited into CREST.

CREST Sponsored Members should contact their CREST Sponsors as only their CREST Sponsors will be able to take the necessary actions to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST Sponsored Members.

4.10 Share certificates

Definitive share certificates in respect of the New Ordinary Shares to be held in certificated form are expected to be despatched by post by not later than 11 November 2015 to accepting Qualifying Non-Crest Shareholders at their registered addresses. After 11.00 a.m. on 3 November 2015, Provisional Allotment Letters will cease to be valid for any purpose whatsoever and, pending the issue of share certificates, instruments of transfer will be certified by Capita against lodgement of fully paid Provisional Allotment Letters and/or, in the case of renunciations, fully paid registration receipt forms, duly stamped by Capita.

4.11 Posting

All documents and cheques posted to or by Shareholders or renounees or their agents will be posted at their own risk.

5. Action to be taken in relation to Nil Paid Rights or Fully Paid Rights in CREST

5.1 General

It is expected that each Qualifying CREST Shareholder (other than certain Overseas Shareholders) will receive a credit to his CREST stock account of his entitlement to Nil Paid Rights as soon as practicable after 8.00 a.m. on 20 October 2015. The CREST stock account to be credited will be the account with the participant ID and member account ID that applies to the Existing Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted.

The maximum number of New Ordinary Shares that a Qualifying CREST Shareholder may take up is that which has been provisionally allotted to that Qualifying CREST Shareholder and for which he receives a credit of entitlement into his stock account in CREST. The minimum number of New Ordinary Shares a Qualifying CREST Shareholder may take up is one.

The Nil Paid Rights and Fully Paid Rights will each constitute a separate security for the purposes of CREST and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST. If the Rights Issue is delayed or if, for any other reason, stock accounts of Qualifying CREST Shareholders cannot be credited, or the Nil Paid Rights cannot be enabled, by 8.00 a.m. on 20 October 2015, the expected timetable as set out in this Prospectus may be adjusted. References to dates and times in this Prospectus should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates, but Qualifying CREST Shareholders may not receive any further written communication. Further, in such circumstances the Company, in consultation with the Underwriters, may choose to send a Provisional Allotment Letter to each Qualifying CREST Shareholder in substitution for the Nil Paid Rights which would have been credited to its stock account in CREST.

CREST members who wish to take up all or part of their entitlements in respect of, or otherwise to transfer, Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST Sponsored Member and wish to take up your entitlement, you should consult your CREST Sponsor, as only your CREST Sponsor will be able to take the necessary action to take up your entitlements or otherwise to deal with your Nil Paid Rights or Fully Paid Rights.

5.2 Procedure for acceptance and payment

(a) *Many-To-Many Instructions*

Unless otherwise agreed by the Company in its sole discretion, CREST members who wish to take up all or part of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST Sponsored Members, procure that their CREST Sponsor sends) a Many-To-Many (MTM) instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Capita, under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;
- (ii) the creation of a settlement bank payment obligation (as defined in the CREST Manual), in accordance with the RTGS payment mechanism (as defined in the CREST Manual), in favour of the RTGS settlement bank of Capita in Pounds Sterling, in respect of the full

amount payable on acceptance in respect of the Nil Paid Rights referred to in sub-paragraph (i) above; and

- (iii) the crediting of a stock account of the accepting CREST member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST member is entitled on taking up his Nil Paid Rights referred to in sub-paragraph (i) above.

(b) *Contents of MTM Instructions*

The MTM instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Nil Paid Rights to which the acceptance relates;
- (ii) the participant ID of the accepting CREST member;
- (iii) the member account ID of the accepting CREST member from which the Nil Paid Rights are to be debited;
- (iv) the participant ID of Capita, in its capacity as a CREST receiving agent. This is 7RA33;
- (v) the member account ID of Capita, in its capacity as a CREST receiving agent. This is 28574HOC;
- (vi) the number of Fully Paid Rights that the CREST member is expecting to receive on settlement of the MTM Instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;
- (vii) the amount payable by means of the settlement bank payment obligation (as defined in the CREST Manual) on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights to which the acceptance relates;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 3 November 2015;
- (ix) the ISIN Number of the Nil Paid Rights. This is GB00BYMT2284;
- (x) the ISIN Number of the Fully Paid Rights. This is GB00BYMT2060;
- (xi) the corporate action number for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST;
- (xii) contact name and telephone numbers in the shared note field; and
- (xiii) a priority of at least 80.

(c) *Valid acceptance*

An MTM instruction complying with each of the requirements as to authentication and contents as set out in sub-paragraph (b) of section 5.2 of this Part 2 will constitute a valid acceptance where either:

- (i) the MTM instruction settles by not later than 11.00 a.m. on 3 November 2015; or
- (ii) at the discretion of the Company in consultation with the Underwriters:
 - (A) the MTM instruction is received by Euroclear by not later than 11.00 a.m. on 3 November 2015;
 - (B) a number of Nil Paid Rights at least equal to the number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock account of the accepting CREST member specified in the MTM instruction at 11.00 a.m. on 3 November 2015; and
 - (C) the relevant MTM instruction settles by 2.00 p.m. on 3 November 2015 (or such later time as the Company and the Underwriters may determine).

An MTM instruction will be treated as having been received by Euroclear for these purposes at the time at which the instruction is processed by the Network Provider's Communications Host (as this

term is defined in the CREST Manual) at Euroclear of the network provider used by the CREST member (or by the CREST Sponsored Member's CREST Sponsor). This will be conclusively determined by the input time stamp applied to the MTM instruction by the Network Provider's Communications Host.

The provisions of this paragraph (c) and any other terms of the Rights Issue relating to Qualifying CREST Shareholders may be waived, varied or modified as regards specific Qualifying CREST Shareholder(s) or on a general basis by the Company, with the agreement of the Underwriters.

(d) *Representations, warranties and undertakings of CREST members*

A CREST member or CREST Sponsored Member who makes a valid acceptance in accordance with this section 5.2 of this Part 2 represents, warrants and undertakes to the Company and the Underwriters that he has taken (or procured to be taken), and will take (or procure to be taken), whatever action is required to be taken by him or by his CREST Sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 11.00 a.m. on 3 November 2015 and remains capable of settlement at all times after that until 2.00 p.m. on 3 November 2015 (or until such later time and date as the Company and the Underwriters may determine). In particular, the CREST member or CREST Sponsored Member represents, warrants and undertakes that, at 11.00 a.m. on 3 November 2015 and at all times thereafter until 2.00 p.m. on 3 November 2015 (or until such later time and date as the Company and the Underwriters may determine), there will be sufficient headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST Sponsored Members should contact their CREST Sponsor if they are in any doubt. Such CREST member or CREST Sponsored Member taking up entitlements must make the representations and warranties set out in paragraph 9 below.

If there is insufficient headroom within the Cap in respect of the cash memorandum account of a CREST member or CREST Sponsored Member for such amount to be debited, or the CREST member's or CREST Sponsored Member's acceptance is otherwise treated as invalid and New Ordinary Shares have already been allotted to such CREST member or CREST Sponsored Member, the Company may (in its absolute discretion as to the manner, timing and terms) make arrangements for the sale of such New Ordinary Shares on behalf of that CREST member or CREST Sponsored Member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such New Ordinary Shares, and of all amounts payable by the CREST member or CREST Sponsored Member pursuant to the provisions of this Part 2 in respect of the acquisition of such New Ordinary Shares) on behalf of such CREST member, or CREST Sponsored Member.

Neither the Company, nor the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such CREST member or CREST Sponsored Member as a result.

(e) *CREST member's undertaking to pay*

A CREST member or CREST Sponsored Member who makes a valid acceptance in accordance with the procedures as set out in this section 5.2 of this Part 2; (a) undertakes to pay to the Company, or procure the payment to the Company of, the amount payable in Pounds Sterling on acceptance in accordance with the above procedures, or in such other manner as the Company may require (it being acknowledged that, where payment is made by means of the RTGS payment mechanism, the creation of a settlement bank payment obligation in Pounds Sterling in favour of the settlement bank of Capita in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST member (or CREST Sponsored Member) to pay to the Company the amount payable on acceptance) and (b) requests that the Fully Paid Rights and/or New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this Prospectus and subject to the Articles.

If the payment obligations of the relevant CREST member or CREST Sponsored Member in relation to such New Ordinary Shares are not discharged in full and such New Ordinary Shares have already been allotted to the CREST member or CREST Sponsored Member, the Company may (in its absolute discretion as to the manner, timing and terms) make arrangements for the sale of such New Ordinary Shares on behalf of the CREST member or CREST Sponsored Member and hold

the proceeds of the sale (net of the Company's reasonable estimate of any loss it has suffered as a result of the same and of the expenses of the sale, including, without limitation, any applicable brokerage and commissions and amounts in respect of any value added tax, any stamp duty or SDRT payable on the transfer of such New Ordinary Shares, and of all amounts payable by such CREST member or CREST Sponsored Member pursuant to the terms of the Rights Issue in respect of the acquisition of such New Ordinary Shares) or an amount equal to the original payment of the CREST member or CREST Sponsored Member. Neither the Company nor the Underwriters, nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by the CREST member or CREST Sponsored Member as a result.

(f) *CREST procedures and timings*

CREST members and CREST Sponsors (on behalf of CREST Sponsored Members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal systems timings and limitations will therefore apply in relation to the input of an MTM instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Sponsored Member, to procure that his CREST Sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 3 November 2015. In this connection CREST members and (where applicable) CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(g) *Discretion as to rejection and validity of acceptances*

The Company may (having consulted with the Underwriters and taken into account its reasonable comments):

- (i) reject any acceptance constituted by an MTM instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings as set out or referred to in this section 5.2 of this Part 2. Where an acceptance is made as set out in 5.2 of this Part 2 which is otherwise valid, and the MTM instruction concerned fails to settle by 11.00 a.m. on 3 November 2015 (or by such later time and date as the Company and the Underwriters have determined), the Company and the Underwriters shall be entitled to assume, for the purposes of its right to reject an acceptance as set out in section 5.2 of this Part 2, that there has been a breach of the representations, warranties and undertakings as set out or referred to in section 5.2 of this Part 2, unless the Company is aware of any reason outside the control of the CREST member or CREST Sponsor (as appropriate) concerned for the failure of the MTM instruction to settle;
- (ii) treat as valid (and binding on the CREST member or CREST Sponsored Member concerned) an acceptance which does not comply in all respects with the requirements as to validity as set out or referred to in section 5.2 of this Part 2;
- (iii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST Sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as the Company and the Underwriters may determine;
- (iv) treat a properly authenticated dematerialised instruction (in this sub-paragraph the first instruction) as not constituting a valid acceptance if, at the time at which Capita receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or Capita has received actual notice from Euroclear of any of the matters specified in regulation 35(5)(a) of the Uncertificated Securities Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (v) accept an alternative instruction or notification from a CREST member or (where applicable) a CREST Sponsor, or extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any CREST member or CREST Sponsored Member or (where applicable) CREST Sponsor, the CREST member or CREST Sponsored Member is unable validly to take up all or part of his Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of an

interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by Capita in connection with CREST.

Any person who makes a valid acceptance and payment in accordance with section 5.2 of this Part 2 is deemed to request that the New Ordinary Shares to which they will become entitled be issued to them on the terms set out in this Prospectus and subject to the Articles.

5.3 Money Laundering Regulations

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EC regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Capita is required to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Capita before sending any MTM instruction or other instruction so that appropriate measures may be taken.

Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to provide promptly to Capita any information which Capita may specify as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Capita as to identity, Capita, having where time allows, consulted with the Company and the Underwriters and having taken into account their comments, may at its absolute discretion take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If satisfactory evidence of identity has not been provided within a reasonable time, then Capita will not permit the MTM instruction concerned to proceed to settlement, but without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure by the applicant to provide satisfactory evidence.

5.4 Dealings in Nil Paid Rights

Assuming the Rights Issue becomes unconditional, dealings in the Nil Paid Rights on the London Stock Exchange are expected to commence at 8.00 a.m. on 20 October 2015. A transfer (in whole or in part) of Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be disabled in CREST after the close of CREST business on 3 November 2015.

After 3 November 2015, the New Ordinary Shares will be registered in the name(s) of the person(s) entitled to them in the Company's register of members and will be transferable in the usual way.

5.5 Dealings in Fully Paid Rights

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this Prospectus, the Fully Paid Rights may be transferred (in whole or in part) by means of CREST in the same manner as any other security that is admitted to CREST. The last date for settlement of any transfer of Fully Paid Rights in CREST is expected to be 3 November 2015. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 3 November 2015.

5.6 Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights or, if appropriate, Fully Paid Rights from CREST is 4.30 p.m. on 28 October 2015, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights or, if appropriate, Fully Paid Rights following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 3 November 2015.

You are recommended to refer to the CREST Manual or to your CREST Sponsor, if appropriate, for details of such procedures.

5.7 Issue of New Ordinary Shares in CREST

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 3 November 2015 (the latest date for settlement of transfers of Fully Paid Rights in CREST). New Ordinary Shares (in definitive form) will be issued in uncertificated form to those persons registered as holding such Fully Paid Rights in CREST at the close of business on the date on which the Fully Paid Rights are disabled. Capita will instruct Euroclear to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New Ordinary Shares with effect from 4 November 2015.

5.8 Right to allot/issue in certificated form

Despite any other provision of this Prospectus, the Company reserves the right to allot and/or issue any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Capita in connection with CREST.

6. Procedure in respect of New Ordinary Shares not taken up and withdrawal rights

6.1 Procedure in respect of New Ordinary Shares not taken up

If an entitlement to New Ordinary Shares is not validly taken up by 11.00 a.m. on 3 November 2015, in accordance with the procedure laid down for acceptance and payment, then that provisional allotment will be deemed to have been declined and will lapse. The Underwriters will, as agent for the Shareholder who did not take up the entitlement, use reasonable endeavours to procure subscribers for all (or as many as possible) of those New Ordinary Shares by not later than 4.30 p.m. on 4 November 2015 at a price per New Ordinary Share at a premium to the aggregate of the Issue Price and the expenses of procuring such subscribers (including applicable brokerage commission and any amounts in respect of VAT which are not recoverable).

Notwithstanding the above, the Underwriters may cease to endeavour to procure any such subscribers if, in their opinion, it is unlikely that any such subscribers can be procured at such a price and by such a time. If and to the extent that subscribers for New Ordinary Shares cannot be procured on the basis outlined above, the relevant New Ordinary Shares will be subscribed for by the Underwriters or sub-underwriters (if any) at the Issue Price pursuant to the terms of the Underwriting Agreement

Any premium over the aggregate of the Issue Price and the expenses of procuring subscribers (including any applicable brokerage and commissions and amounts in respect of VAT which are not recoverable) shall be paid (subject as provided in this Section 6.1 of Part 2):

- (a) where the Nil Paid Rights were at the time of their lapsing, represented by a Provisional Allotment Letter, to the person whose name and address appeared on page 1 of the Provisional Allotment Letter;
- (b) where the Nil Paid Rights were, at the time of their lapsing, in uncertificated form, to the person registered as the holder of such Nil Paid Rights at the time of their disablement in CREST; and
- (c) where an entitlement to New Ordinary Shares was not taken up by an Overseas Shareholder, to the Overseas Shareholder.

Payments to those persons entitled (as referred to above) will be made pro rata to their lapsed provisional allotments, save that amounts of less than £5.00 will not be paid to such persons but will be aggregated and retained for the benefit of the Company. Holdings of the Existing Shares in certificated and uncertificated form will be treated as being held by different persons for these purposes. Cheques for the amounts due (if any) will be sent by post at the risk of such persons to their registered addresses provided that, where an entitlement concerned was held in CREST, the amount due will, unless the Company (at its absolute discretion) otherwise determines, be satisfied by the Company procuring the creation of a settlement bank payment obligation in favour of the relevant CREST member's (or CREST Sponsored Member's) RTGS settlement bank in respect of the cash amount concerned in accordance with the RTGS payment mechanism.

Any transactions undertaken pursuant to this section 6.1 of this Part 2 will be deemed to have been undertaken at the request of the persons entitled to the lapsed provisional allotments or other entitlements

and none of the Company, the Underwriters nor any person procuring or seeking to procure such subscribers shall be responsible or have any liability for any loss or damage (whether actual or alleged) arising from the terms, amount or timing of any such subscription or any failure to procure such subscribers or the decision not to endeavour to procure such subscribers. The Underwriters will be entitled to retain any brokerage fees, commissions or other benefits received in connection with these arrangements.

6.2 Withdrawal Rights and return of funds

Where a supplementary prospectus has been published and, prior to publication, a person has agreed to take up some or all of his Nil Paid Rights, he may be able to withdraw his acceptance under section 87Q(4) of FSMA by lodging a written notice of withdrawal or by email to withdraw@capita.co.uk, which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the participant ID and the member account ID of such CREST member with Capita, so as to be sent no later than two business days after the date on which the supplementary prospectus is published. If such right to withdraw acceptances under section 87Q(4) of FSMA would apply at any time after the last date for valid acceptance such date shall be postponed to a new date announced by the Company not being earlier than two business days beginning with the first business day after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means, or which is deposited with or received by Capita after expiry of such period will not constitute a valid withdrawal. Following the valid exercise of statutory withdrawal rights, or if excess funds have been received, the application or excess monies will be returned by post to relevant Qualifying Non-CREST Shareholders at their own risk and without interest to the address set out in the Provisional Allotment Letter and/or Capita will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as applicable within 14 days of such exercise of statutory withdrawal rights. The provisions of this section 6.1 of this Part 2 are without prejudice to the statutory rights of Qualifying Shareholders. In such event Qualifying Shareholders are advised to seek independent legal advice.

Provisional allotments of entitlements to New Ordinary Shares which are the subject of a valid withdrawal notice will be deemed to be declined. Such entitlements to New Ordinary Shares will be subject to the provisions of paragraph 6.1 above as if the entitlement had not been validly taken up.

7. Taxation

The information regarding United Kingdom and United States taxation in respect of the New Ordinary Shares and the Rights Issue is set out in section 16 of Part 10 (*Additional Information*) and is intended only as a general guide to the current tax position in the United Kingdom and the United States. If you are in any doubt about your tax position or are subject to a tax in a jurisdiction other than the United Kingdom or United States, you should consult your professional adviser without delay.

8. Overseas Shareholders

8.1 General

This document has been approved by the FCA, being the competent authority in the United Kingdom. The making or acceptance of the Rights Issue to or by persons resident in, or who are citizens of, countries other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Such persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

It is the responsibility of all persons (including, without limitation, nominees, custodians, agents and trustees) resident outside the United Kingdom receiving this Prospectus and/or a Provisional Allotment Letter and/or a credit of Nil Paid Rights to a stock account in CREST and wishing to accept the offer of New Ordinary Shares to satisfy themselves as to full observance of the applicable laws of the territory in which they are located, domiciled or resident for securities laws' purposes, including obtaining all necessary governmental or other consents which may be required, observing all other requisite formalities needing to be observed and paying any issue, transfer or other taxes due in such territory. The comments set out in this section 8 of this Part 2 are intended only as a general guide and any Qualifying Shareholders who are in doubt as to their position should consult their professional advisers without delay.

Having considered the circumstances, the Board has formed the view that it is necessary or expedient to restrict the ability of persons in the Excluded Territories to take up rights to New Ordinary Shares or

otherwise participate in the Rights Issue due to the time and costs involved in the registration of this Prospectus and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

Receipt of this Prospectus and/or a Provisional Allotment Letter or the crediting of Nil Paid Rights to a stock account in CREST will not constitute an offer in those jurisdictions in which it would be illegal to make an offer, and in those circumstances, this Prospectus and/or the Provisional Allotment Letter should be treated as sent for information only and should not be copied or redistributed.

Nil Paid Rights will be provisionally allotted to all Qualifying Shareholders, including Qualifying Shareholders with registered addresses in any Excluded Territory. However, Provisional Allotment Letters will not be sent to, and Nil Paid Rights will not be credited to CREST accounts of, Qualifying Shareholders with registered addresses in any Excluded Territory or any agent or intermediary of those Qualifying Shareholders, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

The crediting of Nil Paid Rights does not constitute an offer to Shareholders and, specifically, no offer is being made to Shareholders (i) with a registered address in the United States or the Excluded Territories or (ii) in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Shares. CREST Shareholders will be entitled to take up rights in the Rights Issue only if such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person in any territory other than the United Kingdom receiving this Prospectus and/or a Provisional Allotment Letter and/or a credit of Nil Paid Rights to a stock account in CREST may treat the same as constituting an offer or invitation to him, nor should he in any event use a Provisional Allotment Letter or deal in Nil Paid Rights or Fully Paid Rights in CREST, unless such an invitation or offer can lawfully be made to him in the relevant territory and the Provisional Allotment Letter, Nil Paid Rights or Fully Paid Rights in CREST can lawfully be used or dealt with without contravention of any unfulfilled registration or other legal or regulatory requirements. Persons (including, without limitation, nominees, custodians, agents and trustees) receiving a copy of this Prospectus and/or a Provisional Allotment Letter or whose stock account in CREST is credited with Nil Paid Rights or Fully Paid Rights should not, in connection with the Rights Issue, distribute or send the document or transfer Nil Paid Rights or Fully Paid Rights in or into any jurisdiction or to any citizen of any such jurisdiction where to do so would or might contravene local securities laws or regulations. If a Provisional Allotment Letter or credit of Nil Paid Rights or Fully Paid Rights in CREST is received by any person in any such territory (or by the agent or nominee of such a person), he must not seek to take up, renounce or transfer the Nil Paid Rights or Fully Paid Rights referred to in the Provisional Allotment Letter or this Prospectus unless the Company determines (in consultation with the Underwriters) that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, any nominee, custodian, trustee or agent) who does forward this Prospectus or a Provisional Allotment Letter into or credit Nil Paid Rights or Fully Paid Rights into CREST to be received by a person in any such territory (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section 8 of this Part 2.

Subject to paragraphs 8.2 and 10.2 below, any person (including, without limitation, agents, nominees and trustees) outside the United Kingdom wishing to take up his right under the Rights Issue must satisfy himself as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 8.1 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

The Company, in consultation with the Underwriters, reserves the right to treat as invalid any acceptance or purported acceptance of the offer of New Ordinary Shares, or renunciation or purported renunciation of the offer of New Ordinary Shares, and will not be bound to allot, issue or transfer New Ordinary Shares if it (a) appears to the Company or its agents that the form of acceptance or renunciation has been executed or effected in or despatched from any Excluded Territory, by or for the account of a person located in the United States, or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it believes the same may violate any applicable legal or regulatory requirement; (b) in the case of a Provisional Allotment Letter, provides an address in any Excluded Territory or any other jurisdiction outside the UK in which the Company believes it would be unlawful to deliver definitive share certificates for the New Ordinary Shares; (c) in the case of a credit of Nil Paid Rights held in CREST, to a

CREST member or CREST Sponsored Member whose registered address would be in the United States or any of the Excluded Territories; or (d) purports to exclude any of the warranties contained in this Part 2.

The attention of Qualifying Shareholders with registered addresses in any Excluded Territory, or persons resident in those countries, is drawn to section 8 of this Part 2.

The provisions of paragraph 6.1 above will apply to Overseas Shareholders who do not take up New Ordinary Shares provisionally allotted to them or are unable to take up New Ordinary Shares provisionally allotted to them because such action would result in a contravention of applicable law or regulatory requirements. Accordingly, such Shareholders will be treated as Shareholders that have not taken up their entitlement for the purposes of paragraph 6.1 above and the Underwriters will use reasonable endeavours to procure subscribers for the relevant New Ordinary Shares. The net proceeds of such sales (after deduction of expenses) will be paid to the relevant Shareholders pro rata to their holdings of Existing Shares at the close of business on the Record Date as soon as practicable after receipt, except that (i) individual amounts of less than £5.00 per holding will not be distributed but will be aggregated and paid to charity and (ii) amounts in respect of fractions will not be distributed but will be retained for the benefit of the Company. None of the Company, the Underwriters or any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms of the timing of the acquisition or the procuring of it or any failure to procure subscribers.

Despite any other provisions of this Prospectus or the Provisional Allotment Letter, the Company reserves the right to permit any Qualifying Shareholder to take up his rights if the Company in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulation giving rise to the restrictions in question. Those Overseas Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in section 4.2 (*Qualifying Non-CREST Shareholders*) and section 5.2 (*Qualifying CREST Shareholders*) both of this Part 2.

If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares or to deal with Nil Paid Rights or Fully Paid Rights, you should contact your professional advisers immediately.

Those Qualifying Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in paragraphs 4.2 and 5.2 above.

8.2 United States

The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities authority of any state or other jurisdiction of the United States. Subject to certain exceptions, none of the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Provisional Allotment Letters may be directly or indirectly offered for subscription or purchase, taken up, sold, delivered, renounced or transferred in or into the United States or by any person otherwise located in the United States. Accordingly, subject to certain exceptions, the Rights Issue will not be made within the United States and neither this document nor Provisional Allotment Letters will be sent to, nor will any Nil Paid Rights be credited to a stock account in CREST of, any Shareholder with a registered address in the United States.

Any person in the United States who obtains a copy of this document or a Provisional Allotment Letter and who is not a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act (“**Qualifying US Investors**”) is required to disregard them.

Qualifying US Investors that satisfy the Company as to their status may exercise the Nil Paid Rights and the Fully Paid Rights by delivering a properly completed Provisional Allotment Letter to the Receiving Agent in accordance with the procedures set out in this document. Qualifying US Investors must also complete, execute and return to the Company, an Investor Representation Letter as described in section 9 of this Part 2 (attached to this Prospectus as Annex A), and may be required to make certain certifications in the Provisional Allotment Letter for the Nil Paid Rights and the Fully Paid Rights. Overseas Shareholders who hold Ordinary Shares through a bank, a broker or other financial intermediary, should procure that the relevant bank, broker or financial intermediary submits an Investor Representation Letter on their behalf. The Company has the discretion to refuse to accept any Provisional Allotment Letter that is incomplete, unexecuted or not accompanied by an executed Investor Representation Letter or any other required additional documentation.

In addition, the Company reserves the right to treat as invalid any Provisional Allotment Letter: (i) that appears to the Company or its agents to have been executed in or despatched from the United States;

(ii) that does not include the relevant warranty set out in the Provisional Allotment Letter headed “Overseas Shareholders” to the effect that the person accepting and/or renouncing the Provisional Allotment Letter does not have a registered address (and is not otherwise located) in the United States and is not acquiring rights to Nil Paid Rights, Fully Paid Rights or the New Ordinary Shares with a view to offer, sell, resell, transfer, deliver or distribute, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States; or (iii) where the Company believes acceptance of such Provisional Allotment Letter may infringe applicable legal or regulatory requirements, and the Company shall not be bound to allot (on a non-provisional basis) or issue any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights in respect of any such Provisional Allotment Letter. In addition, the Company and the Joint Underwriters reserve the right to reject any MTM Instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of Nil Paid Rights.

Potential purchasers of the New Ordinary Shares in the US are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of such New Ordinary Shares. Until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the New Ordinary Shares, Nil Paid Rights, Fully Paid Rights or Provisional Allotment Letters within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

No representation has been, or will be, made by the Company or any of the Underwriters as to the availability of Rule 144 under the Securities Act or any other exemption under the Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Ordinary Shares.

8.3 Canada

In Canada, this Prospectus is not, and under no circumstances is it to be construed as, a prospectus, an advertisement or a public offering in Canada of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offering of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares. In addition, no securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares and any representation to the contrary is an offence. In Canada, the Company is relying on the “Rights Offering” exemption to the prospectus filing requirement under section 2.1 of National Instrument 45-106 *Prospectus Exemptions* in connection with the Rights Issue.

8.4 Switzerland

In Switzerland, this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares. The Nil Paid Rights, Fully Paid Rights and New Ordinary Shares may not be publicly offered, sold or advertised directly or indirectly into or in Switzerland and will not be listed on the SIX Swiss Exchange or any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares will comply with the disclosure standards for prospectuses under Articles 652a and 1156 of the Swiss Code of Obligations or of the Listing Rules of the SIX Swiss Exchange or the listing rules of any other stock exchange or regulated trading facility in Switzerland and therefore do not constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations or a listing prospectus according to Article 27 of the Listing Rules of the SIX Swiss Exchange or of any other stock exchange or regulated trading facility in Switzerland. Accordingly, neither this Prospectus nor any other offering or marketing material relating to the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares may be publicly distributed or otherwise made publicly available in Switzerland.

8.5 EEA

In relation to each EEA State which has implemented the Prospectus Directive (each, a relevant member state) (except for the United Kingdom), no New Ordinary Shares, Nil Paid Rights or Fully Paid Rights have been offered or will be offered pursuant to the Rights Issue to the public in that relevant member state prior to the publication of a prospectus in relation to the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that, offers of New

Ordinary Shares, Nil Paid Rights or Fully Paid Rights may be made to the public in that relevant member state:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such relevant member state; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New Ordinary Shares, Nil Paid Rights or Fully Paid Rights shall result in a requirement for the publication by the Company or the Underwriters of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in that relevant member state.

8.6 Australia, Japan, New Zealand and South Africa

Due to restrictions under the securities laws of Australia, Japan, New Zealand and South Africa, and subject to certain exceptions, no Provisional Allotment Letters in relation to the New Ordinary Shares will be sent to Qualifying Shareholders, and no Nil Paid Rights or Fully Paid Rights will be credited to a stock account in CREST of persons, with registered addresses in Australia, Japan, New Zealand or South Africa and the Nil Paid Rights to which they are entitled will be sold if possible in accordance with the provisions of paragraph 5 above. Subject to certain exceptions, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares may not be transferred or sold to, or renounced or delivered in, Australia, Japan, New Zealand or South Africa. No offer of New Ordinary Shares is being made by virtue of this document or the Provisional Allotment Letters into Australia, Japan, New Zealand or South Africa.

8.7 Other Overseas Territories

Qualifying Shareholders who have registered or who are resident in, or who are citizens of, other overseas territories should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Nil Paid Rights and/or Fully Paid Rights and/or New Ordinary Shares under the Rights Issue. The comments set out in this section 8 of this Part 2 are intended as a guide only and persons resident in, or who are citizens of, countries other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

8.8 Responsibilities of the Company and the Underwriters

If the Company and/or the Underwriters consent to any Qualifying Shareholder or investor in an Overseas Territory participating in the Rights Issue this shall not give rise to any duty or responsibility on the Company and/or the Underwriters or their advisers to such Shareholder or investor to determine or opine on whether any such participation is in compliance with applicable laws, for which purpose the Company and/or the Underwriters and their advisers shall be entitled to rely on any representations made by or on behalf of such Shareholder or investor.

9. Further representations and warranties

9.1 Restrictions on offering in reliance on Regulation S.

Each Qualifying Shareholder or purchaser to whom the Nil Paid Rights, the Fully Paid Rights or the Provisional Allotment Letter are distributed, offered or sold will also be deemed by its subscription for, or purchase of, the Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or Ordinary Shares to represent, warrant and agree that:

- i. it is, and the person, if any, for whose account or benefit it is acting is, outside the United States (within the meaning of Regulation S) at the time the buy order for such securities is originated and will continue to be located outside the United States, and the person, if any, for whose account or benefit it is acting reasonably believes that the relevant person is outside the United States, and neither the subscriber nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States;

- ii. it understands that the Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to significant restrictions on transfer;
- iii. if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act;
- iv. it has carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or Ordinary Shares to any persons within the United States, nor will it do any of the foregoing;
- v. the Company and the Underwriters and their affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and will not recognise any offer, sale, pledge or other transfer of the securities made other than in compliance with the above stated restrictions; and
- vi. if any of the representations or agreements made by it are no longer accurate or have not been complied with, it will immediately notify the Company and the Joint Bookrunners, and, if it is acquiring any Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make such foregoing representations and agreements on behalf of each such account.

9.2 Restrictions on offering in reliance on Rule 144A

To establish eligibility, each Qualifying US Investor will further be specifically required to execute an Investor Representation Letter (attached to this Prospectus as Annex A), pursuant to which such Qualifying US Investor will acknowledge, represent to and agree with the Company and the Joint Bookrunners, among other things, that:

- i. it understands and acknowledges that the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and that the Nil Paid Rights, Fully Paid Rights and the New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- ii. it is (a) a “qualified institutional buyer” as defined in Rule 144A under the Securities Act and (b) aware that any offer or sale of the Nil Paid Rights, Fully Paid Rights and/or the New Ordinary Shares to it pursuant to the Rights Issue will be made by way of a private placement in a transaction exempt from, or otherwise not subject to, the registration requirements of the Securities Act;
- iii. in the normal course of its business, it invests in or purchases securities similar to the Nil Paid Rights, Fully Paid Rights and the New Ordinary Shares and (a) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares, (b) it, and any accounts for which it is acting, is able to bear the economic risk of an investment in the Nil Paid Rights, Fully Paid Rights and/or the New Ordinary Shares for an indefinite period and (c) it has concluded on the basis of information available to it that it is able to bear the risks associated with such investment;
- iv. it is acquiring the Nil Paid Rights, Fully Paid Rights and/or the New Ordinary Shares in the Rights Issue (a) for its own account or for the account of one or more other Qualifying US Investors for which it is acting as duly authorised fiduciary or agent or (b) for a discretionary account or accounts as to which it has complete investment discretion and the authority to make these representations, warranties, agreements and acknowledgements contained in the Investor Representation Letter, in either case, for investment purposes and not with a view to distribution within the meaning of the Securities Act;
- v. it has received and read a copy of this document, including the documents and information incorporated by reference herein, has had the opportunity to ask questions of representatives of the Company concerning the Company, the Rights Issue, the Nil Paid Rights, Fully Paid Rights and the

New Ordinary Shares, and has made its own investment decision to acquire the Nil Paid Rights, Fully Paid Rights and/or the New Ordinary Shares in the Rights Issue on the basis of its own independent investigation and appraisal of the business, financial condition, prospects, creditworthiness, status and affairs of the Company, the Rights Issue, the Nil Paid Rights, Fully Paid Rights and the New Ordinary Shares;

- vi. it acknowledges and agrees that it has held and will hold this document and any Provisional Allotment Letter in confidence, it being understood that this document and any Provisional Allotment Letter that it has received or will receive are solely for its use and that it has not duplicated, distributed, forwarded, transferred or otherwise transmitted this document, any Provisional Allotment Letter or any other presentational or other materials concerning the Rights Issue (including electronic copies thereof) to any persons within the United States, and acknowledge and agree that such materials shall not be duplicated, distributed, forwarded, transferred or otherwise transmitted by it within the United States. It has made its own assessment concerning the relevant tax, legal and other economic considerations relevant to an investment in the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares;
- vii. it acknowledges and agrees that it has not acquired the Nil Paid Rights, Fully Paid Rights and/or the New Ordinary Shares in the Rights Issue as a result of any general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- viii. it acknowledges and agrees that the Nil Paid Rights, Fully Paid Rights and the New Ordinary Shares may not be reoffered, sold, pledged or otherwise transferred, and that it will not directly or indirectly reoffer, sell, pledge or otherwise transfer the Nil Paid Rights, Fully Paid Rights or the New Ordinary Shares, except (a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act; (b) with respect to the New Ordinary Shares only, to a qualified institutional buyer pursuant to Rule 144A under the Securities Act; or (c) with respect to the New Ordinary Shares only, pursuant to an exemption from the registration requirements of the Securities Act pursuant to Rule 144 thereunder (if available), or any other exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, subject to delivery to the Company of an opinion of counsel (and such other evidence as the Company may reasonably require) that such transfer or sale is in compliance with the Securities Act and that in each case, such offer, sale pledge or transfer must and will be made in accordance with any applicable securities laws of any state or other jurisdiction of the United States;
- ix. it understands that Nil Paid Rights, Fully Paid Rights and the New Ordinary Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and that, for so long as they remain “restricted securities”, the Ordinary Shares may not be deposited into any unrestricted depositary facility established or maintained by a depositary bank;
- x. to the extent it has received or does receive a Provisional Allotment Letter, it understands and agrees that it shall bear a legend substantially in the form below:

“THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS AND THE NEW ORDINARY SHARES OF HOCHSCHILD MINING PLC (THE “COMPANY”) TO WHICH THIS PROVISIONAL ALLOTMENT LETTER RELATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS AND THE NEW ORDINARY SHARES MAY NOT, SUBJECT TO CERTAIN EXCEPTIONS, BE OFFERED, SOLD, TAKEN UP OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA OR ITS TERRITORIES OR POSSESSIONS.”
- xi. it understands and acknowledges that upon the initial issuance thereof, and until such time as the same is no longer required under the Securities Act or applicable state securities laws, the certificates representing the New Ordinary Shares (to the extent such New Ordinary Shares are in

certificated form), and all certificates issued in exchange therefore or in substitution thereof, shall bear a legend substantially in the form below:

“THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE SECURITIES LAW OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. BY ITS ACCEPTANCE OF THESE SECURITIES THE PURCHASER REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER (“QIB”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT AND THAT IT IS EITHER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF OTHER PURCHASERS WHO ARE QIBs AND AGREES THAT THE SECURITIES ARE NOT BEING ACQUIRED WITH A VIEW TO DISTRIBUTION AND ANY RESALE OF SUCH SECURITIES WILL BE MADE ONLY (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QIB, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR ANY OTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.”

- xii. it understands and acknowledges that no representation has been, or will be, made by the Company or any of the Underwriters as to the availability of Rule 144 under the Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Ordinary Shares;
- xiii. it understands and acknowledges that the Company may make notation on its records or give instructions to the Registrar and any transfer agent of the Nil Paid Rights, Fully Paid Rights or the New Ordinary Shares in order to implement the restrictions on transfer set forth and described herein;
- xiv. none of the Underwriters, their respective affiliates, nor persons acting on behalf of any of them have made any representation to it, express or implied, with respect to the Company, the Rights Issue, the Nil Paid Rights, Fully Paid Rights or the New Ordinary Shares, or the accuracy, completeness or adequacy of such financial and other information concerning the Company, the Rights Issue, the Nil Paid Rights, Fully Paid Rights and the New Ordinary Shares;
- xv. it understands that this document has been prepared in accordance with UK format and style, which differs from US format and style. In particular, but without limitation, the financial information contained in this document relating to the Rights Issue has been prepared in accordance with IFRS, and thus may not be comparable to financial statements of US companies prepared in accordance with US generally accepted accounting principles; and
- xvi. it acknowledges that the Company, its affiliates, the Underwriters, their respective affiliates, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and understands the Company, its affiliates, the Underwriters, their respective affiliates, the Registrar and others will rely upon the Investor Representation Letters to comply with United States and other securities laws. Accordingly, it authorises the Company or the Underwriters to produce its Investor Representation Letter or a copy thereof to any interested party in any administrative or legal proceeding or official enquiry with respect to the matters set forth herein.

9.3 Qualifying Non-CREST Shareholders holding their Shares in certificated form

Any person accepting and/or renouncing a Provisional Allotment Letter or requesting registration of the New Ordinary Shares comprised therein represents and warrants to the Company and the Underwriters that, except where proof has been provided to the Company's satisfaction that such person's use of the Provisional Allotment Letter will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction, (a) such person is not accepting and/or renouncing the Provisional Allotment Letter, or requesting registration of the relevant New Ordinary Shares, from within any

Excluded Territory, (b) such person is not in any territory in which it is unlawful to make or accept an offer to acquire New Ordinary Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it, (c) such person is not acting on a non-discretionary basis for a person located within any Excluded Territory or any territory referred to in (b) above at the time the instruction to accept or renounce was given, and (d) such person is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares in any Excluded Territory or any territory referred to in (b).

The Company may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter if it (a) appears to the Company or its agents to have been executed or effected in or despatched from any Excluded Territory, by or for the account of a person located in an Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction, or if it believes the same may violate any applicable legal or regulatory requirement, (b) provides an address in any of the Excluded Territories for delivery of definitive share certificates for New Ordinary Shares (or any jurisdiction outside the UK in which the Company believes it would be unlawful to deliver such certificates), or (c) purports to exclude the warranty required by this paragraph. Each subscriber or purchaser acknowledges that the Company and the Underwriters will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by his subscription for, or purchase of, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares, as the case may be, are no longer accurate, he shall promptly notify the Company and the Underwriters. If such subscriber or purchaser is subscribing for or purchasing the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents that he has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

9.4 Qualifying CREST Shareholders holding Shares in uncertificated form

A CREST member or CREST Sponsored Member who makes a valid acceptance in accordance with the procedures set out in this Part 2 represents and warrants to the Company and the Underwriters that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction, (a) he is not within any Excluded Territory, (b) he is not in any territory in which it is unlawful to make or accept an offer to acquire New Ordinary Shares, (c) he is not accepting on a non-discretionary basis for a person located within any Excluded Territory or any territory referred to in (b) above at the time the instruction to accept was given, and (d) he is not acquiring New Ordinary Shares with a view to the offer, sale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into any Excluded Territory or any territory referred to in (b) above or to a person otherwise located in an Excluded Territory. The Company reserves the right to reject any MTM instructions sent from any Excluded Territory or by a CREST member who is acting on a non-discretionary basis for the account or benefit of a person located within any Excluded Territory or if it believes the same may violate any applicable legal or regulatory requirements. Each subscriber or purchaser acknowledges that the Company and the Underwriters will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by his subscription for, or purchase of, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares, as the case may be, are no longer accurate, he shall promptly notify the Company and the Underwriters. If such subscriber or purchaser is subscribing for or purchasing the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares as a fiduciary or agent for one or more Investor accounts, each subscriber or purchaser represents that he has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

10. General

10.1 Times and dates

The dates and times set out in the timetable of events at the beginning of this Prospectus and mentioned throughout the Prospectus and the Provisional Allotment Letter may be adjusted by agreement between the Company and the Underwriters, in which event details of the new dates and times will be notified to a Regulatory Information Service and, where appropriate, to Qualifying Shareholders. Qualifying Shareholders may not receive any further written communication.

10.2 Waiver

The provisions of section 8 of this Part 2 and of any other terms of the Rights Issue may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company and the Underwriters in their absolute discretion. Subject to this, the provisions of section 8 of this Part 2 supersede any terms of the Rights Issue inconsistent herewith. References in section 8 of this Part 2 to Shareholders shall include references to the person or persons executing a Provisional Allotment Letter and, in the event of more than one person executing a Provisional Allotment Letter, the provisions of section 8 of this Part 2 shall apply to them jointly and to each of them.

10.3 Governing law

The terms and conditions of the Rights Issue and all other matters in relation thereto as set out in this Prospectus and the Provisional Allotment Letter (if applicable) and any non-contractual obligations arising out of or related thereto shall be governed by, and construed in accordance with, English law. The New Ordinary Shares will be created under the Act.

10.4 Jurisdiction

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Rights Issue, this Prospectus or the Provisional Allotment Letter (if applicable). By accepting rights under the Rights Issue in accordance with the instructions set out in this Prospectus and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter, Qualifying Shareholders and any other person who subscribes for New Ordinary Shares irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such courts on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART 3

BUSINESS

Overview

Hochschild Mining is one of the world's leading precious metals groups, focusing on the exploration, mining, processing and sale of silver and gold with more than 50 years of experience operating in the Americas. Based on data published in The World Silver Survey 2015 by Thomson Reuters, as of December 2014, the Group was among the top five primary silver producers in the world in terms of ounces produced. For the year ended 31 December 2014, the Group produced 16.2 million ounces of silver and approximately 101 thousand ounces of gold. For the six months ended 30 June 2015, the Group produced 6.3 million ounces of silver and approximately 40.6 thousand ounces of gold.

For the year ended 31 December 2014, the Group generated cash flow from operating activities of US\$93.8 million, and an Adjusted EBITDA of US\$135.6 million, representing an Adjusted EBITDA margin of 27.5%, compared to cash flow from operating activities of US\$64.7 million, and an Adjusted EBITDA of US\$201.0 million, representing an Adjusted EBITDA margin of 32.3%, for the year ended 31 December 2013. As of 31 December 2014, the Group had US\$462.9 million of Indebtedness and US\$116.0 million of cash and cash equivalents.

For the six months ended 30 June 2015, the Group generated cash flow from operating activities of US\$18.3 million, and an Adjusted EBITDA of US\$39.3 million, representing an Adjusted EBITDA margin of 20.7%, compared to cash flow from operating activities of US\$44.2 million, and an Adjusted EBITDA of US\$94.3 million, representing an Adjusted EBITDA margin of 33.4%, for the six months ended 30 June 2014. As of 30 June 2015, the Group had US\$533.8 million of Indebtedness and US\$84.3 million of cash and cash equivalents.

In 2006, the Company became the first Latin American company to be listed on the London Stock Exchange in nearly 100 years. The Company is headquartered in Lima, Peru.

The Group is impacted by silver and gold prices and, in recent years, the mining industry has experienced a decline in silver and gold prices, from an average of US\$31.1 per ounce in the year ended 31 December 2012 to an average of US\$16.6 per ounce in the six months ended 30 June 2015 in the case of silver, and from an average of US\$1,669 per ounce in the year ended 31 December 2012 to an average of US\$1,206 per ounce in the six months ended 30 June 2015 in the case of gold. In this environment of challenging commodity prices, the Group has reacted since April 2013 by restructuring its operations and reducing costs to mitigate the impact of lower prices through the implementation of a cash flow optimisation programme, which has delivered targeted cost savings to date of approximately US\$300 million. See Part 6 (*Operating and Financial Review*) “—Factors Affecting the Group's Results of Operations—Costs and Expenses”.

Properties

The Group currently has four underground mines in operation, with three located in southern Peru (Arcata, Pallancata and Inmaculada) and one in southern Argentina (San Jose) (the “**Core Assets**”). The Core Assets (excluding Inmaculada, as it is predominantly a gold mine) are among the 15 largest primary silver mines in the world in terms of ounces produced according to data published in The World Silver Survey 2015 by Thomson Reuters. In addition, the Group has three Growth Projects: (i) Crespo (Peru), an open-pit gold project, (ii) Azuca (Peru), a silver deposit with one of the largest silver reserves in Peru, and (iii) Volcan (Chile), a large gold deposit that has doubled the Group's mineral resource base. See “—Operating Segments—Growth Projects”. The Group also has a portfolio of greenfield exploration projects across premium geological locations throughout South America and Mexico.

In terms of reserve and resource base the Group has been able to consistently replace its reserves and resources successfully over many years to meet the Group's production goals. The table below sets forth

the attributable reserves and resources of the Group per operating mine and project as of 31 December 2014:

	As of 31 December 2014								
	Reserves			Resources					
	Proved and probable	Silver	Gold	Measured and indicated	Silver	Gold	Inferred	Silver	Gold
	(mill. of tonnes)	(mill. of ounces)	(thous. of ounces)	(mill. of tonnes)	(mill. of ounces)	(thous. of ounces)	(mill. of tonnes)	(mill. of ounces)	(thous. of ounces)
Operating Mines									
Arcata (Peru)	2,090,061	21.5	67.9	3,941,636	52.6	170.7	3,572,309	37.0	148.2
Pallancata (Peru) . . .	1,737,588	14.3	72.8	3,937,899	41.6	198.3	2,560,082	21.7	92.0
San Jose (Argentina)	985,319	14.7	214.2	2,343,035	35.5	511.8	887,930	10.8	177.4
Inmaculada (Peru) . .	7,800,000	30.1	849.2	7,066,249	32.8	925.1	4,937,776	24.2	620.0
Growth Projects									
Crespo (Peru)	—	—	—	22,509,286	28.8	301.0	775,429	1.1	14.2
Azuca (Peru)	—	—	—	7,049,197	42.7	173.5	6,946,341	37.9	199.5
Volcan (Chile)	—	—	—	389,681,000	—	8,878.0	41,553,000	—	671.0
Other Projects	—	—	—	—	—	—	12,187,270	—	126.8
Jasperoide (Peru) . . .	—	—	—	—	—	—	1,257,731	3.4	1.9
San Felipe (Mexico) .	—	—	—	2,747,977	6.7	3.3	—	—	—
Total	<u>12,612,968</u>	<u>80.6</u>	<u>1,204.1</u>	<u>439,276,279</u>	<u>240.7</u>	<u>11,161.8</u>	<u>74,677,869</u>	<u>136.1</u>	<u>2,051.0</u>

Strengths

The Directors believe the following strengths will allow the Group to successfully fulfil its strategy for continued growth.

Operational and geological expertise.

The Group is a leading silver producer with significant exposure to gold, mining primarily underground epithermal deposits. The Group is more than 100 years old and has more than 50 years of experience successfully operating precious metal mines allowing it to develop in-depth knowledge of the business environment and legislative framework in the markets where it operates. Historically, the Group has been able to consistently meet its annual production targets, increase its resource base and achieve positive results from brownfield exploration at existing mines throughout periods of significant volatility in precious metal prices as well as significantly changing political and economic environments, involving military governments, terrorism and hyperinflation. The operational and geological experience developed by the Group over many years and across multiple operations has allowed it to maximise the productivity of its Core Assets, develop mining projects and find new deposits in the Americas.

World class asset Inmaculada commenced commercial production.

Inmaculada is a world class gold and silver mine located in the Group's Southern Peru Cluster, an area in the Southern Andes in Peru where certain of the Group's other mining assets are also located. The presence of high grades of gold and silver in a single vein, Angela, characterised by its impressive width and favourable rock quality, is expected to allow the Inmaculada mine to achieve a competitive cash cost per ounce of gold, even after adding the associated capital expenditure and administrative expenses. A state-of-the-art facility has been recently completed and commissioned to treat mineral from the deposit. Inmaculada's production will represent more than 70% of the current attributable production of the Group's other mines after commencing commercial production in August 2015 and its all-in sustaining cost will be a third lower than the Group's other operations. Inmaculada has more than six years of reserve life and more than eleven years of resource life-of-mine with geological conditions supporting further resource growth. Significant exploration potential in the area is expected, with other gold and silver veins already intercepted through drilling as well as other vein systems identified in the concession area owned by the Group.

Efficient production techniques to maintain competitive cash costs.

Due to the high-grade nature of the Group's deposits and drawing on many years of experience at multiple operations, the Group has been able to develop efficient production techniques to maintain its cash costs of production at competitive levels. The Group maintains a flexible cost structure that allows it to react to changing commodity prices. For example, in April 2013, the Group launched a comprehensive cash flow

optimisation programme designed to reduce costs, expenses and capital expenditures, which has delivered targeted cost savings to date of approximately US\$300 million principally made up of reductions of approximately US\$101 million in production costs, US\$135 million in sustaining capital expenditures and US\$58 million in exploration costs since April 2013. Initiatives under this cash flow optimisation programme include focusing on production of profitable ounces at all operations with reduced levels of sustaining capital expenditures. In addition, the availability of mining contractors, suppliers and skilled labour in the countries where the Group operates allows it to access competitive inputs for its operations. The Peruvian mines and projects of the Group are all located within the Southern Peru Cluster (an area with a radius of approximately 200 kilometres located in the high Andes region), which affords significant economies of scale in terms of infrastructure (energy, roads, camps) and positions the Group to effectively interact with local communities and authorities. In addition, the Group's expertise in the industry has allowed it to identify and develop a number of key properties like the Inmaculada mine, which is operated using state of the art technology that will further reduce average cost of production.

Well-developed exploration programmes to ensure long-term sustainability and extend the lives of the Group's mines.

The Group has continuously placed a strong emphasis on exploration as a key component of its business model to secure long-term sustainability of the core producing assets as well as finding new projects to expand its portfolio. The Group has a comprehensive exploration programme aimed at continuously extending the lives of its mines and the quality of its resources. The sustained success of the Group is underpinned by increasing and replenishing its resource base continuously. For example, for more than 50 years, the Group has been able to consistently replace and increase Arcata's resource base, which has a similar geology to all of its underground deposits, allowing the Group to develop this expertise to continuously find and replace resources over time. In connection with greenfield projects, the Group has discovered several mines and acquired early-stage projects to ensure the long-term sustainability of its business. Conservative capital allocation, strong technical processes and a high-quality team of geologists are key to the Group's greenfield strategy. The Group focuses on staking land from government or private parties—currently holding more than 520 thousand hectares of prospective geological land—as well as acquiring or joint-venturing early stage projects where the Group perceives there to be valuable opportunities for exploration. In 2013, the Group suspended most of its greenfield exploration as part of its cash flow optimisation programme, focusing on brownfield exploration near its Core Assets, which have a higher likelihood of yielding results. To this end, in September 2015, the Company announced the discovery of a new high grade, wide vein, called the Pablo vein, at the Pallancata mine, which Management expects to lead to a significant expansion of the mine's mineral resources and to improve the mine's operational outlook. The Group is currently conducting a comprehensive exploration and infill drilling programme through to the end of November 2015 to better understand the potential of the new discovery and to achieve an initial inferred resource. As the Pablo vein is easily accessible through the existing infrastructure at the Pallancata mine and the mineral mined from the Pablo vein can be processed using the excess plant capacity at Selene, it is expected that limited capital expenditure will be required to bring the Pablo vein into production.

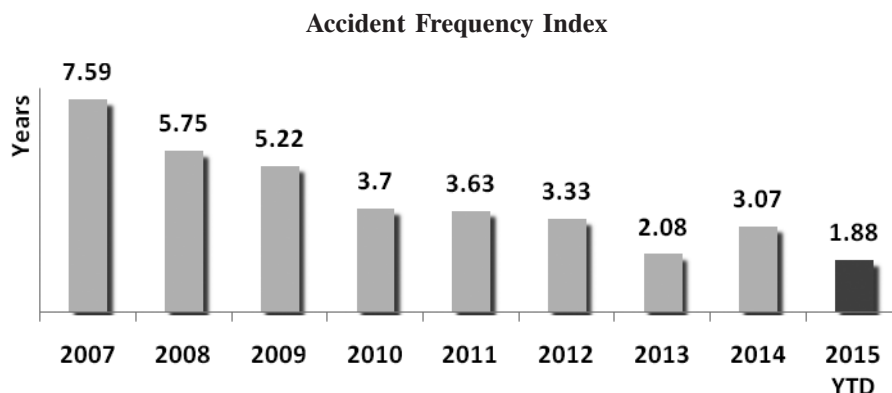
Flexible financial strategy to support commodity price variations.

The Group's financing initiatives are part of a funding strategy that underpins its business strategy. The Group has flexible financial relationships, allowing it to invest in near-term low cost growth, manage the current operations in volatile commodity markets and provide access to further liquidity should the need arise. In addition, to better manage the Group's operations in a volatile commodity, the Group has recently utilised a focused hedging strategy to maintain cash flow stability whilst allocating project capital expenditure.

Successful operations whilst adhering to the Group's historical commitment to safety as well as social and environmental sustainability.

Operational safety is one of the Group's core values. The Group operates mines under a safety system designed by Det Norske Veritas ("DNV"). Since 2008, there have been significant improvements in safety, from a level 3/10 (Arcata, Ares, Pallancata and San Jose), to a level 7/10 in 2012 at Arcata and Pallancata; level 6/10 at San Jose; and level 5/10 at Ares. As a result, the Accident Frequency Index at the Group's

mining facilities has steadily dropped, from 7.59 in 2007, to 1.88 for the eight month period ended 31 August 2015, as shown in the chart below:



* YTD as at 31 August 2015

The Group's environmental policies require it to meet the regulatory standards in the countries in which it operates. Since 2011, all the operations of the Group have been awarded the ISO14001:2004 certification.

In addition, the Group considers its surrounding communities as its long-term business partners and commits skilled professionals as well as financial resources to support programmes in three different categories: health, safety and sustainable development. As a result of these programmes, the Group has been able to operate collaboratively with its neighbours in the Southern Peru Cluster for more than 50 years.

Experienced management team and Board enable the delivery of results under a comprehensive corporate governance framework.

The Group's management team has extensive experience in the mining industry and a proven track record of sustainable mining, developing successful projects and adding economic mineral reserves. This experience has enabled the Group to manage its operations efficiently and to maintain profitability through volatile commodity price cycles for more than 50 years. The Group's management team has also managed joint venture operations and successfully integrated several acquisitions and business expansions. The Company's Board includes some of Peru's most recognised business leaders and a former senior government official. Five out of eight Directors are independent Non-Executive Directors. All major decisions of the Company are made following a strict corporate governance protocol backed up by the Board and its Audit, Corporate Social Responsibility, Remuneration and Nominations Committees. In addition, the Shares are admitted to the premium listing segment of the Official List of the U.K. Financial Conduct Authority and admitted to trading on the London Stock Exchange's Main Market for listed securities. As such, the Company is subject to rigorous regulation and corporate governance standards.

Strategy

The Group's strategy is to create value for shareholders by optimising current operations, focusing on exploration and pursuing opportunistic early-stage acquisitions. This strategy is underpinned by the Group's commitment to all of its employees' safety, to manage and minimise the environmental impact of its operations and to encourage sustainability by respecting the communities surrounding the Group's operations. The Group intends to achieve its objectives through the following principal strategies:

Focus on Core Assets by improving productivity, minimising costs and increasing the quality and life-of-mine.

The Group focuses on improving operational productivity, reducing costs, optimising the life-of mine and ensuring long-term sustainability at its Core Assets. Since its initial public offering in 2006, the Group has achieved all of its annual production targets and has expanded its resource base, both by replacing the mined resources and by consistently increasing the Group's resource life-of-mine. This has allowed the Group to improve its mine planning process, a key step to achieving efficient and flexible operations. The Group has invested in state-of-the-art technology for modelling mineral resources as well as implementing Systems, Applications, Products in Data Processing (SAP) since 1998 in all its operations, allowing access to real-time information when making decisions. Constantly improving the efficiency of the Group's

operations is critical to maintaining a competitive position in the industry and will allow the Group to support its business in the long-term despite any potential short-term market volatility. Since 2013, the main areas of attention have been designing and executing a cash flow optimisation programme, reprogramming mine production plans to ensure positive cash flow generation at each of the Core Assets, focusing on brownfield exploration to improve the quality of the resource base and completing construction of the Inmaculada mine.

For the three months ended 30 September 2015, the Group produced 7.6 million attributable silver equivalent ounces (assuming the 60:1 gold/silver ratio) consisting of 4.1 million ounces of silver and 57.0 thousand ounces of gold, which includes 36.1 thousand ounces of gold and 875 thousand ounces of silver from the new Inmaculada mine. For the period from 1 January 2015 to 30 September, the Group has produced 16.3 million attributable silver equivalent ounces (assuming the average gold/silver ratio for the period) consisting of 10.4 million ounces of silver and 97.6 thousand ounces of gold. The Group is therefore on track to achieve its 2015 production target of 24.0 million attributable silver equivalent ounces (assuming the 60:1 gold/silver ratio). The Group expects its all-in sustaining cost per silver equivalent ounce to be reduced from US\$16.9 in the year ended 31 December 2014 to an estimated US\$13 to US\$14 for the year ending 31 December 2015. All-in sustaining costs in the month of September 2015 is expected to be below \$10 per silver equivalent ounce at Inmaculada. Management estimates the total cash held by the Group to be approximately US\$75 million as at 30 September 2015.

Disciplined focus on growth through exploration.

The Directors believe that significant value can be created by discovering economic mineral resources. In order to be successful in implementing this strategy, the Group has formed a highly reputable team of geologists to focus on discoveries in the Americas. The Group has developed processes utilising technical models to generate geological theories, which, together with extensive on-site prospecting, have allowed the Group to build a land package of promising geological sites totalling more than 520 thousand hectares in the Americas. Furthermore, the Group has developed disciplined and stringent internal processes to evaluate and prioritise its pipeline of projects in order to adequately allocate financial resources, based on conservative financial policies, to drill and develop exploration projects. For example, in 2014, as part of the Group's ongoing cash flow optimisation programme, the Group focused on brownfield exploration at its Core Assets to identify new potential and near-mine high grade areas to further improve the resource quality. This disciplined strategy is expected to allow the Group to access attractive mineral resources for the long-term sustainability of its mining business.

Explore opportunistic early-stage acquisitions.

The business development team of the Group is dedicated to pursuing early-stage opportunities that demonstrate strong geological potential, value accretion and a clear path to control. This strategy is implemented in line with the Group's conservative financial policies. The Group has a proven track record of identifying such opportunities, such as the 2013 acquisition of International Minerals Corporation ("IMZ") and the 2012 acquisition of Andina Minerals Inc. ("Andina"), which added the Volcan Growth Project to the pipeline. The Directors believe that acquisitions will continue to be beneficial as long as there is opportunity for the Group to add value through discovering further resources to those already known, through applying its expertise as mining operators and through the progression of mineral deposits into operating mines.

History

The origins of the Group can be traced back to the original group of companies founded in 1911 by Mauricio Hochschild as a trader of minerals. Following World War I, these companies expanded into Bolivia, developing significant mining interests there. The Group commenced operations in Peru in 1925, and in 1945 Luis Hochschild joined the Group's Peruvian operations. During the first decades of its operations, the Group focused on the commercialisation of minerals, and it was not until the 1940s that it began operating its first mines, although mineral commercialisation remained the main source of revenue. During World War II, the Group was a key supplier of tin and other metals to the Allied forces. In the 1960s, the Arcata mine in Peru was developed, which is still in operation today. The Group expanded further into mining in the 1960s and 1970s, opening or expanding mines in Brazil, Peru and Chile, such as the Mantos Blancos copper mine in Chile.

In November 1984, the South American mining operations were sold to the Anglo American Corporation of South Africa who, in the same month, sold its Peruvian operations to a group of companies owned by Luis Hochschild. In 1995, the Group launched an extensive exploration programme, uncovering and further developing several sites in Peru, including Ares, Selene and Sipán. By 2001, the Group had assembled an experienced professional management team that took its strategy of international expansion forward. As a result of this strategy, between 2001 and 2006, the Group opened exploration offices and identified a number of projects and prospects in Peru, Argentina, Mexico and Chile, and entered into various joint venture agreements with mining partners, notably those relating to San Jose, Pallancata and Inmaculada.

In 2006, the Company conducted an initial public offering of ordinary shares, listing on the London Stock Exchange and raising proceeds of US\$515.2 million. In June 2007, the Group opened its first operation in Argentina, the San Jose mine, and subsequently opened the Moris mine in Mexico in August 2007. In September 2007, production also commenced at the Pallancata mine in southern Peru.

In April 2010, the present Chief Executive Officer, Ignacio Bustamante, and Chief Financial Officer, Ramon Barúa, were appointed to their respective positions. The Group subsequently changed its strategic focus to growth through exploration. For each of 2011 and 2012 the exploration budget of the Group was increased, reaching in historical maximum in 2012.

In 2010 the Group increased its stake in the Inmaculada Project to a controlling 60%. In January 2012, the Group announced the successful completion of feasibility studies on the Inmaculada Project and the Crespo Growth Project, which are expected to collectively contribute an average attributable annual production of approximately 14 million silver equivalent ounces.

In November 2012, the Group announced the acquisition of Andina, which owned the Volcan Gold Deposit in the prolific Maricunga Gold Belt in Chile. During 2013, the Group faced challenging precious metal market conditions. As a result, the Group implemented a cash flow optimisation programme to reduce costs, conserve capital and optimise cash flow. Since its implementation, the cash flow optimisation programme has resulted in cash savings of approximately US\$300 million.

On 20 December 2013, the Group completed the acquisition of the remaining 40% of the Inmaculada Project and Pallancata mine through its acquisition of IMZ. On 28 February 2014, the Group sold its interest in Minas Santa María de Moris, S.A. de C.V., the owner of the ageing Moris mine, and in June 2014 suspended the operations of the Ares mine in line with its strategy of focusing on profitable ounces at all operations with sustainable levels of capital expenditures.

Despite difficult precious metal market conditions, the Group secured approval of the environmental impact study and the construction permit for Crespo and commenced commercial production at the Inmaculada mine in August 2015. As of 30 September 2015, approximately 39.5 thousand ounces of gold and 970 thousand ounces of silver have been produced at Inmaculada. The Group is on track to deliver the production target for 2015 from the four current operations (including the Inmaculada mine, which is expected to deliver 6 to 7 million silver equivalent ounces) of 24 million silver equivalent ounces.

Total construction capital expenditure for the Inmaculada mine was US\$455 million, of which US\$425 million has already been spent as of 31 August 2015 with the remaining construction capital expenditure of US\$30 million expected to be spent during the rest of 2015 (to be funded from existing cash resources), which will translate to approximately US\$759 per ounce of gold equivalent and US\$10.40 per ounce of silver equivalent over an initial projected reserve mine life of 6.3 years.

Concessions, Licences and Permits

The Group has approximately 1059 mining concessions totaling approximately 735,361 hectares throughout Peru (372,284 hectares), Chile (149,573 hectares) and Argentina (213,503 hectares), of which approximately 18% are currently being exploited, 4% falls under the Group's Growth Projects and the remaining 4% are either currently being explored or will be in the future. A mining concession grants the holder an exclusive and irrevocable right to carry out those mining activities set out in the concession within a specified area until the deposit is exhausted. Mining concessions are subject to legal, economic and environmental conditions set forth in each concession title and in the applicable laws, as described in Part 9 (*Regulatory Overview*). The Group is committed to maintaining its reserve and resource base with the aim of increasing future production. Nevertheless, and despite the Group's consistent track record of replacing reserves and resources and its expertise in relation to mineral deposits of this nature, there can be no assurance that the exploration programmes will result in the expansion or replacement of current production with new Proved and Probable Ore Reserves. See "Risk Factors—Risks Relating to the Business and Operations of the Group—The Group's exploration efforts are highly speculative in nature and may be unsuccessful".

The table below sets out the key mining concessions, permits and licences of the Group:

Country	Concession Name	End-use	Date of award	Status	Application / Renewal
Peru (Arcata)	Acumulación Arcata (010000610L)	Exploration and Exploitation of Minerals	19/11/2010	Active	Perpetual
	Concentradora Arcata	Plant Operating Permit	10/12/1965	Active	Perpetual
Peru (Pallancata)	Acumulación Pallancata (010000111L)	Exploration and Exploitation of Minerals	29/12/2011	Active	Perpetual
	Ore Body 3 (010304494)	Exploration and Exploitation of Minerals	30/04/1996	Active	Perpetual
	Parinacochas 1 (010235203)	Exploration and Exploitation of Minerals	09/12/2003	Active	Perpetual
	Parinacochas 2 (010235303)	Exploration and Exploitation of Minerals	17/11/2003	Active	Perpetual
	Parinacochas 3 (010235403)	Exploration and Exploitation of Minerals	10/12/2003	Active	Perpetual
	Acumulación Inmaculada 1 (010000413L)	Exploration and Exploitation of Minerals	15/04/2014	Active	Perpetual
Peru (Inmaculada)	Rio Palca 1 (010265208)	Exploration and Exploitation of Minerals	20/10/2008	Active	Perpetual
	Suyamarca 18 (010568811)	Exploration and Exploitation of Minerals	30/03/2012	Active	Perpetual
	Suyamarca 21 (010569111)	Exploration and Exploitation of Minerals	24/04/2012	Active	Perpetual
	Suyamarca 25 (010569511)	Exploration and Exploitation of Minerals	30/03/2012	Active	Perpetual
	Suyamarca 26 (010569611)	Exploration and Exploitation of Minerals	30/03/2012	Active	Perpetual
	Suyamarca 27 (010569711)	Exploration and Exploitation of Minerals	29/08/2012	Active	Perpetual
	Suyamarca 28 (010569811)	Exploration and Exploitation of Minerals	31/05/2012	Active	Perpetual
	Suyamarca 29 (010569911)	Exploration and Exploitation of Minerals	27/03/2013	Active	Perpetual
	Suyamarca30 (010570011)	Exploration and Exploitation of Minerals	30/09/2013	Active	Perpetual
	Acumulación Inmaculada 1	Mine Exploitation Permit	24/07/2015	Active	Perpetual
Argentina (San Jose)	El Pluma E2	Exploration and production of gold and silver	11/09/2003	Active	Perpetual
	El Pluma 3	Exploration and production of gold and silver	15/09/2003	Active	Perpetual
	El Pluma E3	Exploration and production of gold and silver	16/09/2003	Active	Perpetual
	El Pluma 4	Exploration and production of gold and silver	17/09/2003	Active	Perpetual
	El Pluma E1	Exploration and production of gold and silver	10/06/2003	Active	Perpetual
	Tres Colores A	Exploration and production of gold and silver	09/06/2003	Active	Perpetual
	Saavedra 5	Exploration and production of gold and silver	01/08/2000	Active	Perpetual

<u>Country</u>	<u>Concession Name</u>	<u>End-use</u>	<u>Date of award</u>	<u>Status</u>	<u>Application / Renewal</u>
	Saavedra 7a	Exploration and production of gold and silver	02/08/2000	Active	Perpetual
	Saavedra 2a	Exploration and production of gold and silver	02/08/2000	Active	Perpetual
	Saavedra 8	Exploration and production of gold and silver	23/03/2001	Active	Perpetual
	Saavedra 1a	Exploration and production of gold and silver	14/05/2001	Active	Perpetual
	Saavedra 6b	Exploration and production of gold and silver	09/08/2002	Active	Perpetual
	Saavedra 4	Exploration and production of gold and silver	23/05/2001	Active	Perpetual
	Saavedra 3	Exploration and production of gold and silver	24/10/2001	Active	Perpetual
	El Pluma 1	Exploration and production of gold and silver	10/06/2003	Active	Perpetual
	Tres Colores B	Exploration and production of gold and silver	16/10/2002	Active	Perpetual
	El Pluma 2	Exploration and production of gold and silver	10/09/2003	Active	Perpetual
	Tres Colores D	Exploration and production of gold and silver	14/06/2004	Active	Perpetual
	Tres E	Exploration and production of gold and silver	02/08/2004	Active	Perpetual
	Tres F	Exploration and production of gold and silver	12/11/2003	Active	Perpetual
	Tres Colores G	Exploration and production of gold and silver	22/10/2003	Active	Perpetual
	Uno C	Exploration and production of gold and silver	14/06/2004	Active	Perpetual
	Saavedra 10	Exploration and production of gold and silver	29/04/2003	Active	Perpetual
	Saavedra 9	Exploration and production of gold and silver	30/04/2003	Active	Perpetual
	Tres Colores F	Exploration and production of gold and silver	14/06/2004	Active	Perpetual
	Tres Colores C	Exploration and production of gold and silver	05/07/2004	Active	Perpetual
	Tres Colores E	Exploration and production of gold and silver	06/07/2004	Active	Perpetual
	SaavNE1	Exploration and production of gold and silver	22/09/2004	Active	Perpetual
	SaavNE2	Exploration and production of gold and silver	12/03/2003	Active	Perpetual
	SaavNE3	Exploration and production of gold and silver	22/09/2004	Active	Perpetual
	Uno F	Exploration and production of gold and silver	17/03/2003	Active	Perpetual
	Uno D	Exploration and production of gold and silver	13/03/2003	Active	Perpetual
	Uno E	Exploration and production of gold and silver	18/03/2003	Active	Perpetual
	Uno G	Exploration and production of gold and silver	20/03/2003	Active	Perpetual
	Uno H	Exploration and production of gold and silver	20/03/2003	Active	Perpetual

<u>Country</u>	<u>Concession Name</u>	<u>End-use</u>	<u>Date of award</u>	<u>Status</u>	<u>Application / Renewal</u>
Chile (Volcan)	Uno I	Exploration and production of gold and silver	21/03/2003	Active	Perpetual
	Saavedra 11	Exploration and production of gold and silver	15/03/2003	Active	Perpetual
	Saavedra 12	Exploration and production of gold and silver	14/03/2003	Active	Perpetual
	Saavedra 13	Exploration and production of gold and silver	22/09/2003	Active	Perpetual
	Saavedra 14	Exploration and production of gold and silver	23/09/2003	Active	Perpetual
	Uno A	Exploration and production of gold and silver	09/09/2003	Active	Perpetual
	Uno B	Exploration and production of gold and silver	11/06/2004	Active	Perpetual
	Tres A	Exploration and production of gold and silver	16/10/2002	Active	Perpetual
	Tres B	Exploration and production of gold and silver	09/09/2003	Active	Perpetual
	Tres C	Exploration and production of gold and silver	02/08/2004	Active	Perpetual
	Tres D	Exploration and production of gold and silver	06/11/2003	Active	Perpetual
	AMERICA DEL SUR 1/50	Exploration and production of gold and silver	1977	Active	Perpetual
	VOLCAN I/XXX	Exploration and production of gold and silver	1937	Active	Perpetual
	MARIA ELIANA 1/10	Exploration and production of gold and silver	1955	Active	Perpetual
	DEMANDA 1/20	Exploration and production of gold and silver	1977	Active	Perpetual
	AZUFRE 7 1/30	Exploration and production of gold and silver	31/07/2012	Active	Perpetual
	CRATER 36 1/30	Exploration and production of gold and silver	31/07/2012	Active	Perpetual
	CRATER 37 1/30	Exploration and production of gold and silver	31/07/2012	Active	Perpetual
	CRATER 38 1/30	Exploration and production of gold and silver	31/07/2012	Active	Perpetual
	FLAMENCO 1, 1/60	Exploration and production of gold and silver	08/04/2014	Active	Perpetual
	FLAMENCO 2, 1/60	Exploration and production of gold and silver	10/04/2014	Active	Perpetual
	FLAMENCO 3, 1/60	Exploration and production of gold and silver	10/04/2014	Active	Perpetual
	FLAMENCO 4, 1/60	Exploration and production of gold and silver	10/04/2014	Active	Perpetual
	FLAMENCO 5, 1/60	Exploration and production of gold and silver	10/04/2014	Active	Perpetual
	FLAMENCO 6, 1/60	Exploration and production of gold and silver	10/04/2014	Active	Perpetual
	OJO DE AGUA 1, 1/50	Exploration and production of gold and silver	03/04/2014	Active	Perpetual
	OJO DE AGUA 2, 1/60	Exploration and production of gold and silver	03/04/2014	Active	Perpetual
	OJO DE AGUA 3, 1/60	Exploration and production of gold and silver	03/04/2014	Active	Perpetual

Country	Concession Name	End-use	Date of award	Status	Application / Renewal
	OJO DE AGUA 4, 1/60	Exploration and production of gold and silver	03/04/2014	Active	Perpetual
	OJO DE AGUA 5, 1/60	Exploration and production of gold and silver	03/04/2014	Active	Perpetual
	OJO DE AGUA 6, 1/60	Exploration and production of gold and silver	03/04/2014	Active	Perpetual
	OJO DE AGUA 7, 1/60	Exploration and production of gold and silver	03/04/2014	Active	Perpetual
	OJO DE AGUA 8, 1/60	Exploration and production of gold and silver	03/04/2014	Active	Perpetual
	OJO DE AGUA 9, 1/60	Exploration and production of gold and silver	03/04/2014	Active	Perpetual
	OJO DE AGUA 10, 1/60	Exploration and production of gold and silver	03/04/2014	Active	Perpetual
	OJO DE AGUA 11, 1/60	Exploration and production of gold and silver	08/04/2014	Active	Perpetual
	OJO DE AGUA 12, 1/60	Exploration and production of gold and silver	08/04/2014	Active	Perpetual
	OJO DE AGUA 13, 1/60	Exploration and production of gold and silver	08/04/2014	Active	Perpetual
	OJO DE AGUA 14, 1/55	Exploration and production of gold and silver	08/04/2014	Active	Perpetual
	OJO DE AGUA 15, 1/20	Exploration and production of gold and silver	08/04/2014	Active	Perpetual

Reserves and Resources

Methodology

The Group reports its mineral resources and reserves estimates in accordance with the JORC Code. The JORC Code establishes standards, recommendations and guidelines for the public reporting of exploration results and mineral resources and reserves estimates. In doing so, it emphasises the important principles of transparency, materiality and confidence.

The information on ore reserves and mineral resources was prepared by the geological team of the Group. The information is subject to an annual audit that aims to provide assurance in respect of ore reserve and mineral resource estimates. These audits are conducted by Competent Persons (as defined in the JORC Code) provided by independent consultants (P&E Consulting). Competent Persons are required to have sufficient relevant experience and understanding of the style of mineralisation, types of deposits and mining methods in the area of activity for which they are qualified as a Competent Person under the JORC Code. The Competent Person must sign off their respective estimates of the original mineral resource and ore reserve statements for the various operations and consent to the inclusion of that information in this Prospectus, as well as the form and context in which it appears.

The JORC Code requires the use of reasonable economic assumptions. These include long-term commodity price forecasts. The prices used for the reserves calculation were: gold at US\$1,200.00 per ounce and silver at US\$20.00 per ounce.

Ore reserve estimates are dynamic and are influenced by changing economic conditions, technical issues, environmental regulations and any other relevant new information, and, therefore, can vary from year to year. Mineral resource estimates can also change and tend to be influenced mostly by new information pertaining to the understanding of the deposit, and secondly, the conversion to ore reserves.

The estimates of ore reserves and mineral resources are shown as of 31 December 2014, unless otherwise indicated. Mineral resources that are reported include those mineral resources that have been modified to produce ore reserves. All tonnage and grade information has been rounded to reflect the relative uncertainty in the estimates, which create minor variations in such information.

Definition and Classification

A “Mineral Resource” is a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

An “Inferred Mineral Resource” is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

An “Indicated Mineral Resource” is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

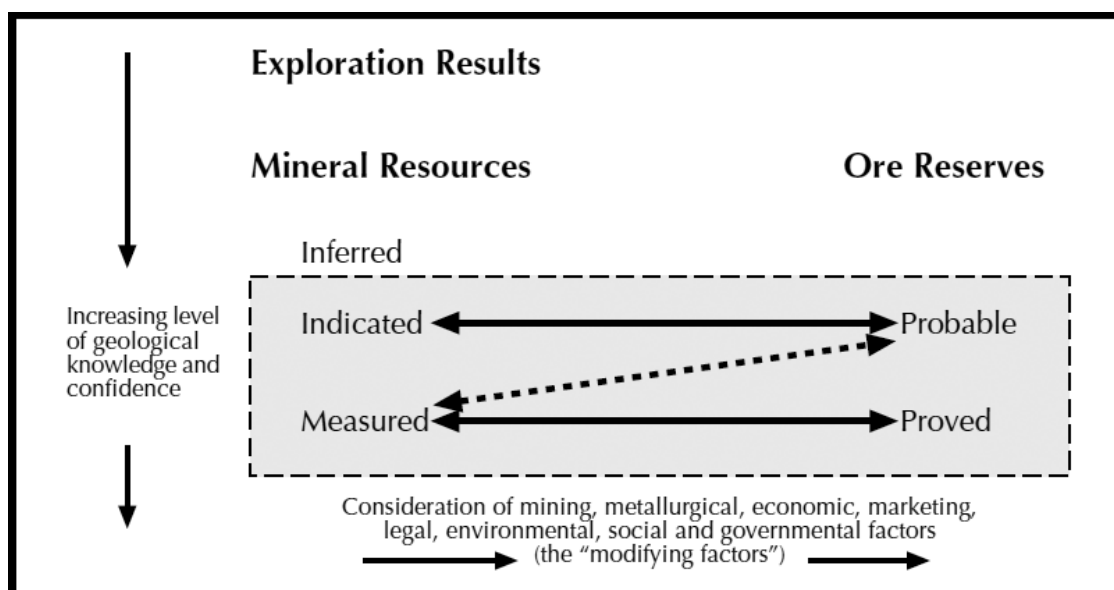
A “Measured Mineral Resource” is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

An “Ore Reserve” is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

A “Probable Ore Reserve” is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A “Proved Ore Reserve” is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

The following graph depicts the general relationship between Exploration Results, Mineral Resources and Ore Reserves.



Source: JORC Code

General

As of 31 December 2014, the Group had approximately 12.6 million tonnes of attributable Proved and Probable Ore Reserves, 439.3 million tonnes of attributable Measured and Indicated Mineral Resources and 74.7 million tonnes of attributable Inferred Mineral Resources.

The following tables present the Group's total reserves and resources by mining unit and projects as of 31 December 2014:

	As of 31 December 2014					Silver Equivalent (millions of ounces)
	Proved and probable (tonnes)	Silver (grams per tonne)	Gold (grams per tonne)	Silver (millions of ounces)	Gold (thousands of ounces)	
Reserve Category⁽¹⁾						
Core Assets⁽²⁾						
Arcata						
Proved	782,317	341	1.0	8.6	24.7	10.1
Probable	1,307,744	308	1.0	12.9	43.1	15.5
Total	2,090,061	320	1.0	21.5	67.9	25.6
Pallancata						
Proved	903,257	261	1.4	7.6	39.5	9.9
Probable	834,331	250	1.2	6.7	33.3	8.7
Total	1,737,588	256	1.3	14.3	72.8	18.7
San Jose						
Proved	624,370	520	7.2	10.4	143.6	19.1
Probable	360,949	365	6.1	4.2	70.7	8.5
Total	985,319	463	6.8	14.7	214.2	27.5
Core Assets total						
Proved	2,309,944	358	2.8	26.6	207.9	39.1
Probable	2,503,025	297	1.8	23.9	147.1	32.7
Total	4,812,968	326	2.3	50.5	354.9	71.8
Inmaculada Project⁽³⁾ total:						
Proved	3,840,000	106	3.4	13.1	424.7	38.6
Probable	3,960,000	134	3.3	17.0	424.5	42.5
Total	7,800,000	120	3.4	30.1	849.2	81.1
Group total						
Proved	6,149,944	201	3.2	39.7	632.6	77.7
Probable	6,463,025	197	2.8	40.9	571.6	75.2
Total	12,612,968	199	3.0	80.6	1,204.1	152.9

(1) Where reserves are attributable to a joint venture partner, reserve figures reflect the Group's ownership only. Includes discounts for ore loss and dilution.

(2) Core Assets were audited by P&E Consulting.

(3) Inmaculada reserves as published in the Feasibility Study released on 11 January 2012. Prices used for reserves calculation: Au: \$1,100/oz and Ag: \$18/oz. Inmaculada commenced commercial production in August 2015 and has been recorded as a Core Asset as of this date.

Resources per Mining Unit and Project (Total metal resources as of 31 December 2014)⁽¹⁾

Resource category	Tonnes	Silver (grams per tonne)	Gold (grams per tonne)	Zinc (%)	Lead (%)	Copper (%)	Silver Equiv. (grams per tonne)	Silver (mill. of ounces)	Gold (thous. of ounces)	Silver Equiv. (millions of oz)	Zinc (thous. of tonnes)	Lead (thous. of tonnes)	Copper (thous. of tonnes)
Core Assets													
Arcata													
Measured	1,566,470	467	1.40	—	—	—	551	23.5	70.4	27.8	—	—	—
Indicated	2,375,166	381	1.31	—	—	—	459	29.1	100.3	35.1	—	—	—
Total	3,941,636	415	1.35	—	—	—	496	52.6	170.7	62.8	—	—	—
Inferred	3,572,309	322	1.29	—	—	—	399	37.0	148.2	45.9	—	—	—
Pallancata													
Measured	2,669,327	348	1.66	—	—	—	447	29.9	142.2	38.4	—	—	—
Indicated	1,268,572	287	1.37	—	—	—	370	11.7	56.1	15.1	—	—	—
Total	3,937,899	328	1.57	—	—	—	422	41.6	198.3	53.5	—	—	—
Inferred	2,560,082	263	1.12	—	—	—	330	21.7	92.0	27.2	—	—	—
San Jose													
Measured	958,979	589	8.19	—	—	—	1,081	18.2	252.5	33.3	—	—	—
Indicated	1,384,056	390	5.83	—	—	—	740	17.4	259.3	32.9	—	—	—
Total	2,343,035	472	6.79	—	—	—	879	35.5	511.8	66.2	—	—	—
Inferred	887,930	380	6.21	—	—	—	753	10.8	177.4	21.5	—	—	—
Core Assets total													
Measured	5,194,776	428	2.78	—	—	—	596	71.6	465.1	99.5	—	—	—
Indicated	5,027,794	360	2.57	—	—	—	514	58.1	415.7	83.1	—	—	—
Total	10,222,570	395	2.68	—	—	—	555	129.7	880.8	182.6	—	—	—
Inferred	7,020,321	308	1.85	—	—	—	419	69.5	417.7	94.5	—	—	—
Inmaculada and Growth Project													
Inmaculada⁽¹⁾													
Measured	3,283,431	128	4.10	—	—	—	374	13.5	432.8	39.4	—	—	—
Indicated	3,782,818	159	4.05	—	—	—	402	19.3	492.3	48.9	—	—	—
Total	7,066,249	144	4.07	—	—	—	389	32.8	925.1	88.3	—	—	—
Inferred	4,937,776	152	3.91	—	—	—	387	24.2	620.0	61.4	—	—	—
Crespo⁽²⁾													
Measured	5,211,058	47	0.47	—	—	—	75	7.9	78.6	12.6	—	—	—
Indicated	17,298,228	38	0.40	—	—	—	62	21.0	222.5	34.3	—	—	—
Total	22,509,286	40	0.42	—	—	—	65	28.8	301.0	46.9	—	—	—
Inferred	775,429	46	0.57	—	—	—	80	1.1	14.2	2.0	—	—	—
Azuca													
Measured	190,602	244	0.77	—	—	—	290	1.5	4.7	1.8	—	—	—
Indicated	6,858,594	187	0.77	—	—	—	233	41.2	168.8	51.3	—	—	—
Total	7,049,197	188	0.77	—	—	—	234	42.7	173.5	53.1	—	—	—
Inferred	6,946,341	170	0.89	—	—	—	223	37.9	199.5	49.9	—	—	—
Volcan⁽³⁾													
Measured	105,918,000	—	0.738	—	—	—	44	—	2,511.0	150.7	—	—	—
Indicated	283,763,000	—	0.698	—	—	—	42	—	6,367.0	382.0	—	—	—
Total	389,681,000	—	0.709	—	—	—	43	—	8,878.0	532.7	—	—	—
Inferred	41,553,000	—	0.502	—	—	—	30	—	671.0	40.3	—	—	—
Inmaculada and Growth Projects Total													
Measured	114,603,091	6	0.82	—	—	—	56	22.9	3,027.1	204.5	—	—	—
Indicated	311,702,641	8	0.72	—	—	—	52	81.5	7,250.6	516.5	—	—	—
Total	426,305,732	8	0.75	—	—	—	53	104.3	10,277.6	721.0	—	—	—
Inferred	54,212,547	36	0.86	—	—	—	88	63.2	1,504.7	153.5	—	—	—
Other Projects													
Jasperoide⁽⁴⁾													
Measured	—	—	—	—	—	—	—	—	—	—	—	—	—
Indicated	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—	—	—	—	—	—	—
Inferred	12,187,270	—	0.32	—	—	1.32	147	—	126.8	57.6	—	—	161.2
San Felipe													
Measured	1,393,716	69	0.02	7.12	3.10	0.39	315	3.1	0.9	14.1	99.3	43.1	5.5
Indicated	1,354,261	82	0.06	6.14	2.73	0.31	295	3.6	2.4	12.9	83.2	37.0	4.2
Total	2,747,977	76	0.04	6.64	2.92	0.35	305	6.7	3.3	27.0	182.4	80.1	9.7
Inferred	1,257,731	84	0.05	6.18	2.26	0.19	283	3.4	1.9	11.5	77.8	28.5	2.3
Other Projects Total													
Measured	1,393,716	69	0.02	7.12	3.10	0.39	315	3.1	0.9	14.1	99.3	43.1	5.5
Indicated	1,354,261	82	0.06	6.14	2.73	0.31	295	3.6	2.4	12.9	83.2	37.0	4.2
Total	2,747,977	76	0.04	6.64	2.92	0.35	305	6.7	3.3	27.0	182.4	80.1	9.7
Inferred	13,445,001	8	0.30	0.58	0.21	1.22	160	3.4	128.6	69.0	77.8	28.5	163.6
Grand Total													
Measured	121,191,583	25	0.90	0.08	0.04	0.00	82	97.5	3,493.1	318.1	99.3	43.1	5.5
Indicated	318,084,696	14	0.75	0.03	0.01	0.00	60	143.2	7,668.7	612.4	83.2	37.0	4.2
Total	439,276,279	17	0.79	0.04	0.02	0.00	66	240.7	11,161.8	930.5	182.4	80.1	9.7
Inferred	74,677,869	57	0.85	0.10	0.04	0.22	132	136.1	2,051.0	317.1	77.8	28.5	163.6

(1) Inmaculada resources as published in the Feasibility Study released on 11 January 2012. Prices used for resources calculation: Au: \$1,100/oz and Ag: \$18/oz. Inmaculada commenced commercial production in August 2015 and has been recorded as a Core Asset as of this date.

(2) Prices used for resources calculation: Au: \$1,300/oz and Ag: \$23/oz.

(3) Resources reported in the NI 43-101 Technical Report published by Andina, January 2011. Price used for resources calculation: Au: \$950/oz.

(4) The silver equivalent grade (147 g/t Ag Eq) has been calculated applying the following ratios, Cu/Ag = 96.38 and Au/Ag = 60.

Location of Current Operations

The Group's Core Assets, Growth Projects and prospects are located in four countries in Latin America: Peru, Mexico, Chile and Argentina. The Group focuses on these key jurisdictions for the following main reasons:

Peru. The connection of the Group with Peru stretches back many decades. In addition, Peru offers strong mining and geological potential and, as an established mining country, has the benefit of local mining expertise as well as an attractive legal and regulatory framework for mining companies.

Mexico and Chile. Mexico and Chile similarly benefit from mining and geological potential and, as in the case of Peru, have the benefit of local mining expertise and an attractive legal and regulatory framework for mining companies.

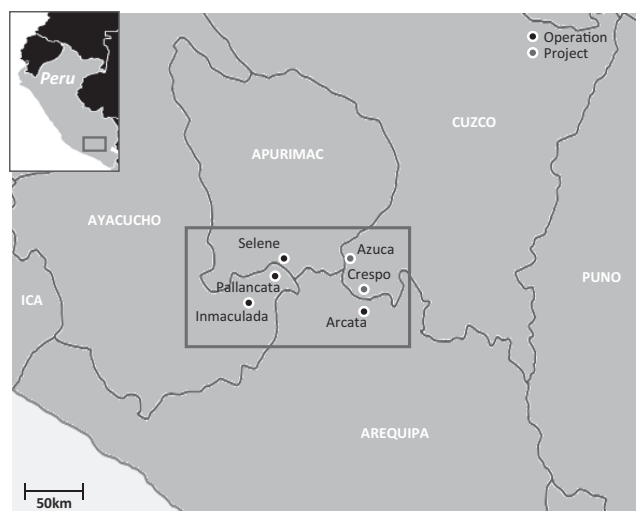
Argentina. Despite the prevailing political and economic conditions, the Directors believe that Argentina has geological potential and a developing mining industry.

Further information on the legal and regulatory framework for mining companies in Peru, Mexico, Chile and Argentina is set forth in Part 9 (*Regulatory Overview*). For risks associated with operating in Peru, Mexico, Chile and Argentina, see "Risk Factors—Other Risks Relating to Operating in Peru, Mexico, Chile and Argentina".

The illustration below depicts the geographic distribution of the operations of the Group:



The illustration below depicts the operations that comprise the Southern Peru Cluster:



Operating Segments

General

The Group has three distinct operating segments, divided into Mine Assets, Growth Projects, and Exploration. The Group's Mine Assets consist of three units in Peru (Arcata, Pallancata and Inmaculada) and one operating unit in Argentina (San Jose), each of which has its own mine, plant and related facilities. The Group controls and plans operations at its head office in Lima and its offices in Argentina and Chile, and has a core staff of management and technical personnel at each operating unit. The Group also maintains a corporate office in London.

The units of the Group currently produce Doré (Arcata (through the ILR facility in Ares), Inmaculada and San Jose) and Concentrate (Arcata, Pallancata and San Jose). A Doré bar is a semi-pure alloy of gold and silver, created on-site at the mines and then transported to a refinery for further purification. Concentrate is an ore material containing metallic compounds in concentrations higher than naturally occur in ore, but requiring additional processing to isolate the pure metal. A metallic mineral Concentrate contains at least one of metals such as silver, gold, copper, zinc, lead and iron, in any of its oxidation states, and at a concentration that contributes to its commercial value.

In addition to its operating units, the Group has three Growth Projects: (i) Crespo (Peru), (ii) Azuca (Peru) and (iii) Volcan (Chile). The Group also has other long-term prospects throughout Latin America. A number of these projects and prospects are structured as joint ventures or option arrangements with mining partners, while others are exclusively owned and operated by the Group.

Production Overview

In the six months ended 30 June 2015, the Group delivered attributable production of 8.7 million silver equivalent ounces, comprised of 6.3 million ounces of silver and 40.6 thousand ounces of gold, in line with the anticipated mine tonnage reduction at Arcata and Pallancata (as part of the Company's cash flow optimisation programme) in addition to the sequencing of the annual mine plans and scheduled hourly workers' vacation in Argentina at the beginning of the year.

At Arcata, total silver equivalent production in the six months ended 30 June 2015 was 3.2 million ounces. Production was delivered at the reduced mine capacity in line with the Group's adjusted mine plans for 2015 to ensure the extraction of profitable ounces. At Pallancata, production in the six months ended 30 June 2015 was 2.5 million silver equivalent ounces at the reduced mine capacity in line with the Group's adjusted mine plans for 2015 to ensure the extraction of profitable ounces. At San Jose, total silver equivalent production in the six months ended 30 June 2015 was 5.5 million, with the lower tonnage reflecting a shorter operating period due to scheduled hourly workers' vacation early in the quarter.

The Group is on track to deliver the production target for 2015 from the four current operations (including the Inmaculada mine, which is expected to deliver 6 to 7 million silver equivalent ounces) of 24 million silver equivalent ounces.

Mine Assets

Arcata

Overview

The Arcata underground mine is located in the Department of Arequipa in southern Peru, on a 47,000 hectare site approximately 800 kilometres from Lima at an altitude of 4,600 metres above sea level (“ASL”). The unit consists primarily of an underground mine and plant that currently produces silver/gold Concentrate, which is then transported to the Ares plant, approximately 50 kilometres away, where it is processed into Doré.

Arcata was commissioned into production in 1964, and its veins are mined by conventional and mechanised (trackless) cut-and-fill method. The Arcata plant currently produces silver/gold Concentrate by flotation. In early 2015, Arcata’s mine plan was optimised with the operational focus for the year now on accessible ore areas requiring reduced capital expenditure with cut-off grades reflecting the current weaker metal price environment. Consequently the plant’s capacity has been reduced back to 1,500 tonnes per day.

Mine Life

As at 31 December 2014, Arcata has a projected resource mine life of 14.2 years. This is based on an assessment of the number of years that an operation is planning to mine and process ore, as calculated by dividing the existing measured, indicated and inferred mineral resources, by the current mine capacity.

Geology

The Arcata mine is conformed by vein systems where the epithermal vein deposits are of an intermediate sulphidation type with predominant silver values and variable quantities of gold and base metals. The main structures at Arcata are Mariana NE, Blanca, Amparo, Ramal Leslie, Alexia and Marion. The known structures at Arcata extend over 29 kilometres. The veins are mined by conventional and mechanised (trackless) cut-and-fill breast or overhand stoping methods utilising timber support. The Group does not face any accessibility issues at the Arcata mine.

The near-mine exploration programme at Arcata is focused on the definition of new high-grade structures and on improving the average grade of the resource.

In 2014, a total of 20,868 metres of drilling was carried out at Arcata. In the first half of the year, a detailed surface mapping and sampling campaign was completed covering a total of 1,330 hectares. In addition, a drilling campaign with the aim of adding new resources was carried out at the property. In 2015, a 14,587 metre exploration and drilling programme at Arcata is expected focus on inferred resource exploration at surface over Tunel 4 and underground resource exploration at the Lucero, North-South and Soledad veins. As a result of this programme, as of 30 June 2015, 9,063 metres have been drilled at Arcata and significant intercepts have been identified in each such veins.

As of 31 December 2014, Proved and Probable Ore Reserves amounted to 2.1 million tonnes at 1.0 grams per tonne of gold and 320 grams per tonne of silver containing 67.9 thousand ounces of gold and 21.5 million ounces of silver. Measured and Indicated Mineral Resources amounted to 3.9 million tonnes at 1.35 grams per tonne of gold and 415 grams per tonne of silver containing 170.7 thousand ounces of gold and 52.6 million ounces of silver. Inferred Mineral Resources amounted to 3.6 million tonnes at 1.29 grams per tonne of gold and 322 grams per tonne of silver containing 148.2 thousand ounces of gold and 37.0 million ounces of silver.

Production

The Arcata plant has production capacity of 1,500 tonnes per day. In total, 2014 silver equivalent production at Arcata was 6.8 million ounces comprised of 5.8 million ounces of silver and 16,890 ounces of gold. For the six months ended 30 June 2015, total silver equivalent production at Arcata was 3.2 million ounces (assuming the 60:1 gold/silver ratio) comprised of 2.7 million ounces of silver and 7.2 thousand ounces of gold.

The table below details key Arcata operational metrics for the periods indicated:

	Years ended 31 December			Six months ended 30 June 2015
	2012	2013	2014	
Ore production (tonnes)	773,498	900,861	701,947	300,924
Average silver grade (grams per tonne)	271	217	286	340
Average gold grade (grams per tonne)	0.83	0.74	0.85	0.97
Silver produced (thousands of ounces)	5,526	4,984	5,827	2,726
Gold produced (thousands of ounces)	17.27	16.83	16.89	7.17
Silver equivalent produced (thousands of ounces)	6,562	5,994	6,841	3,156
Silver sold (thousands of ounces)	5,236	4,924	5,621	2,683
Gold sold (thousands of ounces)	15.9	15.95	15.66	6.92
Resources (millions of attributable silver equivalent ounces) .	106.4	99.5	108.7	—

Pallancata

Overview

The Pallancata underground mine is located in the Department of Ayacucho in southern Peru, approximately 180 kilometres southwest of Cuzco and comprises 15,915 hectares (approximately 160 square kilometres) in 30 mineral concessions. In addition, the Group fully owns the Selene plant, which is located approximately 20 kilometres from the mine and processes the mineral extracted from Pallancata.

The Pallancata and Mariana veins were discovered in 1980. In 2001, IMZ acquired the Pallancata property and conducted an exploration programme from 2002 to 2005. In 2006, the Company signed a formal joint venture agreement with IMZ to fast track development, permitting and commencement of commercial production from the Pallancata deposit. Pallancata commenced production in 2007 and up until December 2013 was operated jointly with IMZ. As a result of the Company's acquisition of IMZ, the Pallancata mine is fully owned and operated by the Group.

In September 2015, the Group discovered a significant new high grade, wide vein at the Pallancata mine. Management expects the new east-west vein, called the Pablo vein, to lead to a significant expansion of the mine's mineral resources and to improve the operational outlook for the Pallancata mine. The Group is currently conducting a comprehensive exploration and infill drilling programme through to the end of November 2015 to better understand the potential of the new discovery and to achieve an initial inferred resource. As the Pablo vein is easily accessible through the existing infrastructure at the Pallancata mine and the mineral mined from the Pablo vein can be processed using the excess plant capacity at Selene, it is expected that limited capital expenditure will be required to bring the Pablo vein into production.

Mine Life

As at 31 December 2014, Pallancata has a projected resource mine life of 10.2 years. This is based on an assessment of the number of years that an operation is planning to mine and process ore, as calculated by dividing the existing measured, indicated and inferred mineral resources, by the current mine capacity.

Geology

Pallancata is a low-to-intermediate sulphidation precious metal epithermal vein deposit and is mined using the cut and fill method. The Group does not face any accessibility issues at the Pallancata mine.

During the first half of 2014, the exploration programme focused on mapping and sampling a total of 1,200 hectares. New surface structures have also been recognised and drilling was carried out at one vein system. 10,466 metres of drilling was completed on potential areas with further mapping campaigns also carried out over an area of 686 hectares. In 2015, the Group expects to commence a 19,100 metre exploration and drilling programme at Pallancata is expected to focus on inferred resource exploration at surface and also geological mapping of the west and south side of the district for new target definition.

As of 31 December 2014, Proved and Probable Ore Reserves amounted to 1.7 million tonnes at 1.3 grams per tonne of gold and 256 grams per tonne of silver containing 72.8 thousand ounces of gold and 14.3 million ounces of silver. Measured and Indicated Mineral Resources amounted to 3.9 million tonnes at 1.57 grams per tonne of gold and 328 grams per tonne of silver containing 198.3 thousand ounces of gold

and 41.6 million ounces of silver. Inferred Mineral Resources amounted to 2.6 million tonnes at 1.12 grams per tonne of gold and 263 grams per tonne of silver containing 92.0 thousand ounces of gold and 21.7 million ounces of silver.

Production

The Selene plant had a production capacity of 3,000 tonnes per day. As a result of the Group's cash flow optimisation programme, the plant's throughput capacity has been reduced back to 1,800 tonnes per day. In 2014, total silver equivalent production at Pallancata was 8.0 million ounces, comprised of 6.5 million ounces of silver and 24,340 ounces of gold. For the six months ended 30 June 2015, total silver equivalent production at Pallancata was 2.5 million ounces (assuming the 60:1 gold/silver ratio), comprised of 1.9 million ounces of silver and 8.4 thousand ounces of gold.

The table below details key Pallancata operational metrics for the periods indicated:

	Years ended 31 December			Six months ended 30 June 2015
	2012	2013	2014	
Ore production (tonnes)	1,094,250	1,088,712	1,051,068	289,551
Average silver grade (grams per tonne)	256	264	238	248
Average gold grade (grams per tonne)	1.09	1.13	1.03	1.19
Silver produced (thousands of ounces)	7,441	7,682	6,527	1,948
Gold produced (thousands of ounces)	26.23	27.83	24.34	8.44
Silver equivalent produced (thousands of ounces)	9,014	9,298	7,988	2,455
Silver sold (thousands of ounces)	7,280	7,567	6,502	1,986
Gold sold (thousands of ounces)	25.1	26.67	24.02	8.33
Resources (millions of attributable silver equivalent ounces)	66.4	109.7	80.7	—

San Jose

Overview

The San Jose underground mine is located in the southern Argentinian province of Santa Cruz, 1,750 kilometres south-southwest of Buenos Aires. The property covers a total area of approximately 50,491 hectares and consists of 46 contiguous mining concessions amounting to 40,499 hectares and one exploration permit covering almost 10,000 hectares. The Group operates this mine through an operations team in San Jose, as well as with the help of a fully staffed team located in Buenos Aires, and a corporate support team in Lima, Peru.

Title to the San Jose property is held by Minera Santa Cruz, S.A. ("MSC"), the holding and operating company set up under the terms of an option and joint venture agreement between McEwen Mining Inc. (49%) and the Company's wholly-owned subsidiary Hochschild Mining (Argentina) S.A. (51%). San Jose commenced operations in June 2007 and the deposit is mined using the cut and fill method.

Mine Life

As at 31 December 2014, San Jose has a projected resource mine life of 12 years. This is based on an assessment of the number of years that an operation is planning to mine and process ore, as calculated by dividing the existing measured, indicated and inferred mineral resources, by the current mine capacity.

Geology

The mineralisation at San Jose represents a low sulphidation type with quartzsulphide veins with economic silver and gold values and displays geological and mineralogical characteristics very similar to those of the Peruvian deposits. The Group does not face any accessibility issues at the San Jose mine.

In 2014, a 5,263 metre potential drilling campaign was focused on the definition of new veins. As of the date of this Prospectus, the team responsible for this project had already completed detailed surface mapping and sampling over the Los Pinos vein and identified another structure, Los Pinitos. In addition, mapping work identified additional corridors for subsequent drilling campaigns to focus on whilst further structures were identified in the north east and to the west.

Subject to obtaining the required environmental permits, a drilling programme is expected to commence over Los Pinos and Los Pinitos in 2015. A review and interpretation of the ground magnetic and electrical data collected on the property in the last five years is scheduled along with surface geology work to identify new drill targets for 2016.

As of 31 December 2014, Proved and Probable Ore Reserves amounted to 1.9 million tonnes at 6.8 grams per tonne of gold and 463 grams per tonne of silver containing 420 thousand ounces of gold and 28.8 million ounces of silver. Measured and Indicated Mineral Resources amounted to 4.6 million tonnes at 6.79 grams per tonne of gold and 472 grams per tonne of silver containing 1,004 thousand ounces of gold and 69.6 million ounces of silver. Inferred Mineral Resources amounted to 1.7 million tonnes at 6.2 grams per tonne of gold and 380 grams per tonne of silver containing 348 thousand ounces of gold and 21.2 million ounces of silver.

Production

The San Jose plant has a production capacity of 1,650 tonnes per day. In 2014, total silver equivalent production at San Jose was 12.1 million ounces, comprised of 6.5 million ounces of silver and 94,160 ounces of gold production. For the six months ended 30 June 2015, total silver equivalent production at San Jose was 5.5 million ounces (assuming the 60:1 gold/silver ratio), comprised of 2.9 million ounces of silver and 42.3 thousand ounces of gold production.

The table below details key San Jose operational metrics for the periods indicated:

	Years ended 31 December			Six months ended 30 June 2015
	2012	2013	2014	
Ore production (tonnes)	509,851	536,937	571,017	232,995
Average silver grade (grams per tonne)	417	425	404	448
Average gold grade (grams per tonne)	5.79	6.42	5.77	6.34
Silver produced (thousands of ounces)	5,953	6,357	6,469	2,932
Gold produced (thousands of ounces)	85.77	98.83	94.16	42.30
Silver equivalent produced (thousands of ounces)	11,099	12,286	12,119	5,470
Silver sold (thousands of ounces)	5,897	6,278	6,316	3,115
Gold sold (thousands of ounces)	84.3	94.76	91.28	42.75
Resources (millions of attributable silver equivalent ounces) .	96.8	96.3	87.7	—

Inmaculada

Overview

Inmaculada is a 20,000 hectare two-third gold and one-third silver mine consisting of 40 mining concessions located in the Ayacucho Department in southern Peru. Inmaculada is 112 kilometres from the Pallancata operation. The concession rights and interests in Inmaculada were owned by Minera Suyamarca S.A.C., through which the Group previously held a 60% controlling stake in Inmaculada, with the remaining 40% held by IMZ, under the terms of a joint venture agreement. After completion of the acquisition of IMZ in December 2013 the Inmaculada mine is now 100% owned directly by the Group.

In January 2012, the Group announced that a feasibility study conducted by Ausenco, an independent consultant, yielded positive results. The study estimated an average annual total silver equivalent production of 11.6 million ounces from Inmaculada's main Angela vein. Underground mining operations began in June 2015, producing 100% Doré at a rate of production of 3,500 tonnes of ore per day.

This feasibility study was conducted based only on the current Measured and Indicated Mineral Resources of the Angela Vein. The Angela Vein is accessed through a ramp starting from a portal located at an elevation of approximately 4,400 metres ASL, declining to approximately 4,300 metres ASL, toward the middle and lower end of the vein. A primary crusher plant is situated close to the portal with a conveyor belt 1.5 kilometres in length, transporting ore to the plant and a waste dump located one kilometre to the south. There is an additional horizontal access tunnel at the Quellopata gorge (4,500 metres ASL) and a drainage tunnel at the Patari Gorge (4,300 metres ASL). The key mining infrastructure consists of three main levels to exploit all sections of the vein, specifically, at 4,300 metre ASL, 4,400 meter ASL and 4,500 metre ASL levels. These are connected by four spiral ramps and six ore passes with other shafts for ventilation, water and additional support services. The mining method expected to be employed on

approximately half of the ore reserves are sub-level stoping, utilising long-hole drilling and paste backfill and the remainder accessed through cut-and-fill utilising horizontal drilling.

Mine Life

Inmaculada is expected to have an initial projected resource mine life of 11.3 years. This is based on an assessment of the number of years that an operation is planning to mine and process ore, as calculated by dividing the existing measured, indicated and inferred mineral resources, by the current mine capacity.

Investment Costs

Total construction capital expenditure for the Inmaculada mine is US\$455 million, of which US\$425 million has already been spent as of August 2015 with the remaining construction capital expenditure of US\$30 million expected to be spent during the rest of 2015 (to be funded from existing cash resources). This investment is expected to translate into all-in sustaining costs of approximately US\$759 per gold equivalent ounce or US\$10.40 per silver equivalent ounce over an initial projected reserve mine life of 6.3 years. The Group expects to fund the remaining portion of the construction costs with existing cash resources. This estimate covers the direct and indirect costs associated with design, procurement, construction and commissioning of the Inmaculada mine. See further Section 9.2 of Part 10 (*Additional Information*) “—Engineering, Procurement and Construction Agreement”

Geology

The property consists of forty mining concessions and is characterised by both low and high sulphidation epithermal mineralised systems, hosted by veins, breccias and disseminations within tertiary volcanic. The Inmaculada mine has considerable geological upside. The main Angela Vein remains open, with additional upside potential in several other structures within the property. Current project economics take into account almost five million tonnes of Inferred Mineral Resources, containing over 60 million silver equivalent ounces, which could almost double Inmaculada’s life-of-mine, as well as further geological potential from a number of veins known in the district.

It is expected that the mineable resource base will expand by upgrading the Inferred Mineral Resources in the south west and north east extensions of the Angela vein into the reserve category, and in addition, the Inmaculada district hosts over 25 kilometres of gold-silver-bearing quartz veins, which remain largely untested. The Group does not face any accessibility issues at the Inmaculada mine.

As of 31 December 2014, Proved and Probable Ore Reserves totalled 7.8 million tonnes at 3.4 grams per tonne of gold and 120 grams per tonne of silver containing 849.2 thousand ounces of gold and 30.1 million ounces of silver. Measured and Indicated Mineral Resources amounted to 7.1 million tonnes at 4.07 grams per tonne of gold and 144 grams per tonne of silver containing 925.1 thousand ounces of gold and 32.8 million ounces of silver. Inferred Mineral Resources totalled 4.9 million tonnes at 3.91 grams per tonne of gold and 152 grams per tonne of silver containing 620 thousand ounces of gold and 24.2 million ounces of silver.

The exploration focus near the Inmaculada mine remains at the Palca area to the North East and following a mapping programme in 2014 at the Palca 1 zone, six promising vein structures have been selected amongst others in a corridor of almost five kilometres with work at Palca 2 zone starting later on in the year. As of the date of this Prospectus, a stockpile of approximately 260,000 tonnes is available for processing on commissioning of the plant.

Production

Following the commencement of commercial production in August 2015, the Inmaculada mine is expected to produce 6 to 7 million silver equivalent ounces, equating to approximately 25% of total Group production target for the year 2015. As of 30 September 2015, approximately 39.5 thousand ounces of gold and 970 thousand ounces of silver have been produced at Inmaculada. The Group has received the final operating permit from the Peruvian government and announced in September 2015 that sales of doré can now commence.

Growth Projects

Crespo

Overview

Crespo is wholly owned by the Group and is located in the Group's existing operating cluster in southern Peru. The project is one of a number of properties acquired by the Group in 2008 as part of the Liam JV/Southwestern Resources land package. Crespo is a high sulphidation epithermal deposit and will be mined utilising open pit methods with an estimated average daily production of 6,850 tonnes and a stripping ratio of 1.15:1.

In January 2012, the Group announced the positive results of the feasibility study, which was overseen by Ausenco, an independent consultant. This study estimates an average annual total silver equivalent production of 2.7 million ounces. The Group's environmental impact statement and construction permit for Crespo have already been approved as of the date of this Prospectus.

Mine Life

Crespo is expected to have an initial projected resource mine life of 10 years. This is based on an assessment of the number of years that an operation is planning to mine and process ore, as calculated by dividing the existing measured, indicated and inferred mineral resources, by the current mine capacity.

Investment Costs

The total estimated capital costs to design and build the facilities at Crespo are US\$110 million, of which the Group's management estimates approximately US\$30 million have already been spent. This estimate covers the direct field costs of executing the Crespo project, plus the indirect costs associated with design, procurement, construction, and commissioning efforts.

In line with the Group's cash flow optimisation programme, the Crespo project has been delayed in order to better sequence capital allocation. Approximately US\$80 million in expenditures were deferred in connection with the postponement of Crespo. Despite the deferral of capital expenditure at Crespo, Crespo remains an important component of the Group's portfolio of developmental assets. In the event that the precious metals markets show sustained improvement, the Group intends to reallocate capital into the Crespo project and proceed with the Group's commissioning strategy.

Geology

Crespo is a disseminated high sulphidation epithermal deposit. There is further geological potential in the surrounding areas for economic mineralisation. As of 31 December 2014, Measured and Indicated Mineral Resources amounted to 22.5 million tonnes at 0.42 grams per tonne of gold and 40 grams per tonne of silver containing 301,000 ounces of gold and 28.8 million ounces of silver. Inferred Mineral Resources amounted to 0.78 million tonnes at 0.57 grams per tonne of gold and 46 grams per tonne of silver per tonne containing 14.2 thousand ounces of gold and 1.1 million ounces of silver. The Group does not expect to face any accessibility issues at the Crespo mine.

Production

The Crespo project is on hold until there is a sustained improvement in the precious metals markets.

Volcan

Overview

The Volcan gold deposit was acquired as part of the Group's acquisition of Andina, in January 2013. The deposit is located in Chile's Atacama Region, approximately 120 kilometres east of Copiapo. As of the date of this Prospectus, water rights for this early-stage project have already been secured.

Geology

Volcan is a porphyry gold and copper system located in the Maricunga district and hosted in volcanic rocks, breccias units and sub-volcanic intrusives. The property is strategically located in the prolific Maricunga Gold Belt, which hosts a number of important gold deposits, including the Maricunga gold mine (Kinross), the La Coipa mine (Kinross), the Cerro Casale deposit (Kinross/Barrick), and the Lobo-Marte deposit

(Kinross). There is further geological potential within Volcan's property blocks. The Group does not expect to face any accessibility issues at the Volcan project.

In February 2011, Andina published details of a pre-feasibility study carried out on the Volcan deposit. According to this study, Measured and Indicated Mineral Resources amounted to 389.7 million tonnes at 0.709 grams per tonne of gold containing 8.9 million ounces of gold. Inferred Mineral Resources amounted to 41.55 tonnes at 0.502 grams per tonne containing 0.7 million ounces of gold. Subject to the availability of adequate financial resources, the intention is for the Group to undertake technical and geological evaluation of the deposit over a significant period of time to re-evaluate its mineral potential.

Mine Life / Production

The Volcan project is on hold until there is a sustained improvement in the precious metals markets.

Azuca

The Azuca project is wholly owned by the Group and is located in the Group's existing operating cluster in southern Peru. In January 2012, the Company announced that it had decided to delay the Feasibility Study process at Azuca and continue exploration work at the project in order to provide a more comprehensive picture of the dispersed vein structures present in the area and potentially deliver a more robust and value accretive project going forward.

Although a portion of drilling was completed at Azuca during the first half of 2013, work was halted in the second half of 2013 and the project is now on hold as part of the Group's cash flow optimisation programme.

Exploration

Overview

The Group's exploration programme and extensive project pipeline are fundamental elements of its strategy.

The exploration programmes at the Core Assets are concentrated on the definition of new near-mine high-grade structures and the incorporation of high quality resources. The Group takes a very conservative approach to resource delineation and it is one of the few companies that apply the same cut-off grades to reserves and resources.

The main objective of the exploration work at the Growth Projects (which, up until August 2015, included the Inmaculada Project) is to incorporate additional resources and to define and incorporate potential systems outside of the current resource area.

The group has a pipeline of greenfield projects across four countries in the Americas, spanning over 520 thousand hectares of premium geological land. In 2014, investment in exploration totalled US\$20.4 million and was split between exploration work at the Group's Core Assets at the time, the Inmaculada Project and greenfield opportunities in Peru and Mexico. As a result of the Group's ongoing cash flow optimisation programme, the Group reduced its 2014 exploration budget to US\$27 million (as compared to US\$70 million in 2013 and US\$90 million in 2012), focusing primarily on brownfield exploration.

The Group's greenfield strategy for 2014 focused on what the Directors believe are the most promising prospects only, specifically in Peru and Mexico.

In 2015, exploration activity continues to focus primarily on brownfield exploration in order to maintain or improve the Group's resource base. As a direct consequence of the continued low price environment, the level of greenfield exploration and appraisal of acquisition and joint venture opportunities has been significantly reduced.

The exploration team at Pallancata began a 19,100 metre exploration and drilling programme in May 2015 with the aim of focusing on inferred resource exploration at surface. In mid-August, whilst pursuing the west extension of the Yurika vein to the north-west of the main Pallancata vein, a new blind structure at a depth of 200 metres below surface was discovered. The Pablo vein has been recognised along an east-west strike for 700 metres and dips 50–75° south. The structure's significant thickness (greater than 10 metres wide) is associated with dilation zones in flexures and fault jogs. The Pablo vein is a fine-to-medium grain white quartz vein and shows a banded texture and multiple brecciation events filled with adularia and

quartz crystals. It is part of a major regional structure, currently extending to about 2 kilometres, which will be explored over the medium term.

The following table displays assay results from the Pablo drilling programme:

Drill Hole	From (m)	To (m)	Width (m)	Estimated True Width (m)	Au (g/t)	Ag (g/t)	Ag Eq (g/t)
DLEP-A01	267.85	299.40	31.55	25.46	1.67	510	610
Including	267.85	277.35	9.50	7.67	2.23	651	785
Including	281.10	287.40	6.30	5.08	1.59	499	594
Including	293.65	299.40	5.75	4.64	3.56	1127	1,340
DLEP-A02	335.00	340.40	5.40	4.92	0.62	175	212
Including	338.45	340.40	1.95	1.78	1.15	324	394
DLEP-A03	284.50	314.15	29.65	15.91	2.32	690	830
Including	284.50	303.40	18.90	10.14	3.59	1,064	1,279
DLEP-A04	261.60	272.15	10.55	8.26	2.56	805	959
Including	262.65	269.10	6.45	5.05	4.06	1,285	1,528
DLEP-A05	301.55	309.55	8.00	6.23	0.66	209	248
Including	301.55	302.60	1.05	0.82	3.42	1,074	1,279
Split Pablo	326.65	329.60	2.95	2.30	0.86	291	342
DLNS-A01	521.70	529.70	8.00	3.63	1.35	140	221
DLNS-A03	351.80	355.40	3.60	1.18	0.17	58	68
DLRI-A164	267.00	295.65	28.65	24.79	0.84	246	296
Including	267.00	269.10	2.10	1.82	3.53	821	1,033
Including	281.55	285.40	3.85	3.33	1.60	485	581
Including	294.55	295.35	0.80	0.69	3.03	3,227	3,769
DLRI-A165	355.10	379.00	23.90	19.56	0.79	218	266
Including	366.55	374.70	8.15	6.67	2.13	585	713
DLYU-A87	244.80	246.42	1.62	1.58	0.93	140	196
.....	268.65	269.38	0.73	0.71	0.43	108	134
DLYU-A88	234.60	235.70	1.10	1.05	0.33	124	144
DLYU-A90	Unmineralised fault zone						
DLYU-A92A	Unmineralised fault zone						

The Company intends to conduct a comprehensive exploration and infill drilling programme through to the end of 2015 to better understand the potential of the new discovery and to achieve an initial inferred resource.

Suspended Operations

Ares

Overview

The Ares underground mine is located in the district of Orcopampa, department of Arequipa, on a site covering an area of 22,700 hectares at an altitude of 4,900 ASL. The unit consists primarily of an underground mine and a processing plant where a Merrill-Crowe leaching process using a standard cyanidation technique is employed to produce Doré.

The Group discovered the Ares mine, which it fully owns, in 1988 with underground exploration commencing in 1993. The mine was commissioned into production in 1998 and had operating capacity of 1,000 tonnes per day. Extraction of mineral and production at Ares closed in the second quarter of 2014.

Mine Life

The Ares mine is no longer in operation and was suspended in the second quarter of 2014.

Geology

Ares consisted of an intermediate vein epithermal system with gold and silver mineralisation and the Group did not face any accessibility issues.

Production

The Ares plant had a production capacity of 1,000 tonnes per day. In 2014, silver equivalent production at Ares was 1.2 million ounces comprising 534 thousand ounces of silver and 11,630 ounces of gold. The Ares mine was suspended in the second quarter of 2014.

The table below details key Ares operational metrics for the periods indicated:

	Years ended 31 December			Six months ended 30 June 2015
	2012	2013	2014	
Ore production (tonnes)	336,426	329,095	167,331	—
Average silver grade (grams per tonne)	54	82	110	—
Average gold grade (grams per tonne)	2.65	2.39	2.34	—
Silver produced (thousands of ounces)	481	757	534	—
Gold produced (thousands of ounces)	26.28	23.40	11.63	—
Silver equivalent produced (thousands of ounces)	2,058	2,162	1,232	—
Silver sold (thousands of ounces)	473	761	540	—
Gold sold (thousands of ounces)	25.8	23.25	11.45	—
Resources (millions of attributable silver equivalent ounces) .	15.8	16.1	—	—
Resource life-of-mine (years)	3.05	—	—	—

Mexico

Riverside Joint Venture

In the first half of 2014, the exploration team accepted the Bohemia and Cajon targets generated by Riverside, the Group's joint venture partner in the western Sonora in Mexico. The Bohemia target exhibited mineralised veins and orogenic type mineralisation was observed at Cajon. However sampling at Bohemia did not show continuity in the mineralisation, displaying poor gold values and consequently work at Bohemia was halted. Trenching at Cajon also concluded and a drilling campaign will be performed in 2015.

During the fourth quarter of 2014, the Group decided to close its exploration office in Chihuahua and focus on financing and supporting Riverside from the head office. The venture continues to explore new opportunities in this prolific, low-cost mineral district.

Peru

During 2014, the Group's exploration efforts in Peru focused on optimising the existing portfolio and reviewing any industry opportunities. One of these was the Corina project, located 15-20 km from the Selene plant and owned by Lara Exploration Ltd. The agreement drawn up includes an option giving the Group full ownership of the project over four years. Group community relations teams are currently negotiating access agreements that would allow the Group to drill in late 2015, subject to government permit approvals.

In addition, promising geochemical results have been obtained from the Ibel prospect in Peru.

Sales & Marketing

Overview

The Group sells the silver and gold it produces in two forms: Doré and Concentrate. For the year ended 31 December 2014, approximately 26% of the Group's revenue was from Doré and approximately 74% was from Concentrate.

Doré

In relation to the Doré produced at Arcata, San Jose and Inmaculada, transportation is carried out in two stages. The Doré is first transported by armoured car from the mine to the airport and then exported by air to the destination country. The Group sells Doré production to refineries, usually pursuant to standardised agreements that are automatically extended for additional one-year terms. Under the terms of these agreements, either party may terminate the agreement at will upon 45 to 90 days' written notice, depending on the terms of the particular agreement.

Subject to the Group's right to elect for advance settlement (as described below), the price payable by the refinery to the Group for silver and gold obtained from Doré is fixed one business day after the availability of the settlement assays. The price is determined by reference to the London Bullion Market Association spot-fixing price and any payments are made net of transport costs, refining costs and deductions (if any) if certain impurity thresholds are exceeded (although no impurity deductions have been incurred to date). Payment is made by the refinery within two working days of pricing.

The Group has the right to, and generally does, elect for advance settlement on up to 95% or 98% of the estimated silver and gold content in the Doré with the price being fixed no earlier than the shipment date or one business day after the arrival of the Doré to the refinery, depending on the terms of each agreement. The Group typically specifies a pricing date within a day or two of the shipment at a price based on the London Bullion Market Association spot-fixing price. The refinery pays the advance settlement amount on the later of two working days after the date chosen by the Group for pricing, and the date of receipt of the shipment at its facilities. Any advance payment is effectively treated as a loan from the refinery to the Group at LIBOR until final settlement. Payment for any outstanding amounts (less treatment and refining costs and any notional interest) is made by the refinery on the working day after the agreement of assays (based on the London Bullion Market Association spot-fixing price at such time).

The table below sets forth the Group's Doré sales by client for the periods indicated:

	Year ended 31 December 2014	Six months ended 30 June 2015
	(U.S. dollars in thousands)	
Argor-Heraeus S.A.	45,045	—
Republic Metals Corporation	44,725	46,120
Johnson Matthey Gold and Silver Refining Inc	26,850	17,904
INTL Commodities, INC	11,442	17,483
Others	2,267	7,953

Concentrate

With respect to Concentrate produced at Arcata, Pallancata and San Jose, the material is trucked in convoys from the mine, by road, to the warehouse at port and thereafter by ship.

Arcata

For the Concentrate output from Arcata, the Group has a local sales contract for the available Concentrate output from the Arcata mine until 2016. The material is transported by road from the Arcata mine to the Group's warehouse in Matarani, Peru.

Pallancata

For the Concentrate output from Pallancata, the Group has one-year contracts with various smelters and traders. These contracts are valid until 2016.

San Jose

For the Concentrate output from San Jose, the Group has one year contracts with various smelters and traders. These contracts are valid until 2016.

The table below sets forth the Group's Concentrate sales by client for the periods indicated:

	Year ended 31 December 2014	Six months ended 30 June 2015
	(U.S. dollars in thousands)	
LS Nikko	121,868	45,242
Glencore Perú S.A.C.	114,192	19,446
Trafigura Perú	47,742	17,517
Teck Metals Ltd	36,421	13,322
Consorcio Minero S.A.	16,126	—
Aurubis AG	10,987	2,278
J Aron	8,445	—
Others	6,684	2,869

Sales Strategy

As the Group sells its silver and gold output in a form where further treatment is required, sales are made to customers with the required facilities. The Group seeks to simplify the sales process by having contracts in place with only two or three purchasers at any given time. Contracts are generally for a one-year duration and, prior to renewing, the Group seeks a number of quotes with a view to obtaining competitive terms. With the recent increase of Doré production from Inmaculada, the Group continues to explore ways of diversifying its client portfolio.

Power and Energy

The Group sources its electricity supply for each of its core units from the corresponding national grid. Should these grids fail, the Group has back-up power generators available to avoid operational disruptions. The Group's electricity consumption in its core units is currently supplied by SDF Energia S.A.C. and Compañía Eléctrica El Platanal S.A. (Arcata and Ares), Electro Sur Este S.A.A. (Selene and Pallancata) and Central Puerto S.A. & Petrobras Energía S.A. (San Jose), through a contract setting forth a fixed, yet adjustable, price. The electricity supply for the Group's Growth Projects and exploration assets is currently supplied by power generators. See "Risk Factors—Risks Relating to the Business and Operations of the Group—Interruptions of energy supply or increases in energy costs and other production costs may materially and adversely affect the Group's results of operations".

Employees

As of 30 June 2015, the Group had a total workforce of 5,373 at its operating units, development projects and head office, of which 3,768 were employees on the Group's payroll. All mining activities at each of the Group's operating units are carried out by employees on its payroll, including all exploitation work carried out within each of the Group's operating mines.

The main mining contractors employed by the Group are IESA S.A. & Geodrill S.A.C. (Arcata and Pallancata), and Zicsa Contratistas Generales S.A.C. (Inmaculada), under one- and two-year contracts, respectively. In addition to mining contractors, the Group currently has arrangements in place with contractors for the provision of security (Orus S.A.) and catering (Sodexo Perú S.A.C.) services at each of the Group's operating units. Payment under these contracts is usually made monthly based on specific targets set out in the contract, such as per-metre mined (in the case of mining contractors), and per-meal consumed (in the case of catering contractors). All expenses, including raw materials and equipment, are usually initially paid for by the relevant contractors who are then reimbursed by the Group under the terms of their contracts. Most of the Group's agreements with its contractors may be terminated by the Group on 30 days' written notice with no termination fee.

With respect to the Group's non-contract employees, the workforce is represented by a worker's council with unions representing each unit.

The Group negotiates collective agreements with the unions annually. These generally relate to salaries, working conditions and welfare. See "Risk Factors—Risks Relating to the Business and Operations of the Group—The Group may be adversely affected by labour disputes".

Health, Safety and Environmental Compliance; Relationships with Communities

Since its inception, the Group has endeavoured to maintain and reinforce its corporate values of respecting the well-being of employees, the environment and the communities in which it operates. The Group takes great pride in managing its business in a way that ensures returns not only to shareholders, but to all stakeholders, including employees and the communities surrounding its operations. Teams of dedicated professionals ensure that the many risks faced in the mining industry are identified and controlled by standards and procedures, supported by proven management systems.

To ensure that the Group's corporate values are adhered to, a number of policies have been adopted, which demonstrate its commitment to: (i) a safe and healthy workplace; (ii) managing and minimising the environmental impact of operations; and (iii) encouraging sustainability by respecting the communities in which the Group operates. These three areas are prioritised in terms of resource allocation, with respect to governance, policy development, and performance measurement. In its effort to achieve the above objectives, the Group seeks to: (a) comply with all relevant legislation and leading international standards; (b) promote continuous improvement of management systems with the aim of incorporating best practice; (c) adopt a proactive approach to preventing and managing the risks that may limit the achievement of corporate responsibility objectives; and (d) encourage employees to adopt the Group's values through the use of training and internal communications.

The Board has ultimate responsibility for establishing the policies relating to Corporate Social Responsibility ("CSR") and ensuring that national and international standards are met. The CSR Committee is a formal committee of the Board with delegated responsibility for various CSR issues, focusing on compliance with national and international standards and ensuring that appropriate systems and practices are in place Group-wide to ensure the effective management of CSR-related risks. Roberto Dañino has had Board-level responsibility for CSR issues since his appointment to the role of Chairman of the CSR Committee at the beginning of 2014. Teams of personnel support the work of the CSR Committee and they collectively focus on health and safety policies, environmental programmes, community relations and employee matters at an operational level.

Environmental

In common with other natural resources and mineral processing companies, the Group's operations generate hazardous and non-hazardous waste, effluent and emissions into the atmosphere, water and soil. There are numerous environmental laws in Peru, Mexico, Chile and Argentina that apply to the Group's operations and development projects. These laws address such matters as protection of the natural environment, air and water quality and emissions standards and disposal of waste. For further details on the applicable mining and environmental regulations in Peru, Mexico, Chile and Argentina, see Part 9 (*Regulatory Overview*).

The Group is committed to minimising the impact of its business on the environment and to facilitate the ongoing sustainability of the land where operations and activities are developed. The Group recognises that doing this brings benefits both in environmental terms, and also enables it to increase the efficiency of its own operations. In addition, as the most valuable resource, water usage and discharge are subject to strict protocols and procedures in order to comply with local and international regulations.

The Group is committed adhering to international best practice. The ISO 14001 certification, obtained for all of its operations demonstrates the Group's efforts in delivering these high standards to all of its operations.

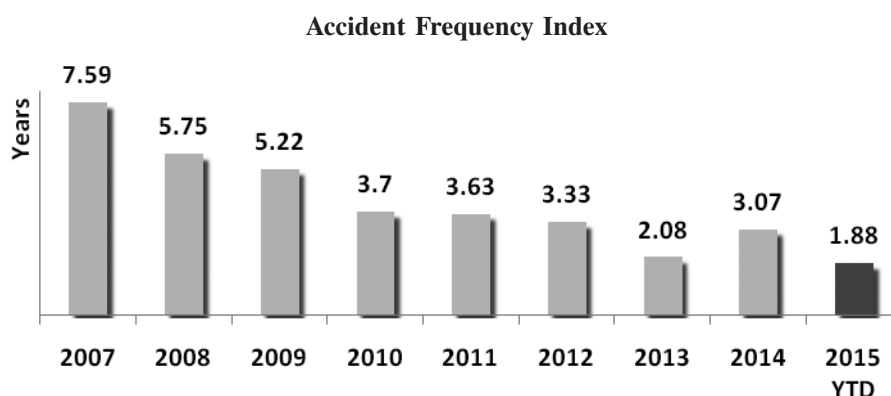
The Group's environmental team works together with the operational teams, community relations teams and the legal function in the application for, and ongoing compliance with mining permits, thereby assuring continuity of operations.

Health and Safety

People and their safety remain the Group's highest priority and the Group's management is committed to ensuring that employee safety is an integral part of measuring the successful implementation of corporate strategy. The Group continues to invest in operating controls and processes to ensure that the highest standards of safety are met, and that initiatives are in place to raise the profile of safe working practices and comprehensive and ongoing safety training is provided at all of the Group's operations. Such initiatives include the Luis Hochschild Safety Innovation Award, which was first awarded in 2010, and continues

every year as part of the Group's effort to promote innovative safety ideas by its employees. Every year, the top 10 suggestions are selected for implementation by each mining unit.

Operational safety is one of the Group's core values. The Group operates mines under a safety system designed by DNV. Since 2008, there have been significant improvements in safety, from a level 3/10 (Arcata, Ares, Pallancata and San Jose), to a level 7/10 in 2012 at Arcata and Pallancata; level 6/10 at San Jose; and level 5/10 at Ares. As a result, the Accident Frequency Index at the Group's mining facilities has dropped steadily, from 7.59 in 2007, to 1.88 for the eight month period ended 31 August 2015, as shown in the chart below:



* YTD as at 31 August 2015

With regards to occupational health, a Health and Hygiene team with dedicated personnel is charged with the provision of medical and occupational health services to assure the wellbeing of employees on an ongoing basis. The team also comprises members with responsibility for occupational psychology.

Social and Community Programmes

Education

Through its support of 12 schools in Peru, the Group facilitated lessons to over 200 children between the first and sixth grade focusing on literacy and numeracy. In 2014, the Group continued to commit resources to the use of technology as a teaching aid.

Motivated by a need to equip young people with the tools they need for the future, the Group supported the Life Project for a second year in partnership with the Peruvian charity, Vision Solidaria. This programme, which was delivered to over 450 students, is designed to equip students with a range of social skills to achieve their personal and professional ambitions as they transition to adulthood.

Through the Group's Argentinian operations, the Company has provided scholarships which enable students to benefit from further technical studies or college. In addition, the Group has sponsored a number of students on various mining courses which have resulted in job opportunities being offered.

Health

In 2014, the Group strengthened its collaboration with the Peruvian Ministry of Health on the Travelling Doctor Programme (*Medico de Cabecera*) and established cooperation agreements with the aim of extending the reach of the *Medico de Cabecera* programme to more communities and to widen the range of the services offered. In 2014, over 12,000 consultations were facilitated through the Group's mobile medical units.

Socio-economic development

During 2014, the Group built upon the success of its flagship Digital Chalhuanca project which promotes education and local business initiatives to the population of Chalhuanca through the provision of IT facilities. In its three years of operation, over 500 teachers have been trained at the IT Centre indirectly benefiting over 3,000 students. In addition, 1,200 of Chalhuanca's citizens and almost 200 state officials have received IT training catering to their specific needs.

After completion of an irrigation system to support agricultural activity, families in the communities close to the Inmaculada mine were trained in growing fresh local produce and, in addition, guinea pig breeding. In 2015, the Group will focus on promoting sustainable self sufficiency by supporting the families as they commence sales to the local markets. A similar programme has also been overseen by the Group's Argentinian operations.

Insurance

The Group's operations are subject to numerous operating risks, including geological conditions, seismic activity, climactic conditions, interruptions to power supplies, environmental hazards, technical failures and industrial and other accidents at a mine, processing plant or related facility. These risks and hazards could result in fatalities, personal injury, damage to production facilities, environmental damage, business interruption and possible legal liability.

The Group maintains insurance against many of the risks it faces consistent with industry practices for facilities of a similar type and geographic location. The Group has "All Risk—Property and Liability Insurance" coverage that includes machinery damage, natural disasters, fire, robbery, strikes, business interruption, among others. There are, however, certain risks (for example, potential liability for pollution or other hazards as a result of disposing of waste products) where insurance may not be generally available to companies participating in the mining industry. Management periodically reviews the Group's insurance arrangements with its insurance brokers to evaluate whether changes are required to the nature and amount of the coverage. See "Risk Factors—Risks Relating to the Business and Operations of the Group—The Group is subject to a number of risks and hazards inherent to the mining business, which are not fully covered by insurance".

Legal Proceedings and Disputes

The Group is involved in a number of legal and regulatory proceedings and disputes incidental to the normal conduct of its business. Below is a description of the Group's material disputes as of the date of this Prospectus.

Peru

Huallhua

On 16 September 2015, Ares was notified of a claim filed with the courts of Lima, Peru (the "**Claim**") allegedly on behalf of the rural community of Huallhua ("**Huallhua**"), which owns part of the land on which Inmaculada is located. The Claim seeks to have the court declare null and void the easement agreement dated 25 November 2009 between Huallhua and Minera Quellopata S.A.C. (a company that was Suyamarca, which was subsequently merged with Ares), pursuant to which Huallhua granted Ares the right to use the land for 25 years (the "**Contract**"). Specifically, Huallhua is seeking a judgment that: (a) declares the Contract null and void; (b) declares an Assignment Agreement dated 13 December 2011 between Minera Quellopata S.A.C. and Suyamarca null and void; and (c) orders the cancellation of the record of the Contract with the Public Registry of Property so as to revert possession of such land to Huallhua. The Company understands from the current leaders of Huallhua that the Claim was filed by a former attorney of Huallhua (Mr. Wilfredo Bravo Yapias) without their knowledge and consent pursuant to a power of attorney granted in the attorney's favour in January 2013. The power of attorney was granted by a former President of Huallhua, who stepped down from his position promptly thereafter. The Claim is based on the assertion that the meetings of the General Assembly of Huallhua held on 18 and 23 November 2009, at which the Contract was approved and a power of attorney granted to certain members of the community to sign the Contract, are null and void because some of the signatures appearing therein were falsified. Ares has complied with all of its obligations under the Contract, including its obligation to pay the agreed consideration. In June 2015, the Contract was ratified by Huallhua. The Company has been advised by external counsel that claims based on the original contract may be invalid as a result of both the expiration of the relevant period for making claims under the applicable statute of limitations and the recent ratification of the Contract by Huallhua. Based on its analysis and the advice of external counsel, the Company believes that the Claim has no merit and the Company plans to vigorously defend its rights.

Concurrently with the Claim, on 24 September 2015, Ares was notified of pre-action protocol measures allegedly initiated by Huallhua seeking to resolve through conciliation a claim for damages of US\$100 million against Ares for the alleged illegality of the Contract. The pre-action protocol measures

have been filed by the same individual as the Claim, Mr. Wilfredo Bravo Yapias, before commencement of formal proceedings. The damages claim is based on the same factual and legal arguments as the Claim and, as such, the Company believes that it has no merit. The Company plans to vigorously defend its rights should the Claim be filed with the courts of Lima, Peru.

Sipán

On 4 November 2013, the Company became aware of a claim being filed in the courts of Cajamarca in Peru by an association called Colectivo de Protección Ambiental, Derechos y Desarrollo Humano de la Cuenca del Río Yanahuanga Llapa (the “**Association**”) naming: (i) Hochschild Mining (Peru) S.A., (ii) Compañía Minera Sipán S.A.C. (a company formerly owned by the Company that was sold in 2007, which is the operator of the Sipán mine) and (iii) four individuals (former authorities of the rural community of San Antonio de Ojos), alleging that the operation of the Sipán mine, an open-pit gold mine located in the Llapa district in the province of San Miguel in Peru, which is currently in the mining closure stage, caused environmental damage. The Association is seeking (a) compensation for environmental damages and seeks further compensation for a civil legal action, for an aggregate amount of US\$23 million (S/.65 million), (b) execution of the mining closure plan of the Sipán Mine by the end of 2013, (c) the construction of a water dam and (d) the soil remediation.

Concurrently with filing its response to the claim, the Company also filed a motion to dismiss the claims based on the claimant’s lack of standing and expiry of the relevant statute of limitations. The presiding Judge found for the Company and dismissed the claim which is now the subject of an appeal before the Cajamarca Superior Court scheduled for March 2016.

Based on the advice of external legal counsel, the Company expects the appeal to fail and for the original decision to dismiss the claim to be upheld. With respect to the Company’s response, proceedings have been suspended pending the outcome of the appeal before the Cajamarca Superior Court.

Argentina

On 20 December 2013, Minera Santa Cruz S.A. (an affiliate of Hochschild Mining plc) filed a legal claim before the Argentine Supreme Court against the tax on mining reserves created by provincial Law No. 3318. Such legal claim challenges the legality of the tax on mining reserves arguing its unconstitutionality on the ground that it violates the Federal Mining Policy created by national Law No. 24196. After reviewing this claim, the Supreme Court accepted to hear the merits of the case.

PART 4

INDUSTRY OVERVIEW

This Part 4 (*Industry Overview*) has been prepared at the Company's request and expense by CPM. CPM is an independent consulting and research company specialising in commodities and precious metals. The business address of CPM is 30 Broad Street, New York, NY10004, USA. CPM has no material interest in the Company. CPM has given and not withdrawn its consent to the inclusion of this Part 4 (*Industry Overview*) in the form and context in which it appears. CPM also accepts responsibility for this Part 4 (*Industry Overview*) and confirms that it has taken all reasonable care to ensure that the information contained in this Part 4 (*Industry Overview*) is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Silver Market

Overview

The silver market has undergone a significant transformation over the past decade. After remaining in a low price range for most of the 1990s and early 2000s, silver prices have moved to dramatically higher levels at which silver mining is much more profitable than it had been in previous decades. Strong investor demand for silver has fuelled this increase in silver prices, along with strong demand for silver from new industrial applications, though fabrication demand and in particular jewellery and silverware remains the single largest category of silver use.

These supply and demand trends have kept prices at an average price of US\$19.07 for 2014, roughly 3.7 times higher than the average price of US\$5.11 between 1991 and 2005.

Trends

Although silver prices are lower relative to their peak in 2011, prices in 2014 were still higher than levels seen for most of the past several decades in both nominal and inflation-adjusted terms. Prices averaged a record nominal annual high of US\$35.29 in 2011, were 11.7% lower in 2012, and declined again in 2013 and 2014. Although prices have fallen from their 2011 highs in the past three years, they have remained at levels far in excess of where silver prices have traded historically.

Prices declined from an intraday high of US\$48.58 on April 29, 2011, based on nearby active COMEX silver futures settlement prices, to a recent intraday low of US\$13.91 on 26 August 2015. This price decline follows ten successive years of rising silver prices. Silver prices rose from US\$4.38 in 2001 to more than eight times that amount in 2011. This compounded growth of 23% per year was the strongest 10-year rise in silver prices in history.

In the 1990s and early 2000s, prices moved mostly between US\$3.00 and US\$6.00. Prices were weighed down heavily by chronic drawdowns of investor inventories during this 15-year period. Between 1991 and 2005, investors sold 1.7 billion ounces of silver from their inventories. This was the longest period of net investor selling on record. In 2006, investors shifted from being net sellers to net buyers of silver. This was a major and significant development in the silver market. That year set into motion a fresh multi-year period of net investor accumulation of metal. From 2006 to 2013, investors added 1.0 billion ounces of silver back to their holdings, or 62% of the metal they offloaded in the previous 15 years.

The return of investor interest in silver as a medium- to long-term investment in the past decade has expanded the market by several measures. Since investors have become net buyers of silver, prices have found stronger support at levels well above US\$10.00, which, from a historical perspective, is significant. The investor base has grown significantly with the launch of physically backed exchange traded products ("ETP"). These products are investment vehicles that allow a wider array of investors to access the market. The composition of investors is more diverse than it has ever been, providing more stability to investment demand trends. This has been a major positive development in the precious metals markets and has significantly boosted and supported investment demand for these markets over the past several years. Even coin demand has been rising, backed by a growing investor base for silver.

The chart below sets forth the evolution of silver prices in the international markets for the periods indicated:



Source: Bloomberg, CPM Group LLC

Investment Demand

Silver prices were driven lower in 2014 primarily by shorter term investors who moved their funds out of not only silver but much of the commodities complex, investing in U.S. stocks instead. While shorter term investors were offloading their positions, longer term investors were using the price weakness as a buying opportunity. One area of the market where the positive sentiment of longer term investors was evident was in the record sales by the U.S. Mint of Silver Eagle coins to its dealers during the year. The U.S. Mint sold 44 million ounces of silver coins, up 6.1% over 2013 levels. For silver prices to rise it will be critical for investment demand from both short-term and long-term investors to be healthy. Investment demand has always played an important role in determining the price of silver. Like gold, many investors purchase silver as a hedge against financial distress and as a store of value. The historically strong correlation between silver and gold prices additionally allows investors to buy silver as an alternative to gold, and as a precious metal that has a more utilitarian unit value compared to gold.

Investors can buy silver in bullion form either through the private purchase of bullion bars or the purchase of shares of a silver ETP. Starting with the launch of the first silver ETP in 2006, a wave of investors sold their private bullion stocks and replaced them with silver held through shares of silver ETPs. This has resulted in a significant increase in the transparency of investor holdings of silver.

Fabrication Demand

Fabrication demand for silver has undergone several significant shifts since the 1990s. While traditional photography, historically one of the largest end uses of silver since World War II, has lost market share to digital photography, several other major new uses have risen sharply, including solar photovoltaic cells, various electronics applications, and biocides. The rise in electronics silver demand alone has offset more than 63% of the loss in silver demand from the photography industry between 1999 and 2014. Biocides, which use silver in disinfectants, water cleaning systems, and a host of other products, have increased utilisation from a nominal amount a decade ago to nine million ounces in 2014, also helping to offset the declines seen in photography. Fabrication demand has been rising at a healthy pace since 2013, largely driven by an increase in silver jewellery demand but also by an increase in demand from electronics and solar panels. Total silver fabrication demand rose to 865.3 million ounces in 2014, up 3.5% from 2013.

Electronics demand has been rising since the 1950s, with new products requiring silver in contacts, connectors and other applications. In many instances silver is the cheapest and most reliable material for use in conducting electricity. Demand has risen at a compounded annual rate of 4.5% since 1990. Demand for silver from electronics rose during 2014 to 223.7 million ounces, up 2.5% from 2013. The increase was driven in part by the increased use of electronics in the thriving auto market and by the near completion of

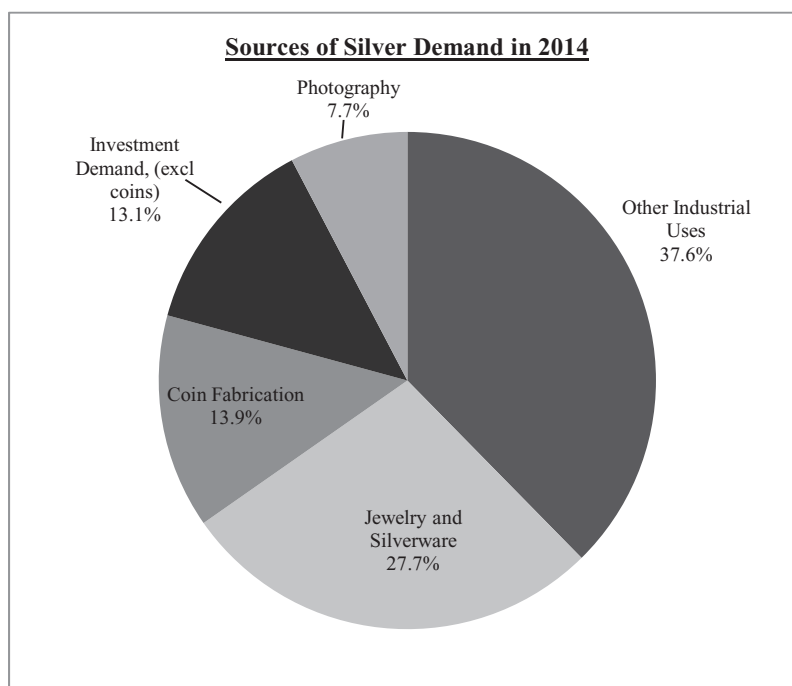
the transition of consumers from personal computers to tablet-style devices, which require smaller quantities of silver per unit. The sheer increase in the number of tablet and tablet-like devices being bought globally more than offset the lost demand from reduced per unit usage.

Jewellery and silverware demand is the largest single category of silver use, although it includes a wide array of applications, from fashion jewellery around the world to silver decorative objects and jewellery used as investments.

Since 2000, amid a rapidly rising price environment, demand has declined at a compounded annual rate of 0.3%. Demand from the jewellery and silverware sector, which accounts for around a third of total fabrication demand, rose to 277.9 million ounces in 2014, up 4.3% from 2013. Demand from this sector was helped by the relatively softer silver prices and by the imposition of import restrictions on gold by the Indian government (which were partially lifted in November 2014), which boosted demand for silver in jewellery.

New to the silver market over the past decade has been the tremendous growth in demand from an emerging industry: photovoltaics. Solar panels, a photovoltaic product, generate electricity by converting energy from the sun into usable electricity. Silver is critical to energy conversion in thick film solar panels, the dominant technology. The rapid development of sophisticated government incentive programmes, designed to accelerate the commercialisation of the solar panel industry and demand for solar panels, has successfully resulted in an increase in silver demand from just one million ounces in 2000 to 51 million ounces in 2011. In 2012, silver demand dropped 22% to 39.5 million ounces, mostly due to a 30% average reduction in the per-unit content of silver in solar panels. Silver demand from the solar panel industry reached a record high of 62.7 million ounces in 2014, up 33.1% from 2013 levels.

There are many other uses of silver. Silver is used in brazing alloys and solders, catalysts, electroplating, biocides, chemicals, and many others. The use of silver in ethylene oxide production catalysts has been on the rise for several years and is becoming an ever more important source of demand growth. Ethylene oxide is used in plastics, fertilisers, detergents, and many other products critical to modern day life. New uses of silver are discovered every day, all of which contribute to growth in silver fabrication demand.



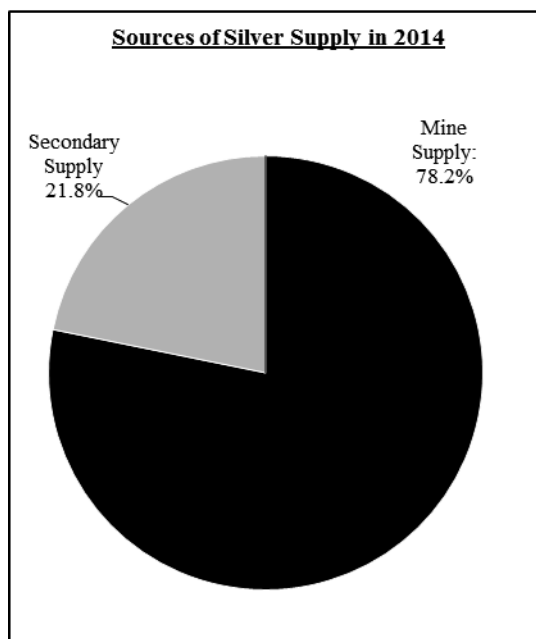
Source: CPM Group LLC

Supply

Total annual supply of silver rose at a compounded annual rate of 1.7% between 2000 and 2014, which was slower than the historical rate of 2.8% since 1950. Low silver prices in the 15 years through 2001 hampered the development of silver mine production capacity. Chronic under-investment in new mine development

projects in the 1990s translated to slow growth in mine supply in the subsequent decade. On average, it can take approximately 10 to 15 years from initial discovery to start production at a mine. In that period, financing is a critical component of the development of a mine, a capital-intensive project. Silver prices barely encouraged investors to pay attention to silver mine projects in the 1990s and early 2000s. Low prices for copper, gold, lead, and zinc at the time, of which silver is produced as a by-product, also weighed on mine supply growth prospects.

An increase in metals prices during the 2000s resulted in a large amount of new mine capacity coming on stream in recent years. The relatively gentler decline in silver prices during 2014, compared to 2013, had less of a negative impact on silver secondary supply, which is estimated to have declined by 6.5% during 2014.



Source: CPM Group LLC

Gold Market

Overview

Gold prices rose from US\$280.00 per ounce at the start of 2002 to a record high intraday price of US\$1,920.70 per ounce on 6 September 2011. This was a 5.9-fold increase in the price of gold. Since late 2011, the price of gold has reversed its upward trajectory, falling to an intraday low of US\$1,072.30 on 24 July 2015. This was a decline of over 40% from the record high. The increase in prices resulted in increased supply in recent years, but the decline in prices since 2013 resulted in a reduction in capital expenditure on new and expansionary mining projects. The decline in prices of gold since 2013 also resulted in a sharp reduction in global secondary supply. Fabrication demand has been stabilising in recent years after falling for several years from the highs of the year 2000. Central banks remain net buyers of gold as they continue to diversify their reserve assets. Investors, meanwhile, have been purchasing large volumes of gold, which has helped to keep gold prices at historically elevated levels.

Trends

Gold prices reached a record high of US\$1,920.70 per ounce on an intraday basis on 6 September 2011. Political stalemate in the U.S. government regarding negotiations of various topics, including the U.S. borrowing limit, coupled with the first ever downgrade of U.S. creditworthiness and severe financial crises in Greece and other southern states of the Eurozone, helped to drive gold prices to the record high reached in 2011. Gold prices remained at elevated levels in 2012, with prices reaching a record high of US\$1,670.15 per ounce on an annual average basis in 2012. During 2014, gold prices consolidated moving in a narrow range between \$1,130.40 and \$1,392.60. Even though these price levels were down from the highs reached in 2011, they were still very high prices on a historical basis. Gold prices faced a variety of headwinds during 2014, with stock markets rising, the U.S. dollar strengthening, and oil prices weakening.

In spite of all of these typically price-negative factors, the price of gold held up fairly well during 2014 compared to the sharp declines in 2013, and in fact compared to any period prior to 2010. Prices averaged US\$1,266 during 2014, the fourth highest annual average on record. During 2014, gold traded between US\$1,130 and US\$1,393, with most of the price activity occurring between US\$1,200 and US\$1,340.

The rise in gold prices since the early 2000s has reflected a historically unprecedented increase in investor buying of gold. This investor interest was fuelled by many factors, including investor concerns over a host of severe economic, financial, and political uncertainties. Investors have become more price sensitive since 2012, which has been reflected in the decrease in gold prices from their recent peaks.

The chart below sets forth the evolution of gold prices in the international markets for the periods indicated.



Source: Bloomberg, CPM Group LLC

Investment Demand

Investment demand is the primary factor driving gold prices. Investment demand reached extremely high levels in recent years as investors have grown anxious regarding a global financial market collapse, volatile currency markets, and other economic and financial crises. Investors bought large volumes of gold in a rising price environment from 2002 into 2011, which helped to push gold prices to record high levels in 2011. Investment demand rose to 41 million ounces in 2011, a level surpassed only in 1967 and 2003.

Investors remained buyers of gold during 2014, purchasing 19.5 million ounces of the metal on a net basis during the year. Shorter term investors who tend to buy when prices are rising and sell when prices are falling have been the major force behind the decline in gold prices since late 2011. Their selling was most fierce in the second quarter of 2013 and, while it continued through 2014, the volumes of such sales declined sharply compared to the amount sold in the second quarter of 2013. Short-term investor sales were primarily made to longer term investors who remain focused on the vast array of economic, financial market and political issues confronting the world and major governments, most of which remain unresolved. These investors not only absorbed all of the metal liquidated by short term investors in 2014, but purchased an additional 19.5 million ounces.

Another important source of gold investment demand comes from investors buying gold coins. Investors purchased large volumes of gold coins, rising from 2.2 million ounces in 2001 to 7.0 million ounces in 2011.

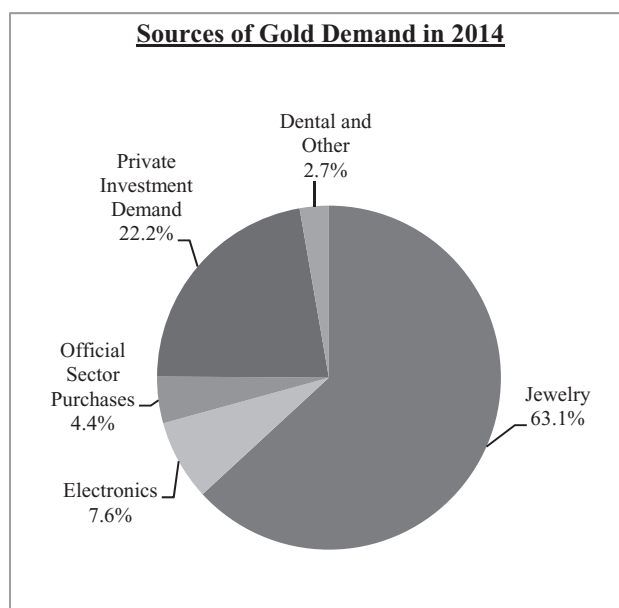
Fabrication Demand

The increase in prices between 2002 and 2012 weighed on gold fabrication demand, which was down approximately 10% during that period. Relatively softer gold prices helped boost gold fabrication demand to 93.0 million ounces in 2014, up 1.2% from 2013. The relative weakness in gold prices since 2012 has helped to increase demand, while consumers have come to accept gold prices at presently higher levels.

Indian demand, which has been hurt in recent years, benefitted from stability in the Indian rupee and weaker global gold prices. These factors reduced the cost of imports to the country.

Jewellery is the largest source of gold fabrication demand, accounting for approximately 84% to 86% of total gold fabrication demand between 2007 and 2012. This demand also is very sensitive to the price of gold. Gold jewellery is a non-essential purchase, which increases consumer price sensitivity. In situations where consumers purchase gold as a part of local customs, such as during the festival and wedding seasons in India, consumers typically purchase smaller quantities of gold jewellery in a high price environment than they otherwise would have if gold prices were not rising or high. When prices show signs of stability or are declining gold jewellery demand rises.

The second largest single use of gold after jewellery comes from electronics. Gold is mostly used in printed circuit boards, which are a key component in consumer electronics such as computers, smart phones, and mobile devices. Demand from this source has been moving sideways to higher. The increase in the price of gold has resulted in manufacturers reducing the per-unit amount of metal loaded in electronic items, but this is being offset by the sheer increase in the volume of electronics products being manufactured.



Source: CPM Group LLC

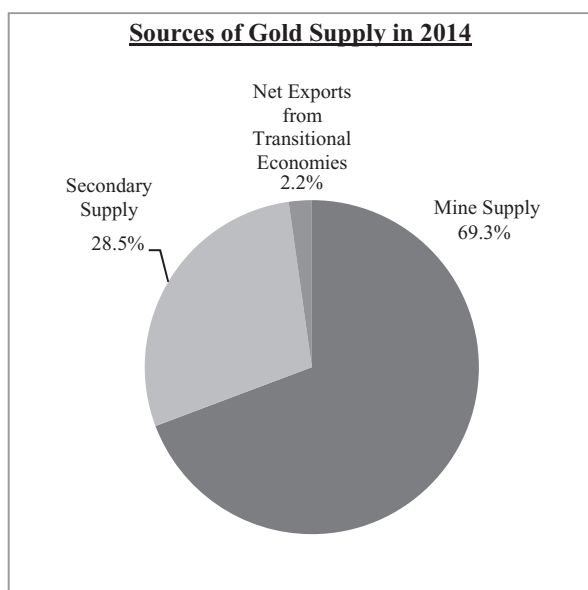
Supply

Gold supply can broadly be broken down into mine supply and secondary or scrap supply. The increase in gold prices since the early 2000s has had a positive impact on supply, with both mine supply and secondary supply rising during this period.

Total gold supply, which is comprised of mine production and secondary supply from old scrap, rose during 2014 to 126.7 million ounces. This increase was entirely driven by an increase in mine production, with scrap recovery declining as a result of the relative weakness in gold prices. The increase in mine supply during 2014 was the result of various projects that were brought on stream between late 2012 and 2014. Some very large projects like Pueblo Viejo, Tropicana East, Detour Lake, Kibali, and Oyu Tolgoi began production during 2013 and were ramping up during 2014, which more than offset any weakness in mine supply from older projects. The decline in gold prices since 2013 resulted in most mining companies scaling back operating and capital expenditures.

Secondary supply is an important component of total supply, accounting for approximately 29% of total annual supply. The largest component of gold secondary supply is scrapped jewellery, accounting for approximately 80% of total gold scrap supply. Jewellery scrap is price sensitive. Holders of jewellery may scrap their old or broken jewellery when prices rise, to profit from high or rising gold prices. Typically there is a positive correlation between scrap supply and gold prices. As a result of this positive correlation, gold scrap supply rose over the past several years in conjunction with gold prices. In the short term, an inverse correlation can develop between prices and the amount of scrap supply. Supply can soften if households

withhold from selling their gold jewellery in a rising price environment in anticipation of still higher prices. Scrap supply could also rise when prices decline if holders of jewellery feel they missed an opportunity to sell their metal when prices were rallying higher.



Source: CPM Group LLC

Official Transactions (Central Bank Gold Activity)

Central banks became net buyers of gold in 2008, after being net sellers of gold between 1989 and 2007. Central banks have begun buying gold as a way to diversify their reserve assets away from foreign exchange, most of which is in U.S. dollars. The increased uncertainty regarding the future value of the world's major reserve currencies has led some central banks to increase their gold holdings. Only a handful of central banks have bought significant amounts of gold over the past few years, although numerous others have added small amounts of gold to their monetary reserves.

Central banks generally remained positive on gold during 2014 as they used the metal to diversify their monetary reserves currently held primarily in U.S. dollars into other currencies and gold. At the end of 2014, estimated net purchases by central banks had reached 14.1 million ounces for the year. Gross purchases during this period were estimated to have reached 17.4 million ounces and gross reductions in holdings were estimated at 3.2 million ounces. Both gross sales and purchases were highly concentrated, with China and Russia accounting for an estimated 54% and 32% of gross purchases, respectively, and the Bank of International Settlement ("BIS") accounting for 81% of gross sales. The Russian central bank gold purchases are part of a broader political policy. Meanwhile, purchases by the People's Bank of China ("PBOC") may be seen as part of the PBOC's move to widen the trading band of the yuan and further liberalise and modernise its monetary policies. Reductions in holdings by the BIS are primarily the unwinding of dollar-gold swaps with major European commercial banks. The European banking system is on better footing now than it was in 2009 and 2010, when these agreements were entered into, but there are still signs of strains, which could mean that the remaining gold might be unwound at a slower pace. It is expected that most of the unwinding was completed in 2014, with some residual amounts of gold to be unwound in 2015. Given the large proportion of gross reductions coming from the BIS, reduced liquidation by the bank should help boost the net additions to central bank gold holdings.

PART 5

FINANCIAL INFORMATION

The tables below set out certain selected consolidated financial and operating information of the Group on a consolidated and segmental basis, as at the dates and for the periods indicated below. For a discussion of the presentation of financial information, see “Important Information”.

Financial data excludes 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 Group’s financial performance and to facilitate comparison with prior periods.

The selected historical financial information included in this Part 5 has been derived as follows:

- The financial information as at and for the six months ended 30 June 2015 and for the six months ended 30 June 2014 has been derived from the 2015 Interim Condensed Financial Statements incorporated by reference in this Prospectus.
- The financial information as at and for the year ended 31 December 2014 has been derived from the 2014 Financial Statements incorporated by reference in this Prospectus.
- The financial information as at and for the year ended 31 December 2013 has been derived from the 2013 Financial Statements incorporated by reference in this Prospectus.
- The financial information as at and for the year ended 31 December 2012 has been derived from the 2012 Financial Statements incorporated by reference in this Prospectus.

See “Presentation of financial information of the Group”. The selected consolidated financial information should be read in conjunction with Part 6 (*Operating and Financial Review*) of this Prospectus and the Financial Statements and the notes thereto incorporated by reference in this Prospectus, and summarised information should not be relied on.

SELECTED HISTORICAL FINANCIAL INFORMATION

Selected consolidated pre exceptional income statement data:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	US\$'000	US\$'000	US\$'000	(unaudited) US\$'000	US\$'000
Continuing operations					
Revenue	817,952	622,158	492,951	282,012	190,259
Cost of Sales	(420,325)	(466,766)	(404,639)	(209,421)	(174,493)
Gross profit	397,627	155,392	88,312	72,591	15,766
Administrative expenses	(72,995)	(54,425)	(43,335)	(21,355)	(18,779)
Exploration expenses	(64,612)	(42,871)	(17,254)	(8,175)	(4,092)
Selling expenses	(39,460)	(28,785)	(28,697)	(14,536)	(11,600)
Other income	8,733	3,974	4,112	2,030	2,602
Other expenses	(9,525)	(15,555)	(17,512)	(4,817)	(4,604)
Impairment and write-off of assets net	—	—	—	—	—
(Loss)/profit from continuing operations before net finance income/(cost), foreign exchange loss and income tax	219,768	17,730	(14,374)	25,738	(20,707)
Share of post-tax profit of associates accounted for under equity method	6,456	5,921	—	—	—
Finance income	1,988	10,675	2,215	1,813	581
Gain on transfer from investment accounted for under the equity method to available-for-sale financial assets	—	—	—	—	—
Finance costs	(12,870)	(11,697)	(33,074)	(18,087)	(14,636)
Foreign exchange loss	(1,212)	(19,753)	(4,990)	(335)	(1,211)
(Loss)/profit from continuing operations before income tax	214,130	2,876	(50,223)	9,129	(35,973)
Income tax (expense)/benefit	(85,549)	(44,979)	(6,466)	(10,675)	(1,777)
Loss for the year from continuing operations	128,581	(42,103)	(56,689)	(1,546)	(37,750)
Attributable to:					
Equity shareholders of the Company	64,830	(50,345)	(54,963)	(2,469)	(38,341)
Non-controlling interests	63,751	8,242	(1,726)	923	591
	128,581	(42,103)	(56,689)	(1,546)	(37,750)
Basic and diluted loss per ordinary share from continuing operations for the year (expressed in US dollars per share)	0.19	(0.15)	(0.15)	(0.01)	(0.10)
Total exceptional items	(1,715)	(86,574)	(14,142)	(10,203)	(6,135)

Selected consolidated balance sheet data:

	Year ended 31 December			Six months ended 30 June 2015 (unaudited) US\$'000
	2012 US\$'000	2013 US\$'000	2014 US\$'000	
Assets				
Non-current assets				
Property, plant and equipment	636,555	873,477	1,076,310	1,136,541
Evaluation and exploration assets	396,557	204,643	207,290	208,286
Intangible assets	43,903	43,683	42,815	41,860
Investments accounted under equity method	78,188	—	—	—
Available-for-sale financial assets	30,609	51,658	455	653
Trade and other receivables	8,613	12,128	6,488	5,897
Deferred income tax assets	856	2,416	1,574	896
	1,195,281	1,188,005	1,334,932	1,394,133
Current assets				
Inventories	76,413	69,556	58,417	59,570
Trade and other receivables	166,173	167,740	167,038	156,006
Income tax receivable	23,023	22,156	25,584	22,155
Other financial assets	150	—	4,342	9,052
Cash and cash equivalents	358,944	286,435	115,999	84,316
	624,703	545,887	371,380	331,099
Total assets	1,819,984	1,733,892	1,706,312	1,725,232
Equity and liabilities				
Capital and reserves attributable to shareholders of the Parent				
Equity share capital	158,637	170,389	170,389	170,609
Share premium	395,928	396,021	396,021	396,021
Treasury shares	(898)	(898)	(898)	(898)
Other reserves	(214,946)	(211,143)	(217,335)	(214,073)
Retained earnings	720,011	511,492	451,047	408,227
	1,058,732	865,861	799,224	759,886
Non-controlling interests	264,518	104,375	95,160	95,751
Total equity	1,323,250	970,236	894,384	855,637
Non-current liabilities				
Trade and other payables	—	174	92	81
Borrowings	106,850	—	440,834	442,898
Provisions	76,550	79,649	111,751	107,163
Deferred income	—	22,000	25,000	25,000
Deferred income tax liabilities	95,715	93,505	84,959	85,403
	279,115	195,328	662,636	660,545
Current liabilities				
Trade and other payables	149,585	119,222	111,890	102,642
Other financial liabilities	6,891	2,294	1,533	1,541
Borrowings	6,973	435,925	27,882	97,053
Provisions	26,688	9,573	2,870	7,580
Income tax payable	27,482	1,314	5,117	234
	217,619	568,328	149,292	209,050
Total liabilities	496,734	763,656	811,928	869,595
Total equity and liabilities	1,819,984	1,733,892	1,706,312	1,725,232

Selected consolidated cash flow statement data:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	US\$'000	US\$'000	US\$'000	US\$'000 (unaudited)	US\$'000 (unaudited)
Cash flows from operating activities					
Cash generated from operations	344,119	116,084	129,993	56,477	44,503
Interest received	2,614	6,236	1,931	1,533	346
Interest paid	(9,987)	(10,292)	(25,585)	(6,021)	(18,554)
Payment of mine closure costs	(3,667)	(4,781)	(5,524)	(2,485)	(969)
Income tax paid	(78,200)	(42,573)	(7,036)	(5,345)	(7,006)
Net cash generated from operating activities . . .	254,879	64,674	93,779	44,159	18,320
Cash flows from investing activities					
Purchase of property, plant and equipment	(297,537)	(248,335)	(309,033)	(140,456)	(116,012)
Purchase of evaluation and exploration assets . .	(46,903)	(10,781)	(6,071)	(2,188)	(2,732)
Purchase of intangibles	—	(1,625)	(281)	(281)	(592)
Acquisition of subsidiary	(96,332)	(14,615)	—	—	—
Dividends received	—	2,423	494	414	—
Dividends received from associates	8,454	3,385	—	—	—
Proceeds from deferred income	4,000	17,593	3,223	1,223	—
Proceeds from sale of available-for-sale financial assets	—	33,498	48,097	14,121	3
Proceeds from sale of property, plant and equipment	449	344	564	118	121
Net cash used in investing activities	(427,869)	(218,113)	(263,007)	(127,049)	(119,212)
Cash flows from financing activities					
Proceeds of borrowings	53,500	440,010	482,393	357,812	100,784
Repayment of borrowings	(93,221)	(116,701)	(458,132)	(322,828)	(29,924)
Transaction costs of borrowings	—	(9,145)	(9,166)	—	—
Acquisition of non-controlling interest	—	(272,127)	—	—	—
Proceeds from issue of ordinary shares	—	71,916	—	—	—
Dividends paid	(62,467)	(18,503)	(10,056)	(7,610)	(645)
Capital contribution from non-controlling interests	7,346	4,380	—	—	—
Cash flows generated in financing activities . . .	(94,842)	99,830	5,039	27,374	70,215
Net decrease in cash and cash equivalents					
during the year	(267,832)	(53,609)	(164,189)	(55,516)	(30,677)
Exchange difference	(705)	(18,900)	(6,247)	(5,369)	(1,006)
Cash and cash equivalents at beginning of year .	627,481	358,944	286,435	286,435	115,999
Cash and cash equivalents at end of year	358,944	286,435	115,999	225,550	84,316

PART 6

OPERATING AND FINANCIAL REVIEW

The following discussion contains an analysis of the Company's financial condition and results of operations for the six months ended 30 June 2015 and 2014 and for the years ended 31 December 2014, 2013 and 2012. The following discussion should be read in conjunction with the Company's annual audited consolidated financial statements and unaudited interim condensed consolidated financial statements, together with the related notes, included in this Prospectus.

Overview

Hochschild Mining is one of the world's leading precious metals groups, focusing on the exploration, mining, processing and sale of silver and gold with more than 50 years of experience operating in the Americas. Based on data published in The World Silver Survey 2015 by Thomson Reuters, as of December 2014, the Group was among the top five primary silver producers in the world in terms of ounces produced. For the year ended 31 December 2014, the Group produced 16.2 million ounces of silver and approximately 101 thousand ounces of gold. For the six months ended 30 June 2015, the Group produced 6.3 million ounces of silver and approximately 40.6 thousand ounces of gold.

For the year ended 31 December 2014, the Group generated cash flow from operating activities of US\$93.8 million, and an Adjusted EBITDA of US\$135.6 million, representing an Adjusted EBITDA margin of 27.5%, compared to cash flow from operating activities of US\$64.7 million, and an Adjusted EBITDA of US\$201.0 million, representing an Adjusted EBITDA margin of 32.3%, for the year ended 31 December 2013. As of 31 December 2014, the Group had US\$462.9 million of Indebtedness and US\$116.0 million of cash and cash equivalents.

For the six months ended 30 June 2015, the Group generated cash flow from operating activities of US\$18.3 million, and an Adjusted EBITDA of US\$39.3 million, representing an Adjusted EBITDA margin of 20.7%, compared to cash flow from operating activities of US\$44.2 million, and an Adjusted EBITDA of US\$94.3 million, representing an Adjusted EBITDA margin of 33.4%, for the six months ended 30 June 2015. As of 30 June 2015, the Group had US\$533.8 million of Indebtedness and US\$84.3 million of cash and cash equivalents.

In 2006, the Company became the first Latin American company to be listed on the London Stock Exchange in nearly 100 years. The Company is headquartered in Lima, Peru.

The Group is impacted by silver and gold prices and, in recent years, the mining industry has experienced a decline in silver and gold prices, from an average of US\$31.1 per ounce in the year ended 31 December 2012 to an average of US\$16.6 per ounce in the six months ended 30 June 2015 in the case of silver, and from an average of US\$1,669 per ounce in the year ended 31 December 2012 to an average of US\$1,206 per ounce in the six months ended 30 June 2015 in the case of gold. In this environment of challenging commodity prices, the Group has reacted since April 2013 by restructuring its operations and reducing costs to mitigate the impact of lower prices through the implementation of a cash flow optimisation programme, which has delivered targeted cost savings to date of approximately US\$300 million. See “—Factors Affecting the Group's Results of Operations—Costs and Expenses”.

Factors Affecting the Group's Results of Operations

Precious Metal Prices

The financial performance of the Group is significantly affected by the market prices of gold and silver, particularly the prices quoted in the international markets for these commodities. Gold and silver prices have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Group. These factors, which affect each precious metal to varying degrees, include international economic and political conditions, levels of supply and demand, inventory levels maintained by producers and others, and, to a lesser degree, inventory carrying costs and currency exchange rates. In addition, the market prices of certain metals have on occasion been subject to rapid short-term changes due to speculative investment activities. See “Risk Factors—Risks Relating to the Business and Operations of the Group—The Group's business is highly dependent upon the price of silver and gold”.

The following table sets forth the average published market spot prices for gold and silver, for periods indicated:

(U.S. dollars per Ounce)	Year ended 31 December			Six months ended 30 June 2015
	2012	2013	2014	
Gold spot (average)	1,668.59	1,411.23	1,266.40	1,206.02
Silver spot (average)	31.14	23.79	19.08	16.56

Source: Bloomberg

The key drivers and recent trends of each of the metals produced by the Group are the following:

- *Gold* is generally seen as a store of value and therefore its price tends to be resilient in times of economic uncertainty. In addition to its uses in jewellery, electronics and currency, the Directors expect investment demand for gold to continue to show strength. Gold prices faced a variety of headwinds during 2014, with stock markets rising, the U.S. dollar strengthening, and oil prices weakening. In spite of all of these typically price-negative factors, the price of gold held up fairly well during 2014 compared to the sharp declines in 2013. Prices averaged \$1,266 during 2014, the fourth highest annual average on record. During 2014 gold traded between \$1,132 and \$1,393, with most of the price activity occurring between \$1,200 and \$1,340.
- *Silver* is also generally seen as a store of value and therefore its price tends to be resilient in times of economic uncertainty. In addition, applications in electronics and solar cells have added to the already widespread uses of silver in photography, currency, jewellery and silverware. The weakness in silver prices during 2014 provided opportunities for longer term investors who were buying in large quantities which played an important role supporting prices over the course of 2014. Silver prices averaged \$19.08 during 2014, down from an annual average of \$23.79 in 2013.

Limited new production of gold and silver in the market and scarcity of precious metal projects are significant factors that have constrained supply and, combined with weakness in gold and silver prices since 2012, have helped to increase demand. For further information on the principal trends affecting these metals, see Part 4 (*Industry Overview*).

Production Volumes & Ore Grade

Production volumes, the grade of the ore extracted from the Group's mines and the level of maintenance capital expenditures affect the Group's business performance. Production volume in 2013 was 20.5 million of attributable silver equivalent ounces. The Group is on track to deliver the production target for 2015 from the four current operations (including the Inmaculada mine, which is expected to deliver 6 to 7 million silver equivalent ounces) of 24 million silver equivalent ounces. Capacity has increased at two of the Group's mines in the last three years—Arcata and San Jose. Both mines enjoyed strong production in 2014 with their combined contribution increasing by 3% compared to the previous year, whilst the adjustment in production at Pallancata reflected the continuing move to thinner veins.

The Group initiated a policy almost four years ago to mine close to the average reserve grade at each operation site. This has necessitated an adjustment of grade, at the Arcata mine in particular, to ensure consistent, more predictable production and allow for maximum value accretive life-of-mine. Grades at underground narrow-veined deposits are subject to volatility and the Group has typically disclosed an approximately $\pm 15\%$ volatility rate as a normal factor in ongoing production. However, the Group has consistently been able to achieve its yearly production targets since the initial public offering of the Company in 2006.

In order to reduce operating expenditure and ensure that all the Group's mines can deliver profitable ounces in 2015, the mine plans of the Arcata and Pallancata operations have been optimised to maximise cash generation with the operational focus expected to be on accessible ore areas requiring reduced capital expenditure with cut-off grades reflecting the current weaker metal price environment. Plant throughput has been reduced to 1,500 tonnes per day at Arcata and 1,800 tonnes per day at Pallancata, with the San José operation in Argentina continuing at its current level of 1,650 tonnes per day.

The following table sets forth the Group's total and attributable production of gold and silver and ore grade of its reserves, for the periods indicated:

	Year ended 31 December			Six months ended 30 June 2015
	2012	2013	2014	
Total silver production (millions of ounces) ⁽¹⁾	19.4	19.8	19.4	7.7
Total gold production (thousands of ounces) ⁽¹⁾	164.3	175.2	147.0	61.3
Total silver equivalent production (millions of ounces) ⁽¹⁾	29.3	30.3	28.2	11.4
Attributable silver equivalent production (millions of ounces) ⁽²⁾	20.3	24.2	22.2	8.7
Average Ore Grade of Reserves (total main operations silver equivalent grams per tonne)	439	432	464	—

(1) Total production includes 100% of all production, including production attributable to the Group's joint venture partner at San Jose as well as production in 2013 from the Moris mine which has now been sold.

(2) Attributable production for the year ended 31 December 2014 includes 100% of all production from Arcata, Pallancata and Ares and 51% from San Jose. Comparatives for 2013 have been restated to include 100% of production from Pallancata and also include production from the now-sold Moris mine.

Costs and Expenses

The Group's ability to manage costs and expenses affects the performance of its business. The Group focuses on controlling and limiting costs and expenses relative to its peers so that it is better prepared to overcome less favourable pricing conditions.

The Group's mines are generally labour intensive and labour costs are the largest component of the cost structure of the Group. The Group's management estimates labour costs accounted for approximately 35% of the operating costs in Peru, and approximately 60% in the structurally higher-cost Argentina mine, San Jose, for the year ended 31 December 2014. The Group's labour agreements are negotiated annually based on existing market conditions. The Group is also exposed to other input costs such as energy prices, cost of parts and materials and cyanide prices.

Overall, mining costs have risen in Peru in recent years. However, in 2013, the Group was able to react quickly to commodity price cycles by aggressively reducing costs, expenses and capital expenditures. Following the major decline in precious metal prices in April 2013, the Group commenced the first stage of a cash flow optimisation programme in order to conserve capital and optimise cash flow in a volatile price environment. The cash flow optimisation programme has delivered targeted cost savings to date of approximately US\$300 million made up of reductions of approximately US\$101 million in production costs, US\$135 million in sustaining capital expenditures and US\$58 million in exploration costs since April 2013. The Group has expanded the scope of this initiative to systematically cover all areas of the business, including operating costs, maintenance capital expenditures and administrative costs, as well as re-focusing its exploration programme going forward. The Group has achieved significant cost reductions as a result of these initiatives. All-in sustaining costs at its main operations were reduced by 14% in 2013 to \$18.7 per ounce and further reduced 10% in 2014 to \$16.9 per ounce. This total consists of a combination of ongoing decrease in industry cost inflation, devaluation of local operating currencies, grade improvements, particularly at Arcata in 2014, headcount reductions, renegotiation of terms with local and international suppliers, reduction of exploration programmes, operating efficiencies at the mine level, and cuts to other discretionary support expenditures.

The table below details the Group's unit cost per tonne⁽¹⁾, including royalties, for the periods indicated:

(U.S. dollars per Tonne)	Year ended 31 December			Six months ended 30 June 2015
	2012	2013	2014	
Core Assets	103.2	103.2	106.6	138.3
Peru	75.1	74.2	77.3	106.5
Arcata	86.3	81.3	89.1	113.2
Pallancata	67.2	68.3	69.3	99.5
Argentina:				
San Jose	202.2	210.0	197.8	219.5
Others				
Ares	138.4	128.3	119.3	—
Total	107.8	106.1	107.4	138.3

(1) Unit cost per tonne is calculated by dividing mine and geology costs by extracted tonnage and plant and other costs by treated tonnage.

The table below details the Group's silver co-product cash cost⁽¹⁾, for the periods indicated:

(U.S. dollars per Ounce)	Year ended 31 December			Six months ended 30 June 2015
	2012	2013	2014	
Arcata	14.5	12.7	12.6	11.5
Pallancata	11.4	10.3	11.0	12.3
San Jose	14.4	13.4	12.1	11.5

(1) Co-product silver cash costs are total cash costs multiplied by the percentage of revenue from silver, divided by the number of silver ounces sold in the applicable period. Cash costs are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items less depreciation included in costs of sales.

The principal components in the Group's cost structure are labour costs, depreciation, reagents, specialised mining services (contractors) and services to personnel (transportation, catering). With the recent sharp decrease in precious metal prices and the resulting implementation of the Group's cash flow optimisation programme which has allowed the Group to manage these components effectively, the Group has demonstrated an ability to properly mitigate against the effects of a volatile precious metal price environment.

Hedging

The Group has recently utilised a focused hedging strategy to maintain cash flow stability whilst it is allocating project capital expenditure. The Group's flexible hedging policy allows it to approve hedges to mitigate the effect of price movements taking into account the Group's asset mix and forecast production. The Group uses commodity swaps to hedge certain of its cash flows from product sales against price risk.

Commercial Terms

The Group sells its products through a variety of contractual arrangements. See "Sales & Marketing" in Part 3 (*Business*). The Group's client base is composed of major global commodity traders and refineries. Sales prices for the Group's products typically are set by reference to prices quoted on the London Metal Exchange and London Bullion Market Association. In the case of concentrate, pricing is based on prevailing average prices for the relevant metal for a given period, generally for the month following shipment or close to the execution date. Revenues are recorded at provisional prices determined at the time of shipment. Usually, an adjustment is then made after delivery of the metal, based on the pricing terms contained in the applicable contract. In the case of Doré, pricing is based on spot prices, as determined by the Group's commercial team.

Inflation and Devaluation of Local Currencies

The Group's functional currency is the U.S. dollar. For the year ended 31 December 2014, management estimates approximately 70% of the Group's operating costs in Peru were denominated in Peruvian *nuevos soles* with a further 70% of its operating costs in Argentina denominated in Argentine *pesos*. Since the

Group's revenues are primarily denominated in U.S. dollars, when inflation/deflation in Peru/Argentina is not offset by a change in the exchange rate of the Peruvian *nuevo sol*/Argentine *peso* to the U.S. dollar, the Group's financial position, results of operations and cash flows may be affected to the extent that the inflation/devaluation effects are passed onto the Group by its suppliers or reflected in its wage adjustments. In addition, the U.S. dollar value of the Group's net monetary assets denominated in Peruvian *nuevos soles* /Argentine *pesos* may also be affected by such currency variations.

Recent currency movements are provided in the table below:

Currency ⁽¹⁾	Year ended 31 December			Six months ended 30 June 2015
	2012	2013	2014	
Peruvian <i>nuevo sol</i> depreciation / (appreciation) rate	(5.4)%	9.6%	6.9%	6.6%
Argentine <i>peso</i> depreciation / (appreciation) rate	14.3%	32.6%	29.9%	6.3%

Source: Bloomberg

(1) Percentages represent the average variation for the relevant period.

Political Risk

The Group's operating mines are located in Peru and Argentina, while its development projects and prospects are located in Peru, Argentina, Mexico and Chile. Accordingly, the Group's business, financial condition or results of operations could be adversely affected by changes in economic or other policies of the Peruvian, Mexican, Argentinian or Chilean governments or other political, regulatory or economic developments in these jurisdictions. See "Risk Factors—Other Risks Relating to Operating in Peru, Mexico, Chile and Argentina", Part 3 (*Business*) and Part 9 (*Regulatory Overview*).

Operating Segments

For accounting purposes, the Group has four core operating segments based on current mining operations: (i) Arcata (Peru) which generates revenue from the sale of gold, silver, Concentrate and Doré, (ii) Pallancata (Peru) which generates revenue from the sale of Concentrate, (iii) San Jose (Argentina) which generates revenue from the sale of gold, silver, Concentrate and Doré, and (iv) Inmaculada (Peru), which generates revenue from the sale of gold and silver. The remaining operating segments are (i) Exploration, which explores and evaluates areas of interest in brownfield and greenfield sites with the aim of extending the life-of-mine of existing operations and to assess the feasibility of new mines; the Exploration segment includes costs charged to the profit and loss and capitalised as assets, when appropriate, and (ii) Other, which includes the results generated by Empresa de Transmisión Callalli S.A.C. (a power generation company), HMX, S.A. de C.V. (a service company in Mexico), Empresa de Transmisión Aymaraes S.A.C. (a power transmission company), the Selene mine, which closed in 2009 and, as a consequence, is not considered a reportable segment, and the Moris mine (sold on 28 February 2014), which generated revenue from the sale of gold and silver and was a core segment until 31 December 2013; accordingly, this operation did not meet the quantitative thresholds to be a separate reportable segment in 2014 and has been included in 'Other.' The comparative segment information has been restated to reflect these changes.

The Group's administration, financing, other activities (including other income and expense) and income taxes are managed at a corporate level and are not allocated to operating segments. The Group's segment information is consistent with its accounting policies. The Group evaluates financial information based on the International Financial Reporting Standards, as adopted for use in the European Union. The Group measures the performance of its operating units by the segment profit or loss that comprises gross profit, selling expenses and exploration expenses. Segment assets include items that could be allocated directly to the segment.

Results of Operations

The reporting currency of the Group is U.S. dollars. In discussions of financial performance the effect of exceptional items is removed, unless otherwise indicated. 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 Group's financial performance and to facilitate comparison with prior years.

Six months ended 30 June 2014 Compared to six months ended 30 June 2015

	Six months ended 30 June						Variation (%)
	2014			2015			
	Before Exceptional Items	Exceptional Items	Total	Before Exceptional Items	Exceptional Items	Total	Before Exceptional Items
(U.S. dollars in thousands)							
Revenue	282,012	—	282,012	190,259	—	190,259	(32.5)
Cost of sales	(209,421)	(3,511)	(212,932)	(174,493)	—	(174,493)	(16.7)
Gross profit	72,591	(3,511)	69,080	15,766	—	15,766	(78.3)
Administrative expenses	(21,355)	(868)	(22,223)	(18,779)	—	(18,779)	(12.1)
Exploration expenses	(8,175)	(537)	(8,712)	(4,092)	—	(4,092)	(49.9)
Selling expenses	(14,536)	—	(14,536)	(11,600)	—	(11,600)	(20.2)
Other income	2,030	—	2,030	2,602	—	2,602	28.2
Other expenses	(4,817)	(2,963)	(7,780)	(4,604)	—	(4,604)	(4.4)
Impairment and write-off of assets (net)/ (reversal)	—	(476)	(476)	—	(5,917)	(5,917)	—
Profit/(loss) from continuing operations before net finance income/(cost), foreign exchange loss and income tax	25,738	(8,355)	17,383	(20,707)	(5,917)	(26,624)	(180.5)
Share of post-tax profit/(losses) of associates and joint ventures accounted for under equity method . .	—						—
Gain on transfer from investment accounted under the equity method to available-for-sale financial assets							—
Finance income	1,813	—	1,813	581	—	581	(68.0)
Finance costs	(18,087)	(4,189)	(22,276)	(14,636)	(1,486)	(16,122)	(19.1)
Foreign exchange loss	(335)	—	(335)	(1,211)	—	(1,211)	261.5
Profit/(loss) from continuing operations before income tax	9,129	(12,544)	(3,415)	(35,973)	(7,403)	(43,376)	(494.1)
Income tax (expense)/ benefit	(10,675)	2,341	(8,334)	(1,777)	1,268	(509)	(83.4)
Profit/(loss) for the period from continuing operations	(1,546)	(10,203)	(11,749)	(37,750)	(6,135)	(43,885)	2,341.8
Attributable profit/(loss) for the period from continuing operations to equity shareholders of the Company	(2,469)	(10,161)	(12,630)	(38,341)	(6,135)	(44,476)	1,452.9
Attributable profit/(loss) for the period from continuing operations to non-controlling interests	923	(42)	881	591	—	591	(36.0)

NM—Not meaningful

Revenue

The following table sets forth a breakdown of the Group's revenue by segment for the periods indicated:

	Six months ended 30 June				
	2014	Percent of Total Revenue	2015	Percent of Total Revenue	Variation (%)
(U.S. dollars in thousands)					
Ares (Peru)	24,811	8.8	—	—	—
Arcata (Peru)	61,735	21.9	52,945	27.8	(14.2)
Pallancata (Peru)	84,837	30.1	41,440	21.8	(51.2)
San Jose (Argentina)	110,126	39.1	95,749	50.3	(13.1)
Moris (Mexico)	471	0.2	—	—	—
Other	32	0.0	125	0.1	290.6
Total	282,012	100.0	190,259	100.0	(32.5)

The following table sets forth the Group's revenue by product for the periods indicated:

	Six months ended 30 June		Variation (%)
	2014	2015	
(U.S. dollars in thousands)			
Gold (from Doré bars)	36,418	30,664	(15.8)
Silver (from Doré bars)	37,303	58,796	57.6
Gold (from Concentrate)	59,389	37,012	(37.7)
Silver (from Concentrate)	148,870	63,662	(57.2)
Services	32	125	290.6
Total	282,012	190,259	(32.5)

The following table sets forth the Group's ounces sold and the prices by product for the periods indicated:

	Six months ended 30 June		Variation (%)
	2014	2015	
Silver ounces sold (thousands of ounces)	10,086	7,785	(22.8)
Average realised silver price (U.S. dollars per ounce)	20.50	16.9	(17.7)
Gold ounces sold (thousands of ounces)	76.3	58.0	(24.0)
Average realised gold price (U.S. dollars per ounce)	1,328	1,227	(7.6)

Revenue decreased 32.5% to US\$190.3 million for the six months ended 30 June 2015, consisting of silver revenue of US\$122.5 million and gold revenue of US\$67.7 million, from US\$282.0 million for the six months ended 30 June 2014, consisting of silver revenue of US\$186.2 million and gold revenue of US\$95.8 million. For the six months ended 30 June 2015, silver and gold accounted for 64.4% and 35.6% of the Group's total revenue, respectively, from 66.0% and 34.0%, respectively, for the six months ended 30 June 2014. This decrease was primarily the result of a decrease of 17.7% in the price of silver, and a decrease of 7.6% in the price of gold.

Ares (Peru)

Revenue from the Ares (Peru) segment decreased to zero for the six months ended 30 June 2015, from US\$24.8 million for the six months ended 30 June 2014. This decrease was primarily the result of the suspension of the Ares mine unit in the second quarter of 2014.

Arcata (Peru)

Revenue from the Arcata (Peru) segment decreased 14.2%, to US\$52.9 million for the six months ended 30 June 2015, from US\$61.7 million for the six months ended 30 June 2014. This decrease was primarily the result of a decrease in the number of ounces sold and decreases in gold and silver prices.

Pallancata (Peru)

Revenue from the Pallancata (Peru) segment decreased 51.2%, to US\$41.4 million for the six months ended 30 June 2015, from US\$84.8 million for the six months ended 30 June 2014. This decrease was primarily the result of a decrease in the number of ounces sold and decreases in gold and silver prices.

San Jose (Argentina)

Revenue from the San Jose (Argentina) segment decreased 13.1%, to US\$95.7 million for the six months ended 30 June 2015, from US\$110.1 million for the six months ended 30 June 2014. This decrease was primarily the result of decreases in prevailing gold and silver prices.

Cost of Sales

Cost of sales before exceptional items decreased 16.7%, to US\$174.5 million for the six months ended 30 June 2015, from US\$209.4 million for the six months ended 30 June 2014.

The following table sets forth the Group's cost of sales for the periods indicated:

(U.S. dollars in thousands)	Six months ended 30 June		Variation (%)
	2014	2015	
Personnel expenses	55,480	52,977	(4.5)
Materials	38,744	32,209	(16.9)
Transportation	12,965	11,566	(10.8)
Energy	9,102	7,049	(22.6)
Mining royalty	3,029	2,613	(13.7)
Other direct costs	13,747	11,274	(18.0)
Depreciation and amortisation	60,043	56,962	(5.1)
Change in products in process and finished goods	16,311	– 157	(101.0)
Total	209,421	174,493	(16.7)

Personnel Expenses

Personnel expenses include compensation (salary, bonus and profit sharing in Peru) for the Group's mine workers. The decrease of 4.5% was primarily the result of lower headcount.

Materials

Materials include plant reagents, explosives, fuel and mine support materials (steel, cement and wood). The decrease of 16.9% was primarily the result of lower production at Pallancata, Arcata and Ares, and savings from the implementation of the Cash optimization Plan.

Transportation

Transportation includes the transportation of mineral ore from the mines to the plants and personnel transportation. The decrease of 10.8% was primarily the result of lower production in Pallancata, Arcata and Ares units, and savings from the implementation of the Cash Optimization Plan.

Energy

The decrease of 22.6% was primarily the result of lower production at Pallancata, Arcata and Ares, and lower energy rates in Peru.

Mining Royalty

The 13.7% decrease was primarily a result of lower metal prices and lower production in the first half of 2015 compared with the first half of 2014.

Other Direct Costs

Other direct costs include maintenance costs, mine services (e.g., shotcrete) and services to mine workers (e.g., catering and housing). The decrease of 18.0% was primarily the result of lower production in Pallancata, Arcata and Ares, and savings from the implementation of the Group's cash flow optimisation programme.

Depreciation and Amortisation

The decrease of 5.1% was primarily the result of lower tonnage and the lower cost of the conversion of resources into reserves.

Change in Products in Process and Finished Goods

The decrease of 101% was primarily the result of higher end-product inventory in the first half of 2015 compared with the first half of 2014.

Gross Profit

As a result of the factors described above, gross profit decreased 78.3%, to US\$15.8 million for the six months ended 30 June 2015, from US\$72.6 million for the six months ended 30 June 2014.

Administrative Expenses

Administrative expenses before exceptional items decreased 12.1%, to US\$18.8 million for the six months ended 30 June 2015, from US\$21.4 million for the six months ended 30 June 2014. This decrease was primarily the result of the cash flow optimisation programme, which was initiated in April 2013 as a consequence of the significant decrease in prevailing prices of precious metals.

The following table sets forth the Group's administrative expenses for the periods indicated:

(U.S. dollars in thousands)	Six months ended 30 June		Variation (%)
	2014	2015	
Personnel expenses	(11,424)	(10,508)	(8.0)
Professional fees	(1,854)	(1,839)	(0.8)
Social and community welfare expenses ⁽¹⁾	(863)	(254)	(70.6)
Lease rentals	(746)	(685)	(8.2)
Travel expenses	(434)	(276)	(36.4)
Communications	(370)	(311)	(15.9)
Indirect taxes	(1,398)	(1,007)	(28.0)
Depreciation and amortisation	(1,324)	(817)	(38.3)
Technology and systems	(251)	(419)	66.9
Security	(489)	(394)	(19.4)
Supplies	(114)	(103)	(9.6)
Other	(2,956)	(2,166)	(26.7)
Total	(22,223)	(18,779)	(15.5)

(1) Represents amounts expended on social and community welfare activities surrounding the mining units.

Exploration Expenses

Exploration expenses before exceptional items decreased 49.9%, to US\$4.1 million for the six months ended 30 June 2015, from US\$8.2 million for the six months ended 30 June 2014. This decrease was primarily the result of the Group's decision to reduce elements of this discretionary expenditure as a result of weak precious metal prices.

The following table sets forth the Group's exploration expenses for the periods indicated:

(U.S. dollars in thousands)	Six months ended 30 June		Variation (%)
	2014	2015	
Mine site exploration⁽¹⁾			
Arcata	(214)	(37)	(82.7)
Ares	61	—	—
Selene	(44)	—	—
Pallancata	(629)	(1,183)	88.1
San Jose	(91)	(555)	509.9
Inmaculada	—	—	—
Total mine site	(917)	(1,775)	93.6
Prospects⁽²⁾			
Peru	(451)	(274)	(39.2)
Argentina	(36)	(34)	(5.6)
Mexico	(184)	—	—
Chile	(324)	(45)	(86.1)
Total Prospects	(995)	(353)	(64.5)
Generative⁽³⁾			
Peru	(841)	(330)	(60.8)
Argentina	(1)	—	—
Mexico	(1,513)	—	—
Chile	(304)	—	—
Total Generative	(2,659)	(330)	(87.6)
Personnel	(3,604)	(1,634)	(54.7)
Total	(8,175)	(4,092)	(49.9)

(1) Mine-site exploration is performed with the purpose of identifying potential minerals within an existing mine-site, with the goal of maintaining or extending the mine's life.

(2) Prospects expenditure relates to detailed geological evaluations in order to determine zones which have mineralisation potential that is economically viable for exploration. Exploration expenses are generally incurred in the following areas: mapping, sampling, geophysics, identification of local targets and reconnaissance drilling.

(3) Generative expenditure is very early stage exploration expenditure related to the basic evaluation of the region to identify prospects areas that have the geological conditions necessary to contain mineral deposits. Related activities include regional and field reconnaissance, satellite images, compilation of public information and identification of exploration targets.

Selling Expenses

Selling expenses decreased 20.2%, to US\$11.6 million for the six months ended 30 June 2015, from US\$14.5 million for the comparable period in 2014. Selling expenses decreased mainly due to lower prices impacting the export tax in Argentina (export duties in Argentina are levied at 10% of revenue for concentrate and 5% of revenue for doré).

The following table sets forth the Group's selling expenses for the periods indicated:

(U.S. dollars in thousands)	Six months ended 30 June		Variation (%)
	2014	2015	
Transportation of Doré, Concentrate and maritime freight	(2,927)	(1,977)	(32.5)
Sales commissions	(467)	(140)	(70.0)
Personnel expenses	(122)	(131)	7.4
Warehouse expense	(1,549)	(854)	(44.9)
Taxes ⁽¹⁾	(7,865)	(6,927)	(11.9)
Other	(1,606)	(1,571)	(2.2)
Total	(14,536)	(11,600)	(20.2)

(1) Relates to export duties in Argentina.

Other Income/Expenses

Other income before exceptional items increased 28.2%, to US\$2.6 million for the six months ended 30 June 2015, from US\$2.0 million for the six months ended 30 June 2014. Other expenses before exceptional items decreased 4.4%, to US\$4.6 million for the six months ended 30 June 2015, from US\$4.8 million for the six months ended 30 June 2014.

Profit from Continuing Operations before Net Finance Income/(Cost), Foreign Exchange Loss and Income Tax

As a result of the factors described above, profit from continuing operations before net finance income/ (cost), foreign exchange loss, income tax and exceptional items decreased to a loss of US\$20.7 million for the six months ended 30 June 2015, from a gain of US\$25.7 million for the six months ended 30 June 2014.

Finance Income

Finance income decreased 68.0%, to US\$0.6 million for the six months ended 30 June 2015, from US\$1.8 million for the six months ended 30 June 2014. This decrease was primarily the result of lower dividends received from investments in Gold Resource Corporation shares (investment was fully sold during 2014), as well as lower interests on deposits.

Finance Costs

Finance costs before exceptional items decreased 19.1%, to US\$14.6 million for the six months ended 30 June 2015, from US\$18.1 million for the six months ended 30 June 2014. This decrease was primarily the result of the repayment of the Convertible Bond and Bridge Loan, partially offset by the interests of the \$100 million medium term bank loan with Scotiabank.

Foreign Exchange Loss

Foreign exchange loss increased to US\$1.2 million for the six months ended 30 June 2015, compared to US\$0.3 million the six months ended 30 June 2014. The foreign exchange loss resulted from the devaluation of the Peruvian *nuevo sol* and the Argentine Peso impacting cash deposits.

Profit from Continuing Operations before Income Tax

As a result of the factors described above, profit from continuing operations before exceptional items and income tax decreased to a loss of US\$36.0 million for the six months ended 30 June 2015, from a gain of US\$9.1 million for the six months ended 30 June 2014.

Income Tax (Expense)/Benefit

Income tax expense before exceptional items decreased 83.4%, to US\$1.8 million for the six months ended 30 June 2015, from US\$10.7 million for the six months ended 30 June 2014. This decrease was primarily the result of lower profit from continuing operations before income tax.

Profit for the Period from Continuing Operations

As a result of the factors described above, profit from continuing operations before exceptional items decreased to a loss of US\$37.8 million for the six months ended 30 June 2015, from a loss of US\$1.5 million for the six months ended 30 June 2014.

Attributable Profit for the Period from Continuing Operations to Equity Shareholders of the Company

As a result of the factors described above and eliminating the profit corresponding to non-controlling interests, attributable profit for the period from continuing operations before exceptional items decreased to a loss of US\$38.3 million for the six months ended 30 June 2015, from a loss of US\$2.5 million for the six months ended 30 June 2014.

Exceptional Items

Exceptional items for the six months ended 30 June 2015 totalled a loss of US\$6.1 million after taxes. Exceptional items for the six months ended 30 June 2014 totalled US\$10.2 million after taxes. This mainly comprised the following pre-tax effects:

<u>Negative Exceptional Items</u>	<u>Six months ended 30 June 2015</u>	
	<u>(U.S. dollars in thousands)</u>	<u>Detail</u>
Tax Contingency at Cia. Minera Ares	(1,486)	Penalty provision from probable tax contingency
Impairment and write-off of assets	(5,917)	Impairment of the Crespo Mine unit

Comparison of year ended 31 December 2013 to year ended 31 December 2014

	Year ended 31 December						Variation (%)
	2013			2014			
	Before Exceptional Items	Exceptional Items	Total	Before Exceptional Items	Exceptional Items	Total	Before Exceptional Items
(U.S. dollars in thousands)							
Revenue	622,158	—	622,158	492,951	—	492,951	(20.8)
Cost of sales	(466,766)	(2,466)	(469,232)	(404,639)	(6,065)	(410,704)	(13.3)
Gross profit	155,392	(2,466)	152,926	88,312	(6,065)	82,247	(43.2)
Administrative expenses	(54,425)	(2,351)	(56,776)	(43,335)	(2,752)	(46,087)	(20.4)
Exploration expenses	(42,871)	(3,456)	(46,327)	(17,254)	(886)	(18,140)	(59.8)
Selling expenses	(28,785)	—	(28,785)	(28,697)	—	(28,697)	(0.3)
Other income	3,974	2,442	6,416	4,112	—	4,112	3.5
Other expenses	(15,555)	—	(15,555)	(17,512)	(2,963)	(20,475)	12.6
Impairment and write-off of assets (net)	—	(90,671)	(90,671)	—	109	109	—
(Loss)/profit from continuing operations before net finance income/(cost), foreign exchange loss and income tax	17,730	(96,502)	(78,772)	(14,374)	(12,557)	(26,931)	(181.1)
Share of post-tax profit/(losses) of associates and joint ventures accounted for under equity method	5,921	—	5,921	—	—	—	(100.0)
Finance income	10,675	2,417	13,092	2,215	4,061	6,276	(79.3)
Gain on transfer from investment accounted for under the equity method to available-for-sale financial assets	—	107,942	107,942	—	—	—	—
Finance costs	(11,697)	(136,353)	(148,050)	(33,074)	(9,491)	(42,565)	182.8
Foreign exchange loss	(19,753)	—	(19,753)	(4,990)	—	(4,990)	(74.7)
(Loss)/profit from continuing operations before income tax . .	2,876	(122,496)	(119,620)	(50,223)	(17,987)	(68,210)	(1846.3)
Income tax (expense)/ benefit .	(44,979)	35,922	(9,057)	(6,466)	3,845	(2,621)	(85.6)
Loss for the year from continuing operations	(42,103)	(86,574)	(128,677)	(56,689)	(14,142)	(70,831)	34.6
Attributable to:							
Equity Shareholders of the Company	(50,345)	(72,738)	(123,083)	(54,963)	(13,914)	(68,877)	9.2
Non-controlling interests	8,242	(13,836)	(5,594)	(1,726)	(228)	(1,954)	(120.9)
	(42,103)	(86,574)	(128,677)	(56,689)	(14,142)	(70,831)	34.6
Basic and diluted (loss)/earnings per ordinary share from continuing operations for the year (expressed in U.S. dollars per share)	(0.15)	(0.21)	(0.36)	(0.15)	(0.04)	(0.19)	—

Revenue

The following table sets forth a breakdown of the Group's revenue by segment for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December				Variation (%)
	2013	Percent of Total Revenue	2014	Percent of Total Revenue	
Ares (Peru)	50,362	8.1	25,889	5.3	(48.6)
Arcata (Peru)	136,968	22.0	106,061	21.5	(22.6)
Pallancata (Peru)	181,795	29.2	147,360	29.9	(18.9)
San Jose (Argentina)	240,723	38.7	213,013	43.2	(11.5)
Moris (Mexico)	12,247	2.0	471	0.1	(96.2)
Other	63	0.0	157	0.0	(149.2)
Total	<u>622,158</u>	<u>100.0</u>	<u>492,951</u>	<u>100.0</u>	<u>(20.8)</u>

The following table sets forth the Group's revenue by product for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December		Variation (%)
	2013	2014	
Gold (from Doré bars)	112,855	62,911	(44.3)
Silver (from Doré bars)	179,773	67,418	(62.5)
Gold (from Concentrate)	103,721	109,045	5.1
Silver (from Concentrate)	225,746	253,420	12.3
Services	63	157	149.2
Total	<u>622,158</u>	<u>492,951</u>	<u>(20.8)</u>

The following table sets forth the Group's ounces sold and the prices by product for the periods indicated:

	Year ended 31 December		Variation (%)
	2013	2014	
Silver ounces sold (thousands of ounces)	19,555	18,981	(2.9)
Average realised silver price (U.S. dollars per ounce)	22.1	18.87	(14.6)
Gold ounces sold (thousands of ounces)	169	143	(15.3)
Average realised gold price (U.S. dollars per ounce)	1,338	1,279	(4.4)

Revenue decreased 20.8%, to US\$493.0 million for 2014, consisting of silver revenue of US\$320.8 million and gold revenue of US\$172.0 million, from US\$622.2 million for 2013, consisting of silver revenue of US\$405.5 million and gold revenue of US\$216.6 million. In 2014, silver and gold accounted for 65.1% and 34.9%, respectively, of the Group's total revenue compared to 65.2% and 34.8%, respectively, for 2013. This decrease was primarily as a consequence of weak commodity prices which resulted in a decrease of 10.3% and 19.8% in the average price of gold and silver, respectively during 2014.

Ares (Peru)

Revenue from the Ares (Peru) segment decreased 48.6%, to US\$25.9 million for 2014, from US\$50.4 million for 2013. This decrease was primarily the result of the suspension of this segment in the second quarter of 2014.

Arcata (Peru)

Revenue from the Arcata (Peru) segment decreased 22.6%, to US\$106.1 million for 2014, from US\$137.0 million for 2013. This decrease was primarily the result of lower prevailing prices for silver during 2014, which was partially offset by an increase in ounces sold, as well as an increase in production mainly driven by the planned move to higher grade areas of the mine. Tonnage dropped following the depletion of the Macarena Waste Dam Deposit by the end of the first half of the year.

Pallancata (Peru)

Revenue from the Pallancata (Peru) segment decreased 18.9%, to US\$147.4 million for 2014, from US\$181.8 million for 2013. This decrease was primarily the result of lower prevailing prices for silver during 2014, combined with the effect of the adjustments of mine plans to ensure the extraction of profitable ounces. Tonnage in the fourth quarter of 2014 was moved downwards with grades increasing, which reflects the scheduled move to thinner veins in the mix.

San Jose (Argentina)

Revenue from the San Jose (Argentina) segment decreased 11.5%, to US\$213.0 million for 2014, from US\$240.7 million for 2013. This decrease was primarily the result of a decrease in silver prices during 2014, which was partially offset by a slight increase in silver ounces sold. Production volumes during 2014 at the San Jose segment were consistent with those production volumes for the previous year.

Cost of Sales

The Group's cost of sales before exceptional items decreased 13.3%, to US\$404.6 million for 2014, from US\$466.8 million for 2013.

The following table sets forth the Group's cost of sales for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December		Variation (%)
	2013	2014	
Personnel expenses	122,368	109,484	(10.5)
Materials	92,566	73,642	(20.4)
Transportation	30,414	26,215	(13.8)
Energy	19,937	17,245	(13.5)
Mining royalty	8,293	6,581	(20.6)
Other direct costs	42,344	34,111	(19.4)
Depreciation and amortisation	146,918	128,720	(12.4)
Change in products in process and finished goods	3,926	8,641	120.1
Total	<u>466,766</u>	<u>404,639</u>	(13.3)

Personnel Expenses

Personnel expenses decreased 10.5% in 2014 primarily as a result of a decrease in the number of workers as a result of the cash flow optimisation programme, combined with lower bonuses and lower profit sharing, consistent with lower metal prices in 2014.

Materials

Materials decreased 20.4% primarily as a result of lower production in Pallancata, Ares and Moris units, lower consumption of cyanide in due to decreased production of Doré at Arcata, and savings from the implementation of the Group's cash flow optimisation programme.

Transportation

Transportation decreased 13.8% primarily as a result of lower production in Pallancata, Ares and Moris units, and savings from the implementation of the Group's cash flow optimisation programme.

Energy

Energy decreased 13.5% primarily as a result of lower production in Pallancata, Ares and Moris units and savings from lower energy rates in Peru.

Mining Royalty

Mining royalty decreased 20.6% primarily as a result of lower metal prices in 2014 compared with 2013.

Other Direct Costs

Other direct costs decreased 19.4% primarily as a result of lower production in Pallancata, Ares and Moris units and savings from the implementation of the Group's cash flow optimisation programme.

Depreciation and Amortisation

Depreciation and amortisation decreased 12.4% primarily as a result of lower tonnage and the lower cost of the conversion of resources into reserves.

Change in Products in Process and Finished Goods

Change in products in process increased 120.1% primarily as the result of lower end-product and product in process inventory in the December 2014 compared with December 2013.

Gross Profit

As a result of the factors described above, gross profit before exceptional items decreased 43.2%, to US\$88.3 million for 2014, from US\$155.4 million for 2013.

Administrative Expenses

Administrative expenses before exceptional items decreased 20.4%, to US\$43.3 million for 2014, from US\$54.4 million for 2013. This decrease was primarily the result of the continuing impact of the cash flow optimisation programme, which was initiated in April 2013 as a consequence of the significant decrease in prevailing prices of precious metals. This segment of the programme mainly included reductions in headcount and in personnel expenses.

The following table sets forth the Group's administrative expenses for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December		Variation (%)
	2013	2014	
Personnel expenses	26,094	21,454	(17.8)
Professional fees	5,553	3,846	(30.7)
Social and community welfare expenses ⁽¹⁾	3,216	1,943	(39.6)
Lease rentals	1,925	1,442	(25.1)
Travel expenses	1,342	865	(35.5)
Communications	834	579	(30.6)
Indirect taxes	3,044	2,678	(12.0)
Depreciation and amortisation	2,638	2,072	(21.5)
Technology and systems	1,092	718	(34.2)
Security	1,083	951	(12.2)
Supplies	243	188	(22.6)
Other	7,361	6,599	(10.4)
Total	<u>54,425</u>	<u>43,335</u>	(20.4)

(1) Represents amounts expended on social and community welfare activities surrounding the Group's mining units.

Exploration Expenses

Exploration expenses before exceptional items decreased 59.8%, to US\$17.3 million for 2014, from US\$42.9 million for 2013. This decrease was primarily the result of the continuing impact of the cash flow optimisation programme.

The following table sets forth the Group's exploration expenses for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December		Variation (%)
	2013	2014	
Mine site exploration ⁽¹⁾			
Arcata	2,052	2,038	(0.7)
Ares	452	42	(90.7)
Selene	—	58	—
Sipán	600	—	—
Pallancata	2,149	1,728	(19.6)
San Jose	1,795	1,003	(44.1)
Moris	129	—	—
	<u>7,177</u>	<u>4,869</u>	<u>(32.2)</u>
Prospects ⁽²⁾			
Peru	1,459	788	(46.0)
Argentina	294	73	(75.2)
Mexico	3,504	195	(94.4)
Chile	<u>12,696</u>	<u>237</u>	<u>(98.1)</u>
	<u>17,953</u>	<u>1,293</u>	<u>(92.8)</u>
Generative ⁽³⁾			
Peru	3,502	1,180	(66.3)
Argentina	53	11	(79.2)
Mexico	1,157	2,588	123.7
Chile	<u>330</u>	<u>379</u>	<u>14.8</u>
	<u>5,042</u>	<u>4,158</u>	<u>(17.5)</u>
Personnel	8,846	6,526	(26.2)
Others	<u>3,853</u>	<u>408</u>	<u>(89.4)</u>
Total	<u><u>42,871</u></u>	<u><u>17,254</u></u>	<u><u>(59.8)</u></u>

- (1) Mine-site exploration is performed with the purpose of identifying potential minerals within an existing mine-site, with the goal of maintaining or extending the mine's life.
- (2) Prospects expenditure relates to detailed geological evaluations in order to determine zones which have mineralisation potential that is economically viable for exploration. Exploration expenses are generally incurred in the following areas: mapping, sampling, geophysics, identification of local targets and reconnaissance drilling.
- (3) Generative expenditure is very early stage exploration expenditure related to the basic evaluation of the region to identify prospects areas that have the geological conditions necessary to contain mineral deposits. Related activities include regional and field reconnaissance, satellite images, compilation of public information, and identification of exploration targets.

Selling Expenses

Selling expenses slightly decreased 0.3%, to US\$28.7 million for 2014, from US\$28.8 million for 2013, primarily as a result of lower metal prices impacting the export tax in Argentina, partially offset by higher production of concentrates in Arcata.

The following table sets forth the Group's selling expenses for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December		Variation (%)
	2013	2014	
Transportation of Doré, Concentrate and maritime freight	4,256	6,020	41.4
Sales commissions	1,050	429	(59.1)
Personnel expenses	210	249	18.6
Warehouse expense	3,256	2,930	(10.0)
Taxes ⁽¹⁾	16,596	15,609	(5.9)
Other	<u>3,417</u>	<u>3,460</u>	<u>1.3</u>
Total	<u><u>28,785</u></u>	<u><u>28,697</u></u>	<u><u>(0.3)</u></u>

- (1) Relates to export duties in Argentina.

Other Income/Expenses

Other income before exceptional items remained stable for the year ended 31 December 2014, compared to the previous year, slightly increasing 3.5%, to US\$4.1 million for 2014, from US\$4.0 million for 2013. Other expenses before exceptional items increased 12.6%, to US\$17.5 million for 2014, from US\$15.6 million for 2013 primarily as a result of mine closure provisions in the amount of US\$9.1 million and the new reserves tax in Argentina in the amount of US\$3.5 million.

Profit from Continuing Operations before Net Finance Income/(Cost), Foreign Exchange Loss and Income Tax

As a result of the factors described above, profit from continuing operations before exceptional items, net finance income/(cost), foreign exchange loss and income tax decreased 181.1%, to a US\$14.4 million loss for 2014, from a US\$17.7 million gain for 2013.

Share of Post-Tax Profit/(Losses) of Associates and Joint Ventures Accounted under Equity Method

In 2014 the Company sold its remaining equity interest in GRC, which contributed US\$5.9 million to the Group in 2013.

Finance Income

Finance income before exceptional items decreased 79.3%, to US\$2.2 million for 2014, from US\$10.7 million for 2013 primarily as a result of substantially lower interest received on deposits and liquidity funds as well as lower dividends received from GRC.

Finance Costs

Finance costs before exceptional items increased 182.8%, to US\$33.1 million for 2014, from US\$11.7 million for 2013. This increase was primarily the result of the interest payments relating to the Senior Notes, which has effective post tax interest rate of 5.58%. See “—Indebtedness—Long-Term Indebtedness—Senior Bonds”).

Foreign Exchange Loss

Foreign exchange loss decreased 74.7%, to US\$5.0 million for 2014, from US\$19.8 million for 2013. This decrease was primarily the result of the impact of the devaluation of the Peruvian *nuevo sol* on high local currency cash balance in 2013 partially offset by positive impact on cost and capital expenditure savings, combined with lower devaluation of the Argentine *peso* in 2014 compared to the year 2013.

Profit from Continuing Operations before Income Tax

As a result of the factors described above, profit from continuing operations before exceptional items and income tax decreased 1,846.3%, to a US\$50.2 million loss for 2014, from a US\$2.9 million gain for 2013.

Income Tax (Expense)/Benefit

Income tax expense before exceptional items increased 85.6%, to US\$6.5 million for 2014, from US\$45.0 million for 2013. This decrease was primarily the result of lower metal prices reflected in a reduced pre-exceptional loss before income tax of US\$50.2 million in 2014 compared to a US\$2.9 million profit in 2013.

Loss for the Year from Continuing Operations

As a result of the factors described above, loss for the year from continuing operations before exceptional items increased 34.6%, to a US\$56.7 million loss for 2014, from a US\$42.1 million loss for 2013.

Attributable Loss for the Year from Continuing Operations to Equity Shareholders of the Company

As a result of the factors described above and eliminating the loss corresponding to non-controlling interests, attributable profit for the year from continuing operations before exceptional items increased 9.2%, to a US\$55.0 million loss for 2014, from a US\$50.3 million loss for 2013.

Exceptional Items

Exceptional items in 2014 represented a US\$14.1 million loss after tax. Exceptional items in 2013 represented a US\$86.6 million loss after tax. This mainly comprised of the following pre-tax effects:

Year ended 31 December 2014		
Positive Exceptional Items	(U.S. dollars in thousands)	Detail
Finance income	4,061	Corresponds to a US\$2.6 million gain relating to the sale of the shares of GRC, a US\$0.8 million gain relating to the sale of the shares of Chaparral Gold, a US\$0.6 million gain relating to the sale of the shares of Mirasol shares and others.
Year ended 31 December 2014		
Negative Exceptional Items	(U.S. dollars in thousands)	Detail
Cost of sales	(6,065)	Relates to US\$4.8 million termination benefits and temporary stoppages at Arcata in the amount of US\$1.2 million.
Administrative expenses	(2,752)	Relates to US\$2.8 million termination benefits.
Exploration expenses	(886)	Relates to US\$0.9 million termination benefits.
Other expenses	(2,854)	Corresponds to a US\$1.5 million write-off in property, plant and equipment, a US\$3.0 million loss relating to the sale of the Moris operation in Mexico and includes a US\$1.6 million reversal of impairment of the San Felipe property.
Finance cost	(9,491)	Corresponds to a US\$6.0 million impairment of investments in Pembroke, the impairment of other minor investments in the amount of US\$0.2 million and transaction costs on the syndicated loan of US\$3.3 million.
Year ended 31 December 2013		
Positive Exceptional Items	(U.S. dollars in thousands)	Detail
Other income	2,442	Gain on sale of exploration concessions in Peru.
Gain on transfer from investment accounted for under the equity method to available-for-sale financial assets	107,942	Gain on the reclassification of GRC shares from an investment accounted for under equity method to an available-for-sale financial asset of US\$107.9 million, as a result of ceasing to have the ability to exercise significant influence over GRC.
Finance Income	2,417	Adjustment of fair value of IMZ shares as a result of the IMZ acquisition.

Year ended 31 December 2013

<u>Negative Exceptional Items</u>	<u>(U.S. dollars in thousands)</u>	<u>Detail</u>
Termination benefits	(8,273)	Termination benefits paid to employees between April and September 2013, following the restructuring plan approved by management during the first half of 2013.
Other expenses	(90,671)	Relates to a US\$40.9 million impairment of the San Jose mine unit, a US\$30.3 million impairment of the Azuca project, a US\$29.1 million impairment of the Crespo project, a US\$3.8 million impairment of the Ares unit and a US\$1.0 million write-off of PP&E; and a US\$14.4 million reversal of impairment of the San Felipe property.
Finance cost	(136,353)	Relates to a US\$105.3 million impairment of investments in GRC, a US\$12.9 million impairment of IMZ, and other available-for-sale assets in the amount of US\$11.4 million. This item also includes US\$4.7 million in transaction costs related to the Bridge Loan Facility and the undrawn Suyamarca Medium Term loan. It also includes a US\$7.8 million loss relating to the disposition of the GRC shares.

Comparison of year ended 31 December 2012 to year ended 31 December 2013

	Year ended 31 December						Variation (%)
	2012			2013			
	Before Exceptional Items	Exceptional Items	Total	Before Exceptional Items	Exceptional Items	Total	Before Exceptional Items
(U.S. dollars in thousands)							
Revenue	817,952	—	817,952	622,158	—	622,158	(23.9)
Cost of sales	(420,325)	—	(420,325)	(466,766)	(2,466)	(469,232)	11.0
Gross profit	397,627	—	397,627	155,392	(2,466)	152,926	(60.9)
Administrative expenses	(72,995)	—	(72,995)	(54,425)	(2,351)	(56,776)	(25.4)
Exploration expenses	(64,612)	—	(64,612)	(42,871)	(3,456)	(46,327)	(33.6)
Selling expenses	(39,460)	—	(39,460)	(28,785)	—	(28,785)	(27.1)
Other income	8,733	1,099	9,832	3,974	2,442	6,416	(54.5)
Other expenses	(9,525)	—	(9,525)	(15,555)	—	(15,555)	63.3
Impairment and write-off of assets (net)	—	(245)	(245)	—	(90,671)	(90,671)	—
Profit/(loss) from continuing operations before net finance income/(cost), foreign exchange loss and income tax	219,768	854	220,622	17,730	(96,502)	(78,772)	(91.9)
Share of post-tax profit/(losses) of associates and joint ventures accounted for under equity method	6,456	(1,376)	5,080	5,921	—	5,921	(8.3)
Finance income	1,988	—	1,988	10,675	2,417	13,092	437.0
Gain on transfer from investment accounted for under the equity method to available-for-sale financial assets	—	—	—	—	107,942	107,942	—
Finance costs	(12,870)	(1,334)	(14,204)	(11,697)	(136,353)	(148,050)	(9.1)
Foreign exchange loss	(1,212)	—	(1,212)	(19,753)	—	(19,753)	1529.8
(Loss)/profit from continuing operations before income tax . .	214,130	(1,856)	212,274	2,876	(122,496)	(119,620)	(98.7)
Income tax (expense)/benefit . .	(85,549)	141	(85,408)	(44,979)	35,922	(9,057)	(47.4)
(Loss)/profit for the year from continuing operations	128,581	(1,715)	126,866	(42,103)	(86,574)	(128,677)	(132.7)
Attributable to:							
Equity Shareholders of the Company	64,830	(1,759)	63,071	(50,345)	(72,738)	(123,083)	(177.7)
Non-controlling interests	63,751	44	63,795	8,242	(13,836)	(5,594)	(87.1)
	128,581	(1,715)	126,866	(42,103)	(86,574)	(128,677)	(132.7)
Basic and diluted (loss)/earnings per ordinary share from continuing operations for the year (expressed in U.S. dollars per share)	0.19	—	0.19	(0.15)	(0.21)	(0.36)	(178.9)

Revenue

The following table sets forth a breakdown of the Group's revenue by segment for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December				Variation (%)
	2012	Percent of Total Revenue	2013	Percent of Total Revenue	
Ares (Peru)	57,580	7.0	50,362	8.1	(12.5)
Arcata (Peru)	175,802	21.5	136,968	22.0	(22.1)
Pallancata (Peru)	257,725	31.5	181,795	29.2	(29.5)
San Jose (Argentina)	310,384	37.9	240,723	38.7	(22.4)
Moris (Mexico)	15,931	1.9	12,247	2.0	(23.1)
Other	530	0.1	63	0.0	(88.1)
Total	<u>817,952</u>	<u>100.0</u>	<u>622,158</u>	<u>100.0</u>	<u>(23.9)</u>

The following table sets forth the Group's revenue by product for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December		Variation (%)
	2012	2013	
Gold (from Doré bars)	124,581	112,855	(9.4)
Silver (from Doré bars)	153,509	179,773	17.1
Gold (from Concentrate)	135,055	103,721	(23.2)
Silver (from Concentrate)	404,277	225,746	(44.2)
Services	530	63	(88.1)
Total	<u>817,952</u>	<u>622,158</u>	<u>(23.9)</u>

The following table sets forth the Group's ounces sold and the prices by product for the periods indicated:

	Year ended 31 December		Variation (%)
	2012	2013	
Silver ounces sold (thousands of ounces)	18,928.0	19,555.0	3.3
Average realised silver price (U.S. dollars per ounce)	31.6	22.1	(30.1)
Gold ounces sold (thousands of ounces)	160	169	5.5
Average realised gold price (U.S. dollars per ounce)	1,684	1,338	(20.5)

Revenue decreased 23.9%, to US\$622.2 million for 2013, consisting of silver revenue of US\$405.5 million and gold revenue of US\$216.6 million, from US\$818.0 million for 2012, consisting of silver revenue of US\$557.8 million and gold revenue of US\$259.6 million. In 2013, silver and gold accounted for 65.2% and 34.8% of the Group's total revenue, respectively, compared to 68.2% and 31.7%, respectively, for 2012. This decrease was primarily the result of significant decreases of 15.6% and 23.8% in the average price of gold and silver, respectively during 2013.

Ares (Peru)

Revenue from the Ares (Peru) segment decreased 12.5%, to US\$50.4 million for 2013, from US\$57.6 million for 2012. This decrease was primarily the result of lower silver and, to a lesser extent, gold prices, which was partially offset with better performance in terms of ounces sold, consistent with the Group's strategy to ensure profitable production during the last months of the life of this mine.

Arcata (Peru)

Revenue from the Arcata (Peru) segment decreased 22.1%, to US\$137.0 million for 2013, from US\$175.8 million for 2012. This decrease was primarily the result of a decrease in ounces sold, lower grades from stopes and lower prevailing prices for silver during 2013. This decrease was in line with lower production as a result of the treatment of low-grade tonnage from the Macarena Waste Dam Deposit and the Group's policy of mining close to the average reserve grade for the Group's properties.

Pallancata (Peru)

Revenue from the Pallancata (Peru) segment decreased 29.5%, to US\$181.8 million for 2013, from US\$257.7 million for 2012. This decrease was primarily the result of lower prevailing prices for silver during 2013, which was partially offset by a slight increase in ounces sold.

San Jose (Argentina)

Revenue from the San Jose (Argentina) segment decreased 22.4%, to US\$240.7 million for 2013, from US\$310.4 million for 2012. This decrease was primarily the result of a decrease in silver prices during 2013, which was partially offset by a slight increase in ounces sold.

Moris (Mexico)

Revenue from the Moris (Mexico) segment decreased 23.1%, to US\$12.2 million for 2013, from US\$15.9 million for 2012. This decrease was primarily the result of lower ounces sold during 2013, consistent with Moris's status as an ageing mine, and lower silver prices. Towards the end of 2013, the Moris mine was closed and transferred to a third-party.

Cost of Sales

The Group's cost of sales before exceptional items increased 11.0%, to US\$466.8 million for 2013, from US\$420.3 million for 2012.

The following table sets forth the Group's cost of sales for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December		Variation (%)
	2012	2013	
Personnel expenses	121,775	122,368	0.5
Materials	85,093	92,566	8.8
Transportation	24,120	30,414	26.1
Energy	18,893	19,937	5.5
Mining royalty	9,672	8,293	(14.3)
Other direct costs	54,093	42,344	(21.7)
Depreciation and amortisation	124,387	146,918	18.1
Change in products in process and finished goods	(17,708)	3,926	(122.2)
Total	<u>420,325</u>	<u>466,766</u>	11.0

Personnel Expenses

Personnel expenses increased 0.5% in 2013 primarily due to an increase in the number of workers as a result of an increased number of stopes, partially offset by lower bonuses and lower profit sharing, consistent with lower metal prices in 2013.

Materials

Materials increased 8.8% primarily as a result of inflation and increased consumption of reagents, due to increased production of Doré at Arcata in 2013.

Transportation

Transportation increased 26.1% primarily as a result of higher personnel transportation costs, aligned with an increased number of mine workers, and inflation in transportation tariffs in 2013.

Energy

Energy increased 5.5% primarily as a result of a capacity increase at the Arcata plant to treat the economic low grade material from the Macarena vein. See "—Revenue—Arcata (Peru).

Mining Royalty

Mining royalty decreased 14.3% primarily as a result of lower metal prices in 2013 compared with 2012.

Other Direct Costs

Other direct costs decreased 21.7% primarily as a result of savings from the implementation of the Cash Optimization Plan, partially offset by additional workers and inflation.

Depreciation and Amortisation

Depreciation and amortisation increased 18.1% primarily as a result of higher future capital expenditure depreciation, resulting from the increased costs to convert resources into reserves in all of the operating units.

Change in Products in Process and Finished Goods

Change in products in process decreased 122.2% primarily as a result of temporary decrease of products in process and end-product inventory during 2013.

Gross Profit

As a result of the factors described above, gross profit before exceptional items decreased 60.9%, to US\$155.4 million for 2013, from US\$397.6 million for 2012.

Administrative Expenses

Administrative expenses before exceptional items decreased 25.4%, to US\$54.4 million for 2013, from US\$73.0 million for 2012. This decrease was primarily the result of the cash flow optimisation programme, which was initiated in April 2013 as a consequence of the significant decrease in prevailing prices of precious metals. This segment of the programme mainly included reductions in headcount and in personnel expenses.

The following table sets forth the Group's administrative expenses before exceptional items for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December		Variation (%)
	2012	2013	
Personnel expenses	40,006	26,094	(34.8)
Professional fees	6,180	5,553	(10.1)
Social and community welfare expenses ⁽¹⁾	6,459	3,216	(50.2)
Lease rentals	1,510	1,925	27.5
Travel expenses	2,443	1,342	(45.1)
Communications	990	834	(15.8)
Indirect taxes	3,723	3,044	(18.2)
Depreciation and amortisation	2,285	2,638	15.4
Technology and systems	828	1,092	31.9
Security	991	1,083	9.3
Supplies	238	243	2.1
Other	7,342	7,361	0.3
Total	<u>72,995</u>	<u>54,425</u>	(25.4)

(1) Represents amounts expended on social and community welfare activities surrounding the Group's mining units.

Exploration Expenses

Exploration expenses before exceptional items decreased 33.6%, to US\$42.9 million for 2013, from US\$64.6 million for 2012. This increase was primarily the result of the termination benefits paid to employees following the restructuring as part of the Group's cash flow optimisation programme. In addition, the Group capitalises part of its brownfield exploration, which mostly relates to costs incurred converting potential resource to the Inferred or Measured and Indicated category. In 2013, the Group capitalised US\$1.7 million relating to brownfield exploration compared to US\$15.9 million in 2012.

The following table sets forth the Group's exploration expenses for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December		Variation (%)
	2012	2013	
Mine site exploration ⁽¹⁾			
Arcata	4,467	2,052	(54.1)
Ares	1,507	452	(70.0)
Sipán	1,415	600	(57.6)
Pallancata	4,062	2,149	(47.1)
San Jose	5,788	1,795	(69.0)
Moris	313	129	(58.8)
	17,552	7,177	(59.1)
Prospects ⁽²⁾			
Peru	4,795	1,459	(69.6)
Argentina	1,028	294	(71.4)
Mexico	6,605	3,504	(46.9)
Chile	9,580	12,696	32.5
	22,008	17,953	(18.4)
Generative ⁽³⁾			
Peru	4,798	3,502	(27.0)
Argentina	141	53	(62.4)
Mexico	497	1,157	132.8
Chile	115	330	187.0
	5,551	5,042	(9.2)
Personnel	13,865	8,846	(36.2)
Others	5,636	3,853	(31.6)
Total	64,612	42,871	(33.6)

- (1) Mine-site exploration is performed with the purpose of identifying potential minerals within an existing mine-site, with the goal of maintaining or extending the mine's life.
- (2) Prospects expenditure relates to detailed geological evaluations in order to determine zones which have mineralisation potential that is economically viable for exploration. Exploration expenses are generally incurred in the following areas: mapping, sampling, geophysics, identification of local targets and reconnaissance drilling.
- (3) Generative expenditure is very early stage exploration expenditure related to the basic evaluation of the region to identify prospects areas that have the geological conditions necessary to contain mineral deposits. Related activities include regional and field reconnaissance, satellite images, compilation of public information, and identification of exploration targets.

Selling Expenses

Selling expenses decreased 27.1%, to US\$28.8 million for 2013, from US\$39.5 million for 2012, primarily as a result of lower metal prices. Selling expenses primarily consist of export duties at San Jose (export duties in Argentina are levied at 10% of revenue for Concentrate and 5% of revenue for Doré) and therefore are directly impacted by the fluctuation of metal prices.

The following table sets forth the Group's selling expenses for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December		Variation (%)
	2012	2013	
Transportation of Doré, Concentrate and maritime freight	5,745	4,256	(25.9)
Sales commissions	2,264	1,050	(53.6)
Personnel expenses	374	210	(43.9)
Warehouse expense	3,918	3,256	(16.9)
Taxes ⁽¹⁾	23,323	16,596	(28.8)
Other	3,836	3,417	(10.9)
Total	39,460	28,785	(27.1)

- (1) Relates to export duties in Argentina.

Other Income/Expenses

Other income before exceptional items decreased 54.5%, to US\$4.0 million for 2013, from US\$8.7 million for 2012, primarily as a result of a US\$1.7 million export tax credit from the Group's operations in Argentina. Other expenses increased 63.3%, to US\$15.6 million for 2013, from US\$9.5 million for 2012 primarily as a result of an increase in mine closure provisions.

Profit from Continuing Operations before Net Finance Income/(Cost), Foreign Exchange Loss and Income Tax

As a result of the factors described above, profit from continuing operations before exceptional items, net finance income/(cost), foreign exchange loss and income tax decreased 91.9%, to US\$17.7 million for 2013, from US\$219.8 million for 2012.

Share of Post-Tax Profit/(Losses) of Associates and Joint Ventures Accounted under Equity Method

Share of post-tax profit/(losses) of associates and joint ventures accounted under equity method decreased 8.3%, to US\$5.9 million for 2013, from US\$6.5 million for 2012. This decrease was primarily due to the Company's share of the results of GRC.

Finance Income

Finance income before exceptional items increased 437.0%, to US\$10.7 million for 2013, from US\$2.0 million for 2012 primarily as a result of US\$6.8 million interests accrued on deposits and liquidity funds and dividends received from GRC.

Finance Costs

Finance costs before exceptional items decreased 9.1%, to US\$11.7 million for 2013, from US\$12.9 million for 2012. This decrease was primarily the result of a US\$4.4 million reduction in interest cost associated with the US\$115 million convertible bonds due 2014, which was partially offset by a US\$2.7 million increase in interest costs associated with the US\$340 million secured term loan facility. The Group had no outstanding positions in commodity hedges as of 31 December 2013.

Foreign Exchange Loss

Foreign exchange loss increased 1,529.8%, to US\$19.8 million for 2013, from US\$1.2 million for 2012. This increase was primarily the result of a devaluation of the Peruvian *nuevo sol* with respect to the U.S. dollar during 2013, which had a negative effect on cash deposits held in Peruvian *nuevo sol*.

Profit from Continuing Operations before Income Tax

As a result of the factors described above, profit from continuing operations before exceptional items and income tax decreased 98.7%, to US\$2.9 million for 2013, from US\$214.1 million for 2012.

Income Tax (Expense)/Benefit

Income tax expense before exceptional items decreased 47.4%, to US\$45.0 million for 2013, from US\$85.5 million for 2012. This decrease was primarily the result of lower metal prices reflected in a reduced pre-exceptional profit before income tax of US\$2.9 million in 2013 compared to US\$214.1 million in 2012, all of which was partially offset by the devaluation of the Peruvian *nuevo sol* and the Argentine peso, which had a US\$30.4 million negative impact in income tax.

Profit for the Year from Continuing Operations

As a result of the factors described above, profit for the year from continuing operations before exceptional items decreased 132.7%, to a US\$42.1 million loss for 2013, from a US\$128.6 million gain for 2012.

Attributable Profit for the Year from Continuing Operations to Equity Shareholders of the Company

As a result of the factors described above and eliminating the profit corresponding to non-controlling interests, attributable profit for the year from continuing operations before exceptional items decreased 177.7%, to a US\$50.3 million loss for 2013, from a US\$64.8 million gain for 2012.

Exceptional Items

Exceptional items in 2013 represented a US\$86.6 million loss after tax. Exceptional items in 2012 represented a US\$1.7 million loss after tax. This mainly comprised of the following pre-tax effects:

Year ended 31 December 2013		
Positive Exceptional Items	(U.S. dollars in thousands)	Detail
Other income	2,442	Gain on sale of exploration concessions in Peru.
Gain on transfer from investment accounted for under the equity method to available-for-sale financial assets	107,942	Gain on the reclassification of GRC shares from an investment accounted for under equity method to an available-for-sale financial asset of US\$107.9 million, as a result of ceasing to have the ability to exercise significant influence over GRC.
Finance Income	2,417	Adjustment of fair value of IMZ shares as a result of the IMZ acquisition.

Year ended 31 December 2013		
Negative Exceptional Items	(U.S. dollars in thousands)	Detail
Termination benefits	(8,273)	Termination benefits paid to employees between April and September 2013, following the restructuring plan approved by management during the first half of 2013.
Other expenses	(90,671)	Relates to a US\$40.9 million impairment of the San Jose mine unit, a US\$30.3 million impairment of the Azuca project, a US\$29.1 million impairment of the Crespo project, a US\$3.8 million impairment of the Ares unit and a US\$1.0 million write-off of PP&E; and a US\$14.4 million reversal of impairment of the San Felipe property.
Finance cost	(136,353)	Relates to a US\$105.3 million impairment of investments in GRC, a US\$12.9 million impairment of IMZ, and other available-for-sale assets in the amount of US\$11.4 million. This item also includes US\$4.7 million in transaction costs related to the Bridge Loan Facility and the undrawn Suyamarca Medium Term loan. It also includes a US\$7.8 million loss relating to the disposition of the GRC shares.

Year ended 31 December 2012		
Positive Exceptional Items	(U.S. dollars in thousands)	Detail
Other income	1,099	Relates to the provision of termination benefits due to employees as a result of the closure of the Moris mine accrued in 2011 and partially reversed in 2012.
Year ended 31 December 2012		
Negative Exceptional Items	(U.S. dollars in thousands)	Detail
Impairment and write-off on assets	(245)	Corresponds to assets write-off in Ares and MH Mexico. Partially offset by the reversal of the write-off recorded in 2010 related to the 100% Doré project at the San Jose mine.
Share of post-tax losses of associates and joint ventures accounted under equity method .	(1,376)	Loss resulting from dilution of holding in GRC.
Finance cost	(1,334)	Mainly corresponds to the impairment of Iron Creek Capital Corp. Brionor Resources and Empire Petroleum Corp of US\$1,043,671, US\$105,000 and US\$8,000, respectively.

Liquidity and Capital Resources

The Group's main cash requirements are its operating expenses, capital expenditures relating to the development of the Group's operations and projects, exploration activities, the servicing of debt, the payment of dividends and payment of taxes. The Group's primary sources of cash have been cash flow from operating activities and, to a lesser extent, loans and other financings.

Cash Flows

The table below sets forth certain components of the Group's cash flows for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
Net cash generated from operating activities . . .	254,879	64,674	93,779	44,159	18,320
Net cash used in investing activities	(427,869)	(218,113)	(263,007)	(127,049)	(119,212)
Cash flows used in financing activities	(94,842)	99,830	5,039	27,374	70,215
Net (decrease)/increase in cash and cash equivalents during the year	<u>(267,832)</u>	<u>(53,609)</u>	<u>(164,189)</u>	<u>(55,516)</u>	<u>(30,677)</u>

Net Cash from Operating Activities

Net cash generated from operating activities for the six months ended 30 June 2015 was US\$18.3 million, a decrease of 58.5% compared to US\$44.2 million for the six months ended 30 June 2014. This decrease was primarily due to lower gold and silver prices.

Net cash generated from operating activities was US\$93.8 million for the year ended 31 December 2014, an increase of 45.0% compared to US\$64.7 million for the year ended 31 December 2013. This increase was primarily due to a significant improvement of working capital and the implementation of the Group's cash flow optimisation programme, partially offset by lower metal prices.

Net cash generated from operating activities was US\$64.7 million for the year ended 31 December 2013, a decrease of 74.6% as compared to US\$254.9 million for the year ended 31 December 2012. This decrease was primarily due to significantly lower silver prices.

Net Cash from Investing Activities

Net cash used in investing activities for the six months ended 30 June 2015 was US\$119.2 million, a decrease of 6.2% as compared to US\$127.0 million for the six months ended 30 June 2014. This decrease was primarily due to reductions in Operations Capex, partially offset by higher construction capital expenditure incurred at the Inmaculada Project.

Net cash used in investing activities was US\$263.0 million for the year ended 31 December 2014, an increase of 20.6% as compared to US\$218.1 million for the year ended 31 December 2013. This increase was due primarily due to higher pre-operating capital expenditure incurred at the Inmaculada Project in 2014

Net cash used in investing activities was US\$218.1 million for the year ended 31 December 2013, as compared to US\$427.9 million generated in investing activities for the year ended 31 December 2012. This decrease was due primarily to lower capital expenditure in line with the implementation of the cash flow optimisation programme during 2013, the acquisition of Andina in 2012, proceeds from deferred income related to the sale of San Felipe in 2013 and proceeds from the sale of GRC in 2013.

Cash Flows from Financing Activities

Cash flows generated from financing activities for the six months ended 30 June 2015 were US\$70.2 million, compared to cash flows used in financing activities of US\$27.4 million for the six months ended 30 June 2014. This increase was primarily due to US\$75 million short term borrowing lines draw down in Peru in first quarter 2015.

Cash flows used in financing activities were US\$5.0 million for the year ended 31 December 2014, compared to US\$99.8 million for the year ended 31 December 2013. This decrease was primarily resulted from the issuance of the Senior Notes by Compañía Minera Ares S.A.C., the execution of the US\$100 million credit agreement with The Bank of Nova Scotia and Corpbanca, as lenders, all of which was partially offset by the repayment of the US\$270 million bridge loan facility, the US\$115 million convertible bond and a reduction of short term borrowings in the amount of US\$30 million.

Net cash received from financing activities totalled US\$99.8 million for the year ended 31 December 2013, compared to US\$94.8 million net cash used in financing activities for the year ended 31 December 2012. This increase was primarily due to US\$270 million bridge loan facility disbursed in 2013, proceeds from a US\$71.9 million equity placing and lower dividends paid in 2013 compared to 2012. These effects were partially offset by the acquisition of the minority interest in IMZ in 2013 for a total value of approximately US\$280 million, including net cash consideration of US\$271 million.

Indebtedness

The following table describes the Group's U.S. dollar and local currency debt structure by country as of 30 June 2015:

(U.S. dollars in thousands)	As of 30 June 2015	Percent of Total
Denominated in Local Currency		
Argentina	1,491	0.3
Total local currency denominated	1,491	0.3
U.S. dollar Denominated		
Peru	525,000	98.4
Argentina	7,300	1.4
Total U.S. dollar Denominated	532,300	99.7
Total	533,791	100.0

Short-Term Indebtedness

As of 30 June 2015, the Group's short-term Indebtedness was US\$83.8 million, excluding the current portion of long-term debt. The short-term debt consists primarily of pre-shipment loans for working capital purposes. Short-term debt is partially denominated in U.S. dollars and Argentine *pesos* which have an annual interest rate of approximately 1.15% and 29%, respectively, and is guaranteed by the Group's inventories and trade receivables. Pre-shipments are credit lines given by banks to meet payment

obligations arising from the Group's exports. Short-term borrowings in Peru (US\$75 million) are currently being used for working capital purposes. US\$25,000,000 will mature in December 2015, US\$15,000,000 will mature in June 2016 and US\$35,000,000 will mature in July 2016.

Long-Term Indebtedness

Senior Notes

On 23 January 2014, Compañía Minera Ares S.A.C. issued the Senior Notes. The Senior Notes are guaranteed by the Company and Hochschild Mining (Argentina) Corporation S.A. Interest on the Senior Notes will be paid semi-annually, commencing 23 July 2014 until maturity on 23 January 2021. The average annual interest rate for the Senior Notes is 7.75% pre tax (5.58% post tax). The outstanding balance of the Senior Notes at 30 June 2015 comprised the carrying value, including accrued interest payable, of US\$355.2 million determined in accordance with the effective interest method.

The following options could be taken before the maturity:

- **Optional Redemption with Proceeds of Equity Offerings:** The issuer may redeem up to 35% of the outstanding principal amount of the Senior Notes at 107.750% prior to 23 January 2017;
- **Optional Redemption with Make-Whole Premium:** At any time prior to 23 January 2018, the issuer may redeem all or part of the Senior Notes, at a price equal to 100% of the outstanding principal amount of the Senior Notes plus accrued and unpaid interest and additional amounts, if any, to the redemption date, plus a "make-whole" premium at Treasury Rate + 50 basis points;
- **Optional Redemption without Make-Whole Premium:** On or after 23 January 2018, the issuer may redeem all or part of the Senior Notes at the redemption prices specified plus accrued and unpaid interest and additional amounts, if any, to the redemption date. The Make Whole Premium requires repayment of 103.875%, 101.938% or 100% of the outstanding principal balance if exercised in 2018, 2019 or 2020 respectively;
- **Optional Redemption Upon Tax Event:** The issuer may redeem 100% of the outstanding principal amount of the Senior Notes plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain tax-related events; and
- **Change of Control Offer:** Upon the occurrence of certain change of control-related events, the issuer is required to make an offer to redeem the Senior Notes at 101% of their principal amount plus accrued and unpaid interest.

Material Financing Agreements

Medium-Term Bank Loan

Compañía Minera Ares S.A.C., a subsidiary of the Company, has entered into a US\$100,000,000 credit agreement with Scotiabank, The Bank of Nova Scotia and Corpbanca, as lenders. The loan is guaranteed by the Company and bears interest at a rate of LIBOR + 2.6% pre tax (base rate of 1.87% post tax) payable quarterly. The first principal repayment date is scheduled for July 2016, with subsequent quarterly amortisations thereafter until maturity in April 2019. The carrying value including accrued interest payable as of 30 June 2015 was US\$100.1 million, which was determined in accordance with the effective interest method.

Financial Capacity

Based on the performance of the Group and operational cash flow generation indicators, the Directors believe the Group has the capacity to meet its short and medium-term commitments. It is the intention of the Group to pay off the principal amount of the short and long-term debt using operating cash flow.

Notwithstanding the above, in the event that additional resources beyond those provided by the Group's operational cash flow are required, the Group intends to obtain such resources through bank loans or other financings to be evaluated and contracted by the Group, or by divestment of assets, in addition to further equity offerings.

Off-Balance Sheet Arrangements

As of the date of this Prospectus, the Group had no off-balance sheet arrangements. There are no majority-owned subsidiaries that are not included in the Company's consolidated financial statements, nor does the Company has any interests in, or relationships with, any subsidiaries that are not reflected in the Company's consolidated financial statements.

Capital Expenditures

According to the revised capital expenditure estimate, total construction capital expenditure for the Inmaculada Project is US\$455 million, of which US\$425 million has already been spent as of 31 August 2015 with the remaining construction capital expenditure of US\$30 million expected to be spent during the rest of 2015 (to be funded from existing cash resources). In addition, to the construction capex, the Group will invest US\$32 million on mine development and operating capital expenditure and will capitalise pre-operating costs for approximately US\$13 million. The capital expenditures for the Inmaculada Project have been determined following the preparation of prospective financial information in the form of internally consistent cash flow, profit and loss and balance sheet information, business analysis covering both the cash flows of the project and the terms and conditions and commercial considerations associated with banking and other financing relationships required to complete the project, consideration of the strategy and plans of the project and the related implementation risks together with checks against external evidence and opinion, and sensitivity analyses to assess whether there is sufficient margin or headroom to cover reasonable worst case scenario. However, these amounts are estimates and subject to change. In addition, the Group will continue recurrent maintenance capital expenditures in the operating units.

The table below provides the Group's total capital expenditures for the periods indicated:

(U.S. dollars in thousands)	Year ended 31 December ⁽¹⁾			Six months ended 30 June ⁽¹⁾	
	2012	2013	2014	2014	2015
Arcata					
Maintenance Capex	37,115	41,210	28,809	18,164	5,283
Project Capex	15,676	2,045	58	0	0
Total Arcata Capex	52,791	43,255	28,867	18,164	5,283
Ares					
Maintenance Capex	7,476	3,783	0	0	0
Project Capex	0	0	0	0	0
Total Ares Capex	7,476	3,783	0	0	0
Selene					
Maintenance Capex	1,152	1,364	497	156	130
Project Capex	0	0	0	0	0
Total Selene Capex	1,152	1,364	497	156	130
Pallancata					
Maintenance Capex	45,858	40,837	33,460	17,296	4,856
Project Capex	9,861	2,155	700	407	24
Total Pallancata Capex	55,719	42,992	34,160	17,703	4,880
San Jose					
Maintenance Capex	70,838	49,565	41,628	18,734	16,002
Project Capex	350	6,937	9,722	2,192	3,966
Total San Jose Capex	71,188	56,502	51,350	20,926	19,968
Moris Capex	846	932	0	0	0
Inmaculada Capex	96,060	89,120	193,445	70,555	98,973
Crespo Capex	17,984	21,469	4,206	2,467	1,012
Azuca Capex	12,476	4,741	853	578	137
Other	18,062	13,108	6,280	5,466	1,204
Subtotal	333,754	277,266	319,658	136,015	131,587
Andina Minerals Capex	86,631	4,312	1,463	972	565
Total	420,385	281,578	321,121	136,987	132,152

(1) The division between Maintenance Capex and Project Capex is based on management's estimates derived from the Group's unaudited management reports.

Contractual Obligations

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 these options the Group must satisfy certain financial and other obligations during the term of the agreement. The options lapse in the event that the Group does not meet its financial obligations. At any point in time, the Group may cancel the agreements without penalty, except where specified below.

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

	As of 31 December			
	2013	2014	2013	2014
	Less than 1 year		More than 1 year	
(U.S. dollars in thousands)				
Mining rights purchase options	1,484	350	16,250	6,850

Below is a description of the most significant mining rights purchase agreements.

(i) Compañía Minera Aurifera M & RM S.A (Ore Body 3)

On 28 January 2013, the Group entered into a purchase option agreement with Compañía Minera Aurifera M & RM S.A. to explore and develop minerals and to earn the right to purchase 100% of the properties in "Ore Body 3" located in Ayacucho, Peru. Upon signing the purchase option agreement the Group paid US\$150,000 to Compañía Minera Aurifera M & RM S.A.

In order to exercise the option under this agreement, the Group is required to make a total payment of US\$2,500,000 within five years by 28 June 2018. The Group is entitled to withdraw from the agreement at any time. As of 31 December 2014 the Group had invested US\$300,000 in this project.

(ii) Lara Exploration Ltd (Corina)

On 13 June 2014, the Group entered into a purchase option agreement with Lara Exploration Ltd. to explore and develop minerals and to earn the right to purchase 100% of the properties in "Corina" located in Apurimac, Peru. Upon signing the purchase option agreement the Group paid US\$150,000 to Lara Exploration Ltd.

In order to exercise the option, the Group is required to make a total payment of US\$5,000,000 within four years since the mining exploration authorisation is obtained. The Group is entitled to withdraw from the agreement at any time. As of 31 December 2014 the Group had invested US\$150,000 in this project.

Operating lease commitments

The Group has a number of operating lease agreements, as a lessee. The lease expenditure charged to the income statement during the years 2014 and 2013 are included in production costs, administrative expenses, exploration expenses and selling expenses. As of 31 December 2014 and 2013, the future aggregate minimum lease payments under the operating lease agreements were as follows:

	As of 31 December			
	2013	2014	2013	2014
	Less than 1 year		1–5 years	
(U.S. dollars in thousands)				
Operating lease commitments	5,149	6,371	258	2,224

Capital commitments

The table below shows the Group's capital commitments as of the dates indicated:

(U.S. dollars in thousands)	As of 31 December	
	2013	2014
	Less than 1 year	
Peru	151,362	97,826
Argentina	6,767	6,091
Total	158,129	103,917

Quantitative and Qualitative Disclosure about Market Risk

Metal Price Sensitivity

The Group is subject to market risks arising from the volatility of silver and gold prices. Assuming that expected metal production and sales are achieved and no material changes are present in the Group's operating expenses, metal price sensitivity factors would indicate the following changes for the six months ended 30 June 2015:

	Silver	Gold
Change in metal price (U.S. dollars per ounce)	– 1	– 100
Annual change in net income attributable to us (U.S. dollars in millions)	– 12.5	– 7.4

Change in Monetary Position

Assuming an exchange rate variance of 10% as of 31 December 2014, the Group estimates that its net monetary position in Peruvian *nuevos soles* and Argentine *pesos* would increase (decrease) the Group's net earnings as follows:

(U.S. dollars in Millions)	Effect in Net Earnings
Appreciation of 10% in exchange rate of U.S. dollar vs. Peruvian <i>nuevo sol</i> and Argentine <i>peso</i>	10
Devaluation of 10% in exchange rate of U.S. dollar vs. Peruvian <i>nuevo sol</i> and Argentine <i>peso</i>	(10)

Interest Rate Risk

None of the outstanding indebtedness of the Group is subject to variable interest rates.

Provisionally Priced Sales

As of 30 June 2015, the Group recorded provisionally priced sales of (i) 6 million ounces of silver at an average forward price of US\$17.75 per ounce and (ii) 38 thousand ounces of gold at an average forward price of US\$1,300 per ounce. These sales are subject to final pricing based on the contractual quotational period.

New Accounting Pronouncements

The accounting policies adopted in the preparation of the 2015 Interim Condensed Financial Statements are consistent with those followed in the preparation of the 2014 Financial Statements, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 19

Defined Benefit Plans: Employee Contributions IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked

to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010–2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in the 2015 Interim Condensed Financial Statements. They include:

- IFRS 2 “*Share-based Payment*”: This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
 - a performance condition must contain a service condition;
 - a performance target must be met while the counterparty is rendering service;
 - a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; and
 - a performance condition may be a market or non-market condition.

If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group’s accounting policies.

- IFRS 3 “*Business Combinations*”: The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group’s current accounting policy, and thus this amendment does not impact the Group’s accounting policy.
- IFRS 8 “*Operating Segments*”: The amendments are applied retrospectively and clarify that: An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 3 in these financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of her decision making.
- IAS 16 “*Property, Plant and Equipment and IAS 38 Intangible Assets*”: The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the six months ended 30 June 2015.
- IAS 24 “*Related Party Disclosures*”: The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011–2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in the 2015 Interim Condensed Financial Statements. They include:

- IFRS 3 “*Business Combinations*”: The amendment is applied prospectively and clarifies the scope exceptions within IFRS 3 that: Joint arrangements, not just joint ventures, are outside the scope of IFRS 3., This amendment is not relevant for the Group and its subsidiaries.
- IFRS 13 “*Fair Value Measurement*”: The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.
- IAS 40 “*Investment Property*”: The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

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

Critical Accounting Policies

The following is a discussion of the Group’s application of critical accounting policies that require its management to make certain assumptions about matters that are uncertain at the time the accounting estimate is made, where the Group’s management could reasonably use different estimates, or where accounting changes may reasonably occur from period to period, and in each case would have a material effect on the Company’s financial statements. For additional information, see note 2 of the notes to the 2014 Financial Statements included in this Prospectus.

Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management’s best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimates is contained in the accounting policies and/or the notes to the financial statements. The key areas are summarised below.

Significant areas of estimation uncertainty and critical judgements made by management in preparing the consolidated financial statements include:

Significant Estimates

Determination of Useful Lives of Assets for Depreciation and Amortisation Purposes

Estimates are required to be made by management as to the useful lives of assets. For depreciation calculated under the unit of production method, estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. Each item’s life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Changes are accounted for prospectively.

Determination of Ore Reserves and Resources

There are numerous uncertainties inherent in estimating ore reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Review of Asset Carrying Values and Impairment Charges

The assessment of asset carrying values requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Changes in these assumptions will affect the recoverable amount of the property, plant and equipment and evaluation and exploration assets.

The impairment testing of goodwill is based on significant judgements and assumptions made by the management when performing the annual impairment testing. Changes to be made to these assumptions may alter the results of the impairment testing, the impairment charges recorded in profit or loss and the resulting carrying values of the non-current assets tested.

Estimation of the Amount and Timing of Mine Closure Costs

The Group assesses its mine closure cost provision annually. Significant estimates and assumptions are made in determining the provision for mine closure cost as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, mine life and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the balance sheet date represents management's best estimate of the present value of the future closure costs required. Changes to estimated future costs are recognised in the statement of financial position by adjusting the mine closure cost liability and the related asset originally recognised. If, for mature mines, the revised mine assets net of mine closure cost provisions exceed the recoverable value, that portion of the increase is charged directly to the income statement. For closed sites, changes to estimated costs are recognised immediately in the income statement.

Critical Judgments

Determination of Functional Currencies

The determination of functional currency requires management judgement, particularly where there may be several currencies in which transactions are undertaken and which impact the economic environment in which the entity operates.

Income Tax

Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

Recognition of Evaluation and Exploration Assets and Transfer to Development Costs

Judgement is required in determining when the future economic benefit of a project can reasonably be regarded as assured, at which point evaluation and exploration expenses are capitalised. This includes the assessment of whether there is sufficient evidence of the probability of the existence of economically recoverable minerals to justify the commencement of capitalisation of costs; the timing of the end of the exploration phase and the start of the development phase and the commencement of the production phase. For this purpose, the future economic benefit of the project can reasonably be regarded as assured when the Board authorises management to conduct a feasibility study, mine-site exploration is being conducted to convert resources to reserves or mine-site exploration is being conducted to confirm resources, all of which are based on supporting geological information.

Acquiring a Subsidiary or a Group of Assets

In identifying a business combination or acquisition of assets the Group considers the underlying inputs, processes and outputs acquired as a part of the transaction. For an acquired set of activities and assets to be considered a business there must be at least some inputs and processes that have the capability to achieve the purposes of the Group. Where significant inputs and processes have not been acquired, a transaction is considered to be the purchase of assets. For the assets and assumed liabilities acquired the

Group allocates the total consideration paid (including directly attributable transaction costs) based on the relative fair values of the underlying items.

In accounting for the Group's commitment to acquire any remaining non-controlling interest, the Group applies IAS 32 "Financial instruments: Presentation". The business combination or asset purchase is accounted for on the basis that the underlying shares have been acquired. Consequently, no non-controlling interest is recognised in the consolidated financial statements.

Significant Influence

An entity loses significant influence over an investee when it loses the power to participate in the financial and operating policy decisions of that investee. The loss of significant influence can occur with or without a change in absolute or relative ownership levels. It could also occur as a result of a contractual agreement.

The presumption of significant influence may be overcome if the investor has failed to obtain representation on the investee's board of directors, the investee is opposing the investor's attempts to exercise significant influence, the investor is unable to obtain timely financial information or cannot obtain more information or a group of shareholders that holds the majority ownership of the investee operates without regard to the views of the investor.

Property, Plant and Equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost comprises its purchase price and directly attributable costs of acquisition or construction required to bring the asset to the condition necessary for the asset to be capable of operating in the manner intended by management. Economical and physical conditions of assets have not changed substantially over this period.

The cost less residual value of each item of property, plant and equipment is depreciated over its useful life. Each item's estimated useful life has been assessed with regard to both its own physical life limitations and the present assessment of economically recoverable reserves and resources of the mine property at which the item is located. Estimates of remaining useful lives are made on a regular basis for all mine buildings, machinery and equipment, with annual reassessments for major items. Depreciation is charged to cost of production on a units of production basis for mine buildings and installations and plant and equipment used in the mining production process, or charged directly to the income statement over the estimated useful life of the individual asset on a straight-line basis when not related to the mining production process. Changes in estimates, which mainly affect units of production calculations, are accounted for prospectively. Depreciation commences when assets are available for use. Land is not depreciated.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income/expenses, in the income statement.

The expected useful lives under the straight-line method are as follows:

	<u>Years</u>
Buildings	3 to 33
Plant and equipment	5 to 10
Vehicles	5

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to be ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed where incurred. The Group capitalises borrowing costs for those assets where construction commenced on or after 1 January 2009 and continues to expense borrowing costs related to construction projects that commenced prior to 1 January 2009. For borrowings associated with a specific asset, the actual rate on that borrowing is used. Otherwise, a weighted average cost of borrowing is used. The Group capitalises the borrowing costs related to qualifying assets with a value of US\$1,000,000 or more, considering that the substantial period of time to be ready is six or more months.

Mining Properties and Development Costs

Purchased mining properties are recognised as assets at their cost of acquisition or at fair value if purchased as part of a business combination. Costs associated with developments of mining properties are capitalised.

Mine development costs are, upon commencement of commercial production, depreciated using the units of production method based on the estimated economically recoverable reserves and resources to which they relate.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development.

Construction in Progress and Capital Advances

Assets in the course of construction are capitalised as a separate component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category. Construction in progress is not depreciated.

Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment is capitalised separately with the carrying amount of the component being written-off. Other subsequent expenditure is capitalised if future economic benefits will arise from the expenditure. All other expenditure including repairs and maintenance expenditures are recognised in the income statement as incurred.

Evaluation and Exploration Assets

Evaluation and exploration expenses are capitalised when the future economic benefit of the project can reasonably be regarded as assured.

Projects in the Development Phase

Exploration and evaluation costs are capitalised as assets from the date that the Board authorises management to conduct a feasibility study. Expenditure is transferred to mine development costs once the work completed to date supports the future development of the property and such development receives appropriate approval.

Identification of Resources

Costs incurred in converting inferred resources to indicated and measured resources (of which reserves are a component) are capitalised as incurred. Costs incurred in identifying inferred resources are expensed as incurred.

Determination of Ore Reserves and Resources

The Group estimates its ore reserves and mineral resources based on information compiled by internal competent persons. Reports to support these estimates are prepared each year and are stated in conformity with the JORC Code. It is the Group's policy to have the report audited by a Competent Person (as defined in JORC Code). Reserves and resources are used in the units of production calculation for depreciation as well as the determination of the timing of mine closure cost and impairment analysis.

Investment in associates

The Group's investment in an associate was accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate was carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. The income statement reflected the share of the results of operations of the associate and gains and losses arising on dilution of the Group's interest resulting from share issued by the associate. Where there have been other changes recognised directly in the statement of comprehensive income or statement of changes in equity of

the associate, the Group recognised its share of any changes and disclosed this, when applicable, in the statement of comprehensive income or statement of changes in equity respectively. Unrealised gains and losses resulting from transactions between the Group and the associate were eliminated to the extent of the interest in the associate.

The share of profit of associates was shown on the face of the income statement. This was the profit attributable to equity holders of the associate and therefore was profit after tax and NCI in the subsidiaries of the associate.

The financial statements of the associate were prepared for the same reporting period as the parent company. Where necessary, adjustments were made to bring the accounting policies in line with those of the Group.

An entity loses significant influence over an investee when it loses the power to participate in the financial and operating policy decisions of that investee. The loss of significant influence can occur with or without a change in absolute or relative ownership levels. It could also occur as a result of a contractual agreement.

The presumption of significant influence may be overcome if the investor has failed to obtain representation on the investee's board of directors, the investee is opposing the investor's attempts to exercise significant influence, the investor is unable to obtain timely financial information or cannot obtain more information or a group of shareholders that holds the majority ownership of the investee operates without regard to the views of the investor.

Upon loss of significant influence, the Group determines the fair value of the investment, recognising the effect in the consolidated income statement as an exceptional item. The balance of the investment is then reclassified as an available-for-sale financial asset.

Intangible Assets

Goodwill

Goodwill is included in intangible assets and represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for impairment testing purposes. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Right to Use Energy Transmission Line

Transmission line represents the investment made by the Group during the period of its use. This is an asset with a finite useful life equal to that of the mine to which it relates and that is amortised applying the units of production method for that mine.

Water Permits

Water permits represent the cost of water use that allows the holder to withdraw a specified amount of water from the ground for reasonable, beneficial uses. This is an asset with an indefinite useful life.

Legal Rights

Legal rights correspond to expenditures required to give the Group the right to use a property for the surface exploration work, development and production. This is an asset with a finite useful life equal to that of the mine to which it relates and that is amortised applying the units of production method for that mine.

Other Intangible Assets

Other intangible assets are primarily computer software which are capitalised at cost and are amortised on a straight-line basis over their useful life of three years.

Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

The carrying amounts of property, plant and equipment and evaluation and exploration assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, and then the review is undertaken at the cash-generating unit level.

The assessment requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Changes in these assumptions will affect the recoverable amount of the property, plant and equipment.

If the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount, a provision is recorded to reflect the asset at the lower amount. Impairment losses are recognised in the income statement.

Calculation of Recoverable Amount

The recoverable amount of assets is the greater of their value in use and fair value less costs of disposal to sell. Fair value is based on an estimate of the amount that the Group may obtain in a sale transaction on an arm's length basis. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of Impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined using the weighted average method. The cost of work in progress and finished goods (ore inventories) is based on the cost of production.

For this purpose, the costs of production include:

- costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- depreciation of property, plant and equipment used in the extraction and processing of ore; and
- related production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade and other Receivables

Current trade receivables are carried at the original invoice amount less provision made for impairment of these receivables. Non-current receivables are stated at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable which on average, do not exceed 30 days. The amount of the provision is the difference between the carrying amount and the recoverable amount and this difference is recognised in the income statement.

Share Capital

Ordinary shares are classified as equity. Any excess above the par value of shares received upon issuance of those shares is classified as share premium. In the case the excess above par value is available for distribution, it is classified as merger reserve and then transferred to retained earnings

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Mine Closure Cost

Provisions for mine closure costs are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalised and is depreciated over future production from the mine to which it relates. The provision is reviewed on an annual basis for changes in cost estimates, discount rates and operating lives.

Workers' Profit Sharing and Other Employee Benefits

In accordance with Peruvian legislation, companies in Peru must provide for workers' profit sharing equivalent to 8% of taxable income of each year. Mexican law also requires Mexican companies to provide for workers' profit sharing equivalent to 10% of the profit of each year. This amount is charged to the income statement within personnel expenses and is considered deductible for income tax purposes. The Group has no pension or retirement benefit schemes.

Other

Other provisions are accounted for when the Group has a legal or constructive obligation for which it is probable there will be an outflow of resources for which the amount can be reliably estimated.

Share-Based Payments

Cash Settled Transactions

The fair value of cash-settled share plans is recognised as a liability over the vesting period of the awards. Movements in that liability between reporting dates are recognised as an expense. The fair value of the awards is taken to be the market value of the shares at the date of award adjusted by a factor for anticipated relative total shareholder return ("TSR") performance. Fair values are subsequently remeasured at each reporting date to reflect the number of awards expected to vest based on the current and anticipated TSR performance.

Uncertainties in estimating the award include potential changes in the TSR, the number of participants in the plan, and levels of interest rates.

Equity-Settled Transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that vest. The income statement expense for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in personnel expenses.

Contingencies

Contingent liabilities are not recognised in the financial statements and are disclosed in notes to the financial information unless their occurrence is remote. Contingent assets are not recognised in the financial statements, but are disclosed in the notes if their recovery is deemed probable.

Revenue Recognition

The Group is involved in the production and sale of gold and silver from Doré and concentrate containing both gold and silver. Doré bars are either sold directly to customers or are sent to a third-party for further refining into gold and silver before they are sold. Concentrate is sold directly to customers.

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue associated with the sale of concentrate and gold and silver from Doré is recognised in the income statement when all significant risks and rewards of ownership are transferred to the customer, usually when title has passed to the customer. Revenue excludes any applicable sales taxes.

The revenue is subject to adjustment based on inspection of the product by the customer. Revenue is initially recognised on a provisional basis using the Group's best estimate of contained gold and silver. Any subsequent adjustments to the initial estimate of metal content are recorded in revenue once they have been determined.

In addition, certain sales are 'provisionally priced' where the selling price is subject to final adjustment at the end of a period, normally ranging from 15 to 90 days after the start of the delivery process to the customer, based on the market price at the relevant quotation point stipulated in the contract. Revenue is initially recognised when the conditions set out above have been met, using market prices at that date. The price exposure is considered to be an embedded derivative and hence separated from the sales contract at each reporting date. The provisionally priced metal is revalued based on the forward selling price for the quotational period stipulated in the contract until the quotational period ends. The selling price of gold and silver can be measured reliably as these metals are actively traded on international exchanges. The revaluation of provisionally priced contracts is recorded as an adjustment to 'revenue.'

Income from services provided to related parties is recognised in income when services are provided.

Finance Income and Costs

Finance income and costs comprise interest expense on borrowings, the accumulation of interest on provisions, interest income on funds invested, gains and losses from the change in fair value of derivative instruments and gains and losses on the disposal of available-for-sale investments. Interest income is recognised as it accrues, taking into account the effective yield on the asset.

Income Tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items charged or credited directly to equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and the reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement. The depreciation policy for leased assets is consistent with that for similar assets owned.

A lease is classified as an operating lease if it does not transfer substantially all of the risks and rewards incidental to ownership. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Financial Instruments

Financial assets and liabilities are recognised when the Group becomes party to the contracts that give rise to them and are classified as loans or borrowings, receivables, payables, financial instruments fair valued through profit and loss, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge (see note 2(z) to the Company's 2014 Financial Statements), as appropriate. The Group determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. When financial assets and liabilities are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss and borrowings, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if it is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required. All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the Group commits to purchase or sell the asset. Regular way transactions require delivery and receipt of assets within the timeframe generally established by regulation or convention in the marketplace. The subsequent measurement of financial assets depends on their classification, as follows:

Financial Assets at Fair Value through Profit and Loss

Financial assets at fair value through profit and loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains or losses on financial assets held for trading are recognised in the income statement.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-Sale Financial Assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as such or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit and loss. After initial recognition, available for-sale financial assets are measured at fair value with unrealised gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Loans and Borrowings

Borrowings are recognised initially at fair value. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Impairment of Financial Assets

The Group assess at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets Carried at Amortised Cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, through the use of an allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

Assets Carried at Cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-For-Sale Financial Assets

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost, where 'significant' is estimated to be around 30% of the original cost of the investment and 'prolonged' is more than 12 months. In addition, the Group analyses any case taking into account the portfolio of projects of the investee, the key technical personnel and the viability of the investee to finance its projects. If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its fair value is transferred from equity to the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was

recognised in profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement.

Derecognition of Financial Instruments

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a 'pass-through' arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is generally derecognised when the contract that gives rise to it is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of financial position, cash and cash equivalents comprise cash on hand and deposits held with banks that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents, as defined above, are shown net of outstanding bank overdrafts.

Liquidity funds are classified as cash equivalents if the amount of cash that will be received is known at the time of the initial investment and the risk of changes in value is considered insignificant.

Exceptional Items

Exceptional items are those significant 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 facilitate comparison with prior years. Exceptional items mainly include:

- impairments of assets, including goodwill, assets held for sale, property, plant and equipment and evaluation and exploration assets;
- gains or losses arising on the disposal of subsidiaries, investments or property, plant and equipment;
- fair value gains or losses arising on financial instruments not held in the normal course of trading;
- loan issue costs written-off on facility refinancing;
- any gain or loss resulting from any restructuring within the Group;
- the impact of infrequent labour action related to work stoppages in mine units; and
- the related tax impact of the above items.

Comparatives

Where applicable, certain comparatives have been reclassified to present them in a comparable manner to the current period's figures.

Hedging

The Group uses commodity swaps to hedge certain of its cash flows from product sales against price risk. These derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. The fair value of commodity swap contracts is determined by reference to market values for similar instruments.

These swaps are classified as cash flow hedges as they are hedging the Group's exposure to variability in cash flows that is attributable to a particular risk associated with highly probable forecast sales transactions.

At the inception of a hedging relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine their effectiveness in the financial reporting periods for which they were designated.

Where the commodity swaps meet the strict criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the forecast transaction occurs.

If the forecast sales transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast sales transaction occurs.

Fair Value Measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets at fair value at each statement of financial position date. Also, fair values of financial instruments are measured at amortised cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement and unquoted AFS financial assets, and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided upon annually by the Group after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group, in conjunction with its external valuers, where applicable, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

PART 7

CAPITALISATION AND INDEBTEDNESS STATEMENT

Capitalisation

The table below sets out the capitalisation and indebtedness of the Group as at 30 June 2015 and has been extracted without material adjustment from the Company's 2015 Interim Condensed Financial Statements.

	As at 30 June 2015
	(Unaudited) US\$'000
Total Current debt	
Guaranteed ⁽¹⁾	—
Secured ⁽²⁾	9,211
Unguaranteed/unsecured	87,842
Total Non-Current debt (excluding current portion of long-term debt)	
Guaranteed ⁽¹⁾	—
Secured	—
Unguaranteed/unsecured	442,898
	539,951
Shareholder's equity	
Equity share capital	170,609
Share premium	396,021
Treasury shares	(898)
Other reserves	(214,073)
Non-controlling interests	95,751
Total equity (excluding Retained earnings)	447,410
Total capitalisation⁽³⁾	987,361

Notes

- (1) The Company does not hold any external debt which is subject to guarantees provided by third parties.
- (2) Pre-shipment loans given by banks to meet payment obligations arising from the exports of the Group are secured on the sales contract.
- (3) There has been no material change in the capitalisation of the Company since 30 June 2015.

Net Indebtedness

The table below sets out the net indebtedness of the Group as at 31 August 2015, and has been extracted without material adjustment from the Company's unaudited management accounts.

	As at 31 August 2015
	(Unaudited) US\$'000
Cash at bank	406
Liquidity funds ⁽¹⁾	461
Current demand deposits accounts ⁽²⁾	26,613
Time deposits ⁽³⁾	23,050
Liquidity	50,530
Current bank debt ⁽⁴⁾	86,992
Current portion of non current debt ⁽⁵⁾⁽⁷⁾	11,498
Current Financial Indebtedness	98,490
Net Current Financial Indebtedness⁽⁶⁾	47,960
Non current bank loans ⁽⁵⁾	91,178
Bonds issued ⁽⁷⁾	343,214
Non current Financial Indebtedness	434,391
Net Financial Indebtedness⁽⁸⁾	482,351

Notes

- (1) The liquidity funds are mainly invested in certificates of deposit, commercial papers and floating rate notes with a weighted average maturity of 9.9 days as at 31 August 2015.

- (2) Relates to bank accounts which are freely available and bear interest.
- (3) These deposits have an average maturity of 2.5 days as at 31 August 2015.
- (4) Relates to US\$75,251,000 short- term credit lines drawn down during January and June and pre-shipment loans for a total amount of US\$11,741,000.
- (5) Relates to a credit agreement of US\$100,000,000 with Scotiabank Peru S.A.A. acting as Lead Arranger and The Bank of Nova Scotia and Corpbanca as lenders. The borrower is Ares and the loan is guaranteed by the Company. The loan has an interest rate of LIBOR + 2.6% payable quarterly. The first principal repayment is scheduled for July 2016, with subsequent payments quarterly thereafter until maturity in April 2019. The carrying value at 31 August 2015 of US\$99,812,000 was determined in accordance with the effective interest method.
- (6) Total Current Financial Indebtedness less Liquidity.
- (7) On 23 January 2014, the Group issued US\$350,000,000 7.75% Senior Unsecured Notes of Ares guaranteed by the Company and Hochschild Mining (Argentina) Corporation S.A. The interest is paid semi-annually, commencing 23 July 2014 until maturity on 23 January 2021. The carrying value at 31 August 2015 of US\$346,077,000 was determined in accordance with the effective interest method.
- (8) Total Non-current Financial Indebtedness plus Net Current Financial Indebtedness.

PART 8
**INFORMATION CONCERNING MANAGEMENT, CORPORATE
GOVERNANCE AND EMPLOYEES**

1. Directors

The Directors are as set out in the table below.

Directors:

Eduardo Hochschild	<i>(Chairman)</i>
Roberto Dañino	<i>(Deputy Chairman)</i>
Ignacio Bustamante	<i>(Chief Executive Officer)</i>
Enrico Bombieri	<i>(Senior Independent Director)</i>
Dr Graham Birch	<i>(Independent Non-Executive Director)</i>
Jorge Born Jr.	<i>(Independent Non-Executive Director)</i>
Sir Malcolm Field	<i>(Independent Non-Executive Director)</i>
Nigel Moore	<i>(Independent Non-Executive Director)</i>

Mr Eduardo Hochschild *(Chairman)*

Eduardo Hochschild joined the Group in 1987 as Safety Assistant at the Arcata unit, becoming Head of the Group in 1998 and Chairman in 2006. Eduardo has numerous directorships, amongst them Cementos Pacasmayo S.A.A., COMEX Peru, Banco de Crédito del Perú and a number of positions with non-profit entities such as TECSUP, the Sociedad Nacional de Minería y Petróleo and the Conferencia Episcopal Peruana. In addition, Eduardo serves as Chairman of the Board of the Universidad de Ingeniería y Tecnología. He is also the chairman of the Nominations Committee.

Mr Roberto Dañino *(Deputy Chairman)*

Roberto Dañino joined the Board in 2006 as an Executive Director and became a Non-Executive Director on 1 January 2011. In 2001, Roberto served in the Peruvian Government as Prime Minister and thereafter as the country's Ambassador to the United States. Between 2003 and 2006, Roberto was Senior Vice President and General Counsel of the World Bank Group and Secretary General of ICSID. Previously, he was a partner of Wilmer, Cutler & Pickering in the US and founding General Counsel of the Inter-American Investment Corporation. Roberto is Chairman of Fosfatos del Pacifico S.A., part of the Cementos Pacasmayo Group of companies, amongst various other boards. He is a graduate of Harvard Law School and Universidad Católica del Perú. He also chairs the Corporate Social Responsibility Committee.

Mr Ignacio Bustamante *(Chief Executive Officer)*

Ignacio Bustamante joined the Group in 1992 and joined the Board as Chief Executive Officer in April 2010. He previously served as Chief Operating Officer (from January 2008) and prior to that as General Manager of the Group's Peruvian operations. Ignacio served as Chief Financial Officer of Cementos Pacasmayo S.A.A., an affiliate of the Company, between 1998 and 2003, and as a Board member from 2003 to 2007. Subsequently, Ignacio worked for Zemex Corporation, a subsidiary of Cementos Pacasmayo, based in Atlanta, Georgia, serving first as CFO and Vice President of Business Development and later as its President. Ignacio is a graduate of Business and Accounting, having studied at the Universidad del Pacífico in Peru and he holds an MBA from Stanford University. He is a member of the Corporate Social Responsibility Committee.

Enrico Bombieri *(Senior Independent Director)*

Enrico Bombieri joined the Board on 1 November 2012. He previously served as Head of Investment Banking for Europe, Middle East and Africa (EMEA) at J.P. Morgan. After joining J.P. Morgan in 1989, Enrico held a variety of positions in the London and Milan offices. In addition to acting as Head of Investment Banking for EMEA, Enrico also served as a member of J.P. Morgan's Executive Committee, the Investment Bank's Operating Committee and the European Management Committee. Prior to joining J.P. Morgan, Enrico worked for Guinness Mahon in London and Lehman Brothers in New York and London. He is a member of the Audit, Nominations and Corporate Social Responsibility Committees.

Dr Graham Birch (*Independent Non-Executive Director*)

Dr Graham Birch joined the Board in July 2011. Prior to his retirement in 2009, Graham was a Director of BlackRock Commodities Investment Trust plc and manager of BlackRock's World Mining Trust and Gold and General Unit Trust. Previously he worked at Kleinwort Benson Securities and Ord Minnett/Fleming Ord Minnett before joining Mercury Asset Management in 1993, where he launched a number of mining and natural resources funds. In 1997, Mercury Asset Management was acquired by Merrill Lynch Investment Managers which was itself eventually acquired by BlackRock in 2006. Between February 2010 and April 2015, Graham was a Non-Executive Director of Petropavlovsk plc. He has a PhD in mining geology from Imperial College London and is a member of the Audit and Corporate Social Responsibility Committees.

Mr Jorge Born Jr. (*Independent Non-Executive Director*)

Jorge Born Jr. joined the Board in 2006. He is the President and Chief Executive Officer of Bomagra S.A. and a Director of Caldenes S.A., a Bomagra group company. Jorge is also a Director of Dufry AG Zurich and President of the Bunge and Born Charitable Foundation. Previously, Jorge served as a Director and Deputy Chairman of Bunge Limited having served as Head of European operations from 1992 to 1997 and as Head of UK operations from 1989 to 1992. He chairs the Remuneration Committee and is also a member of the Nominations Committee.

Sir Malcolm Field (*Independent Non-Executive Director*)

Sir Malcolm Field joined the Board in 2006. He serves as a Non-Executive Director of Odgers Berndtson. Between 2002 and 2006, Sir Malcolm served as Chairman of Tube Lines Limited, one of the London Underground consortia and, from 2001 to 2006, as an external policy adviser to the UK's Department of Transport. Sir Malcolm was Group Managing Director of WH Smith plc between 1982 and 1993 and served as Chief Executive from 1993 to 1996. From 1996 to 2001, Sir Malcolm chaired the Civil Aviation Authority. Sir Malcolm has held non-executive directorships with numerous companies, including Scottish and Newcastle plc, Evolution Beeson Gregory and between 2009 and April 2015, Petropavlovsk plc. He is a member of the Audit, Remuneration and Nominations Committees.

Mr Nigel Moore (*Independent Non-Executive Director*)

Nigel Moore joined the Board in 2006. He is a Chartered Accountant and currently serves as Chairman of JKXOil & Gas plc. He also serves currently as a Non-Executive Director of Ascent Resources plc, where he is also Chairman of the Audit Committee. He was also a Non-Executive Director of The Vitec Group plc. Nigel was a Partner at Ernst & Young LLP from 1973 to 2003, during which time he was responsible in particular for the provision of audit services for several of the firm's significant clients. He also served as the firm's Regional Managing Partner for Eastern Europe and Russia from 1989 to 1996. He chairs the Audit Committee and is a member of the Remuneration Committee.

2. Senior Management

The senior management of the Group is set out in the table below.

Senior Manager:

Ignacio Bustamante	(Chief Executive Officer)
Ramón Barúa	(Chief Financial Officer)
Isac Burstein	(Vice President, Exploration & Business Development)
Eduardo Landin	(Chief Operating Officer)
José Augusto Palma	(Vice President, Legal & Corporate Affairs)
Eduardo Villar	(Vice President, Human Resources)

Mr Ignacio Bustamante (*Chief Executive Officer*)

Please see above.

Mr Ramón Barúa (*Chief Financial Officer*)

Ramón Barúa was appointed Chief Financial Officer of the Company on 1 June 2010. Prior to his appointment, he served as Chief Executive Officer of Fosfatos del Pacifico S.A., owned by Cementos Pacasmayo, an associate company of the Group. During 2008, Ramón was the General Manager for

Hochschild Mining's Mexican operations, having previously worked as Deputy Chief Executive Officer and Chief Financial Officer of Cementos Pacasmayo. Prior to joining the Group, Ramon was a Vice President of Debt Capital Markets with Deutsche Bank in New York for four years and a sales analyst with Banco Santander in Peru. Ramón is an economics graduate of Universidad de Lima and holds an MBA from Columbia Business School.

Mr Isac Burstein (*Vice President, Exploration & Business Development*)

Isac Burstein joined the Group as a geologist in 1995. Prior to his current position, Isac served as Manager for Project Evaluation, Exploration Manager for Mexico, and Exploration Geologist. Isac assumed responsibility for the Group's exploration activities in February 2014. Isac holds a BSc in Geological Engineering from the Universidad Nacional de Ingeniería, an MSc in Geology from the University of Missouri and an MBA from Krannert School of Management, Purdue University.

Mr Eduardo Landin (*Chief Operating Officer*)

Eduardo Landin was appointed Chief Operating Officer of the Company on 25 March 2013, having previously served as General Manager of the Company's operations in Argentina. In 2011, he became General Manager of Projects with direct responsibility over the development of Inmaculada and Crespo. Before joining the Company, Eduardo held the position of Corporate Development Manager at Cementos Pacasmayo and, prior to that, he served in the Government of Peru's Ministry of Energy and Mines. Eduardo holds a B.Eng in Mechanical Engineering from Imperial College London and an Executive MBA from the Universidad de Piura, Peru.

Mr José Augusto Palma (*Vice President, Legal & Corporate Affairs*)

José Augusto Palma joined the Group in July 2006 after a 13-year legal career in the United States, where he was a partner at the law firm of Swidler Berlin, and subsequently at the World Bank. He also served two years in the Government of Peru. José has law degrees from Georgetown University and the Universidad Iberoamericana in Mexico and is admitted to practise as a lawyer in Mexico, New York and the District of Columbia. Prior to his current role, José served as VP Legal.

Mr Eduardo Villar (*Vice President, Human Resources*)

Eduardo Villar has been with the Group since 1996. Prior to his current position, he served as Human Resources Manager, Deputy HR Manager and Legal Counsel. Eduardo holds a law degree from the Universidad de Lima and an MBA from the Universidad Peruana de Ciencias Aplicadas.

3. Corporate Governance

UK Corporate Governance Code

For the year ended 31 December 2014 and as at the date of this Prospectus, the Company is in compliance with the provisions set out in the UK Corporate Governance Code, save as noted below:

- i. contrary to the Main Principle of Section D, a significant part of the remuneration of Eduardo Hochschild, who held the position of Executive Chairman until 31 December 2014, was not performance-related. As previously reported, the Chairman's remuneration arrangements were reviewed in early 2010. In agreeing the structure, the Board felt that the arrangements should reflect the importance of his contribution to the long-term strategic development of the Group and his current significant shareholding. For this reason, a package comprising fixed elements only was considered to be the most appropriate; and
- ii. contrary to the recommendations under Code Provision B.6.2, the Board has not undertaken an externally facilitated Board evaluation in the past three years as the Directors consider that the annual internally led evaluation process has resulted in many enhancements to the way the Board and its Committees discharge their responsibilities. As previously reported, the Board acknowledges the benefits of a periodic external evaluation recommended by the Code but given the extent of the steps taken by management to mitigate the impact of falling precious metal prices, the Board feels that the cost of an externally led evaluation does not justify the expected level of additional benefits. As a result, the Directors feel it is only right to continue the deferral of a third-party led evaluation for the time being until the appropriate time.

Roles and Responsibilities of the Board

The Board is responsible for approving the Company's strategy and monitoring its implementation, for overseeing the management of operations and for providing leadership and support to the senior management team in achieving sustainable added value for shareholders. It is also responsible for enabling the efficient operation of the Group by providing adequate financial and human resources and an appropriate system of financial control to ensure these resources are fully monitored and utilised. There is an agreed schedule of matters reserved for the Board which includes the approval of annual and half-yearly results, the Group's strategy, the annual budget and major items of capital expenditure.

Composition

As at the date of this Prospectus, the Board comprised the Chairman, the Deputy Chairman, the Chief Executive Officer, and five Non-Executive Directors.

Chairman and Chief Executive

The division of responsibilities between the Chairman and the CEO has been set out in writing and has been approved by the Board.

The Chairman is responsible for the overall operation, leadership and governance of the Board, setting the tone and style of Board discussions, and creating the conditions for overall Board and individual director effectiveness. He is also responsible for ensuring that all members of the Board develop an understanding of the views of major shareholders, that there is an open dialogue with shareholders, and that the Chairmen of the Board's principal committees are available to answer shareholder questions at the Annual General Meeting.

The Chief Executive Officer is responsible for leading an executive team in the day-to-day management of the Group's business.

Whilst the Chairman is not considered to be independent as the majority shareholder of the Company, the Board is satisfied that, given its structure, decisions can be made without any one Director exercising undue influence. This specific issue is the subject of discussion as part of the annual Board evaluation process which, in 2014, concluded that this view is maintained.

Additional safeguards come in the form of the Relationship Agreement originally entered into by Eduardo Hochschild, Pelham and the Company on 20 October 2006, which ensures that the Company and its subsidiaries are capable of carrying on their business independently of the controlling shareholders at that time and of their respective associates. The Relationship Agreement was reviewed by the Board in 2014 following the implementation of new Listing Rules applicable to listed companies with controlling shareholders (the "**New Listing Rules**"). As a result, an amended and restated Relationship Agreement was entered into on 27 October 2014 which, in addition to being the subject of a general update, incorporates revised independence provisions reflecting the language of the New Listing Rules. Under the terms of the agreement, each of Eduardo Hochschild and Pelham covenants that: (i) all transactions with the Company (and its subsidiaries) and Eduardo Hochschild, Pelham and/or any of their associates (including, for the avoidance of doubt, ASPI) (the "**Relevant Parties**") will be conducted at arm's length and on normal commercial terms; (ii) the Relevant Parties will not take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; (iii) the Relevant Parties will not propose, and neither will they procure the proposal of, a shareholder resolution intended or which appears to be intended to circumvent the proper application of the Listing Rules; and (iv) the Relevant Parties will not take any action that would preclude or inhibit any member of the Group from carrying on its business independently of any of them.

Senior Independent Director

Enrico Bombieri serves as the Senior Independent Director and, as such, is available to act as a sounding board for the Chairman as necessary. Mr Bombieri is available to meet with major shareholders if their concerns are not resolved by the executive management team.

Non-Executive Directors

All of the Company's Non-Executive Directors hold, or have held, senior positions in the corporate sector and bring their experience and independent perspective to enhance the Board's capacity to help develop

proposals on strategy and to oversee and grow the operations within a sound framework of corporate governance.

Independence of the Non-Executive Directors

The Board considers that all of the Non-Executive Directors are independent of the Company with the exception of Roberto Dañino in light of his previous role as an Executive Director and his ongoing role as Special Adviser to the Chairman and senior management team. The Board also took into account the following circumstances which were not considered to be of a nature to materially interfere with the exercise of the relevant Director's independent judgment:

- i. Enrico Bombieri's employment, until February 2010, with J.P. Morgan, an affiliate of one of the Company's corporate brokers, J.P. Morgan Cazenove;
- ii. Dr Graham Birch's previous positions as Director of BlackRock Commodities Investment Trust plc, and Manager of Blackrock's World Mining Trust and Gold and General Unit Trust, given BlackRock's status as one of the Company's largest shareholders; and
- iii. Dr Graham Birch and Sir Malcolm Field both served on the board of Petropavlovsk plc until April 2015.

Board Committees

The Board is responsible for the Group's system of corporate governance and is ultimately responsible for the Group's activities, strategy, risk management and financial performance. To assist the Board in carrying out its functions and to ensure that there is independent oversight of internal control and risk management, the Board has formally delegated certain responsibilities to the Audit Committee, Corporate Social Responsibility Committee, Nominations Committee and Remuneration Committee. Each board committee has agreed terms of reference approved by the Board, which can be found on the Company's website.

The Board keeps the membership of its board committees under review to ensure gradual refreshing of skills and experience. The Board is satisfied that all Directors have sufficient time to devote to their roles and that it is not placing undue reliance on key individuals. Each board committee has access to independent expert advice at the Company's expense. Details of the board committees are provided below.

Audit Committee

Current members

The Audit Committee consists of independent non-executive directors and is chaired by Nigel Moore, who has extensive and substantial financial experience gained in his previous role as a partner with Ernst & Young LLP where he was responsible for services to a number of significant companies, including audit responsibilities. In addition, Nigel has been Audit Committee Chairman for a number of other listed companies for the last ten years. The other committee members are Dr Graham Birch, Enrico Bombieri and Sir Malcolm Field.

Role of the Audit Committee

The Audit Committee meets at least four times a year, with meetings scheduled to coincide with the Group's financial reporting and audit cycle. Meetings are also attended, by invitation for all or part of the meeting, by the Company's Chairman, the Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit and the lead partner of the external auditors, Ernst & Young LLP. The external auditor is present at each meeting enabling the Audit Committee to understand better the factors relevant to the auditor when exercising their professional judgement. The audit partner briefs the Audit Committee Chairman on key matters in advance of the meetings. The Audit Committee Chairman also meets on a regular basis with the Company Chairman and the Chief Financial Officer to discuss any issues.

The Audit Committee's responsibilities include:

- monitoring the integrity of the Company's financial statements;
- monitoring the effectiveness of the Company's internal controls and risk management systems;

- reviewing, on behalf of the Board, the Company's procedures for detecting fraud and the Company's systems and controls for the prevention of bribery, and to receive reports on non-compliance;
- oversight of the internal audit function and reviewing its annual work plan;
- oversight of the Company's relationship with the external auditors;
- reviewing the effectiveness of the external audit process; and
- reporting to shareholders annually on the committee's activities including details of the significant audit issues encountered during the year and how they have been addressed.

Nominations Committee

Current members

The Nominations Committee is chaired by Eduardo Hochschild and comprises Enrico Bombieri, Jorge Born Jr. and Sir Malcolm Field.

Role of the Nominations Committee

The Nominations Committee is responsible for overseeing the Board's succession planning requirements, including the identification and assessment of potential Board candidates and making recommendations to the Board for its approval. The Nominations Committee's responsibilities include:

- identifying and nominating candidates for Board approval;
- making recommendations to the Board on composition and balance;
- overseeing the succession planning of Board and senior management positions; and
- reviewing the Directors' external interests with regards to actual, perceived or potential conflicts of interest.

Corporate Social Responsibility Committee

Current members

The Corporate Social Responsibility Committee is chaired by Roberto Dañino and comprises Dr Graham Birch, Ignacio Bustamante and Enrico Bombieri. The Vice President of Operations and the Vice President of Legal and Corporate Affairs also attend each Corporate Social Responsibility Committee meeting by invitation.

Role of the Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee's responsibilities include:

- evaluating the effectiveness of the Group's policies for identifying and managing health, safety and environmental risks within the Group's operations;
- assessing the performance of the Group with regard to the impact of health, safety, environmental and community relations, decisions and actions upon employees, communities and other third parties. It also assesses the impact of such decisions and actions on the reputation of the Group; and
- evaluating and overseeing, on behalf of the Board, the quality and integrity of any reporting to external stakeholders concerning health, safety, environmental and community relations issues.

Remuneration Committee

Current members

The Remuneration Committee is chaired by Jorge Born Jr. and comprises Sir Malcolm Field and Nigel Moore. Members of senior management such as the Chairman, Chief Executive Officer and the Vice President of Human Resources also attend meetings at the invitation of the Committee. No Director or senior executive is present at meetings when his own remuneration arrangements are considered by the Committee.

Role of the Remuneration Committee

The Remuneration Committee's responsibilities include:

- determining and agreeing with the Board the broad policy for the remuneration of the Executive Directors, other members of senior management and the Company Secretary, as well as their specific remuneration packages;
- regularly reviewing the ongoing appropriateness and relevance of the remuneration policy;
- approving the design of, and determining targets for, any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes;
- ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded, and that the duty to mitigate loss is fully recognised; and
- reviewing and noting annually the remuneration trends across the Company or Group.

4. Employees

The average number of employees and contractors of the Group during the years ended 31 December 2014, 2013 and 2012 is set out below:

Year ended 31 December		
2014	2013	2012
5,976	6,853	7,557

5. Pensions

The Group does not operate any occupational pension schemes.

6. Incentive Plans

Long-Term Incentive Plan (LTIP)

The Group seeks to provide management incentives that align with and support the Group's business strategy. Management incentives are also aligned with the creation of shareholder value. The Group seeks to achieve such alignments over both the short and long term through the use of an annual performance-related bonus, which rewards the achievement of a balanced mix of financial, operational and other relevant performance measures, and the use of a LTIP which is linked to relative TSR.

The LTIP seeks to directly incentivise sustained shareholder value creation through operational performance and to support the recruitment of senior positions and longer term retention. Executive Directors may be granted awards annually as determined by the Remuneration Committee. The vesting of these awards is subject to the attainment of specific performance conditions. Awards are in the form of cash. Awards made under the LTIP have a performance and vesting period of at least three years. If no entitlement has been earned at the end of the relevant performance period, awards lapse. The Chief Executive Officer is required to invest at least 20% of vested LTIP awards into shares of the Company until such time as he has accumulated a shareholding with a value of 200% of salary. The maximum cash payments to participating Executive Directors in any three-year period may not be more than six times salary (or eight times salary in exceptional circumstances). The equivalents of these upper limits also apply to annual awards, that is an annual grant limit of no more than 200% of salary in normal circumstances.

Vesting of LTIP awards is subject to continued employment and the Company's performance over a three-year performance period. Vesting is based on the Company's TSR performance relative to specific sector-based comparator groups. Vesting of 70% of awards is based on the Company's TSR rank relative to a tailored comparator group. Vesting for threshold performance is 25% of maximum, with 75% for upper tercile performance and 100% for upper quintile performance. Vesting of 30% of awards is based on the Company's TSR outperformance of the FTSE350 Mining Index. Vesting for threshold performance is 25% of maximum, with 100% for stretch performance. The Remuneration Committee reviews, and may adjust, the comparator groups against which performance is measured, and their weightings, from time to time to ensure they remain appropriate. More generally, the performance measures applied to LTIP awards are reviewed periodically to ensure they remain aligned with shareholder interests. The Remuneration Committee can reduce or prevent vesting if it determines either that (i) the overall underlying business

performance of the Company is not satisfactory or (ii) an unacceptable position has occurred regarding safety, the environment, community relations, and/or compliance with legal obligations of the Company.

Enhanced Long-Term Incentive Plan (ELTIP)

The ELTIP, which was approved by shareholders at the 2011 annual general meeting, provides an additional incentive specifically for the Chief Executive Officer. The ELTIP seeks to support the retention of the Chief Executive Officer over a longer term horizon and to achieve stronger alignment with shareholder interests through the use of conditional shares. An award in the form of conditional shares was made to the Chief Executive Officer in 2011 to reinforce his alignment with shareholder interests and to ensure his total remuneration package remained competitive. Awards vest based on the Company's TSR performance compared with a tailored comparator group over four, five and six years. Unvested awards are subject to forfeiture or reduction in exceptional circumstances such as material misstatement or gross misconduct. The Chief Executive Officer is required to retain 50% of the after tax vested ELTIP shares until such time as he has accumulated a shareholding with a value of 200% of salary.

The ELTIP award in 2011 was over shares with a face value on the date of grant equivalent to 600% of the Chief Executive Officer's salary (362,196 conditional shares). In line with the approval granted by shareholders at the 2011 annual general meeting, the Remuneration Committee made a second ELTIP award to the Chief Executive Officer in 2014 of 600% of his salary (951,900 conditional shares). Dividend equivalents are payable over the vesting period in respect of the shares that vest.

Awards vest based on the Company's TSR performance compared with a tailored comparator group over four, five and six years. The vesting on the ELTIP award is based 100% on the Company's TSR rank compared with a sector peer group. 25% of the award vests on four-year TSR performance, 25% on five-year TSR performance, and 50% on six-year TSR performance. The vesting for threshold (median) performance is 25% of maximum, with 75% for upper quartile performance and 100% for upper decile performance. The Remuneration Committee can reduce or prevent vesting if the Remuneration Committee determines either that (i) the overall underlying business performance of the Company is not satisfactory or (ii) an unacceptable position has occurred regarding safety, the environment, community relations, and/or compliance with legal obligations of the Company.

Others

In addition, the Remuneration Committee has discretion to defer all or a portion of a bonus, payable in cash or Shares, under the Deferred Bonus Plan for up to three years. Deferred bonus is subject to forfeiture or reduction in exceptional circumstances such as material misstatement or gross misconduct.

Following shareholder approval at an Extraordinary General Meeting in December 2014, the Chief Executive Officer and certain other critical position holders were granted awards under a one-off Restricted Share Plan. Awards were made over conditional shares with a grant-date value equivalent to up to five times salary (up to 7,345,481 conditional shares), and which vest in tranches over two to five years subject to satisfactory performance and continued employment with the Company. Unvested awards are subject to forfeiture or reduction, in exceptional circumstances such as material misstatement or gross misconduct.

PART 9

REGULATORY OVERVIEW

Peru

Mining Legislation

General

The General Mining Law, as approved by Supreme Decree No. 014-92-EM on June 4, 1992 (the “**General Mining Law**”), is the key legislation governing mining activities in Peru. The exploration for, and extraction of, mineral substances from the ground (with limited exceptions) is governed by a number of laws and regulations, the most important of which include the following:

- Regulations under several titles of the Mining Law (Supreme Decree No. 003-94-EM (as amended));
- Regulations on Mining Procedures (Supreme Decree No. 018-92-EM (as amended)) including regulations to promote the investment in prospects approved through Supreme Decree No.001-2015-EM and its clarifications approved by Supreme Decree No.028-2014-EM;
- Regulations on Mining Safety and Hygiene (Supreme Decree No. 055-2010-EM);
- Environmental Regulations for Mining Exploration Activities (Supreme Decree No. 020-2008-EM (as amended));
- Regulations under Title Nine of the Mining Law relating to the Guarantees and Measures for the Promotion of Investment and Mining (Supreme Decree No. 024-93-EM (as amended));
- Mining Environmental Liabilities Law (Law No. 28271), and Regulations thereunder (Supreme Decree No. 059-2005-EM);
- Water Resource Development Law (Law No. 29338), and Regulations thereunder (Supreme Decree No. 001-2010-AG);
- Maximum Permissible Limits for the Discharge of Liquid Effluents in Mining Activities (Supreme Decree No. 010-2010-MINAM);
- Law regulating Mining Concessions in Urban and Urban Development Areas (Law No. 27015 (as amended)) and Regulations thereunder (Supreme Decree No. 008-2002-EM (as amended));
- Mining Royalties Law (Law No. 28258 (as amended)), and Regulations thereunder, (Supreme Decree No. 157-2004-EF (as amended));
- Mine Closure Law (Law No. 28090 (as amended)), and Regulations thereunder (Supreme Decree No. 33-2005-EM (as amended));
- Law regulating the Prior Consultation Right of the Indigenous Population (Law No. 29785), and Regulations thereunder (Supreme Decree No. 001-2012-MC);
- Law that establishes tax measures, simplification of procedures as well as permits to promote private investment in Peru (Law No. 30230), and Regulations thereunder (Resolution of Board of Directors No. 026-2014-OEFA/CD);
- Supreme Decree that simplifies rules to promote private investment projects (Supreme Decree No. 001-2015-EM);
- Terms of Reference for administrative proceedings and other provisions to promote private and public investment projects (Supreme Decree No. 060-2013-PCM), and Regulations for the elaboration of environmental impact assessment studies in the mining sector thereunder (Ministerial Resolution No. 092-2014-MEM-DM);
- Terms of Reference for the elaboration of Environmental Impact Assessment Study’s for mining activities (Ministerial Resolution No. 116-2015-MEM/DM);
- Environmental Regulations for Mining and Metallurgic Activities (Supreme Decree No. 040-2014-EM);
- Special provisions for the execution of administrative procedures (Supreme Decree No. 054-2013-PCM); and

- Law that creates the Environmental Certification National Service for Sustainable Investments—SENACE (Law No. 29968).

Concession Regime

General

Peruvian mineral resources are property of the state and the private sector may only exploit such resources in accordance with Peru's concession system. In principle, Peruvian law allows any investor to carry out mining activities in Peru provided they first obtain the proper concessions. The General Mining Law authorises the Geological, Mining and Metallurgical Institute ("*Instituto Geológico Minero y Metalúrgico*" or "**INGEMMET**"), a specialist agency within the mining sector that is independent from the Ministry of Energy and Mines (the "**MEM**"), to grant mining concessions. All other concessions such as processing, general services and mining transportation concessions (as defined below) are granted by the MEM. A concession is required to carry out all mining activities in Peru, except for sampling, prospecting and trading in mining products and minerals. Mining concessions are granted for indefinite periods, subject only to termination as set forth below.

Types of Concessions

Under the General Mining Law, there are four types of concessions that may be granted by the MEM or by the INGEMMET, as the case may be:

- *Mining Concessions*, which grant holders the right to explore and exploit mineral resources (either metallic or non-metallic) within the area covered by the concession;
- *Processing Concessions*, which grant holders the right to process, purify, smelt or refine minerals;
- *General Work Concessions*, which grant holders the right to carry out ancillary services, such as ventilation, sewerage, hoisting or underground access, at one or more mining concessions; and
- *Mining Transportation Concessions*, which grant holders the right to operate a transportation system to transport mineral products between one or more mining units and a processing plant or refinery, using conveyor belts, pipelines and/or track cables.

Of these concessions, only mining concessions have limits as to the area covered by the concession. Mining concessions are granted in respect of areas consisting of a minimum of 100 hectares and a maximum of 1,000 hectares (concessions located at sea may extend to an area of 10,000 hectares). Concessions may be transferred, assigned or mortgaged. Any such transfer, assignment or mortgage must be evidenced by public deed registered at the Registry of Mining Rights, part of the National System of Public Registers, before it can be enforced against the state or by third parties.

A mining concession grants the holder an exclusive and irrevocable right to carry out those mining activities set out in the concession within a specified area. The concession is registered in the National Mining Cadastre at the INGEMMET based on the UTM coordinates of the area covered by the concession.

In Peru, a mining concession is a different and separate property from the surface land where it is located. Consequently, holding a mining concession does not grant the titleholder any right to the surface land above the mine. To initiate mining activities, the holder of a mining concession must also have a title to the surface land.

Mining concessions require a number of permits and licences to be obtained before exploitation can commence. These permits include an operating mine permit and an operating plant and plant capacity authorisation and may include other permits, such as permits for water use, storage and use of explosives, fuel use and storage, electrical generation and chemical use, depending on the operation.

Requirements and Obligations of Concession Holders

Requirements

Concessions may only be granted to individuals domiciled in Peru, or companies incorporated in Peru whose objective is to carry out mining activities (although such companies may be wholly-owned by foreign investors), or branches of foreign companies established in Peru for the purpose of carrying out mining activities. The latter two categories are required by law to be registered with a Peruvian Public Registry.

Foreign companies and individuals (including Peruvian-domiciled companies ultimately owned by foreign investors) may not hold concessions over property located within 50 kilometres of any of Peru's national borders, unless permission from the government has been obtained. There is no limit to the number of concessions that may be held by a company or individual.

Obligations

Holders of mining concessions or those applying for mining concessions are required to comply with various obligations, including the annual validity fee (or “good standing” payment) of US\$3.00 per year per hectare, both for mining concessions and mining concession applications. Failure to pay the validity fee for two consecutive years will result in the termination of the mining concession or mining concession application.

Holders of mining concessions are also required to meet minimum annual production targets prescribed by the General Mining Law. Two different regimes apply depending on the date the concession was granted.

For mining concessions granted until 10 October 2008 the following rules apply:

- The minimum annual production level is equivalent to US\$100.00 per year per hectare, in the case of metallic concessions, and US\$50.00 per year per hectare, in the case of non-metallic mining concessions.
- The minimum annual production level is to be achieved within a period of six years, counted as of January 1 of the following year since the title to concession was granted.
- If the minimum annual production level is not achieved within that period, an annual penalty equivalent to US\$6.00 per year per hectare must be paid starting with the first semester of the 7th year and until the minimum production level is achieved.
- If the minimum annual production level has not been achieved by the 12th year, then the annual penalty increases to US\$20.00 per year per hectare.
- Concession holders may be able to avoid paying the penalty if they can prove to the mining authorities that they have invested an amount equivalent to at least ten times the amount of the penalty.

However, as provided by Supreme Decree No. 054-2008-EM, the aforementioned regime will be applicable until the end of year 2008 for the abovementioned concessions. As from the first day of 2009, and provided that the annual minimum production has not been met, the amount of the annual penalty and the causes of termination of mining concessions will be those provided by the General Mining Law for concessions granted after 10 October 2008 (as described below).

For concessions granted after 10 October 2008, the following rules apply:

- The minimum annual production level is equivalent to one Tax Unit (a Tax Unit is 3,850 *nuevo soles* for the year 2015, which is approximately US\$1,250.00) per year per hectare, in case of metallic mining concessions, and 10% of one tax unit (approximately US\$125.00) per year per hectare, in the case of non-metallic mining concessions.
- The minimum annual production level is to be achieved no later than the end of the 10th year from the date the concession was granted.
- If the minimum annual production level is not achieved within that period, an annual penalty equivalent to 10% of the minimum production level (approximately US\$125.00 per year per hectare for metallic concessions) is due until such level is achieved.
- If the minimum annual production level is not achieved by the end of the 15th year, the mining concession expires. Exceptionally, the concession can be extended for 5 additional years, provided that (i) the non-compliance of the minimum production level is caused by force majeure, or (ii) the company pays the annual penalty and proves to have devoted a minimum annual investment of up to 10 times the annual penalty to exploration. If the minimum annual production is not achieved by the end of this additional five-year term, the mining concession expires.

The annual validity fee and penalty must be paid prior to June 30 of each year. Failure to pay the penalty for two consecutive years may lead to the cancellation of the mining concession. This new regime includes the possibility of termination of the concession if after 15 years no minimum annual production is achieved at all.

To comply with the minimum production level, the holders of mining concessions can group concessions into economic management units (“*Unidades Económicas Administrativas*”). In order to form an economic management unit the mining concessions must be located within a radius ranging from 5, 10 and 20 kms depending on the type of mineral exploited. Division of the concession or concessions, however, cannot result in a total area of less than 100 hectares. The formation of an economic management unit requires an approval resolution issued by INGEMMET.

Concession holders that are in operation or production phase must file every year a Consolidated Annual Statement (“*Declaración Anual Consolidada*”) with the General Directorate of Mining of the MEM. The Consolidated Annual Statement is required on an annual basis (before June 30 of each year) and must contain information about the holders and their mining rights, investments, the accreditation of the minimum production level, the sustainable development activities undertaken and other information requested by the MEM in order to produce statistics of the mining activities in Peru. Currently the MEM is in a process of increasing the amount of information (e.g. geological reports, among other relevant and confidential information) that all mining companies shall file with the Consolidated Annual Statement.

As of the date of this Prospectus, we primarily own metallic mining concessions. Substantially all of our concessions were granted prior to 2008. Our mining rights and concessions are in full force and effect under applicable Peruvian laws. We believe that we are in compliance in all material respects with the terms and requirements applicable to our mining rights and concessions.

Pursuant to the Mining Royalty Law (“*Ley de Regalía Minera*” or “Law No. 29788”), which came into effect in October 2011, mining royalties are calculated based on a company’s quarterly operating profit, applying an effective rate that ranges between 1% and 12%. Pursuant to Law No. 29788, holders of mining concessions are required to pay a mining royalty (“*regalía minera*”) to the Peruvian government for the exploitation of metallic and non-metallic resources. The amount of the royalty is now payable on a quarterly basis and is equal to the greater of (i) an amount determined in accordance with a statutory scale of tax rates based on a company operating profit margin and applied to the company’s operating profit, and (ii) 1% of a company’s sales, in each case during the applicable quarter. The mining royalty rate applied to the company’s profit is based on its operating profit margin according to the following statutory scale of rates:

Operating Profit Margin

Scale No.	Lower limit	Higher limit	Rate
1	0%	10%	1.00%
2	10%	15%	1.75%
3	15%	20%	2.50%
4	20%	25%	3.25%
5	25%	30%	4.00%
6	30%	35%	4.75%
7	35%	40%	5.50%
8	40%	45%	6.25%
9	45%	50%	7.00%
10	50%	55%	7.75%
11	55%	60%	8.50%
12	60%	65%	9.25%
13	65%	70%	10.00%
14	70%	75%	10.75%
15	75%	80%	11.50%
16	More than 80%		12.00%

Mining royalty payments are deductible as an expense for income tax purposes in the fiscal year in which such payments are made.

As part of the modification of the mining royalties regime and along with the amendments introduced by Law No. 29788, the Peruvian Congress enacted Law No. 29790, which created the special mining contribution. Law No. 29790 establishes that concession holders that exploit metallic minerals are obligated to pay a special contribution only with respect to projects that are subject to a stability agreement in force, and provided that they enter into an agreement with the Peruvian government in which they

voluntarily agree to pay a special contribution, applying an effective rate between 4% and 13.12% of a company's quarterly operating profits.

Finally, published on 28 September 2011 and effective 1 October 2011, Law No. 29789 requires that holders of mining concessions pay a special mining tax ("*Impuesto Especial a la Minería*" or "Special Mining Tax") to the Peruvian government for the sale of metallic resources, regardless of the state in which they are sold. The Special Mining Tax is payable on a quarterly basis and is calculated on the basis of the operating profit derived exclusively from the sale of metallic resources. The applicable Special Mining Tax rate (which is between 2% and 8.40%) is determined by the quarterly operating profit margin of the company and such rate is applied to the operating profit derived from the sale of metallic resources, according to the following table:

Operating Profit Margin

Scale No.	Lower limit	Higher limit	Rate
1	0%	10%	2.00%
2	10%	15%	2.40%
3	15%	20%	2.80%
4	20%	25%	3.20%
5	25%	30%	3.60%
6	30%	35%	4.00%
7	35%	40%	4.40%
8	40%	45%	4.80%
9	45%	50%	5.20%
10	50%	55%	5.60%
11	55%	60%	6.00%
12	60%	65%	6.40%
13	65%	70%	6.80%
14	70%	75%	7.20%
15	75%	80%	7.60%
16	80%	85%	8.00%
17	More than 85%		8.40%

Special Mining Tax payments are deductible as an expense for income tax purposes in the fiscal year in which such payments are made.

Termination of Mining Concessions

Mining concessions are generally irrevocable but may lapse or terminate in the following three circumstances: (i) failure by a concession holder to pay the mining validity fee for two consecutive years; (ii) failure by a concession holder to pay the penalty for two consecutive years for not meeting the minimum annual production target; or (iii) if the annual production level is not achieved by the deadlines specified above.

Environmental Legislation

The environmental aspects of mining activities are governed by the General Law of the Environment (Law N. 28611) (the "**GLE**"), the General Mining Law and miscellaneous mining environmental regulations, as well as regulations governing corporate social responsibility. The General Directorate of Environmental Mining Affairs ("*Dirección de Asuntos Ambientales Mineros*" or "**DGAAM**") of the MEM is the competent authority for the regulation of all environmental matters in the mining industry. In addition, the Environmental Supervisory and Enforcement Agency ("*Organismo de Evaluación y Supervisión Ambiental*" or "**OEFA**") is responsible for supervising the environmental implications of mining concessions and fining or penalising the holder of the mining concession, if applicable. If the holder of a mining concession violates any obligation related to environmental matters, OEFA has the capacity to sanction such violation with fines of up to 30,000 Tax Units (approximately US\$37,500,000) as well as other ancillary measures.

Notwithstanding the above mentioned, in June of 2014, the Law No. 30230, which modifies the national environmental sanctioning regime was enacted, limiting the Office of Environmental Evaluation and Supervision's ability to fully sanction companies. The article 19, of the referred Law, establishes a

three-year period during which the applicable fine for infractions is reduced by 50%, with some exceptions allowed; and, prioritises the imposition of measures that correct the infringing behaviour over the imposition of fines.

Under Article 24 of the GLE, holders of new concessions must prepare an Environmental Impact Assessment ("*Estudio de Impacto Ambiental*" or "**EIA**") illustrating the impact the particular mining activity is likely to have on the environment and how this will be managed and mitigated. The EIA must be formally approved by the DGAAM which will issue its approval in writing only following a public consultation process. The EIA must be prepared by an environmental auditor registered with, and authorised by, the DGAAM for these purposes. The EIA also requires approval from, among others, the Water Management Authority ("*Autoridad Nacional del Agua*" or "**ANA**"), The Ministry of Agriculture and the Ministry of Health.

According to the Environmental Regulations for Mining Exploration Activities approved by Supreme Decree No. 020-2008-EM, the performance of mining exploration activities requires the prior authorisation of DGAAM. Under these regulations, mining exploration activities are classified into two different categories: Category I and II. Category I relates to exploration activities with minor impact on the environment, while Category II relates to such activities with considerable impact on the environment:

- Category I projects relate to exploration activities with minor impact on the environment and require the filing of an environmental statement ("*Declaración de Impacto Ambiental*" or "**DIA**") with DGAAM which is automatically approved upon its filing, except for some exceptional cases which will be subject to prior approval of the DIA. Exploration activities that are carried out in environmentally sensitive or vulnerable areas (a short distance away from water bodies, glaciers, forests and areas containing environmental liabilities) are usually deemed exceptional cases.
- Category II projects relate to exploration activities with considerable impact on the environment and require a semi-detailed EIA ("*Estudio de Impacto Ambiental Semi-Detallado*") which in all cases requires prior approval of DGAAM and a process of public hearings in the locations where the project will be developed.

Holders of mining concessions that have completed the exploration stage, or envisage mining development and exploitation activities (including the processing of minerals), are required to prepare and obtain the approval of a detailed EIA according to Supreme Decree No.040-2014-EM which regulates the environmental framework on mining activities and Law No. 27446, Law on Environmental Impact Assessment System. In this sense, this environmental certification must be obtained from DGAAM, and involves a process of public hearings in the locations where the project will be developed. This obligation is also applicable to those projects that seek to expand their ongoing operations or could cause a material change on the original project. Approval of the detailed EIA is usually granted between 18 and 24 months after the EIA is filed with the MEM.

In addition to the approval of the correspondent EIA, an authorisation to develop exploration, preparation and exploitation activities must be obtained. This authorisation is handled by the General Mining Directorate ("*Dirección General de Minería*" or "**DGM**") of the MEM.

After the EIA is approved, the title holder has three years to start operations, subject to an extension for an additional two year term granted by the DGAAM if requested by the interested party before the three year term is expired.

Additionally, according to the Public Participation Regulations in Mining Activities approved by Supreme Decree No. 028-2008-EM, for purposes of preparing the environmental impact assessment holders of mining concessions must gather and analyse the social, environmental and economic concerns of the population that lives or works in the areas surrounding the project prior to the authorisation of any activity.

Holders of mining concessions must undertake steps for public participation prior to and during the preparation of the DIA subject to evaluation, semi-detailed environmental impact assessment and a detailed EIA, as well as during the process of evaluation by DGAAM. In this process, holders of a mining project are required to submit a public participation plan to DGAAM, detailing the public participation instruments to be executed.

On 20 December 2012, the Peruvian Congress enacted Law No. 29968, which creates the National Service of Environmental Certification (SENACE by its acronym in Spanish). SENACE is going to be in charge of assessing and approving the detailed EIAs. However, as of the date of this Prospectus, the necessary follow-up regulation that transfers power from the environmental office of the Ministry of Energy and Mines to SENACE has not been approved.

Additional obligations are imposed on concession holders by Supreme Decree No. 040-2014-EM of 12 November 2014, including:

- Mining concession holders with ongoing operations must file annually with the MEM specific information attached to its consolidated annual report, indicating that their mining activities comply with all applicable environmental regulations;
- Mining concession holders must appoint a suitably qualified person within their operations to monitor the company's environmental standards; and
- All concession holders must carry out regular tests to confirm whether the amounts and concentration of their effluents are below the maximum permitted contamination levels.

Peasant Communities and Indigenous People

Peru has ratified the ILO Convention No.169 on Indigenous and Tribal People in Independent Countries through the Legislative Resolution No. 26253. This convention provides indigenous and tribal people with a right of consultation. As a result, on 7 September 2011, Law No. 29785 on the Prior Consultation Right of the Indigenous Population was published. This law, effective as from 6 December 2011, establishes a prior consultation procedure ("*procedimiento de consulta previa*") in favour of an indigenous population whose collective rights may be directly affected by a legislative or an administrative measure. The regulations pertaining to this law, approved by Supreme Decree No. 001-2012-MC on 2 April 2012, further specified the scope of administrative and legislative measures that may trigger the consultation procedure. Authorisations, licences, permits and concessions constitute administrative acts which, according to this new legislative framework governing the prior consultation procedure, are considered part of the administrative acts to be consulted, to the extent they authorise the commencement of the activity or project and to the extent they can directly affect the collective rights of indigenous peoples. Thus, in the case of the mining subsector, a prior consultation procedure is to be conducted by the MEM, before granting an authorisation for the commencement of activities (for exploration, exploitation or processing). Indigenous populations do not have the right to veto or stop a mining project. Upon completion of this prior consultation procedure, the Peruvian government can discretionarily approve or reject the applicable legislative or administrative measures.

According to the recent practice of the INGEMMET, the granting of mining concessions does not qualify as an "administrative measure" that potentially affects the rights of indigenous peoples because it does not grant a per se right to explore and exploit mineral deposits. Accordingly, the granting of mining concessions has not been included among measures that require consultation procedures with indigenous peoples. Pursuant to Ministerial Resolution No. 003-2013-MEM-DM, the Ministry of Energy and Mines has established that consultation procedures are applicable prior to the commencement of: (i) exploration activities ("*autorización de inicio de actividades de exploración*"); (ii) exploitation activities ("*autorización de inicio o reinicio de las actividades de desarrollo, preparación y explotación—incluye plan de minado y botaderos*"); and (iii) processing concessions ("*otorgamiento de concesión de beneficio*"). Law No. 26505 states that the sale, lease or other act of disposal of surface land owned by local indigenous communities is subject to the approval of the assembly composed of the members of such communities, according to the following rules:

- For local indigenous communities located on the coast approval of not less than 50% of members of the indigenous community attending the assembly is required.
- For local indigenous communities located in the highlands and the Amazon region approval of at least 2/3 of all members of the indigenous community attending the assembly is required.

Water Rights Regime

The majority of the water used for operations is pursuant to licences granted for an unlimited period by the ANA to exploit wells, which are generally granted based on studies of the existing and projected water supply. Water rights, including licences, may be terminated by governmental authorities or courts under

certain circumstances, including: (i) titleholder's resignation; (ii) nullification of the resolution approving the corresponding permit, authorisation and/or licence, declared by the ANA based on certain infringements to the Law of Water Resources, Law No. 29338 ("**LWR**"), and its regulations enacted by Supreme Decree No. 001-2010-AG; or (iii) failure to pay applicable water rights fee. According to Peruvian law, authorities may grant temporary water rights, as well as rights for indefinite periods such as those licences granted to us as on the date hereof, subject to the compliance of certain legal conditions related to the permitted use of the water. Peruvian law establishes that water rights must be used efficiently without adversely affecting its quality or the environment, and taking into account primary use (such as water for food preparation, human direct consumption, agricultural activities and personal hygiene) and rights for the use of water previously granted.

Mine Closure Law

The law regulating the closure of mines (the "**Mine Closure Law**") was approved in 2003. This law requires mining companies to file a mine closure plan and ensure that they have the necessary resources to carry out the closure plan for the purposes of preventing, minimising and controlling the risks and adverse impacts on the environment once a mining unit has ceased operations. Under the Mine Closure Law, mining concession holders must also grant an environmental warranty to the MEM for the estimated costs associated with its mine closure plan. The law provides that this warranty may take the form of insurance, cash collateral, a trust agreement or other form, as permitted by the Civil Code of Peru.

Cultural Heritage Protection

Prior to the performance of any mining activity, a titleholder of a mining project must obtain the corresponding Certificate of Non-Existence of Archaeological Remains ("*Certificado de Inexistencia de Restos Arqueológicos*" or "**CIRA**"). The CIRA is issued by the Ministry of Culture upon request, after either having verified that there are no archaeological remains in a given area or the implementation of the corresponding precautionary measures if the exact location of such archaeological remains is identified. The CIRA is valid for an unlimited period. Notwithstanding, if archaeological remains were found during the performance of activities, the titleholder of the mining project will be legally required to stop their activities and immediately communicate such incidental findings ("*hallazgos fortuitos*") to the Ministry of Culture. In case archaeological remains are affected, the mining titleholder could be subject to temporary cessation of works and an administrative fine. Depending on the circumstances, even criminal charges could be imposed.

The CIRA has to be obtained prior to the execution of any mining activity.

Investment Guarantees

In order to encourage foreign investment in Peru, the Peruvian government allows foreign investors to enter into investment guarantees. In return for a certain level of guaranteed investment, investment guarantees may give investors rights such as free currency conversion and repatriation of profits abroad, as well as certain rights relating to the tax treatment of exploration and development expenses. We have not entered into any investment guarantees.

Mexico

Mining Legislation

General

The Mining Law, published in the Official Daily of the Federation on 26 June 1992 (as amended in 1996, 2005 and 2006), is the key legislation governing mining activities in Mexico. Other relevant legislation applicable to mining operations in Mexico includes:

- Regulations to the Mining Law (published in the Official Daily of the Federation on 12 October 2012);
- Federal Law of Duties (updated annually);
- Federal Water Law (published in the Official Daily of the Federation on December 1, 1992);
- the Federal Labor Law (published in the Official Daily of the Federation on April 1, 1970, as amended);

- the Federal Law of Fire Arms and Explosives (published in the Official Daily of the Federation on January 11, 1972); and
- the General Law on Ecological Balance and Environmental Protection (published in the Official Daily of the Federation on January 28, 1988), and relevant regulations.

Concession Regime

Generally

Under Mexican law, mineral resources belong to the nation and a mining concession, granted by the Federal Executive, is required for the exploration and exploitation of mineral resources by individuals or entities incorporated under Mexican law. Mining concessions do not grant rights over the surface land where the concession is located, and therefore, mining concession holders are required to negotiate land access with the respective surface land owner or holder (individuals, *ejidos*, agrarian communities, etc.) or file an application with the General Direction of Mining Regulation (formerly, General Direction of Mines) to obtain an easement, temporary occupancy or expropriation of the land, as the case may be.

It is advisable that a party wishing to apply for a concession first confirm that the concession is not located within a natural preservation area, which is subject to special environmental authorisations. An application for a concession must be filed with the Mining Agency or Mining Delegation located closest to the area to which the mining application relates. Once an application for a mining concession has been filed, the applicant and its mining expert are authorised to enter the land where the concession is located in order to carry out surveys and expert works. Such expert works must be presented to the relevant mining authorities within 60 calendar days of the date of the application for the mining concession.

Types of Concession

On April 28, 2005, the Mining Law was amended to simplify the regulation of mining concessions by merging the exploration and exploitation regimes into one single regime. The amendment came into full force and effect on January 1, 2006. Mining concessions in Mexico have a term of fifty years from the date on which the relevant title is recorded in the Public Registry of Mining. A mining concession allows the concession holder to carry out the exploration, exploitation and processing of minerals.

Requirements and Obligations of Concession Holders

Requirements

Mining concessions may only be granted to Mexican individuals or companies incorporated and validly existing under the laws of Mexico whose corporate matters refer to the exploration and exploitation of minerals and whose corporate domicile is located within the Mexican Republic. Such companies may be wholly-owned by foreign investors. Mexican-incorporated mining companies must also be registered with the Public Registry of Commerce located where the company was incorporated and with the Public Registry of Mining having federal jurisdiction.

Mexican companies that have foreign shareholders must also be registered with the National Registry of Foreign Investments of the Ministry of Economy and must renew their registration annually.

Obligations

Holders of mining concessions are required to comply with various obligations, including the semi-annual payment of certain mining duties calculated per concession, based on the number of hectares of the concession in question and the number of years the concession has been in effect. Failure to pay the mining duties may lead to cancellation of the relevant concession.

Holders of mining concessions are obliged to carry out and prove, annually, assessment works in accordance with the terms and conditions set forth in the Mining Law and its Regulations. The Regulations to the Mining Law establish minimum amounts that must be spent or invested on exploration and/or exploitation activities every year. A report must be filed in May each year regarding the assessment works carried out in the preceding year. The mining authorities may impose a fine on the mining concession holder if one or more proof of assessment works reports are not filed on time.

Termination of Concessions

Concessions may be terminated or cancelled in the following circumstances: (i) expiration of the term of the concession; (ii) substitution for new concessions as a result of changes to the area covered by the mining concession; (iii) through a decision by a competent court; and (iv) through breach of any of the terms of Article 55 of the Mining Law, including but not limited to:

- Use of a mining concession to carry out the exploitation of minerals or substances not subject to the application of the Mining Law;
- Failure to perform and to prove the assessment works contemplated by the Mining Law and its Regulations;
- Failure to pay mining duties;
- If applicable, failure to pay consideration due to the Mexican Geological Service or to deliver the biannual reports required under the Mining Law; or
- Loss of the requisite legal capacity to be the holder of a mining concession.

Environmental Legislation

Our development projects and prospects in Mexico are subject to Mexican federal, state and municipal environmental laws (including regulations for the protection of the environment). The principal environmental legislation applicable to mining projects in Mexico is the federal the General Law of Ecological Balance and Environmental Protection (“*Ley General del Equilibrio Ecológico y la Protección al Ambiente*”), which is enforced by the Federal Bureau of Environmental Protection (“*Procuraduría Federal de la Protección del Ambiente*” or “**PROFEPA**”). PROFEPA monitors compliance with environmental legislation and enforces Mexican environmental laws, regulations and official standards. If warranted, PROFEPA may initiate administrative proceedings against companies that violate environmental laws, which in extreme cases, may result in the temporary or permanent closure of non-complying facilities, the revocation of operating licences and/or other sanctions or fines. According to the Federal Criminal Code (“*Código Penal Federal*”), the PROFEPA must inform the relevant governmental authorities of any environmental crimes that are committed by a mining company in Mexico.

Concession holders may agree to comply with the Mexican Official Norm, NOM-120-SEMARNAT-2011, which provides, among other things, that mining exploration activities to be carried out within specific climates and flora must be conducted in accordance with its provisions. For the exploitation phase an environmental impact study approval (“**MIA**”) is required, as well in the most of cases a soil use change permit (“**CUS**”).

Mexican environmental regulations have become increasingly stringent over the last decade, and this trend is likely to continue and may be influenced by the Kyoto Protocol agreement entered into by Mexico.

Argentina

Mining Legislation

General

Under the Argentine National (Federal) Constitution, natural resources—including mineral resources—are owned by the provinces where those resources are located. Argentina has provincial mining procedural codes that apply on a provincial basis and core legislation, passed by the National Congress, which is applicable throughout the country. The main national mining legislation is the Mining Code, which regulates the exploration and exploitation of mineral resources. Other legislation relevant to the mining industry includes: (i) the environmental laws passed at both national and provincial level; (ii) the national Mining Investment Law (Law No. 24,196); (iii) the provincial royalties laws; and (iv) the law that creates a tax on mining reserves passed by the congress of the province of Santa Cruz on year 2013.

Permit and Concession Regime

Two main types of mining rights may be granted under the Mining Code:

- *Exploration Permits* (“*cateos*”), grant the holder the right to explore minerals within a certain area for a limited period of time; and

- *Mining Concessions* (“*minas*”), grant the holder the right to mine and process ore for an unlimited period of time. These are granted after a statement of discovery has been submitted to the Provincial mining authority, and the ensuing procedural steps are complied with.

Exploration Permits

Exploration permits grant the holder the exclusive right to explore a specified area. They are granted over units of 500 hectares (“exploration units”). An exploration permit may cover a maximum of 20 such units (i.e., 10,000 hectares), and no individual or entity may hold more than 20 permits, totalling 200,000 hectares, at any one time in any province. Permits are granted for a limited period of time based on the number of units covered by the permit. The exploration term is 150 days for the first 500 hectares (one unit) (or fraction thereof), and an additional 50 days for each additional unit within the exploration permit. Exploration terms are deemed to commence 30 days after the permit has been granted, although the mining authorities may, upon request, agree to delay commencement. The holder of an exploration permit can apply for a mining concession within the time limit of the exploration permit. Exploration permit holders must release a portion of the land covered by the permit 300 days after the term of the permit has elapsed. The area of land to be released currently stands at 50% of the exploration area over 2,000 hectares. The remaining area must be relinquished 700 days after the permit has lapsed. The holder may determine what areas are to be released; however, if the holder does not, the mining authority may do so.

An environmental impact assessment must be filed with, and approved by, the provincial authority before any exploration activity is carried out. Discoveries made by third parties in areas covered by exploration permits are the property of the permit holder rather than the party making the discovery. A request for an exploration permit is required to be published in a gazette or newspaper as indicated by the relevant provincial mining authority. Third parties have the right to oppose the granting of an exploration permit within a 20-day period from the publication of the request.

A one-off exploration permit fee, or *canon*, of 1.600 pesos per 500 hectares (or fraction thereof) is payable to the provincial authorities upon application for the exploration concession.

Mining Concessions

Mining concessions may be granted for the mining and processing of most of the known minerals. The existence of an exploration permit is not a condition to the granting of a mining concession, and mining concessions can be granted to protect a discovery made within an exploration permit held by the discoverer or on free land. Concessions are granted on the basis of *pertenencias*, which vary in size and number depending on the type of mineral and veins involved.

Once minerals are discovered, a statement of discovery can be filed with the provincial mining authority and published three times during a period of 15 days in the gazette or newspaper as indicated by the relevant provincial mining authority. Third parties have a period of 60 days from the date of the publication of the statement of discovery to oppose the claim if they believe they have a right over such discovery. Once 60 days have passed from the publication of the statement of discovery, no further claim from a third-party may be submitted. At the time that the statement of discovery is filed with the provincial mining authority, an approved survey, environmental impact assessment and environmental management plan will need to be submitted and the statement of discovery is then consolidated into one unit comprising the mining concession.

Mining concessions also grant the holder the right to request rights of way over the surface land in question from the relevant mining authority, in order to enable the concession holder to commence development of the project. Concession holders may also apply to the courts for a judgment requiring the owner of the surface land to sell the land covered by the concession to the concession holder.

Under Argentine Law, mining concessions are real property, which can be transferred freely and can also be mortgaged.

Requirements and Obligations of Concession Holders

Requirements

Concession holders are not required to be domiciled in Argentina.

Obligations

Concessions are granted for unlimited periods of time, subject to the following conditions: (i) the payment of a mining fee, or *canon*, of 320 pesos per unit, or *pertenencia* per year, in two installments; (ii) the filing of a minimum investment plan and compliance with a one-off minimum fixed investment in the concession equal to 300 times the relevant *canon* over a five year period. Of the figure set out in the minimum investment plan for investments over five years, 20% must be invested in each of the first two years; and (iii) not stopping the mining activities for a period longer than 4 years. Failure to comply with these conditions may result in the termination of the concession.

There are no production target obligations on the holders of a mining concession.

Termination of Concessions

A mining concession may only be terminated by the mining authority for:

- failure by the concession holder to pay the mining fee. If the mining fee is not paid within two months of the end of the calendar year in which the mining fee is due, the mine to which the concession relates may be declared vacant. However, a concession holder may redeem the concession by paying the mining authority the outstanding mining fee plus an additional 20% within 45 days of receiving the notice declaring the mine vacant due to lack of payment; or
- failure to comply with the minimum investment plan.

Environmental Legislation

The Mining Code specifies certain environmental obligations with which exploration permit and mining concession holders must comply. In respect of each permit and each concession, the Mining Code requires the holder to file, with the relevant provincial authorities, an environmental report which must set out the environmental protection measures the holder will adopt at each stage of development. No exploration or mining activity can be carried out without the approval of the relevant provincial authority of the environmental impact report (the contents of which are regulated by the Mining Code and relevant provincial legislation).

Mining activities are also governed by other national and provincial laws and regulations, the most important of which are the General Environment Act N. 25,675 and the Hazardous Wastes Act No. 24,051, which apply to all industrial activities and not only to mining activities. Such statutes provide for a wide range of penalties for violation of their provisions, ranging from fines to imprisonment.

The Mining Investment Regime

Mining Investment Law No. 24,196 came into effect on 2 June 1993 and, as modified by Law No. 25,429, provides certain benefits that mining companies may take advantage. This law enables companies to benefit from, among other things, fiscal stability, whereby the tax regime applicable to the company is effectively frozen for a certain period of time at the national level. Stability also applies to provincial and municipal taxes to the extent they have adhered to the Mining Investment Law. Santa Cruz Province has adhered to such law.

Companies must file an acceptable feasibility study for a particular mining project with the Investment and Regulations department of the National Mining Secretariat to be entitled to fiscal stability. The feasibility study must be prepared in accordance with the guidelines of the Mining Investment Act. The stability is granted on the date the feasibility study is filed.

The benefits of the Mining Investment Regime include exemption from payment of import duties over capital assets, a maximum royalty fixed at 3% of pit-head value of the mineral produced and a guarantee of tax stability. The guarantee of tax stability freezes the tax regime that applies to the relevant entity as at the date of the guarantee for a period of 30 years. The fiscal stability includes the foreign exchange regime, (excluding the currency exchange rate).

Since 11 December 2001, when Decree No. 1638/2001 was issued, the general rule has been that proceeds received from exports in foreign currencies must be sold to the Argentine Central Bank in exchange for local currency. In 2004, the National Executive Branch issued Decree No. 753/2004, providing that mining companies that have been granted the guarantee of tax stability are exempt from these provisions; however, this Decree was revoked in 2011 and therefore all mining companies must bring all the export proceeds into Argentina.

Minera Santa Cruz S.A. (an affiliate of Hochschild Mining plc) has been granted three tax stability certificates in relation to provincial taxes, national taxes and trade-related taxes in respect of the San Jose Mining Unit. The stability certificates each run for a 30 year period commencing on 21 November 2005.

Provincial Royalties Laws

As legal owners of the mineral resources, provinces are entitled to request royalties from mine operators. Regulations vary from province to province. In Santa Cruz, where the San José Mining Unit is located, the royalty is fixed at 3% of the pit-head value of the minerals produced and is payable monthly. Minera Santa Cruz S.A. (an affiliate of Hochschild Mining plc) is paying the 3% royalty for its production at the San Jose Mining Unit.

Provincial Tax on Mining Reserves

On 13 June 2013, the congress of the Province of Santa Cruz passed Law No. 3318, which created a tax on mining reserves. Accordingly, the owners of mining concessions located in the Province of Santa Cruz must pay an additional tax on mining reserves at a rate of 1%, calculated at the end of each year and valued according to the international price of metals at such moment. This law was later regulated by Provincial Government Decree No. 1252/2013 and by Provincial Tax Authority Disposition No. 084/2013. According to these regulations, the tax applies only on “measured reserves” and certain deductions (related to the production cost) apply. Minera Santa Cruz S.A. (an affiliate of Hochschild Mining plc) is affected by this tax, and therefore, it has challenged its legality by filing a legal claim with the National Supreme Court.

Chile

Mining Legislation

Main Constitutive Elements of the Mining Property System in Chile

The system of mining property in Chile is mainly ruled by the following laws:

- Constitution of the Republic of Chile, Article 19, No. 24, subparagraphs 6th to 10th (the “**CRC**”).
- Organic Constitutional Law No. 18.097 on Mining Concessions (from January 21st, 1982) (the “**OCL**”).
- Mining Code (Law No. 18.248, from October 14th, 1983) (the “**MC**”).
- Regulation of the Mining Code (from February 27th, 1987) (the “**RMC**”).

The basic elements of the system of mining property in Chile, considering its nature, award and exercise, are the following:

- The Mining Concession, considering its concept, legal nature and extension;
- The Main obligations and charges of the Mining Concessionaire; and
- Surface Rights Regime.

General

Exploration, mining, milling and refining activities are subject to Chilean mining laws and regulations. The legal framework is contained in the Constitutional Law Governing Mining Concessions (Law No. 18.097 of 21 January 1982) and the Mining Code (Law No. 18248 of 14 October 1983). Under Chilean mining law, the state is the owner of all mineral and fossil substances, regardless of who may be the owner of the land in which such substances are located. Individuals and companies may obtain mining concessions for exploration and exploitation. These concessions are granted by judicial resolutions in accordance with the Mining Code. Exploitation concessions are transferable, mortgageable, irrevocable and regulated by the same civil law that regulates real estate rights generally. The owner of an exploitation concession may occupy as much of the surface as is necessary for mining activities upon the creation of a mining easement and proper payment of a fee or upon other authorisation given by the land owner, such as a lease agreement or a licence. Exploitation concessions do not have a fixed duration. Exploration concessions are granted for two years, upon proper payment of a fee, and may be extended for two additional years. After the expiration of this second two-year period, exploration concessions must either be converted into exploitation concessions or else be cancelled. Pursuant to the Mining Code, all mining concessions as well as certain raw materials and property related to the extraction of minerals cannot be subject, except in

extremely limited circumstances, to an order of attachment. The authority in charge of reviewing and approval for the technical aspects related to the mining industry activities, as well as the review of the compliance the mining legal framework is The National Geological and Mining Service (Servicio Nacional de Geología y Minería commonly known as “SERNAGEOMIN”).

A. The Mining Concession, considering its concept, legal nature and extension.

The CRC provides that the State of Chile has absolute, exclusive, inalienable and indefeasible ownership over all mines, being able to explore and exploit the mineral substances the OCL states subject to such labours through mining concessions.

The mining concession is an “in rem” right different and independent from the ownership of the land upon which that right is established, even though both belong to the same person, that is, it is established the separation of the ownership over the mining concession (which grants the rights to explore and / or exploit minerals) and the surface soil property where the labours of exploration and consequently mining exploitation is intended to be executed.

The mining concession is transferable and transmissible; it is subject to mortgage and other real rights and, in general, subject to any act or contract; and it is governed by the same civil laws as other real estate, except when the OCL or MC state otherwise.

Mining concessions are awarded in a non-contentious legal proceeding, and can be of two types: exploration concessions and exploitation concessions. Exploration concession authorises the holder to explore minerals located within its boundaries, while exploitation concessions authorise exploration and exploitation.

Regarding the areas and extension of mining concessions, they must be a parallelogram with right angles (square or rectangle), which size, according to the type of concession, may be: (a) Mining exploration concession: A minimum of 100 ha and a maximum of 5000 ha for each concession, the request of one concession only is allowed; (b) Mining exploitation concession: The minimum for each concession is 1 ha and the maximum is 10 ha, and it is allowed to request together a group of several concessions until 1000 ha.

These mining concessions may be granted only with respect to minerals that the OCL states eligible for exploration and exploitation, called concessible substances, which are defined as all those metallic or non-metallic mineral substances and more in general, all fossil substances, as they appear in nature, except those the OCL declares as not grantable. In its turn, the OCL states as not concessible mineral substances: (i) liquid or gaseous hydrocarbons (therefore it does not include coal, which is grantable); (ii) lithium; (iii) deposits of any kind in sea waters subject to national jurisdiction; and (iv) deposits of any kind located completely or partially in areas that, according to the law, are declared important to national security for mining effects. These substances may only be exploited directly by the State or its companies or through administrative concessions or special operation contracts.

B. The main obligations and charges of the Mining Concessionaire.

The two main charges or obligations in the Chilean mining legislation are the payment of an annual mining patent, in compliance with the obligation to protect the mining concession that the CRC requires to the mining concessionaire, and the payment of a flat tax, in case of companies making mining exploitation exceeding a certain volume of sales of mineral substances.

Regarding the obligation to protect the mining concession, once awarded the mining concession requires the owner to comply with this obligation, a requirement imposed by the State to maintain the concession active and in its patrimony. Being under the obligation to protect the mining concession in Chile consists in the payment of an early annual patent, each year by the month of March, the amount of which varies depending on whether a concession of exploration or exploitation has been granted. For every hectare or fraction covering a concession of exploration, a sum equivalent to 1/50 of Monthly Tax Unit (“UTM”) (approx. US\$1.3 at current exchange rates) must be paid, and for the same surface comprising the concession of exploitation, the equivalent sum of 1/10 of UTM (approx. US\$6.7 at current exchange rates) must be paid. It should be pointed out that possessions whose main economic interest lies in non-metallic substances or metalliferous placer deposits, such as such as those constituted over grantable wealth of existing salt beds, can obtain a discount and pay only 1/30 of UTM/ha (around US\$2.4 at current exchange rates). Also possessions leased or being worked by small miners and artisanal miners pay an annual fee

of 1/0.10 of UTM (less than 1 cent). In Chile there are no further obligations, such as the minimum investment or the execution of mining operations, in order to maintain active the concessionaire's right.

The main authorities regarding the mining industry are the Ministry of Mining represented by regional ministerial secretaries throughout the country, SERNAGEOMIN, which is a decentralised entity with legal personality, aiming to advise the Ministry of Mining and contribute to governmental programmes for the development of mining and geological politics. Its main mission consists in the decentralised execution of politics for the regulation and control of a safe, sustainable, competitive and inclusive mining industry and in the creation of geological information about the national territory, in order to provide geological support.

C. Surface Rights Regime

The mining concession is considered to be a right different and separated from the ownership of surface land, even if the land and the mining concession are owned by the same person. Easements are granted in favour of the mining concession with different purposes, such as rights of way, occupation, water and power supply. Easements can be established either upon mutual agreement between the parties involved, or by a judicial decision.

As said, given the separation between ownership of mining concessions and surface property, the MC establishes special rules in this regard. Access to surface lands during the process for the constitution of the mining concession is distinguished from when the concession is awarded.

During the procedure for the awarding of the mining concession the holder of a Mining Petition (exploration concession) or Mining Claim (exploitation concession) may carry out any labour needed to establish the mining concession (the required physical examination for these purposes, including the execution of the measurement in case of Mining Claims). Additionally, the holder of a Mining Claims is authorised to execute all labours needed to recognise the mine, becoming owner of the mineral substances by reason of starting this work. In case the owner of the surface land or any other person disagree with the petitioner or the holder of a mining claim about the execution of the studies mentioned above, the judge must authorise the assistance of the police, in case SERNAGEOMIN reports favourably on the need for such works.

Once the mining concession is awarded, in order to carry out exploration and / or exploitation labours, according to the nature of the concession, the holder must comply with the requirement to obtain written permission from the owners of the surface land and additionally, if any, of administrative authorities if the execution of the work affects or could affect populated areas, or areas of public interest or national security, as detailed in Articles 14th, 15th, and 17th of the MC.

Also, once the mining concession is awarded, it entitles the holder to impose special mining easement over surface land, after determining the compensation payable to the owner of the land, previously agreed with him or settled in court. Mining easements may be of transit, electrical services and occupation, on the terms and extension of Article 120th of the MC.

Water Rights Regime

Water rights in Chile are regulated by the Water Code ("*Código de Aguas*") pursuant to Law Decree No. 1122 and granted by means of a resolution issued by the Water Agency ("*Dirección General del Agua*"). The water right is a concession, by which the right to exercise an exclusive possession over a public good is created in favour of the concessionaire. Its holder has ownership over the granted or acquired water rights, which is constitutionally protected and may be freely transferred or mortgaged. Water rights have an independent legal life and do not follow mining concessions or land ownership. Notwithstanding the above, the so called "water right of the miner", different from the traditional water right and established under the Chilean Mining Code (Law No. 18248), enables the holder of mining concession to use water that has been discovered—within the limits of its mining concession—when performing mining works. In this case the water rights follow the mining concession, thus expiring jointly with the mining concession. Once granted, water rights are not limited in terms of time; however, they may be subject to a "lack of use fee" if the Water Agency determines that the water rights are not being used. If such fee is not paid, then the Treasury will initiate a judicial process to auction of the water rights. Mining facilities are mainly located in the north of Chile where there is little availability for both surface and ground water. In this scenario, and in order to overcome difficulties in obtaining water resources for their activities, mining companies have started to invest in desalination plants. Water availability for each region is studied by the Water Agency on

a yearly basis. If such studies show a diminished water flow, the concessionaire's water rights may be directly affected through the reduction of the water extraction capacity per water right.

To further detail the right to use the water that has been discovered in the execution of mining labours in favour of the legal holder of a mining concession (within its limits), our legal mining framework grants the mining concessionaire an special an exceptional right born by the sole ministry of the law to use the waters discovered through the execution of mining labours, commonly named "Aguas del Minero" through the nature of the mining concession, this is, whether exploration or exploitation, been inseparable of the rights awarded by the mining concession, consequently its extension and exercise will remain along with the rights of the concession.

In order to award this right it is necessary to comply with the following copulative legal requirements:

- The water must be of subterranean nature and found in the exercise of mining labours;
- such labours must be limited to the rights awarded by the nature of the mining concession, this is, exploration or exploitation;
- the mining concession through which the waters are found must be awarded, this in strict relation to the execution of mining labours, since they request awarded mining concession the be executed; and
- the water must be exclusively used in the execution of mining labours; they cannot have a different purpose.

Environmental compliance

In compliance with environmental regulations the legislator has created an environmental management tool called "System of Environmental Impact Assessment" (SEIA), the management of which is based on the environmental assessment of projects adjusted to what regulations currently state this tool is administrated by SEA.

The rules that apply to this environmental management tool are the following:

- Law No. 19.300, on Environment General Basis;
- Law No. 20.417, which creates the Ministry, the Assessment Service and the Superintendence of the Environment;
- Law No. 19.880, on the Basis of the Administrative Procedures which regulate the Acts of the State Administration's Bodies;
- Law N°. 20.600 Which creates the Environmental Courts;
- DFL No. 1-19653, set Consolidated, Coordinated and Systematized Text of the Law No. 18.575, the Constitutional Organic Law on General Principles of the State Administration;
- S.D. No. 95 of 2001 by Ministry of General Affairs, Regulation System of Environmental Impact Assessment; and
- S.D. No. 40 of 2012, Ministry of Environment, Regulation System of Environmental Impact Assessment.

Such regulations, specifically the number 1, establish the assumptions under which any person who attempts to develop a project (given the nature of this article, a mining project), must enter an Environmental Impact Statement or Environmental Impact Study. The first one is the document describing an activity or project to be carried out, or the amendments to be introduced, provided under oath by the respective owner, the content of which enables the competent authority to assess whether the environmental impact satisfies the current environmental standards. The Environmental Impact Study describes in detail the characteristics of a project or activity that is intended to be carried out or modified. Backgrounds checks must be provided for the prediction, identification and interpretation of its environmental impact and it must describe the actions to carry out in order to prevent and minimise its significant adverse effects.

Notwithstanding the foregoing, it is responsibility of each project or activity owner to avoid any element which can cause environmental impacts, in any of its phases, as the Environmental Assessment Service, as System administrator, can decide if a specific project or activity must pass through SEIA based on a request of appropriateness, that is, a request involving a decision on whether a project or activity, based on

the information provided by the petitioner, must be submitted to the System of Environmental Impact Assessment.

Mining operations are subject to Chilean national and regional laws and regulations, foreign laws and regulations regarding the protection of the environment and natural resources and the effect of the environment on human health and safety, including laws and regulations on water, air and noise pollution, the handling, disposal and transportation of hazardous waste and occupational safety and health.

Since 2012, Chilean environmental laws and regulations, and the enforcement thereof, have become increasingly stringent in recent years, and it is likely that additional laws and regulations will be enacted in the future that may impose additional restrictions on mining companies, such as laws and regulations relating to environmental litigation and protection of the environment, particularly those relating to water quality standards and soil contamination. Chilean environmental legislation, has created the *Environmental Superintendence* as well as the Environmental Courts in order to support the existent institutions; (i) To bring administrative and judicial proceedings against companies that violate environmental laws, (ii) close non-complying facilities, (iii) revoke required operating licences and (iv) impose sanctions and fines when companies act negligently, recklessly or deliberately in connection with environmental matters. The Environmental Regulation also grants the right to bring civil actions against companies that are not in compliance with environmental laws and regulations, after such non-compliance has been established by a judicial proceeding through the aforementioned courts. Additionally, private citizens who are affected by environmental pollution may petition for relief to a Chilean Court of Appeals, which has the power to require the suspension of the offending activity and to adopt protective measures through a process called protective action ("*recurso de protección*"). The General Environmental Law contains certain rules on Evaluation of Environmental Impact, which have been in effect since 3 April 1997 and which provide that mining companies must conduct environmental impact studies of any future projects or activities that may significantly affect the environment. Chile has adopted environmental regulations requiring various industrial companies operating in Chile to undertake programmes to reduce, control or eliminate various types of pollution. Chilean environmental authorities are currently studying and drafting special regulations applicable to waste water discharges from tailings dams. Pursuant to new regulations governing safety standards for mining operations, all mining companies should provide closure plans for their mining facilities demonstrating compliance with safety standards. Such plans should be updated every five years and should consider the requirements set forth in the environmental authorisation issued for the respective facility, if any.

PART 10
ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors (whose names appear in Part 8 of this Prospectus) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Apart from responsibilities and liabilities, if any, which may be imposed on the Joint Bookrunners by the FSMA or the regulatory regime established thereunder, none of the Joint Bookrunners accepts any responsibility whatsoever, and make no representation or warranty express or implied, for the contents of this Prospectus, including its accuracy, completeness or verification or for any other statement made or purported to be made by either of them, or on behalf of either of them, in connection with the Company or Admission. The Joint Bookrunners accordingly disclaim to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which either of them might otherwise have in respect of this Prospectus or any such statement.

2. Incorporation and activity

- 2.1 The Company was incorporated on 11 April 2006 with the registered number 05777693 under the laws of England and Wales as a private company limited by shares under the name Hackremco (No. 2372) Limited. The Company's name was changed to Hochschild Mining Limited on 13 June 2006. The company re-registered to become a public company limited by shares under the name Hochschild Mining plc on 17 October 2006.
- 2.2 The Company's registered office and principal place of business is at 23 Hanover Square, London W1S 1JB. The telephone number of the Company's principal place of business is +44 20 3714 9040.
- 2.3 The Company is the ultimate holding company of the Group.
- 2.4 The liability of the members of the Company is limited.
- 2.5 The Company's auditor is Ernst & Young LLP, whose address is at 1 More London Place, London SE1 2AF, United Kingdom. Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

3. Share capital

- 3.1 The principal legislation under which the Company operates, and pursuant to which the Shares have been created are the Act and the regulations made thereunder.
- 3.2 The ISIN number for the Shares is GB00B1FW5029. The Shares are issued in registered form and are capable of being held in uncertificated form. The Company's registers of Shares are maintained by Capita.
- 3.3 As at the date of this Prospectus, the Company has 367,688,367 Shares in issue and fully paid.
- 3.4 Pursuant to shareholder resolutions passed on 15 May 2015, the Company resolved *inter alia that*:
 - (a) the Directors be generally and unconditionally authorised to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to a nominal value of £30,640,697, which is equivalent to approximately 33% of the total issued ordinary share capital of the Company; and to allot new shares and grant rights to subscribe for, or convert other securities into, shares only in connection with a rights issue up to a further nominal value of £30,640,697, which is equivalent to approximately 33% of the total issued ordinary share capital of the Company; and
 - (b) subject to the passing of the resolution described at (a) above, the Directors be generally and unconditionally authorised to allot new shares or sell treasury shares pursuant to the authority given by (a) above for cash (i) in connection with a pre-emptive offer; or (ii) otherwise up to a nominal value of £9,192,209, equivalent to 10% of the total issued ordinary share capital of the Company, without the shares first being offered to existing shareholders in proportion to their existing holdings.

3.5 Issued share capital

As at 13 October 2015, being the last practicable day prior to the publication of this Prospectus, the issued share capital of the Company was:

	<u>issued and fully paid number</u>	<u>nominal value</u>
Shares of 25p each	367,688,367	£0.25

The issued share capital of the Company immediately following the Rights Issue (all of which will be fully paid up or credited as fully paid up) is expected to be up to:

	<u>issued and fully paid number</u>	<u>nominal value</u>
Shares of 25p each	505,571,505	£0.25

The Shares are admitted to listing on the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange.

The Company does not hold any Shares in treasury.

3.6 Save as disclosed in this section of this Part 10, there has been no change in the amount of the issued share capital or loan capital of the Company within three years prior to the date of this Prospectus.

The Company had 338,085,226 Ordinary Shares in issue as at 1 January 2012. Since that date, a total of 29,603,141 Shares have been issued as follows:

- a) 16,126 Shares issued pursuant to the conversion of one convertible bond with nominal value of US\$100,000 under the Company's US\$115,000,000 senior unsecured convertible bonds;
- b) an equity placing of 29,000,000 new Shares on 7 October 2013; and
- c) 587,015 new Shares issued on 20 March 2015 under the Company's Deferred Bonus Plan.

4. Summary of the Articles of Association

Articles of Association

4.1 The Articles of the Company include provisions to the following effect:

a) *Objects*

The Company's objects are unrestricted.

b) *Voting rights*

Subject to the Articles and to any special rights or restrictions as to voting attached by or in accordance with the Articles to any shares or any class of shares and to any suspension or abrogation of voting rights pursuant to those Articles: (i) on a show of hands every member who is present in person and, subject to the Articles, every proxy present who has been duly appointed shall have one vote; (ii) on a show of hands, a proxy has one vote for and one vote against the resolution if the proxy has been duly appointed by more than one member entitled to vote on the resolution, and the proxy has been instructed; (A) by one or more of those members to vote for the resolution and by one or more other of those members to vote against it, or (B) by one or more of those members to vote either for or against the resolution and by one or more other of those members to use his discretion as to how to vote; and (iii) on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the share.

c) *Dividends*

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

Subject to the provisions of the Statutes, the Directors may declare and pay such interim dividends as appear to the Directors to be justified by the profits of the Company available for distribution If at any

time the share capital of the Company is divided into different classes, the Directors may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Directors act in good faith, they shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those with preferential rights.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

All dividends, interest or other sum payable and unclaimed for 12 months after having become payable may be invested or otherwise used by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. Any dividend unclaimed after a period of 12 years from the date on which such dividend was declared or became due for payment shall (if the Directors so resolve) be forfeited and shall revert to the Company.

The Directors may, with the authority of an Ordinary Resolution direct payment, or offer to holders of Ordinary Shares the right to elect to receive Ordinary Shares as payment of a dividend in whole or in part by the distribution of specific assets and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any such assets in trustees.

Subject as hereinafter provided, the Directors may offer to ordinary shareholders the right to receive, in lieu of dividend (or some part thereof to be determined by the Directors), an allotment of new Ordinary Shares credited as fully paid. The Directors shall not make such an offer unless so authorised by an Ordinary Resolution passed at any General Meeting, which authority may extend to dividends declared or paid prior to the fifth Annual General Meeting of the Company occurring thereafter, but no further, provided that the Articles shall, without the need for any further Ordinary Resolution, authorise the Directors to offer rights of election in respect of any dividend declared or proposed after the date of the adoption of the Articles and at or prior to the Annual General Meeting in the year 2011.

If any member, or any other person appearing to be interested in shares (within the meaning of Part 22 of the Companies Act 2006) held by such member, has been duly served with a notice under Section 793 of the Companies Act 2006 and is in default for a period of 14 days in supplying to the Company the information thereby required, then (unless the Directors otherwise determine) in respect of: (i) the shares comprising the shareholding account in the Register which comprises or includes the shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the “default shares”, which expression shall include any further shares which are issued in respect of such shares); and (ii) any other shares held by the member, the member shall not nor shall any transferee to whom any of such shares are transferred be entitled to attend or vote either personally or by proxy at a shareholders’ meeting or to exercise any other right conferred by membership in relation to shareholders’ meetings.

Where the default shares represent 0.25% or more of the issued shares of the class in question, the Directors may in their absolute discretion by notice in writing (a “direction notice”) to such member direct that: (i) any dividend or part thereof or other money which would otherwise be payable in respect of the default shares shall be retained by the Company without any liability to pay interest thereon when such dividend or other money is finally paid to the member and the member shall not be entitled to elect to receive shares in lieu of dividend; and/or (ii) no transfer of any of the shares held by such member shall be registered unless the transfer is an approved transfer or: (A) the member is not himself in default as regards supplying the information required; and (B) the transfer is of part only of the member’s holding and, when presented for registration, is accompanied by a certificate by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that none of the shares the subject of the transfer are default shares, provided that, in the case of shares in uncertificated form, the Directors may only exercise

their discretion not to register a transfer if permitted to do so by the CREST Regulations. Any direction notice may treat shares of a member in certificated and uncertificated form as separate holdings and either apply only to the former or to the latter or make different provision for the former and the latter. Upon the giving of a direction notice its terms shall apply accordingly.

d) Transfer of shares

The Directors may, in their absolute discretion, decline to recognise any instrument of transfer relating to shares (or renunciation of a renounceable letter of allotment) in certificated form unless it is in respect of only one class of share and is lodged (duly stamped if required) at the Transfer Office accompanied by the relevant share certificate(s) and, when lodged, it is accompanied by such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer or the title of the person renouncing (and, if the instrument of transfer or renunciation is executed by some other person on his behalf, the authority of that person so to do). In the case of a transfer of shares in certificated form by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange the lodgement of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the shares in question. The Directors may, in the case of shares in certificated form, in their absolute discretion refuse to register any transfer of shares (not being fully-paid shares) provided that, where any such shares are admitted to the official list maintained by the UK Listing Authority, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The Directors may, in their absolute discretion, also refuse to register an allotment or transfer of shares (whether fully-paid or not) in favour of more than four persons jointly.

Unless the Directors otherwise determine, a transfer of shares will not be registered if the transferor or any other person appearing to be interested in the transferor's shares, has been issued with a notice under Section 793 of the Companies Act 2006, has failed to supply the information required by such notice within 14 days and the shares in respect of which such notice has been served represent at least 0.25% of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares forming the subject of the transfer, or unless the transfer is an excepted transfer or after seven days (or such shorter period as the Board may determine) following receipt by the Company of the information required by the notice and the Board being fully satisfied that such information is full and complete.

No fee will be charged by the Company in respect of the registration of any transfer or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register affecting the title to any shares.

e) Variation of rights

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated in such manner (if any) as may be provided by such rights, or in the absence of any such provision, either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the shares of the class duly convened (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up.

The quorum at every such separate meeting shall be not less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the class. Every holder of shares of the class, present in person or by proxy, may demand a poll. Each such holder shall on a poll be entitled to one vote for every share of the class held by him. If at any adjourned meeting of such holders such quorum as aforesaid is not present, not less than one person holding shares of the class who is present in person or by proxy shall be a quorum.

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by (i) the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto or (ii) the purchase or redemption by the Company of any of its own shares.

f) *General meetings*

The Directors may, whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

Notices of General Meetings shall include all information required to be included by the Statutes. Notice shall be given to all members other than members who are not entitled to receive such notices from the Company under the provisions of the Articles. The Company may determine that only those persons entered on the Register at the close of business on a day decided by the Company, such day being not more than 21 days before the day that notice of the meeting is sent, shall be entitled to receive such a notice. The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive the same shall not invalidate the proceedings at the meeting. For the purposes of determining which persons are entitled to attend or vote at a meeting and how many votes such person may cast, the Company must specify in the notice of the meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the Register in order to have the right to attend or vote at the meeting. The Directors may at their discretion resolve that, in calculating such period, no account shall be taken of any part of any day that is not a working day (within the meaning of Section 1173 of the Companies Act 2006).

At any General Meeting the Chairman of the Directors, failing whom a Deputy Chairman, failing whom any Director present and willing to act and, if more than one, chosen by the Directors present at the meeting, shall preside as Chairman. If no Director is present within five minutes after the time appointed for holding the meeting and willing to act as Chairman, a member may be elected by a resolution of the Company passed at the meeting to be Chairman of the meeting.

No business other than the appointment of a Chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes. The Chairman of any General Meeting at which a quorum is present may adjourn the meeting if (i) the members consent to an adjournment by passing an Ordinary Resolution, (ii) the chairman considers it necessary to restore order or to otherwise facilitate the proper conduct of the meeting, or (iii) the chairman considers it necessary for the safety of the people attending the meeting. When a meeting is adjourned for 14 days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in accordance, mutates mutandis, with the Articles. Otherwise it shall not be necessary to give any such notice.

At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before the resolution is put to the vote on a show of hands, or on the declaration of the result of, the show of hands) demanded by (i) the Chairman of the meeting, or (ii) not less than five members present in person or by proxy and entitled to vote, or (iii) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting, or (iv) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right. On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

g) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital or any parts thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third-party. The Directors shall, however, restrict the borrowings of the Company and exercise all voting and other rights in relation to its subsidiary undertakings so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all moneys borrowed by the group and for the time being owing to persons outside the group less the aggregate amount of current asset investments shall not at any time without the previous sanction of an ordinary resolution of the Company exceed (i) before the publication of the first audited consolidated accounts of the Company, the sum of US\$750 million and (ii) thereafter an amount equal to three times the adjusted capital and reserves.

h) Allotment

The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. All new shares shall be subject to the provisions of the Statutes and of the Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Subject to the provisions of the Statutes, the Company may by Ordinary Resolution (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares, (ii) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled and (iii) subdivide its shares, or any of them, into shares of a smaller amount than is fixed by the Company's Memorandum of Association. The shares arising from the subdivision will have such rights or restrictions as the Company may determine by Ordinary Resolution.

i) Redemption

Subject to the Articles and the provisions of the Statutes the Company may purchase, or may enter into a contract under which it will or may purchase, any of its own shares of any class (including any redeemable shares).

j) Directors' fees

The ordinary remuneration of the Directors shall from time to time be determined by the Directors except that such remuneration shall not exceed £3,000,000 per annum in aggregate or such higher amount as may from time to time be determined by Ordinary Resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Any fees payable pursuant to the Articles shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provisions of the Articles and shall accrue from day to day.

The Directors may repay to any Director all such reasonable travelling, hotel and other expenses as he may properly incur in attending and returning from meetings of the Directors or of any committee of the Directors or shareholders' meetings or otherwise incurred by him in or about the performance of his duties as a Director.

k) Pensions and gratuities for directors and employees

The Directors shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person, relative or dependent in respect of) any Director or ex-Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

l) Directors' interests in contracts

Subject to compliance with the Articles, a Director, notwithstanding his office, may have an interest of the following kind:

- (i) where a Director (or a person connected with him) is a director or other officer of, or employed by, or otherwise interested (including by the holding of shares) in any Relevant Company;
- (ii) where a Director (or a person connected with him) is a party to, or otherwise interested in, any contract, transaction or arrangement with a Relevant Company, or in which the Company is otherwise interested;
- (iii) where the Director (or a person connected with him) acts (or any firm of which he is a partner, employee or member acts) in a professional capacity for any Relevant Company (other than as auditor) whether or not he or it is remunerated therefore;
- (iv) an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;
- (v) an interest, or a transaction or arrangement giving rise to an interest, of which the Director is not aware;

- (vi) any matter authorised by the Directors; or
- (vii) any other interest authorised by Ordinary Resolution.

No authorisation under the Articles shall be necessary in respect of any such interest.

The Director shall declare the nature and extent of any interest permitted according to the Articles, at a meeting of the Directors or in the manner set out in Section 184 or 185 of the Companies Act 2006.

A Director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any Relevant Company or for such remuneration, each as referred to in the Articles, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

m) Restrictions on Directors' voting

Save as provided in the Articles, a Director shall not be entitled to vote on any resolution in respect of any contract, transaction or arrangement, or any other proposal, in which he (or a person connected with him) is interested. Any vote of a Director in respect of a matter where he is not entitled to vote shall be disregarded.

A Director shall not be counted in the quorum for a meeting of the Directors in relation to any resolution on which he is not entitled to vote.

Subject to the provisions of the Statutes, a Director shall (in the absence of some other interest than is set out below) be entitled to vote, and be counted in the quorum, in respect of any resolution concerning any contract, transaction or arrangement, or any other proposal:

- (i) in which he has an interest of which he is not aware;
- (ii) in which he has an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;
- (iii) in which he has an interest only by virtue of interests in shares, debentures or other securities of the Company, or by reason of any other interest in or through the Company;
- (iv) which involves the giving of any security, guarantee or indemnity to the Director or any other person in respect of (i) money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings, or (ii) a debt or other obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (v) concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings (i) in which offer he is or may be entitled to participate as a holder of securities, or (ii) in the underwriting or sub-underwriting of which he is to participate;
- (vi) concerning any other body corporate in which he is interested, directly or indirectly, and whether as an officer, shareholder, creditor, employee or otherwise, provided that he (together with persons connected with him) is not the holder of, or beneficially interested in, 1% or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of the relevant body corporate;
- (vii) relating to an arrangement for the benefit of the employees or former employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees or former employees to whom such arrangement relates;
- (viii) concerning the purchase or maintenance by the Company of insurance for any liability for the benefit of Directors or for the benefit of persons who include Directors;
- (ix) concerning the giving of indemnities in favour of Directors;
- (x) concerning the funding of expenditure by any Director or Directors on (i) defending criminal, civil or regulatory proceedings or actions against him or them, (ii) in connection

with an application to the court for relief, or (iii) defending him or them in any regulatory investigations;

- (xi) concerning the doing of anything to enable any Director or Directors to avoid incurring expenditure as described in sub-paragraph (x) above; and
- (xii) in respect of which his interest, or the interest of Directors generally, has been authorised by Ordinary Resolution.

Where proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company, the proposals may be divided and considered in relation to each Director separately. In such case, each of the Directors concerned shall be entitled to vote, and be counted in the quorum, in respect of each resolution except that concerning his own appointment or the fixing or variation of the terms thereof.

If a question arises at any time as to whether any interest of a Director prevents him from voting, or being counted in the quorum, under the Articles, and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the Chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive, except in a case where the nature or extent of the interest of such Director has not been fairly disclosed. If any such question shall arise in respect of the Chairman of the meeting, the question shall be decided by resolution of the Directors and the resolution shall be conclusive except in a case where the nature or extent of the interest of the Chairman of the meeting has not been fairly disclosed to the Directors

n) Number of Directors

Subject as hereinafter provided the Directors shall not be less than two nor more than 12 in number. The Company may by Ordinary Resolution from time to time vary the minimum number and/or maximum number of Directors.

o) Directors' appointment and retirement

The Company may by Ordinary Resolution elect, and without prejudice thereto the Directors shall have power at any time to appoint, any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not thereby exceed the maximum number fixed by or in accordance with the Articles. Any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for election. A Director shall not be required to hold shares in the Company.

Each Director shall retire at the Annual General Meeting held in the third calendar year following the year in which he was elected or last re-elected by the Company. Each Director (other than the Chairman and any Director holding an executive office) shall retire at each Annual General Meeting following the ninth anniversary of the date on which he was elected by the Company. A Director who retires at any Annual General Meeting shall be eligible for re-election unless the Directors otherwise determine not later than the date of the notice of such Annual General Meeting.

p) Untraced shareholders

Subject to the Articles, the Company may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal.

q) Overseas members

Subject to the Statutes, the Company shall not be required to send notice of any General Meeting, documents or information to a member who (having no registered address within the United Kingdom) has not supplied to the Company a postal address within the United Kingdom for the service of notices. The Directors may, in their absolute discretion, serve notices to such a member at their registered address outside the United Kingdom.

r) CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles are consistent with

CREST Membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form. The Articles contain other provisions in respect of transactions with the Shares in the Company in uncertificated form and generally provide for the modifications of certain provisions of the Articles so that they can be applied to transactions with Shares in the Company in uncertificated form.

s) *Indemnity of officers*

Subject to the provisions of, and so far as may be permitted by and consistent with, the Statutes and the rules made by the UK Listing Authority, every Director, alternate Director, Secretary or other officer of the Company shall be indemnified by the Company out of its own funds against (i) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company other than (a) any liability to the Company or any Associated Company and (b) any liability of the kind referred to in Section 234(3) of the Companies Act 2006, and (ii) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office.

Subject to the Companies Acts and rules made by the UK Listing Authority, the Company may indemnify a Director and former Director of the Company and any Associated Company of the Company if it is the trustee of an occupational pension scheme (within the meaning of Section 235(6) of the Companies Act 2006).

t) *Lien and forfeiture*

The Company shall have a first and paramount lien on every share (not being a fully-paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share and the Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of the Articles.

If a member fails to pay in full any call or instalment of a call on or before the due date for payment thereof, the Directors may at any time thereafter serve a notice in writing on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.

The notice shall name a further day (not being less than seven days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.

5. Mandatory bids and compulsory acquisition rules relating to ordinary shares

The Company is subject to the City Code. Other than as provided by the Act and the Takeover Code, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules in relation to the Ordinary Shares. There is not in existence any current mandatory takeover bid in relation to the Company. There have been no takeover bids by third parties during the period from incorporation to 31 December 2014 or in the current financial year.

6. Directors, Senior Managers and other interests

- 6.1 The names of the Directors and Senior Managers and their functions in the Company are set out in Part 8 (Information concerning Management, Corporate Governance and Employees) of this Prospectus.
- 6.2 Each of the Directors and members of the senior management team listed in Part 8 (Information concerning Management, Corporate Governance and Employees) of this Prospectus can be contacted at 23 Hanover Square, London W1S 1JB, telephone number +44 20 3714 9040.
- 6.3 As at 14 October 2015 (being the latest practicable date prior to the date of this Prospectus) interests of the Directors, Senior Managers (which are beneficial unless otherwise stated) in the securities of the Company which:
 - (a) have been notified by each Director (or, in the case of Senior Managers, would have been, had they been Directors) to the Company; or

- (b) are interests of a connected person (within the meaning of section 252 of the Act) of a Director or Senior Manager which would, if the connected person was a Director or Senior Manager, be required to be disclosed and the existence of which is known to or could with reasonable diligence be ascertained by the Director or Senior Manager are as follows:

	No. of Shares	Percentage of issued Shares
<i>Director</i>		
Eduardo Hochschild	199,320,272 ⁽¹⁾	54.21%
Roberto Dañino	200,000	0.054%
Ignacio Bustamante	121,244	0.033%
Enrico Bombieri	—	—
Dr Graham Birch	10,000	0.003%
Jorge Born Jr.	—	—
Sir Malcolm Field	14,285	0.004%
Nigel Moore	50,000	0.014%
<i>Senior Manager</i>		
Ramón Barúa	59,025	0.016%
Eduardo Landin	55,090	0.015%
Isac Burstein	39,350	0.011%
Eduardo Villar	50,000	0.014%
José Augusto Palma	71,595	0.019%

Note:

- (1) The shareholding of Mr. Eduardo Hochschild is held through Pelham.

Mr. Eduardo Hochschild intends to take up his rights to subscribe for at least 68,887,508 New Ordinary Shares under the Rights Issue in respect of his beneficial holding of Existing Shares through the arrangements described below, which will result in Mr. Hochschild owning 53.05% of the issued and outstanding shares of the Company following completion of the Rights Issue. Pelham has agreed to transfer the Nil Paid Rights that it will receive in respect of its Existing Shares to ASPI. Pursuant to the Irrevocable Undertaking, ASPI has irrevocably undertaken to the Company to subscribe for 68,887,508 New Ordinary Shares and make payment in full for such New Ordinary Shares.

- 6.4 Save as set out in this Part 10, following the Rights Issue, no Director nor any Senior Manager will have any interest in the share capital of the Company or any of its subsidiaries.
- 6.5 Save as set out below, as at 14 October 2015 (being the latest practicable date prior to the date of this Prospectus), there were no outstanding loans granted by any member of the Group to any Director, nor by any Director to any member of the Group, nor was any guarantee which had been provided by any member of the Group for the benefit of any Director, or by any Director for the benefit of any member of the Group, outstanding.

On 24 April 2009, Ares made a loan of US\$200,000 to Mr. Ignacio Bustamante with an interest rate of 3% per annum. As at 14 October 2015 (being the latest practicable date prior to the date of this Prospectus), US\$150,000 remains outstanding under the loan.

- 6.6 As at 14 October 2015 (being the latest practicable date prior to publication of this Prospectus), the Company had been notified that no persons (other than the holders below) held directly or indirectly 3% or more of the Company's voting rights of the Company which are notifiable under the Disclosure and Transparency Rules. The Company's major Shareholders do not have any different voting rights to other Shareholders.

Name	Number of Shares held as at 14 October 2015	% of voting rights in respect of Shares held as at 14 October 2015
Eduardo Hochschild	199,320,272 ⁽¹⁾	54.21%
M&G Investment Management Ltd	57,436,838	15.62%
Standard Life (Holdings) Limited	18,317,350	5.027%

Note:

- (1) The shareholding of Mr. Eduardo Hochschild is held through Pelham.

Mr. Eduardo Hochschild intends to take up his rights to subscribe for at least 68,887,508 New Ordinary Shares under the Rights Issue in respect of his beneficial holding of Existing Shares through the arrangements described below, which will result in Mr. Hochschild owning 53.05% of the issued and outstanding shares of the Company following completion of the Rights Issue. Pelham has agreed to transfer the Nil Paid Rights that it will receive in respect of its Existing Shares to ASPI. Pursuant to the Irrevocable Undertaking, ASPI has irrevocably undertaken to the Company to subscribe for 68,887,508 New Ordinary Shares and make payment in full for such New Ordinary Shares.

- 6.7 In so far as is known to the Company as at the date of this Prospectus:
- (a) no person other than those holding the interests referred to above is interested in 3% or more of the Company's issued share capital; and
 - (b) there are no arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 6.8 No Director is or has been interested, directly or indirectly, in any transaction which is or was unusual in its nature or conditions or significant in relation to the business of the Group, and which has been effected by the Group during the current or immediately preceding financial year, or which was effected by the Group during an earlier financial year and which remains in any respect outstanding or unperformed.
- 6.9 Save for their capacities as persons beneficially interested in Shares, as summarised above:
- (a) none of the Directors or Senior Managers has any potential conflicts of interest between their duties to the Company and their private interests or other duties. Their terms of engagement to which they are subject are summarised in section 7 of this Part 11 below;
 - (b) none of the Directors or Senior Managers were selected for their position pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others; and
 - (c) none of the Directors or Senior Managers has agreed to any restrictions on the disposal within a certain time of their holdings in the Shares.

7. Directors' service contracts and letters of appointment

7.1 Service agreements

The following table summarises the key terms of the Executive Directors' service contracts or terms of appointment:

<u>Name</u>	<u>Effective date</u>	<u>Company liability in the event of termination</u>	<u>Notice Period from the Company / Director</u>
Ignacio Bustamante	1 April 2007	1.5x monthly base salary for each year of service up to maximum of 12 months	None / 30 days

7.2 Letters of appointment

Each Non-Executive Director has entered into a letter of appointment with the Company as follows:

- (a) The appointment can be terminated by paying in lieu of the notice period with such pay being limited to the Non-Executive Director's basic fee. The appointment is also subject to automatic termination without any entitlement to compensation in certain circumstances.
- (b) Other than Eduardo Hochschild (who, following the change in his role to that of Non-Executive Chairman with effect from 1 January 2015, continues to receive benefits comprising medical insurance, provision of car and driver, and security), Non-Executive Directors do not receive benefits from the Company and are not eligible to receive pension contributions or to participate in any bonus or incentive plan. Any reasonable expenses that they incur in the deliverance of their duties are reimbursed by the Company.

- (c) Each of the Non-Executive Directors has entered into a letter of appointment with the Company as follows:

Name	Date of letter of appointment	Notice period	Anticipated expiry of term
Eduardo Hochschild	30 January 2015	Three months	31 December 2017
Roberto Dañino	11 January 2011	Three months	11 January 2017
Enrico Bombieri	20 October 2012	Three months	20 October 2015 ⁽¹⁾
Dr Graham Birch	20 June 2011	Three months	30 June 2017
Jorge Born Jr.	16 October 2006	Three months	16 October 2015 ⁽¹⁾
Sir Malcolm Field	16 October 2006	Three months	16 October 2015 ⁽¹⁾
Nigel Moore	16 October 2006	Three months	16 October 2015 ⁽¹⁾

Note:

- (1) Following the expiry of the stated terms, the term of appointment of each of the relevant Non-Executive Directors will be extended for a further three years, subject to any Non-Executive Director retiring from office.

- (d) The employing company for each of the Directors is the Company.
- (e) It is expected that Sir Malcolm Field and Mr. Nigel Moore (the “**Retiring Directors**”), who have served as Directors since the Company’s listing in 2006, will retire from the Board at or prior to the 2016 Annual General Meeting. The Company has commenced the process of identifying suitable candidates to succeed the Retiring Directors for appointment in due course.

- 7.3 Save as set out in this section 7 of this Part 10, there are no service contracts or consultancy agreements in existence between any of the Directors and the Company or any of its subsidiaries which cannot be determined by the employing company without payment of compensation or benefits (other than statutory compensation) and no such contracts are proposed.

Roberto Dañino is paid an additional fee of US\$240,000 per annum in respect of his engagement as Special Adviser to the Chairman and the senior management team pursuant to a contract between Mr Dañino and the Company’s wholly owned subsidiary, Compañía Minera Ares S.A.C. (Ares) dated 28 December 2010. The contract provides for a one-year term which renews automatically for further one-year periods and can be terminated by either party on 30 days’ written notice. In the event that Ares terminates the contract before 31 December 2015, Mr Dañino is entitled to receive 30% of the fee payable to him in the period from the date of termination until 31 December 2015. Mr Dañino has waived this fee effective 1 January 2015 in light of the challenging trading conditions faced by the Company.

- 7.4 The remuneration (including contingent and/or deferred compensation) and benefits in kind, paid by the Company to the Directors in respect of the year ended 31 December 2014 were as follows:

Directors	Basic salary/fees US\$’000	Bonus US\$’000	Other benefits US\$’000	LTIP US\$’000	Pension US\$’000	Additional fees US\$’000	Total 2014 US\$’000
Eduardo Hochschild	776	0	525	0	160	0	1,461
Roberto Dañino	116	0	19	0	0	240	375
Ignacio Bustamante	471	409	27	0	0	0	907
Enrico Bombieri	116	0	0	0	0	0	116
Dr Graham Birch	116	0	0	0	0	0	116
Jorge Born Jr.	116	0	0	0	0	0	116
Sir Malcolm Field	116	0	0	0	0	0	116
Nigel Moore	116	0	0	0	0	23	139
Total	1,943	409	571	0	160	263	3,346

- 7.5 The companies and partnerships of which the Directors and Senior Managers have been a member of the administrative, management or supervisory bodies or partners at any time in the previous five years (excluding the Company and its subsidiaries) are as follows:

Director / Senior Manager	Current	Former
Eduardo Hochschild	Inversiones ASPI SA Cementos Pacasmayo S.A.A. and subsidiaries COMEX Peru Banco de Crédito del Perú TECSUP Sociedad Nacional de Minería y Petróleo Conferencia Episcopal Peruana Universidad de Ingeniería y Tecnología Pacífico Peruano Suizo Compañía de Seguros y Reaseguros Fundacion Pedro y Angelica de Osma	—
Roberto Dañino	Cementos Pacasmayo S.A.A. Fosfatos del Pacífico S.A. Inversiones Centenario S.A.A. Uber Technologies Inc. Goldman Sachs Lumni (Perú) Accion International Open Society Foundations World Monuments Fund Results for Development Institute	Gold Fields Inc. La Cima Sura Seguros AFP Sura Integra CARE Peru RPP Youth Orchestra of the Americas Petronova Inc.
Ignacio Bustamante	Caral Edificaciones SAC Colegio Franklin Delano Roosevelt Asociación Civil Transparencia Techo Empresarios por la Educación Camara de Comercio Canadá—Perú	Lake Shore Gold Corporation Instituto Peruano de Acción Empresarial Perú 2021
Enrico Bombieri	—	—
Dr Graham Birch	ETF Securities Field Barn & Hedge End Farms	Petropavlovsk plc Rothamsted Research Rothamsted Centre for Research and Enterprise
Jorge Born Jr.	Consult & Co Caldenes S.A. Dufry AG Zurich Bunge and Born Charitable Foundation	Bomagra S.A.
Sir Malcolm Field	Odgers Berndtson	Petropavlovsk plc The Garden Centre Group Limited
Nigel Moore	Ascent Resources plc JKX Oil & Gas plc	The TEG Group plc PSN Ltd Intelligentcomms Limited Sylvan Energy LLC Vitec Group plc
Isac Burstein	—	Gold Resource Corporation
José Augusto Palma	—	Haug, S.A.

Summaries of the biographies of each of the Directors are provided in Part 8 of this Prospectus.

- 7.6 Within the period of five years preceding the date of this Prospectus none of the Directors nor the Senior Managers has:
- any convictions in relation to fraudulent offences;
 - been a director or senior manager of any company at the time of or within a 12 month period preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with such company's creditors generally or any class of creditors of such company;

- (c) been subject to any official public incrimination and/or sanction by any statutory or regulatory authority or regulatory body (including designated professional bodies);
- (d) been disqualified by a court from acting in the management or conduct of the affairs of any issuer; or
- (e) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer.

8. Pensions

The Group does not operate any occupational pension schemes.

9. Material Contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Group within two years immediately preceding the date of this Prospectus or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by members of the Group, or to which any member of the Group is subject, and which contain any provision under which any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this Prospectus:

9.1 Underwriting Agreement

On 15 October 2015, the Company and the Underwriters entered into the Underwriting Agreement pursuant to which the Company appointed J.P. Morgan Cazenove, BofA Merrill Lynch and RBC Capital Markets as Underwriters in connection with the Rights Issue and Admission.

Subject to the terms and conditions of the Underwriting Agreement, the Underwriters (as agents of the Company) have agreed severally (in their due proportions) to use reasonable endeavours to procure subscribers for the New Ordinary Shares (other than those committed to be taken up by Mr. Eduardo Hochschild through ASPI pursuant to the Irrevocable Undertaking) which have not been taken up under the Rights Issue (or, at their discretion, for as many as can be so procured) as soon as reasonably practicable and in any event by no later than 4.30 p.m. on the second dealing day after the last date for acceptance under the Rights Issue, for an amount which is not less than the total of the Issue Price multiplied by the number of such New Ordinary Shares for which subscribers are so procured plus the expenses of procurement (including any applicable brokerage and commissions and amounts in respect of VAT which are not recoverable). If and to the extent that the Underwriters are unable to procure subscribers on the basis outlined above, the Underwriters have agreed to subscribe for, on a several basis (in their due proportions), any remaining New Ordinary Shares.

In consideration of their services provided under the Underwriting Agreement, the Company shall pay the Underwriters a commission of 2.5% of the Issue Price multiplied by the aggregate number of New Ordinary Shares (other than those committed to be taken up by Mr. Eduardo Hochschild through ASPI pursuant to the Irrevocable Undertaking) (plus any applicable VAT). Out of such commission payable to the Underwriters, the Underwriters shall pay or procure the payment of sub-underwriting commissions payable to such persons (if any) as the Underwriters may procure to acquire New Ordinary Shares.

The Company has given certain customary representations, warranties and undertakings to the Underwriters, and customary indemnities to the Underwriters and to certain persons connected with them, in relation to the Rights Issue. In addition, the Company has provided the Underwriters with a representation that the Company has received US\$50 million from ASPI to fund its proposed subscription pursuant to the Irrevocable Undertaking.

Furthermore, the Company has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Bookrunners, directly or indirectly, offer, issue, lend, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, the Ordinary Shares or enter into any transaction with the same economic effect as any of the foregoing.

The obligations of the Underwriters under the Underwriting Agreement are subject to certain conditions customary in agreements of this type including, amongst others:

- Admission occurring not later than 8.00 a.m. on 20 October 2015 (or such later time and/or date) as the Company and the Underwriters may agree;
- the fulfilment by the Company of its obligations, undertakings and covenants under the Underwriting Agreement and under the terms or conditions of the Rights Issue which fall to be performed or satisfied prior to Admission;
- there being no breach of the representations, warranties and undertakings on the part of the Company contained in the Underwriting Agreement; and
- no event referred to in section 87G(1) of FSMA arising between the time of publication of this Prospectus and Admission and no supplementary prospectus being published by or on behalf of the Company before Admission (save only to the extent required and effected on terms that, in the good faith opinion of the Underwriters, are not materially prejudicial in the context of the Rights Issue and/or Admission and/or the underwriting of the New Ordinary Shares and/or dealings in the New Ordinary Shares for the period of 90 days following Admission).

If any of the conditions in the Underwriting Agreement is not satisfied (or waived by the Underwriters), or becomes incapable of being satisfied, by the required time and date (or by such later time and/or date as the Underwriters may agree), then, save for certain exceptions, the obligations of the parties under the Underwriting Agreement shall cease and terminate without prejudice to any liability for any prior breach of the Underwriting Agreement. In addition, the Underwriters are entitled to terminate the Underwriting Agreement in certain circumstances, including for material adverse change and force majeure, but only prior to Admission.

9.2 Engineering, Procurement and Construction Agreement

On 10 August 2012, Minera Suyamarca S.A.C (“Suyamarca”), which was subsequently merged into Compañía Minera Ares S.A.C. (“Ares”), entered into a construction agreement with GyM S.A. (“GyM”) for the engineering, procurement, construction, pre-commissioning and commissioning on a turn-key basis of the components (and sub-components) comprising the Inmaculada Project (subsequently amended by Addendum No. 1, Addendum No. 2 and Addendum No. 3 dated 10 January 2013, 20 December 2013 and 7 September 2015, respectively) (collectively referred to as the “EPC Contract”). Under the terms of the EPC Contract, GyM agreed to complete the engineering, construction and commissioning of the plant and related components of the Inmaculada Project in order to commence commercial production by 31 December 2014 (the “Completion Date”). Ares agreed to pay GyM as consideration a fixed maximum guaranteed price of approximately US\$140 million (the “Maximum Fixed Price”). The Maximum Fixed Price may be amended, under limited circumstances, through written change orders signed by the parties.

GyM has made a number of requests for additional costs from Ares under the EPC Contract. In addition, Ares has made certain claims against GyM as a result of delays in the construction of the plant and related components of the Inmaculada Project. In September 2015, Ares and GyM entered into Addendum No. 3 to the EPC Contract (“Addendum No. 3”), pursuant to which the parties settled their mutual claims. As a result of Addendum No. 3, the parties agreed that the total amount payable by Ares to GyM for all works under the EPC Contract (including pending works thereunder) would be fixed at approximately US\$159.1 million, of which US\$20 million represented additional amounts payable in settlement of all claims made by GyM for additional costs under the EPC Contract. In addition, Ares and GyM agreed that GyM shall bear all risks and costs resulting from the completion of all pending works under the EPC Contract and, therefore, subject to certain limited exceptions, GyM will not be entitled to request further adjustments to the amounts agreed to be paid pursuant to Addendum No. 3.

As of the date of this Prospectus, Ares has paid to GyM approximately US\$135 million under the EPC Contract. Pursuant to Addendum No. 3, it was agreed that the amount of US\$20 million referred in the paragraph above would be paid in four instalments every six months starting in September 2017, with interest accruing at an annual rate of 5% of the outstanding balance. The remaining approximately US\$4 million will be paid following completion of the applicable works and delivery of the applicable invoice by GyM to Ares, as described in Addendum No. 3.

9.3 Power Transmission Agreement for the Installation of Supplementary Transmission System

Suyamarca entered into a power transmission agreement with Consorcio Transmantaro S.A. (“**CTM**”) on 23 November 2012, pursuant to which CTM has agreed to build, maintain and operate power transmission assets (the “**Power Transmission Assets**”) for the supply of 220kV of power to the Pallancata mine and the Inmaculada mine, and to provide services for such supply. CTM has agreed to complete the construction and installation of the Power Transmission Assets by 9 January 2014, on which date CTM will commence the supply of electricity to the Pallancata mine and the Inmaculada mine. The term of the agreement is 18 years from 9 January 2014.

CTM and Suyamarca have agreed that the supply of electricity and the use of the Power Transmission Assets shall be exclusive as between them from the 9 January 2014 until 4 January 2015, on which date the Power Transmission Assets may also be used by third parties. As consideration for the supply of power, Suyamarca will pay CTM an annual sum of US\$744,640 (not including VAT) from the Availability Date until 4 January 2015. Thereafter, it will pay CTM an annual sum of US\$487,993 (not including VAT) until the termination of the agreement. These sums will be annually adjusted according to a variation index published by the Labor Department of the United States of America.

Pursuant to the terms of the agreement, Suyamarca has agreed that if the Pallancata mine or the Inmaculada mine ceases to operate indefinitely, Suyamarca will pay the annual payments set out above for the remainder of the term of the agreement, or terminate the contract with a penalty equivalent to the net balance of amortisation.

Suyamarca will finance a further electricity transmission system to be constructed by Cobra Perú S.A for the supply of electricity from the Power Transmission Assets to the Pallancata mine and the Inmaculada mine (as further described in paragraph 9.4 below). Construction of the electricity transmission system by Cobra Perú S.A. will commence after 9 January 2014.

9.4 Power Transmission System Construction Agreement

On 25 April 2012 Cobra Perú S.A. (“**Cobra**”) entered into a construction agreement with Empresa de Transmisión Aymaraes S.A.C. (“**Aymaraes**”), a Peruvian company formed as a special purpose vehicle, and whose shares are held equally by Cobra and Suyamarca). Pursuant to this agreement, Cobra has agreed to design, develop, construct and commission a transmission system for the supply of electricity to the Inmaculada mine and the Pallancata mine. The transmission system assets constructed by Cobra pursuant to this agreement (the “**Transmission System Assets**”) will be owned by Aymaraes.

In connection with the construction of the Transmission System Assets, Suyamarca has agreed to provide finance by way of a US\$31,612,654.26 loan to Aymaraes, pursuant to an investment agreement dated 25 April 2012 (as further described in paragraph 9.5 below).

Construction of the Transmission System Assets commenced in January 2014, and the agreement will terminate once construction of the Transmission System Assets is completed in accordance with the agreement of the parties.

Under the terms of the agreement: (a) Cobra agrees to comply with all applicable laws, including in relation to occupational health and safety and the environment; (b) Suyamarca and Aymaraes have the right to supervise the execution of the works by Cobra; (c) Cobra’s liability under the agreement is limited to the amount of the loan provided by Aymaraes pursuant to the investment agreement dated 25 April 2012 (further details of which are set out in paragraph 9.5 below); (d) Aymaraes and/or Cobra shall not be able to assign their contractual position to any third-party without Suyamarca’s previous and express consent; (e) Suyamarca was granted a corporate guarantee by Cobra securing its rights under the agreement; and (f) Cobra is obliged to keep confidential all information shared under the agreement for four years from the date of execution of the agreement.

9.5 Investment Agreement

Suyamarca entered into an investment agreement on 25 April 2012 pursuant to which it has agreed to provide Cobra with a loan of US\$31,612,654.26 (the “**Construction Loan**”) for the construction of a transmission system for the supply of electricity to the Inmaculada mine and the Pallancata mine. The Construction Loan is provided pursuant to a Power Transmission System Construction Agreement dated 25 April 2012 (as described in paragraph 9.4 above).

Under the investment agreement, certain terms and conditions in relation to the grant of the Construction Loan have been agreed between Suyamarca and Cobra, including the terms on which the loan will be capitalised in return for shares in Aymaraes on completion of construction of the transmission system. Suyamarca's rights under the investment agreement are secured by way of a pledge of Cobra's shares in Aymaraes and a mortgage granted by Aymaraes in favour of Suyamarca over certain mining concession rights held by Aymaraes.

The investment agreement became effective on 25 April 2012 and shall terminate in any of the following cases: (a) mutual agreement between the parties to the agreement; (b) at the request of Suyamarca following an event of default under the Power Transmission System Construction Agreement dated 25 April 2012; (c) on Suyamarca's default, provided that Suyamarca has 15 days to remedy such breach; and (d) on Cobra's and/or Aymaraes' default, provided that each of Cobra and Aymaraes have 15 days to remedy such breach.

9.6 Credit and Guaranty Agreement

On 3 October 2014, the Company (as guarantor) and Ares (as the borrower), entered into a loan agreement for a total amount of US\$100,000,000 with, amongst others, Scotiabank Perú S.A.A. ("**Scotiabank**") (as administrative agent and the sole lead arranger), pursuant to which The Bank of Nova Scotia advanced US\$60,000,000 and Corpbanca, New York Branch advanced US\$40,000,000 to Ares for the purpose of financing the Inmaculada Project. The loan has a term of 4.5 years (commencing on 3 October 2014) and is governed by New York law.

Under the terms of the loan agreement, Ares may make prepayments of not less than US\$5,000,000 at any time without penalty provided that advance notice is given to the agent administering the loan in accordance with the terms of the loan agreement. Interest is chargeable at a rate of LIBOR + 2.6% per annum payable on a quarterly basis with the next from the borrowing date until full repayment with the next interest payment due on 30 July 2015. The principal amounts repayable are US\$16.66 million; US\$33.32 million; US\$33.32 million and US\$16.66 million in 2016, 2017, 2018 and 2019, respectively. The carrying value including accrued interest payable as of 30 June 2015 was US\$100.1 million, which was determined in accordance with the effective interest method.

9.7 Construction Agreement for the Paste Fill Plant

On 4 August 2014 Ares entered into a construction agreement with Instalaciones Mecanicas Electricas Contratistas S.A. ("**Imecon**"). Pursuant to this agreement, Imecon has agreed to construct a paste fill plant (*Planta de Relleno en Pasta*) at the Inmaculada mine. Pursuant to the terms of the agreement, Imecon has agreed to provide the services of construction, mechanical completion, pre-commissioning and commissioning of the plant.

As a result of the services rendered, Ares has agreed to pay an amount, currently estimated to be approximately US\$10,503,368.28, plus the corresponding taxes, for the construction of the plant. This amount includes skilled labour, equipment, supplies, personal protective equipment, insurance policies and any other costs or direct expenses of Imecon, as a result of the construction. In connection with the agreement, the parties have agreed that construction of the plant will be executed by Imecon within the deadline. The construction commenced on 4 August 2014. Under the terms of the agreement: (i) Imecon agreed to comply with all applicable laws, including in relation to occupational health and safety and the environment; (ii) Ares has the right to supervise the execution of the works by Imecon; (iii) Imecon shall not be able to assign its contractual position to any third-party without Ares previous and express consent; (iv) Imecon granted certain guarantees to secure the rights of Ares under this agreement; and (v) Imecon is obliged to keep confidential all information shared under the agreement for an indefinite period even in the event of termination of the agreement.

9.8 Hedging

Pursuant to commodity swap contracts entered into between Ares and JPMorgan Chase Bank, National Association, London Branch: (i) on 19 August 2014, Ares hedged 38,000 ounces of gold at a price of US\$1,300 per ounce from 1 January 2015 to 31 December 2015; and (ii) on 20 January 2015, Ares hedged 6,000,000 ounces of silver at a price of US\$17.75 per ounce from 21 January 2015 to 31 December 2015. Pursuant to a commodity swap contract entered into between Ares and BofA Merrill Lynch (as amended): (i) on 24 August 2015, Ares hedged 38,000 ounces of gold at a price of US\$1,158 per ounce from 1 September 2015 to 31 December 2015; and (ii) on 6 October 2015, Ares hedged 29,000 ounces of gold at

a price of US\$1,144.50 per ounce and 6,000,000 ounces of silver at a price of US\$15.93 per ounce from 1 January 2016 to 31 December 2016. Pursuant to a commodity swap contract entered into between Ares and Citibank, N.A. dated 24 August 2015, Ares hedged 71,000 ounces of gold at a price of US\$1,153.65 per ounce from 1 January 2016 to 31 December 2016. The obligations of Ares under the aforementioned agreements are guaranteed by the Company.

9.9 Senior Notes

On 23 January 2014, Ares completed the offering of US\$350,000,000 7.75% Senior Unsecured Notes due 23 January 2021 (the “**Senior Notes**”). The obligations of Ares under the Senior Notes are guaranteed by the Company and Hochschild Mining (Argentina) Corporation S.A. and Minas Santa María de Moris, S.A. de C.V. (each a member of the Group). Interest on the Senior Notes is payable on 23 January and 23 July of each year beginning on 23 July 2014. The Senior Notes will mature on 23 January 2021.

The Indenture dated 23 January 2014 (the “**Indenture**”), among Ares, the guarantors named therein and Citibank, N.A., as trustee, registrar, paying agent and transfer agent (the “**Trustee**”), provides for the issuance, and sets forth the terms of, the Senior Notes. The Indenture contains covenants that limit the ability of the members of the Group to, among others, incur and guarantee additional indebtedness, make distributions to its shareholders, make investments or acquisitions, sell assets, create liens securing indebtedness, engage in sale and leaseback transactions, engage in transactions with affiliates, create restrictions on the ability of certain subsidiaries to make distributions to its shareholders, redeem or repurchase debt that is subordinated in right of payment to the Senior Notes and enter into certain consolidations, mergers, conveyances, transfers or leases of all or substantially all the Group’s assets, in each case subject to certain thresholds, baskets and other qualifiers and carve-outs. Ares may issue additional debt from time to time pursuant to the Indenture.

The Indenture also provides for a “make-whole” premium in case Ares decides to redeem all or any portion of the Senior Notes prior to 23 January 2018. Notwithstanding the foregoing, at any time prior to 23 January 2017, Ares may redeem up to 35% of the aggregate initial principal amount of the Senior Notes using the proceeds of certain equity offerings at the redemption price of 107.750%. On or after 23 January 2018, Ares may redeem all or any portion of the Senior Notes at the redemption prices set out in the Indenture. In addition, Ares may redeem the Senior Notes, at any time, upon the occurrence of specified events relating to tax law in Peru, Argentina or the United Kingdom.

In addition, the Indenture provides for a put right in favor of the bondholders in the event of a change of control followed by a ratings downgrade, at a price equal to 101% of the principal amount of the Senior Notes, plus accrued and unpaid interest and additional amounts, if any, to the purchase date. Pursuant to the Indenture, a change of control shall be deemed to occur if (i) the Company transfers all or substantially all of its assets and the assets of its subsidiaries (taken as a whole) to any person other than to the Company, any of its subsidiaries or Eduardo Hochschild, (ii) any person or group of persons other than Eduardo Hochschild, directly or indirectly, becomes the owner of more than 50% of the outstanding capital stock of the Company, (iii) Eduardo Hochschild ceases to be the beneficial owner, directly or indirectly, of at least a majority of the outstanding capital stock of the Company, (iv) subject to certain exceptions, the Company merges or consolidates with or into any other person, (v) there is a change of more than a majority of the Board, (vi) the Company ceases, directly or indirectly, to be the beneficial owner of 100% of the outstanding capital stock of Ares, or (vii) a plan relating to the liquidation or dissolution of Ares is adopted.

The Indenture provides for events of default that are customary for a high yield bond.

9.10 Short-term Credit

During 2015, the Group drew down US\$75,000,000 of its short-term credit lines in Peru as summarised in the table below. US\$25,000,000 will mature in December 2015, US\$ 15,000,000 will mature in June 2016

and US\$35,000,000 will mature in July 2016. The average annual interest rate is 0.92% pre tax (0.66% post tax).

Bank	Currency	Amount	Rate	Initiation Date	Expiration Date	Term (Days)	Nature of Loan	Governing Law
BBVA	USD	15,000,000	1.22%	09/01/2015	15/12/2015	340	Unsecured	Peru
BBVA	USD	10,000,000	1.22%	09/01/2015	15/12/2015	340	Unsecured	Peru
BBVA	USD	15,000,000	0.70%	24/06/2015	17/06/2016	359	Unsecured	Peru
BBVA	USD	10,000,000	0.80%	09/07/2015	04/07/2016	361	Unsecured	Peru
BBVA	USD	15,000,000	0.80%	09/07/2015	04/07/2016	361	Unsecured	Peru
BBVA	USD	10,000,000	0.80%	09/07/2015	04/07/2016	361	Unsecured	Peru

10. Property, plant and equipment

10.1 The Group's material existing tangible fixed assets as of the date of this Prospectus are set out below:

	Owner	Production Capacity
Ares Mine Unit		
Plant	Compañía Minera Ares	1,125 t per day
Tailings Dam*	Compañía Minera Ares	220K m3
Camps	Compañía Minera Ares	N/A
Infrastructure	Compañía Minera Ares	N/A
Arcata Mine Unit		
Plant	Compañía Minera Ares	2,500 t per day
Tailings Dam*	Compañía Minera Ares	600K m3
Camps	Compañía Minera Ares	N/A
Infrastructure	Compañía Minera Ares	N/A
Pallancata Mine Unit		
Tailings Dam*	Compañía Minera Ares	1,250K m3
Camps	Compañía Minera Ares	N/A
Infrastructure	Compañía Minera Ares	N/A
Selene Plant		
Plant	Compañía Minera Ares	3,000 t per day
Camps	Compañía Minera Ares	N/A
Infrastructure	Compañía Minera Ares	N/A
San Jose Mine Unit		
Plant	Minera Santa Cruz	1,650 t per day
Tailings Dam*	Minera Santa Cruz	1,300 K m3
Camps	Minera Santa Cruz	N/A
Transmission line	Minera Santa Cruz	N/A
Infrastructure	Minera Santa Cruz	N/A
Inmaculada Mine Unit		
Plant	Compañía Minera Ares	3,500 t per day
Camps	Compañía Minera Ares	N/A
Infrastructure	Compañía Minera Ares	N/A
Others		
Transmission lines in Peru	Empresa de Transmisión Callalli	N/A
Matarani concentrates deposit	Compañía Minera Ares	N/A
Lima office building	Compañía Minera Ares	N/A

* Tailings Dam capacity is stated as the actual available capacity as of 19 May 2015

Further details on the operation, productive capacity and products produced by the operations of the Group are included in Part 3 (*Business*).

Other than as described under this section 10, in this Part 11 (*Additional Information*), none of the existing or planned tangible fixed assets are subject to any major encumbrances.

All significant items of property, plant and equipment are owned by members of the Group, and located in Peru, Argentina, Mexico and Chile.

11.1 The Company is the holding company of a group of companies whose principal business involves exploration, mining, processing and selling high grade silver and gold deposits in the Americas.

11.2 The chart below shows the principal corporate structure of the Group.



Hochschild Mining Holdings Limited	Holding company	100%
--	-----------------	------

Peru

Argentina

ChileMexico

Minera Hochschild Mexico S.A. de C.V.	Exploration office	100%
HMX S.A. de C.V.	Service company	100%

12. Related party transactions

Save as set out in this Prospectus and save as set out below and as disclosed in note 32 of the 2014 Financial Statements, note 30 of the 2013 Financial Statements and note 30 of the 2012 Financial Statements, each incorporated by reference into this Prospectus, the Group did not enter into any related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) 1606/2002) during any of the period ended 30 June 2015 and the financial years ended 31 December 2014, 31 December 2013 and 31 December 2012 and up to the date of this Prospectus.

On 2 October 2013, the Company announced that it had entered into a binding agreement to acquire the 40% interest it did not already own in the Pallancata mine and the Inmaculada Project in Peru (the “**Peruvian Assets**”). The acquisition of the Peruvian Assets was effected by way of a court-approved plan of arrangement under the Business Corporations Act (Yukon) of Canada whereby the Company indirectly acquired through a wholly-owned subsidiary, HOC SubCo, all of the issued and outstanding common shares in IMZ that it did not already own (the “**Transaction**”). The Peruvian Assets were held through Minera Suyamarca S.A.C (“**Suyamarca**”), a joint venture company of which, the Company owned 60% and IMZ owned 40%. Following completion of the Transaction in December 2013, the Company indirectly owns 100% of the Pallancata mine and the Inmaculada mine through its 100% ownership of IMZ. Due to the size of the Transaction in relation to the size of the Company, the Transaction was classified as a Class 1 transaction for the purposes of the Listing Rules. In addition, since IMZ indirectly held a 40% interest in Suyamarca, IMZ was a related party of the Company and the Transaction was classified as a related party transaction under Chapter 11 of the Listing Rules. The Transaction was therefore subject to, amongst other things, the approval of the Company’s Shareholders at an Extraordinary General Meeting held on 29 November 2013, where 99.99% of the Company’s shareholders voted in favour to approve the Transaction.

13. Working capital

The Company is of the opinion that, taking into account the net proceeds of the Rights Issue and the bank and other facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is, for at least the 12 months following the date of publication of this document.

14. Legal Proceedings and Disputes

Save as disclosed in the section “Legal Proceedings and Disputes” at Part 3 (*Business*) of this Prospectus, there are no, nor have there been any, governmental, legal or arbitral proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past a significant effect on the Company and/or the Group’s financial position or profitability.

15. Significant change

There has been no significant change in the financial or trading position of the Group since 30 June 2015 (being the date to which the Group’s latest published results have been prepared).

16. Taxation

Certain UK Tax Considerations

The comments set out below summarise certain limited aspects of the UK taxation treatment of Shareholders and do not purport to be a complete analysis of all tax considerations relating to the New Ordinary Shares. They are based on current UK legislation as applied in England and Wales and what is understood to be current HMRC practice, both of which are subject to change, possibly with retrospective effect. They are not intended to be exhaustive.

The comments are intended as a general guide and, except where otherwise expressly stated, apply only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in (and only in) the UK (“**UK resident**”) to whom the spilt-year treatment does not apply, who hold their Shares as an investment (other than under an individual savings account or self investment personal pension) and who are the absolute beneficial owners of their Shares and any dividends paid on them. These comments do not deal with certain types of Shareholders (such as persons who are not UK resident, charities, dealers in securities, persons holding or acquiring shares in the course of a trade, persons who have or could be treated for tax purposes as having acquired their Shares by reason of their employment

(whether current, former or prospective), collective investment schemes persons subject to UK tax on the remittance basis, banks, financial institutions, insurance companies, tax-exempt organisations, persons holding Shares as part of hedging or conversion transactions, persons connected with the Company or the Group and persons who hold 5% or more of the Shares) . The information given is by way of general summary only and does not constitute legal or tax advice to any person. Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK or US, should consult an appropriate independent professional tax adviser immediately and obtain detailed tax advice.

Taxation of dividends on the Shares

The Company will not be required to withhold tax at source from dividend payments it makes in respect of the Shares.

Individuals

A Qualifying Shareholder who is a UK resident individual and who receives a dividend from the Company will be entitled to a tax credit which may be set off against his total income tax liability. The tax credit will be equal to 10% of the aggregate of the dividend and the tax credit (the “**gross dividend**”), which is also equal to one-ninth of the amount of the cash dividend received by the Qualifying Shareholder.

In the case of a Qualifying Shareholder who is not liable to UK income tax at either the higher or the additional rate, that Qualifying Shareholder is subject to UK income tax on the gross dividend at the rate of 10% . The tax credit will, in consequence, satisfy in full the Qualifying Shareholder’s liability to UK income tax on the gross dividend.

In the case of a Qualifying Shareholder who is liable to UK income tax at the higher rate, the Qualifying Shareholder is subject to UK income tax on the gross dividend at the rate of 32.5%, to the extent that the gross dividend falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax when it is treated as the top slice of the Qualifying Shareholder’s income. The tax credit will, in consequence, satisfy only part of the Shareholder’s liability to UK income tax on the gross dividend and the Qualifying Shareholder will have to account for UK income tax equal to 22.5% of the gross dividend (which is also equal to 25% of the cash dividend received). For example, if the Qualifying Shareholder received a dividend of £80 from the Company, the dividend received would carry a tax credit of £8.89 and therefore represent a gross dividend of £88.89. The Qualifying Shareholder would then be required to account for UK income tax of £20 on the gross dividend (being £28.89 (i.e. 32.5% of £88.89) less £8.89 (i.e. the amount of the tax credit)).

In the case of a Qualifying Shareholder who is liable to UK income tax at the additional rate, the Shareholder is subject to UK income tax on the gross dividend at the rate of 37.5%, to the extent that the gross dividend falls above the threshold for the additional rate of UK income tax when it is treated as the top slice of the Qualifying Shareholder’s income. After setting off the tax credit comprised in the gross dividend, the Qualifying Shareholder will, accordingly, have to account for UK income tax equal to 27.5% of the gross dividend (which is also equal to 30.55% of the cash dividend received). For example, if the Qualifying Shareholder received a dividend of £80 from the Company, the dividend received would carry a tax credit of £8.89 and therefore represent a gross dividend of £88.89. The Qualifying Shareholder would then be required to account for UK income tax of £24.44 on the gross dividend (being £33.33 (i.e. 37.5% of £88.89) less £8.89 (i.e. the amount of the tax credit)).

A UK resident individual Qualifying Shareholder whose liability to UK income tax in respect of a dividend received from Company is less than the tax credit attaching to the dividend will not be entitled to any payment from HMRC in respect of any part of the tax credit attaching to the dividend.

On 8 July 2015, the UK government announced changes to the taxation of dividends, which are to be included in the Finance Bill 2016 and currently intended to take effect from April 2016. The first change relates to the proposed abolition of the dividend tax credit, which is to be replaced by a new tax-free dividend allowance of £5,000 per year. The second change relates to the rates at which dividend income are to be taxed: (i) 7.5% for basic rate taxpayers; (ii) 32.5% for higher rate taxpayers; and (iii) 38.1% for additional rate taxpayers.

Companies

Qualifying Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends paid on the Shares, provided certain conditions are met.

Other Qualifying Shareholders within the charge to UK corporation tax will not be subject to tax on dividends on the Shares so long as (i) the dividends fall within an exempt class and (ii) do not fall within certain specified anti-avoidance provisions and (iii) the Qualifying Shareholder has not elected for the dividends not to be exempt. Each Qualifying Shareholder’s position will depend on its own individual circumstances, although it would normally be expected that dividends paid on the Shares would fall within an exempt class. Examples of dividends that are within an exempt class are dividends in respect of portfolio holdings, where the recipient owns less than 10% of the issued share capital of the payer (or any class of that share capital). Qualifying Shareholders will need to ensure that they satisfy the requirements of an exempt class before treating any dividend as exempt, and seek appropriate professional advice where necessary.

Taxation of Chargeable Gains (“CGT”)

Reorganisation treatment

For the purposes of CGT, the issue of the New Ordinary Shares by the Company should constitute a reorganisation of the Company’s share capital. On this basis, a Qualifying Shareholder will not be treated as making a disposal of all or any part of his, her or its (as the case may be) holding of Existing Shares by reason of taking up his, her or its rights to the New Ordinary Shares. No liability to CGT should arise in respect of the issue of the New Ordinary Shares to the extent that a Qualifying Shareholder takes up his, her or its full entitlement to the New Ordinary Shares.

If a Qualifying Shareholder takes up all or any of his rights to the New Ordinary Shares, his, her or its existing holding of Shares and his, her or its New Ordinary Shares will be treated as the same asset, acquired at the time he, she or it acquired his, her or its Existing Shares. The amount paid by a Qualifying Shareholder in consideration for the New Ordinary Shares will be added to the base cost of his, her or its existing holding(s).

Disposals and “small” disposals

If a Qualifying Shareholder sells or otherwise disposes of all or some of the New Ordinary Shares allotted to him, or his rights to acquire them, or if he allows or is deemed to have allowed all or some of his rights to acquire New Ordinary Shares to lapse and receives a cash payment in respect of them, he may, depending on his circumstances, incur a liability to CGT realised. However, if the proceeds resulting from a lapse or disposal of the rights to acquire the New Ordinary Shares are “small” as compared with the market value (on the date of lapse or disposal) of the Shares in respect of which the rights arose, a Qualifying Shareholder should not be treated as making a disposal for the purposes of CGT. The proceeds will instead be deducted from the acquisition cost of the relevant Shares for the purposes of computing any chargeable gain or allowable loss on a subsequent disposal. The current practice of HMRC is to apply this treatment where either: (i) the proceeds of the disposal or lapse of rights do not exceed 5% of the market value (at the date of the disposal or lapse) of the Shares in respect of which the rights arose; or (ii) the amount of the proceeds is £3,000 or less, regardless of whether the 5% test is satisfied. This treatment will not apply where such proceeds are greater than the base cost of the Shares in respect of which the rights arose.

In the case of those Qualifying Shareholders who are individuals or otherwise not within the charge to corporation tax, an annual allowance (for the tax year 2015/2016 this is £11,100) is available to individuals to set against the gain. Any remaining gain will be taxed at the capital gains tax rate of 18% or, if and to the extent that the Qualifying Shareholder’s total taxable income and gains in a given year (including any gains made on the disposal) are more than the income tax basic rate limit applicable in respect of the tax year (£31,785 for 2015/2016), at a rate of 28% in respect of gains arising on the disposal, with no taper relief or indexation allowance. On disposal of the Shares by corporate Qualifying Shareholders, such Qualifying Shareholders may be entitled to an indexation allowance (depending on the period of ownership) which, in general terms, increases the capital gains base cost of an asset in line with the rise in the retail prices index.

A Qualifying Shareholder who is an individual who acquired the Shares whilst UK resident and who subsequently ceased to be a UK resident for tax purposes in the UK or is treated as resident outside the

UK for the purposes of a double tax treaty (“**Treaty Non-Resident**”) for a period of five complete tax years of assessment or less and who disposes of all or part of his Shares during that period may be liable to CGT on his or her return to the UK, subject to any available exemptions or reliefs.

Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

The comments below relating to stamp duty or SDRT apply whether or not a Qualifying Shareholder is UK resident, but it should be noted that certain categories of persons, including market makers, dealer and other specified market intermediaries, are entitled to exemption from stamp duty or SDRT in respect of purchases of securities in specified circumstances.

Provisional Allotment Letters, Nil Paid Rights and Fully Paid Rights

No stamp duty or SDRT will be payable on the issue of Provisional Allotment Letters or on the crediting of Nil Paid Rights or Fully Paid Rights to stock accounts in CREST. Persons who, on or before the latest time for registration of renunciation, purchase (or are treated as purchasing) rights to New Ordinary Shares represented by Provisional Allotment Letters (whether nil paid or fully paid), or Nil Paid Rights or Fully Paid Rights (i) where there is a transfer outside CREST, will generally not be liable to stamp duty, however, such a purchaser will normally be liable to pay SDRT at the rate of 0.5% of the consideration given in money or moneys worth; and (ii) where there is a transfer within CREST, will not generally be liable to pay stamp duty, however, such a purchaser will normally be liable to pay SDRT at the rate of 0.5% of the consideration given in money or moneys worth.

Where such a purchase is effected through a stockbroker or other financial intermediary, that person will normally account to HMRC for the SDRT and should indicate that this has been done in any contract note issued to the purchaser. In other cases, the purchaser of the rights to the New Ordinary Shares represented by the Provisional Allotment Letters is liable to pay the SDRT and must account for it to HMRC. Any SDRT arising on the transfer of Nil Paid Rights or Fully Paid Rights held in CREST should be collected and accounted for, in accordance with the CREST rules, to HMRC.

New Ordinary Shares

No stamp duty or SDRT will be payable on the issue of New Ordinary Shares. The transfer on sale of New Ordinary Shares held outside CREST after the last date for registration of renunciation will generally give rise to a liability, ordinarily payable by the purchaser, to stamp duty at the rate of 0.5% (rounded up to the nearest multiple of £5) of the amount or value of consideration paid. An exemption from stamp duty will be available on an instrument transferring New Ordinary Shares where the amount or value of the consideration for the sale is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

An agreement to transfer New Ordinary Shares which is or becomes unconditional will generally give rise to SDRT at the rate of 0.5% of the amount or value of the consideration paid, such SDRT ordinarily being payable by the transferee or purchaser. The liability to SDRT will generally be cancelled or any SDRT paid refunded if the agreement is completed by a duly stamped transfer, or a transfer which is not chargeable with any stamp duty or otherwise required to be stamped, within six years of either the date of the agreement or, if the agreement was conditional, the date when the agreement became unconditional. No stamp duty or SDRT will arise on a transfer of New Ordinary Shares into CREST provided that, in the case of SDRT, the transfer is not for money or money’s worth. A transfer of New Ordinary Shares effected on a paperless basis through CREST will generally be subject to SDRT at the rate of 0.5% of the amount or value of the consideration payable, which will be collected and accounted for to HMRC by the operator of CREST (such SDRT generally being payable by the transferee or purchaser).

Special rules apply where Ordinary Shares are issued or transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depositary receipts within section 67 or section 93 of the Finance Act 1986 or a person providing a clearance service within section 70 or section 96 of the Finance Act 1986, under which SDRT or stamp duty may be charged at a rate of 1.5%. Following litigation HM Revenue and Customs have confirmed that they will no longer seek to apply 1.5% SDRT on an issue of shares into a clearance service or depositary receipt arrangement on the basis that the charge is not compatible with EU law. HMRC’s view is that the 1.5% SDRT or stamp duty charge will continue to apply to transfers of shares into a clearance service or depositary receipt arrangement unless they are an integral

part of an issue of share capital. Accordingly, specific professional advice should be sought before incurring a 1.5% stamp duty or stamp duty reserve tax charge in any circumstances.

US Taxation

Certain United States Federal Income Tax Considerations

The following discussion is a summary of the principal US federal income tax consequences of the ownership, exercise, expiration, and disposition of Nil Paid Rights, the ownership and disposition of Fully Paid Rights received through the exercise of Nil Paid Rights, and the ownership and disposition of New Ordinary Shares to US Holders (as defined below) that receive Nil Paid Rights pursuant to this offering, Fully Paid Rights pursuant to an exercise of those Nil Paid Rights, and are issued New Ordinary Shares in respect of those Fully Paid Rights. For the purposes of this discussion, references to “Nil Paid Rights” or “Fully Paid Rights” shall include Nil Paid Rights or Fully Paid Rights represented by Provisional Allotment Letters. This summary is only a general discussion and is not a complete analysis of all the potential US federal income tax consequences relating to the ownership and disposition of Nil Paid Rights, Fully Paid Rights, or New Ordinary Shares, nor does it address any tax consequences arising under any state, local or non-US tax laws, the recently effective Medicare tax on “net investment income” or any other US federal tax laws.

This discussion relating to the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares is based on the US Internal Revenue Code of 1986, as amended (the Code), Treasury regulations promulgated or proposed thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service (the IRS), all as of the date hereof. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in US federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a contrary position regarding the tax consequences discussed below, or that any such contrary position would not be sustained by a court.

The discussion relating to the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares applies only to investors that receive Nil Paid Rights pursuant to the Rights Issue, receives Fully Paid Rights through exercise of Nil Paid Rights, or receives New Ordinary Shares through the ownership of Fully Paid Rights, and holds those Nil Paid Rights, Fully Paid Rights and New Ordinary Shares, in each case, as “capital assets” (generally, property held for investment) under the Code. This discussion does not address all aspects of US federal income taxation that may be important to particular investors in light of their individual investment circumstances, including investors subject to special tax rules (including, without limitation, grantor trusts, real estate investment trusts, regulated investment companies, brokers or dealers in securities, individual retirement accounts and other tax-deferred accounts, traders in securities or currencies that elect to use a mark-to-market method of recording for their securities holdings, financial institutions, insurance companies, tax-exempt entities, US expatriates, investors liable for alternative minimum tax, holders (either actually or constructively) of 10% or more of the Company’s Shares, persons holding Nil Paid Rights, Fully Paid Rights, or New Ordinary Shares as part of a hedging, straddle, conversion or constructive sale transaction, or investors that have a functional currency other than the US dollar), all of whom may be subject to rules different from those described below.

This summary assumes that the Company has not been, and is not, a passive foreign investment company (a PFIC) for US federal income tax purposes, which the Company believes to be the case. The Company’s status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result for US Holders (as described below).

For purposes of this discussion, a “US Holder” is a beneficial owner of Nil Paid Rights, Fully Paid Rights, or New Ordinary Shares and is, for US federal income tax purposes: (1) an individual who is a citizen or resident of the United States; (2) a corporation or any other entity treated as a corporation that is organised in or under the laws of the United States, any state thereof or the District of Columbia; (3) a trust if all of the trust’s substantial decisions are subject to the control of one or more United States persons and the primary supervision of the trust is subject to a US court, or if a valid election is in effect with respect to the trust to be taxed as a United States person; or (4) an estate the income of which is subject to US federal income taxation regardless of its source (in each case, a US Holder).

If a partnership or other entity or arrangement treated as a partnership for US federal income tax purposes holds Nil Paid Rights, Fully Paid Rights, or New Ordinary Shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A partner in a partnership holding Nil Paid Rights, Fully Paid Rights, or New Ordinary Shares, is urged to consult its tax adviser regarding the US federal income tax consequences of the receipt, exercise, expiration or disposition of the Nil Paid Rights and the ownership and disposition of the Fully Paid Rights and New Ordinary Shares.

The summary of US federal income tax consequences set out below is for general information only and is not intended to be, and should not be construed to be legal or tax advice. Investors should consult their tax advisers about the US federal income, state and local and non-US tax consequences to them of the receipt, exercise, expiration or disposition of the Nil Paid Rights and the ownership and disposition of the Fully Paid Rights and New Ordinary Shares.

Taxation of Nil Paid Rights

Distribution of Nil Paid Rights

Under Section 305 of the Code, a US Holder who receives a Nil Paid Right pursuant to the Rights Issue could, in certain circumstances, be treated as having received a taxable distribution in an amount equal to the value, if any, of such Nil Paid Right. One such instance would be where as a result of the Rights Issue, a Shareholder's proportionate interest in the earnings and profits or assets of the Company is increased and any other Shareholder (or deemed Shareholder) receives a distribution (or deemed distribution) of cash or other property from the Company. The application of Section 305 of the Code to the Rights Issue is not clear in several respects. For example, there is a risk that a holder of Existing Shares who, in connection with the Rights Issue, receives net proceeds (the premiums) from the sale by the Underwriters of New Ordinary Shares could be treated as receiving cash from the Company rather than treated as having received the corresponding Nil Paid Rights and then selling either the Nil Paid Rights or the corresponding New Ordinary Shares (as further described below). If some holders of Existing Shares are treated as receiving cash from the Company, the receipt of Nil Paid Rights by others (to the extent it results in a proportionate increase in the assets or earnings and profits of the Company) could be treated as a taxable stock dividend. However, based on the particular facts relating to the Nil Paid Rights and the sale by the Underwriters of New Ordinary Shares, the Company believes that the better view is that the distribution of Nil Paid Rights should not be treated as a taxable stock dividend under Section 305(a) of Code. It is possible that the IRS will take a contrary view and require a US Holder to include in taxable income as a dividend the fair market value of the Nil Paid Right received by such US Holder. For further discussion of taxation of dividends, see "*Taxation of New Ordinary Shares—Distributions*" below. US Holders are strongly urged to consult their tax advisers regarding the risk of having a taxable distribution as a result of the receipt of a Nil Paid Right. The remainder of this discussion assumes that the receipt of the Nil Paid Rights will not be a taxable event for US federal income tax purposes.

Basis and holding period of Nil Paid Rights

The tax basis of Nil Paid Rights received by a US Holder will be zero, unless either (i) the fair market value of the Nil Paid Rights on the date the Nil Paid Rights are distributed is 15% or more of the value of the underlying Existing Shares with respect to which the Nil Paid Rights are distributed, or (ii) the US Holder elects to allocate to the Nil Paid Rights a portion of its basis in the underlying Existing Shares with respect to which the Nil Paid Rights were distributed. If either of these applies, the US Holder's tax basis will be allocated in proportion to the relative fair market values of the Existing Shares and the Nil Paid Rights on the date the Nil Paid Rights are distributed. A US Holder who wishes to make the election to allocate a portion of its basis to Nil Paid Rights must attach a statement to this effect to its US federal income tax return for the taxable year in which the Nil Paid Rights are received. The election will apply to all of the Nil Paid Rights received by the US Holder pursuant to the Rights Issue and, once made, will be irrevocable. In the event that the value of the Nil Paid Rights is less than 15% of the value of the underlying Existing Shares, US Holders should consult their own tax advisers regarding the advisability of making such an election and the specific procedures for doing so.

A US Holder's holding period for Nil Paid Rights will include the US Holder's holding period in the underlying Existing Shares with respect to which the Nil Paid Rights were distributed (whether or not basis is allocated to the Nil Paid Rights).

Sale or other taxable disposition of Nil Paid Rights

A US Holder will generally recognise capital gain or loss on the sale or other taxable disposition of Nil Paid Rights in an amount equal to the difference between (i) the US dollar value of the amount of cash or other consideration received on disposition of the Nil Paid Rights and (ii) the US Holder's tax basis in the Nil Paid Rights. Any such gain or loss will generally be US source gain or loss for US foreign tax credit purposes. Any gain or loss a US Holder recognises on the sale or other disposition of a Nil Paid Right will generally be long-term capital gain or loss if the US Holder's holding period in the Nil Paid Right is greater than one year. A US Holder's holding period in a Nil Paid Right will include the US Holder's holding period of the Existing Shares with respect to which the US Holder received such Nil Paid Right. Long-term capital gains of non-corporate US Holders are generally subject to tax at preferential tax rates. The deductibility of capital losses may be subject to limitations.

If the consideration received is not paid in US dollars, the amount realised will generally be the US dollar value of the payment received (as determined on the date of the sale or other disposition). However, if the Nil Paid Rights are treated as traded on an "established securities market" and the US Holder is a cash basis taxpayer, or an accrual basis taxpayer who has made a special election, the US Holder will determine the US dollar value of the cost in a foreign currency by translating the amount paid at the spot rate of exchange on the settlement date of the sale.

A US Holder's tax basis in any foreign currency received on the sale or other disposition of a Nil Paid Right will be equal to the US dollar amount realised on such sale or disposition. Any gain or loss realised on a subsequent conversion of the foreign currency will generally be US source ordinary income or loss.

Expiration of Nil Paid Rights

If a US Holder's Nil Paid Rights expire without the Nil Paid Rights being exercised, sold or exchanged, and the US Holder does not receive any amount, including any amount described in section 5 of Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus, as a result of the expiration, the US Holder should not recognise gain or loss for US tax purposes. In addition, if the US Holder had previously allocated to the Nil Paid Rights a portion of the basis in the underlying Existing Shares held by the US Holder, that basis will be reallocated to such Existing Shares.

Exercise of Nil Paid Rights

A US Holder will generally not recognise taxable income upon the receipt of Fully Paid Rights through exercise of Nil Paid Rights. A US Holder's basis in Fully Paid Rights received upon exercise of Nil Paid Rights will equal the sum of the US dollar value of the Issue Price determined at the spot rate on the date of exercise and the US Holder's basis in the Nil Paid Rights exercised to obtain the Fully Paid Rights.

Taxation of Fully Paid Rights

Basis and holding period of Fully Paid Rights

A US Holder's basis in Fully Paid Rights will equal the sum of the US dollar value of the Issue Price determined at the spot rate on the date of exercise and the US Holder's basis in the Nil Paid Rights exercised to obtain the Fully Paid Rights.

A US Holder's holding period for Fully Paid Rights will begin with and include the date of exercise of the underlying Nil Paid Rights exercised to obtain the Fully Paid Rights.

Sale or other taxable disposition of Fully Paid Rights

A US Holder will generally recognise capital gain or loss on the sale or other taxable disposition of Fully Paid Rights in an amount equal to the difference between (i) the US dollar value of the amount of cash or other consideration received on disposition of the Nil Paid Rights and (ii) the US Holder's tax basis in the Nil Paid Rights. Any such gain or loss will generally be US source gain or loss for US foreign tax credit purposes. The gain or loss recognised on the sale or other disposition of a Fully Paid Right will likely be short-term capital gain or loss. Short-term capital gains of a US Holder are generally taxed at the same rates as ordinary income. The deductibility of capital losses is subject to limitations.

The amount realised on a sale or other taxable disposition of Fully Paid Rights generally will be the amount of cash received in such sale or other disposition for such Fully Paid Rights. If the consideration received is not paid in US dollars, the amount realised will generally be the US dollar value of the payment

received (as determined on the date of the sale or other disposition). However, if the Fully Paid Rights are treated as traded on an “established securities market” and the US Holder is a cash basis taxpayer, or an accrual basis taxpayer who has made a special election, the US Holder will determine the US dollar value of the cost in a foreign currency by translating the amount paid at the spot rate of exchange on the settlement date of the sale.

A US Holder’s tax basis in any foreign currency received on the sale or other disposition of a Fully Paid Right will be equal to the US dollar amount realised on such sale or disposition. Any gain or loss realised on a subsequent conversion of the foreign currency will generally be US source ordinary income or loss.

Receipt of New Ordinary Shares

A US Holder should not recognise gain or loss on the issuance of New Ordinary Shares in respect of such holder’s Fully Paid Rights. A US Holder’s basis in New Ordinary Shares received through issuance of Fully Paid Rights will equal the US Holder’s basis in the Fully Paid Rights with respect to which the New Ordinary Shares were issued.

A US Holder’s holding period for the New Ordinary Shares received will not include the US Holder’s corresponding holding period for its Nil Paid Right. The holding period of the New Ordinary Shares received will, however, include the US Holder’s holding period in the corresponding Fully Paid Right.

Proceeds from sale by the Underwriters

The US federal income tax treatment of a US Holder that, in connection with the Rights Issue, receives the “premiums” as a result of the sale by the Underwriters of Nil Paid Rights at a premium over the Issue Price (section 6 of Part 2 (*Terms and Conditions of the Rights Issue*) of this Prospectus) is not free from doubt. Generally, the Company believes such a US Holder will be treated, for US federal income tax purposes, as having sold the Nil Paid Rights. A US Holder that is treated as having sold the Nil Paid Rights will recognise a capital gain or loss as described above in “Taxation of Nil Paid Rights—Sale or other taxable disposition of Nil Paid Rights.” It is possible, however, that such US Holder could be treated as having exercised the Nil Paid Rights and sold the corresponding New Ordinary Shares, in which case the holder would likely recognise a short-term capital gain or loss as described below in “Taxation of New Ordinary Shares—Sale or other taxable disposition of New Ordinary Shares.” US Holders that receive amounts in respect of lapsed Nil Paid Rights or in lieu of receiving Nil Paid Rights should consult their own tax advisers regarding the US federal income tax treatment of such amounts.

Taxation of New Ordinary Shares

Distributions

The gross amount of any distributions paid with respect to the New Ordinary Shares will be included in a US Holder’s gross income as ordinary dividend income from foreign sources to the extent paid out of the Company’s current or accumulated earnings and profits (as determined under US federal income tax principles). Distributions in excess of such current or accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder’s adjusted tax basis in the New Ordinary Shares and thereafter as capital gain. However, because the Company does not intend to calculate its earnings and profits under US federal income tax principles, a US Holder should expect that any distribution made by the Company to such US Holder will be reported as a dividend, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. Such dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other US corporations.

The amount of any dividend paid in a currency other than US dollars will be the US dollar value of the dividend payment based on the exchange rate in effect on the date of distribution, whether or not the payment is converted into US Dollars at that time. A US Holder’s tax basis in the non-US currency received will equal such US dollar amount. Gain or loss, if any, recognised on a subsequent sale or conversion of the non-US currency will be US source ordinary income or loss. US Holders are encouraged to consult their tax advisors regarding the treatment of foreign currency gain or loss on any foreign currency received that is converted into US dollars on a date subsequent to the date of receipt.

With respect to certain non-corporate US Holders, including individual US Holders, dividends will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that: (1) the Company is eligible for benefits of the income tax treaty between the United States and the UK (which the

Company believes to be the case); (2) the Company is not a PFIC (as discussed below) with respect to the US Holder for either the taxable year in which the dividend is paid or the preceding taxable year; (3) certain holding period requirements are met; and (4) the US Holder is not under an obligation to make a related payment with respect to positions in substantially similar or related property.

A dividend distribution will generally be treated as foreign source “passive” income for US foreign tax credit purposes. The rules governing the calculation and timing of foreign tax credits and the deduction of foreign taxes are complex and depend upon a US Holder’s particular circumstances. US Holders should consult their tax advisors regarding the availability of the foreign tax credit in their particular circumstances.

Sale or other taxable disposition of New Ordinary Shares

A U.S. Holder will recognise capital gain or loss for US federal income tax purposes upon a sale or other disposition of its New Ordinary Shares in an amount equal to the difference, if any, between the amount realised from such sale or disposition and the US Holder’s adjusted tax basis in such New Ordinary Shares. The basis of New Ordinary Shares will be as described in “Taxation of Fully Paid Rights—Receipt of New Ordinary Shares”. Any capital gain or loss will be long-term capital gain or loss if the New Ordinary Shares have been held for more than one year and will generally be United States source gain or loss for United States foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

The amount realised on a sale or other taxable disposition of New Ordinary Shares generally will be the amount of cash the US Holder receives in exchange for such New Ordinary Shares. If the consideration the US Holder receives for the New Ordinary Shares is not paid in US dollars, the amount realised will be the US dollar value of the payment received. In general, the US dollar value of such a payment will be determined on the date of disposition. However, if the New Ordinary Shares are treated as traded on an “established securities market” and the US Holder is a cash basis taxpayer, or an accrual basis taxpayer who has made a special election, the US Holder will determine the US dollar value of the amount realised in a foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale or other taxable disposition.

A US Holder’s tax basis in any foreign currency the US Holder receives on the sale or other taxable disposition of New Ordinary Shares will be equal to the US dollar amount that the US Holder realised on the sale or taxable disposition. Any gain or loss the US Holder realises on a subsequent conversion of any such foreign currency generally will be US source ordinary income or loss.

Passive foreign investment company rules

A non-US corporation, such as the Company, is considered to be a PFIC for any taxable year if, applying certain look-through rules, either:

- (a) at least 75% of its gross income is passive income; or
- (b) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

“Gross income” generally includes all sales revenues less the cost of goods sold, plus income from investments and from incidental or outside operations or sources, and “passive income” generally includes dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. In addition, the Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which the Company owns, directly or indirectly, 25 percent or more (by value) of the stock.

In addition, under certain attribution rules, if the Company is a PFIC, US Holders will be deemed to own their proportionate share of any subsidiary that the Company owns which is also a PFIC (a Subsidiary PFIC), and will be subject to United States federal income tax on their proportionate share of any (a) distribution on the shares of a Subsidiary PFIC and (b) disposition or deemed disposition of shares of a Subsidiary PFIC, both as if such US Holders directly held the shares of such Subsidiary PFIC.

The Company does not believe that it was a PFIC in its taxable year ended 31 December 2014 and, based on the current projection of income, assets and business activities, the Company does not expect to be a PFIC for US federal income tax purposes for its current taxable year ending 31 December 2015 or the foreseeable future. However, PFIC status is a factual determination made after the close of each taxable

year and thus there can be no assurance that the Company will not be treated as a PFIC in its current taxable year or future taxable years.

Under the PFIC rules, if the Company becomes a PFIC at any time that a US Holder holds the New Ordinary Shares, the Company would continue to be treated as a PFIC with respect to such holder's investment unless (i) the Company ceases to be a PFIC and (ii) the US Holder has made a "deemed sale" election under the PFIC rules.

If the Company were to be treated as a PFIC, US Holders of the New Ordinary Shares would be required (i) to pay a special addition to tax on certain distributions and gains on sale and (ii) to treat any gain from the sale of the New Ordinary Shares as ordinary income (rather than capital gains). Additionally, dividends paid by the Company would not be eligible for the special reduced rate of tax described above in "*Taxation of New Ordinary Shares—Distributions*". Special elections may be available to mitigate the adverse tax consequences of the PFIC regime, but these elections will generally require US Holders to recognise taxable income in advance of receipt. US Holders that own PFIC stock worth more than a certain threshold amount are required to file an annual report with respect to each PFIC in which they own stock. Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime and the annual information reporting requirements associated with owning PFIC stock.

United States information reporting and backup withholding

In general, information reporting requirements may apply to dividends paid in respect of New Ordinary Shares or the proceeds received on the sale or exchange of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares within the United States or by a broker with certain US connections. Backup withholding may apply to payments to a US Holder of dividends or the proceeds of a sale or other disposition of the Nil Paid Rights, Fully Paid Rights or the New Ordinary Shares, if the US Holder fails to provide an accurate taxpayer identification number (certified on IRS Form W-9), certify that the US Holder is not subject to backup withholding, or otherwise to comply with the applicable requirements of backup withholding. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and a refund of any excess amount withheld under the backup withholding rules may be obtained by filing the appropriate claim for refund with the IRS and furnishing any required information.

Form 926 Reporting to IRS

In general, US Holders that transfer cash to the Company for New Ordinary Shares may be required to file IRS Form 926 and to supply certain additional information to the IRS if (i) such US Holder owns (directly or indirectly) immediately after the transfer, at least 10% by vote or value of the Company or (ii) the transfer when aggregated with all related transfers under applicable regulations, exceeds US\$100,000. In certain circumstances, a US Holder that receives cash from the Underwriters may be deemed to have exercised its Rights and, thus, to have transferred cash to the Company. Accordingly, US Holders should consult their own tax advisers with respect to whether they should file IRS Form 926. In the event a US Holder that is required to file such form fails to file such form, the US Holder could be subject to a penalty of up to US\$100,000 (computed as 10% of the gross amount paid for its beneficial interest) or more if the failure was due to intentional disregard of its obligation.

Information with respect to Foreign Financial Assets

Certain US Holders may be required to report on IRS Form 8938 information relating to an interest in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares, subject to certain exceptions (including an exception for assets held in accounts maintained by certain financial institutions, although the account itself may be reportable if held at a non-US financial institution). US Holders should consult their tax advisers regarding the effect, if any, of this reporting requirement on their acquisition, ownership and disposition of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares.

17. Miscellaneous

17.1 The total costs and expenses relating to the Rights Issue payable by the Company (assuming that Admission takes place) are estimated to amount to approximately £3.7 million (excluding VAT).

17.2 The 2015 Interim Condensed Financial Statements does not constitute statutory accounts of the Group within the meaning of section 434 of the Act. Ernst & Young LLP has audited the Group's

consolidated financial statements for each of the three years ended 31 December 2014, 2013 and 2012. Ernst & Young LLP's reports on such consolidated financial statements were unqualified, and did not contain statements under section 498(2) of the Act (regarding adequacy of accounting records and returns) or under section 498(3) of the Act (regarding provision of necessary information and explanations).

17.3 Where third-party information has been used in this Prospectus such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

17.4 Part 4 (*Industry Overview*) of this Prospectus has been prepared at the Company's request and expense by CPM. CPM is an independent consulting and research company specialising in commodities and precious metals. The business address of CPM is 30 Broad Street, New York, NY10004, USA. CPM has no material interest in the Company. CPM has given and not withdrawn its consent to the inclusion of such disclosure in this Prospectus in the form and context in which it appears. CPM also accepts responsibility for such disclosure and confirms that it has taken all reasonable care to ensure that the information contained in Part 4 (*Industry Overview*) is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information

18. Documents available for inspection

Copies of the following documentation will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) for a period of not less than 30 days following Admission at the registered office of the Company at 23 Hanover Square, London W1S 1JB, United Kingdom:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Group's unaudited 2015 Interim Condensed Financial Statements and the audited consolidated 2014 Financial Statements, 2013 Financial Statements and 2012 Financial Statements;
- (c) the Company's 2014 annual report, 2013 annual report and 2012 annual report; and
- (d) this Prospectus.

PART 11

INDEPENDENT AUDITOR

The consolidated financial statements of the Group as at and for the year ended 31 December 2014, as at and for the year ended 2013 and as at and for the year ended 2012, prepared in accordance with IFRS as adopted by the EU, have been audited by Ernst & Young LLP of 1 More London Place, London SE1 2AF, United Kingdom, independent auditor, as stated in their audit reports incorporated by reference herein. The unaudited interim condensed financial statements of the Group as at and for the six months ended 30 June 2015 have been reviewed by Ernst & Young LLP of 1 More London Place, London SE1 2AF, United Kingdom, independent auditor, as stated in their review report incorporated by reference herein.

Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. The consolidated financial statements and associated audit reports of the Group, as relevant, have been incorporated by reference into this Prospectus as referred to in Part 13 (*Documents Incorporated by Reference*) of this Prospectus.

PART 12

DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the various sections of documents which have been previously published and filed with the FCA and which are incorporated by reference into this Prospectus in compliance with Prospectus Rule 2.4.1. This Prospectus should be read and construed in conjunction with the documents incorporated by reference.

Document	Information incorporated by reference into this Prospectus	Page numbers in such Document
Half-year Report for the six months ended 30 June 2015	Financial Review	8–16
	Independent Auditor's Review Report	18
	Interim condensed consolidated income statement	19
	Interim condensed consolidated statement of comprehensive income	20
	Interim condensed consolidated statement of financial position	21
	Interim condensed consolidated statement of cash flows	22
	Interim condensed consolidated statement of changes in equity	23
	Notes to interim condensed consolidated financial statements	24–38
Annual Report & Accounts 2014	Operating Review, Exploration Review and Financial Review	9–19
	Independent Auditor's Report	81–85
	Consolidated income statement	86
	Consolidated statement of comprehensive income	87
	Consolidated statement of financial position	88
	Consolidated statement of cash flows	89
	Consolidated statement of changes in equity	90
	Notes to the consolidated financial statements	91–149
	Parent company statement of financial position	150
	Parent company statement of cash flows	151
	Parent company statement of changes in equity	152
	Notes to the parent company financial statements	153–164
Annual Report & Accounts 2013	Further Information on Reserves and Resources and Production	166–173
	Financial Review	29–35
	Independent Auditor's Report	99–101
	Consolidated income statement	102
	Consolidated statement of comprehensive income	103
	Consolidated statement of financial position	104
	Consolidated statement of cash flows	105
	Consolidated statement of changes in equity	106
	Notes to the consolidated financial statements	107–163
	Parent company statement of financial position	164
	Parent company statement of cash flows	165
	Parent company statement of changes in equity	166
Annual Report & Accounts 2012	Notes to the parent company financial statements	167–179
	Financial Review	37–41
	Independent Auditor's Report	96–99
	Consolidated income statement	100
	Consolidated statement of comprehensive income	101
	Consolidated statement of financial position	102
	Consolidated statement of cash flows	103
	Consolidated statement of changes in equity	104
	Notes to the consolidated financial statements	105–158
	Parent company statement of financial position	159
	Parent company statement of cash flows	160
	Parent company statement of changes in equity	161
	Notes to the parent company financial statements	162–173

To the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document for the purposes of the Prospectus Rules, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information. Any statement contained in a document

which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

Except as set forth above, no other portion of these documents is incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for the prospective investors or the relevant information is included elsewhere in this document.

The Company will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated by reference herein. Written or oral requests for such documents should be directed to the Company at its registered office set out on page in this Prospectus. These documents are also available on the Company's website at <http://www.hochschildmining.com>.

PART 13

DEFINITIONS

The following definitions apply throughout this Prospectus unless the context requires otherwise:

Act	the Companies Act 2006, as amended
Acceptance Date	the date by which Shareholders entitled to participate in the Rights Issue must exercise their Rights being 3 November 2015
Admission	the admission of the New Ordinary Shares, nil paid and fully paid, to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
ANA	Water Management Authority of Peru
Andina	Andina Minerals Inc.
Annual Financial Statements	the 2014 Financial Statements, 2013 Financial Statements and 2012 Financial Statements
Ares	Compañía Minera Ares S.A.C. or the Ares mine
Articles	the articles of association of the Company from time to time
ASL	above sea level
ASPI	Inversiones ASPI SA, a Peruvian public company of which Mr. Eduardo Hochschild indirectly owns 98.7% of the issued share capital
associate	when used in the context of a related party transaction under the Listing Rules, has the meaning given thereto in the Listing Rules
Aymaraes	Empresa de Transmisión Aymaraes S.A.C.
Board	the board of directors of the Company
BofA Merrill Lynch	Merrill Lynch International
Capita	Capita Asset Services, a trading name of Capita Registrars Limited
City Code	the City Code on Takeovers and Mergers
Closing	the closing of the Rights Issue
Closing Price	the closing, middle market quotation of an Ordinary Share as published in the Daily Official List on the relevant day
Cobra	Cobra Perú S.A.
Company	Hochschild Mining plc
Concentrate	material that has been separated from an ore which has a higher concentration of mineral values than the mineral values originally contained in the ore
Construction Loan	US\$31,612,654.26 loan provided by Suyamarca to Cobra for the construction of a transmission system for the supply of electricity to the Inmaculada mine and the Pallancata mine
Core Assets	Arcata (Peru), Pallancata (Peru), Inmaculada (Peru) and San Jose (Argentina), the Group's core producing assets
CPM	CPM Group LLC
CREST	the relevant system (as defined in the Uncertificated Securities Regulations) for the paperless settlement of trades and the holding of securities in uncertificated form operated by Euroclear in accordance with the Uncertificated Securities Regulations

CREST Deposit Form	the form used to deposit securities into the CREST system in the United Kingdom
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure, CREST Glossary of Terms and CREST Terms and Conditions (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)
CREST Member	a person who has been admitted to Euroclear as a system member (as defined in the Uncertificated Securities Regulations)
CREST Sponsor(s)	has the meaning given in the CREST Manual issued by Euroclear
CREST Sponsored Member(s)	a CREST Member admitted to CREST as a CREST Sponsored Member
CSR	corporate social responsibility
CTM	Consorcio Transmantaro S.A.
Deferred Bonus Plan	the Company's Deferred Bonus Plan
DGAAM	The General Directorate of Environmental Mining Affairs of Peru
DGM	The General Mining Directorate of Peru
DIA	environmental statement filed in Peru with DGAAM
Directors	the directors of the Company
DNV	Det Norske Veritas
Doré	an impure alloy of gold and silver and generally the final product of mining and processing; the doré bullion will be transported to be refined to high purity metal
EEA	the European Economic Area
EEA State	a state which is a contracting party to the agreement on the EEA signed on 2 May 1992, as it has effect for the time being
EIA	Environmental Impact Assessment in Peru
ELTIP	the Company's Enhanced Long-Term Incentive Plan
EPC Contract	construction agreement dated 10 August 2012 between Minera Suyamarca S.A.C. (which was subsequently merged into Compañía Minera Ares S.A.C.) and GyM S.A. for the engineering, procurement, construction, pre-commissioning and commissioning on a turn-key basis of the components (and sub-components) comprising the Inmaculada mine (subsequently amended by Addendum No. 1, Addendum No. 2 and Addendum No. 3 dated 10 January 2013, 20 December 2013 and 7 September 2015, respectively)
EPE	<i>Empresarios por la Educación</i>
ETP	Exchange Traded Products
EU or European Union	the European Union, first established by the treaty made at Maastricht on 7 February 1992
Euroclear	Euroclear UK & Ireland Limited, as the operator of CREST

Excluded Territories	Australia, Japan, New Zealand, the Republic of South Africa, Russia and any jurisdiction where the availability of the Rights Issue would breach applicable law and “Excluded Territory” shall be construed accordingly
Executive Directors	the executive Directors of the Company at the date of this Prospectus (save where the context otherwise requires)
Existing Shares	the Shares in issue at the date of this Prospectus
Ex-Rights Date	20 October 2015
FATCA	Foreign Account Tax Compliance Act
FCA	the Financial Conduct Authority
FSMA	the Financial Services and Markets Act 2000, as amended
Fully Paid Rights	rights to acquire New Ordinary Shares, fully paid
General Mining Law	The General Mining Law of Peru, as approved by Supreme Decree No. 014-92-EM on 4 June 1992
GLE	General Law of the Environment (Law N. 28611) of Peru
Group or Hochschild Mining	the Company and its consolidated subsidiaries and subsidiary undertakings
GRC	Gold Resource Corporation
HMRC	HM Revenue and Customs
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards, as adopted by the European Union
Imecon	Instalaciones Mecanicas Electricas Contratistas S.A.
IMZ	International Minerals Corporation
Indebtedness	principal amounts outstanding in respect of the Group’s borrowings
INGEMMET	The Geological, Mining and Metallurgical Institute of the Ministry of Energy and Mines of Peru
Inmaculada Project	the Group’s 20,000 hectare gold and silver project located in Inmaculada, an area in the Southern Andes in Peru, which commenced commercial production in 1 August 2015
Investment Agreement	agreement between Suyamarca and Cobra entered into on 25 April 2012
Irrevocable Undertaking	an irrevocable undertaking dated on or prior to the date of this Prospectus executed by ASPI, Pelham and the Company in which ASPI has, among other things, irrevocably undertaken to the Company to subscribe for 68,887,508 New Ordinary Shares in the Rights Issue that have been transferred to it by Pelham, and the Company has agreed to pay ASPI a fee of 1% of the subscription commitment representing approximately £330,000 (US\$500,000)
ISIN	international securities identification number
Issue Price	47.0 pence, being the price at which the New Ordinary Shares are to be issued
Joint Bookrunners	BofA Merrill Lynch, J.P. Morgan Cazenove and RBC Capital Markets
JORC Code	2012 Joint Ore Reserves Committee Code
J.P. Morgan Cazenove	J.P. Morgan Securities plc

Listing Rules	the listing rules of the FCA made under Part VI (as set out in the FCA Handbook, as amended) of the FSMA
London Stock Exchange	London Stock Exchange plc
LTIP	the Company's Long-Term Incentive Plan
MEM	The Ministry of Energy and Mines of Peru
Money Laundering Regulations	the Money Laundering Regulations 2007 (SI No. 2157), as amended by the Money Laundering (Amendment) Regulations 2012 (SI 2012 No. 2298)
New Ordinary Shares	the new Shares to be issued pursuant to the Rights Issue
Nil Paid Rights	rights to acquire New Ordinary Shares, nil paid
Non-Executive Directors	the non-executive Directors of the Company at the date of this Prospectus (save where the context otherwise requires)
OEFA	The Environmental Supervisory and Enforcement Agency of Peru
Official List	the Official List of the FCA
Overseas Shareholder(s)	Shareholders who are resident in, or who are citizens of, or who have registered addresses in, territories other than the United Kingdom
Part	references to a "Part" are to a part of this Prospectus unless otherwise stated
Pelham	Pelham Investment Corporation, a Cayman Islands company that is wholly owned by Mr. Eduardo Hochschild, through which he holds his existing shareholding in the Company
Power Transmission Agreement	power transmission agreement between Suyamarca and CTM on 23 November 2012
Power Transmission Assets	assets to be built under the Power Transmission Agreement
Power Transmission System Construction Agreement	agreement between Cobra and Aymaraes entered into on 25 April 2012
PRA	the Prudential Regulation Authority
PROFEPA	Federal Bureau of Environmental Protection of Mexico
Prospectus	this document, as approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules
Prospectus Directive	EU Prospectus Directive (2003/71/EC), including any relevant implementing measure in each member state of the European Economic Area that has implemented Directive 2003/71/EC, as amended
Prospectus Rules	the Prospectus Rules made by the FCA under Part VI of FSMA (as set out in the FCA Handbook), as amended
Provisional Allotment Letters or PALS	the renounceable provisional allotment letters to be issued to Qualifying Non-CREST Shareholders
Qualifying CREST Shareholder(s)	Qualifying Shareholders holding Ordinary Shares in uncertificated form
Qualifying Non-CREST Shareholder	Qualifying Shareholders holding Ordinary Shares in certificated form
Qualifying Shareholder	holders of Ordinary Shares on the Company's register of members at close of business on the Record Date

RBC Capital Markets	RBC Europe Limited (trading as RBC Capital Markets)
Receiving Agent	Capita Registrars Limited (trading as Capita Asset Services)
Record Date	close of business in the UK on 13 October 2015
Registrars	the registrars for the time being of the Company, being Capita Registrars Limited (trading as Capita Asset Services)
Regulation S	Regulation S under the Securities Act
Regulatory Information Service	a service approved by the FCA under the Listing Rules for the distribution to the public of announcements in accordance with the Listing Rules
Relationship Agreement	the relationship agreement among the Company, Pelham and Eduardo Hochschild, dated as of 20 October 2006, as amended and restated on 27 October 2014
relevant member state	each EEA State (except for the United Kingdom) which has implemented the Prospectus Directive
Restricted Share Plan	the Company's Restricted Share Plan
Rights	Fully Paid Rights and/or Nil Paid Rights
Rights Issue	the offer by way of rights to Qualifying Shareholders to acquire New Ordinary Shares on the terms and conditions set out in this Prospectus and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter
Russia	the Russian Federation
Scotiabank	Scotiabank Perú S.A.A.
SDRT	stamp duty reserve tax
Securities Act	United States Securities Act of 1933, as amended
Senior Managers	those members of the Company's management as set out in Part 8 (<i>Information concerning management, corporate governance and employees</i>)
Senior Notes	the US\$350,000,000 aggregate principal amount of 7.75% Senior Unsecured Notes issued by Compañía Minera Ares S.A.C.
SERNAGEOMIN	The National Geological and Mining Service of Chile
Shareholders	the holders of Shares
Shares or Ordinary Shares	the ordinary shares of the Company
SIX	the Six Swiss Exchange
Special Mining Tax	Law No. 29789 of Peru published on 28 September 2011 and effective 1 October 2011
Sponsor	J.P. Morgan Cazenove
Suyamarca	Minera Suyamarca S.A.C, now Compañía Minera Ares S.A.C. or Ares
TERP	Theoretical Ex-Rights Price being the theoretical ex-Rights price of 78.09 pence per Share, based on the Closing Price of 89.75 pence per Share on 14 October 2015, being the latest practicable date prior to the publication of this Prospectus
Transmission System Assets	assets to be built under the Power Transmission System Construction Agreement
TSR	total shareholder return
UK Corporate Governance Code	the UK Corporate Governance Code published by the Financial Reporting Council

United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
Underwritten Shares	those New Ordinary Shares (other than those committed to be taken up by Mr. Eduardo Hochschild through ASPI pursuant to the Irrevocable Undertaking) which are underwritten by the Underwriters pursuant to the Underwriting Agreement
Underwriters	BofA Merrill Lynch; J.P. Morgan Cazenove and RBC Capital Markets
Underwriting Agreement	the underwriting agreement entered into between the Company and the Underwriters which is described in section 9 of Part 11 (<i>Additional Information</i>) of this Prospectus
United States or US	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
US Exchange Act	United States Securities Exchange Act of 1934, as amended
UTM	Monthly Tax Unit for every hectare or fraction covering a concession of exploration in Mexico
2012 Financial Statements	the audited consolidated financial statements for the Group for the year ended 31 December 2012
2013 Financial Statements	the audited consolidated financial statements for the Group for the year ended 31 December 2013
2014 Financial Statements	the audited consolidated financial statements for the Group for the year ended 31 December 2014
2015 Interim Condensed Financial Statements	the unaudited interim condensed consolidated financial statements for the Group for the six months ended 30 June 2015

ANNEX A—FORM OF INVESTOR REPRESENTATION LETTER

[Letterhead of Investor]⁽¹⁾

TO: HOCHSCHILD MINING PLC
23 Hanover Square
London W1S 1JB
United Kingdom

and the Banks named in Schedule A
hereto (the “Banks”)

[DATE]

Ladies and Gentlemen

Proposed 3 for 8 Rights Issue of up to 137,883,138 New Ordinary Shares at 47.0 pence per New Ordinary Share of Hochschild Mining plc

In connection with our proposed exercise of subscription rights for new ordinary shares of 25 pence each (the “**New Ordinary Shares**”) of Hochschild Mining plc (the “**Company**”), which are being offered in the rights issue (the “**Rights Issue**”), details of which are set out in the prospectus of the Company dated 15 October 2015 (the “**Prospectus**”), we make the following representations, warranties, agreements and acknowledgements to the addressees of this letter.

1. We understand and acknowledge that the Nil Paid Rights (the “**Nil Paid Rights**”), the Fully Paid Rights (the “**Fully Paid Rights**”) and the New Ordinary Shares (collectively, the “**Securities**”) are being offered in a transaction not involving any public offering in the United States within the meaning of the US Securities Act of 1933, as amended (the “**Securities Act**”), and that the Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States.
2. We are (a) a “qualified institutional buyer” as defined in Rule 144A under the Securities Act (“**QIB**”) and (b) aware that any offer or sale of the Securities to us pursuant to the Rights Issue will be made by way of a private placement in a transaction exempt from, or otherwise not subject to, the registration requirements of the Securities Act.
3. In the normal course of our business, we invest in or purchase securities similar to the Securities and (a) we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of an investment in the Securities; (b) we, and any accounts for which we are acting, are able to bear the economic risk of an investment in the Securities for an indefinite period and (c) we have concluded on the basis of information available to us that we are able to bear the risks associated with such investment.
4. We are acquiring the Securities (a) for our own account or for the account of one or more other QIBs for which we are acting as duly authorised fiduciary or agent or (b) for a discretionary account or accounts as to which we have complete investment discretion and the authority to make the representations, warranties, agreements and acknowledgements contained in this letter, in either case, for investment purposes and not with a view to distribution within the meaning of the Securities Act.
5. We have received and read a copy of the Prospectus, including the documents and information incorporated by reference therein, have had the opportunity to ask questions of representatives of the Company concerning the Company, the Rights Issue, the Securities, and have made our own investment decision to acquire the Securities in the Rights Issue on the basis of our own independent investigation and appraisal of the business, financial condition, prospects, creditworthiness, status and affairs of the Company, the Rights Issue, and the Securities.
6. We acknowledge and agree that we have held and will hold the Prospectus and any Provisional Allotment Letter (as defined in the Prospectus) in confidence, it being understood that the Prospectus and any Provisional Allotment Letter that we have received or will receive are solely for our use and that we have not duplicated, distributed, forwarded, transferred or otherwise transmitted the

(1) Complete this letter and follow the instructions enclosed hereto as Schedule B.

Prospectus, any Provisional Allotment Letter or any other presentational or other materials concerning the Rights Issue (including electronic copies thereof) to any persons within the United States, and acknowledge and agree that such materials shall not be duplicated, distributed, forwarded, transferred or otherwise transmitted by us within the United States. We have made our own assessment concerning the relevant tax, legal and other economic considerations relevant to an investment in the Securities.

7. We acknowledge and agree that we have not acquired the Securities in the Rights Issue as a result of any general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
8. We acknowledge and agree that the Securities may not be reoffered, sold, pledged or otherwise transferred, and that we will not directly or indirectly reoffer, sell, pledge or otherwise transfer the Securities, except (a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act; (b) with respect to the New Ordinary Shares only, to a QIB pursuant to Rule 144A under the Securities Act; or (c) with respect to the New Ordinary Shares only, pursuant to an exemption from the registration requirements of the Securities Act pursuant to Rule 144 thereunder (if available), or any other exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, subject to delivery to the Company of an opinion of counsel (and such other evidence as the Company may reasonably require) that such transfer or sale is in compliance with the Securities Act and that in each case, such offer, sale pledge or transfer must and will be made in accordance with any applicable securities laws of any state or other jurisdiction of the United States.
9. We understand that the Securities are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and that, for so long as they remain “restricted securities”, the New Ordinary Shares may not be deposited into any unrestricted depositary facility established or maintained by a depositary bank.
10. To the extent we have received or do receive a Provisional Allotment Letter, we understand and agree that it shall bear a legend substantially in the form below:

“THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS AND THE NEW ORDINARY SHARES OF HOCHSCHILD MINING PLC (THE “COMPANY”) TO WHICH THIS PROVISIONAL ALLOTMENT LETTER RELATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS AND THE NEW ORDINARY SHARES MAY NOT, SUBJECT TO CERTAIN EXCEPTIONS, BE OFFERED, SOLD, TAKEN UP OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA OR ITS TERRITORIES OR POSSESSIONS.”
11. We understand and acknowledge that upon the initial issuance thereof, and until such time as the same is no longer required under the Securities Act or applicable state securities laws, the certificates representing the New Ordinary Shares (to the extent such New Ordinary Shares are in certificated form), and all certificates issued in exchange therefore or in substitution thereof, shall bear a legend substantially in the form below:

“THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE SECURITIES LAW OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. BY ITS ACCEPTANCE OF THESE SECURITIES THE PURCHASER REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER (“QIB”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT AND THAT IT IS EITHER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF OTHER PURCHASERS WHO ARE QIBs AND AGREES THAT THE SECURITIES ARE NOT BEING ACQUIRED WITH A VIEW TO DISTRIBUTION AND ANY RESALE OF SUCH SECURITIES WILL BE MADE ONLY (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF

ANOTHER QIB, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR ANY OTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.”

12. We understand and acknowledge that no representation has been, or will be, made by the Company or any of the Underwriters (as defined in the Prospectus) as to the availability of Rule 144 under the Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Ordinary Shares.
13. We understand and acknowledge that the Company may make notation on its records or give instructions to the Registrar (as defined in the Prospectus) and any transfer agent of the Securities in order to implement the restrictions on transfer set forth and described herein.
14. We understand and acknowledge that none of the Underwriters, their respective affiliates, nor persons acting on behalf of any of them have made any representation to us, express or implied, with respect to the Company, the Rights Issue, the Securities, or the accuracy, completeness or adequacy of such financial and other information concerning the Company, the Rights Issue and the Securities.
15. We understand that this document has been prepared in accordance with UK format and style, which differs from US format and style. In particular, but without limitation, the financial information contained in this document relating to the Rights Issue has been prepared in accordance with IFRS, and thus may not be comparable to financial statements of US companies prepared in accordance with US generally accepted accounting principles.
16. We acknowledge that the Company, its affiliates, the Underwriters, their respective affiliates, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and understand that the Company, its affiliates, the Underwriters, their respective affiliates, the Registrar and others will rely upon this letter to comply with United States and other securities laws. Accordingly, we authorise the Company or the Underwriters to produce our letter or a copy thereof to any interested party in any administrative or legal proceeding or official enquiry with respect to the matters set forth herein.

Very truly yours

ON BEHALF OF [Name of institution]

By [Name(s)]

[Title(s)]

[Institution's Address]

[Daytime Telephone and Fax Number, including area code]

[e-mail address]

SCHEDULE A

Underwriters

J.P. Morgan Securities plc
25 Bank Street
London E14 5JP
United Kingdom

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

RBC Europe Limited
Riverbank House
2 Swan Lane
London EC4R 3BF
United Kingdom

SCHEDULE B

Instructions

Rights Issue Procedures

Please note that the procedures applicable to you vary depending upon the form in which you hold your existing ordinary shares. Accordingly, if you hold your existing ordinary shares in certificated form, please follow the procedures set out in **Section 1** below. If you hold your existing ordinary shares in uncertificated form, please follow the procedures set out in **Section 2** below. All shareholders should review the information in **Section 3** below.

Section 1—Existing Ordinary Shares Held in Certificated Form

If you hold your existing ordinary shares in certificated form, you should comply with the appropriate paragraph below:

- (a) If you hold your existing ordinary shares in your name, you are requested to complete, execute and return the Investor Letter to the Company either to the mailing address set forth in the Investor Letter or to the following email address: charles.gordon@hocplc.com. The Company must receive your Investor Letter (by mail or email) on or before 4:30 p.m. London time on 28 October 2015. Upon receipt of such Investor Letter, a provisional allotment letter (the “**Provisional Allotment Letter**”) will be sent to you at the registered address shown on the Company’s register of members.
- (b) If your existing ordinary shares are held on your behalf by a non-US nominee, no Provisional Allotment Letter will be sent to you. A Provisional Allotment Letter will already have been sent to such nominee. If this is the case, you are requested to (i) return the Investor Letter to the Company, (ii) send a copy of such Investor Letter to your non-US nominee and instruct such nominee to contact Capita Asset Services and (iii) instruct your non-US nominee to complete the Provisional Allotment Letter on your behalf with respect to your Nil Paid Rights. The Company and your non-US nominee must receive (by mail or email) your Investor Letter on or before 4:30 p.m. London time on 28 October 2015.
- (c) If your existing ordinary shares are held on your behalf by a US nominee, no Provisional Allotment Letter will have been sent to you or to such nominee. If this is the case, you are requested to (i) return the Investor Letter to the Company, (ii) send a copy of such Investor Letter to your US nominee and instruct your US nominee to contact Capita Asset Services and (iii) instruct your US nominee to request from Capita Asset Services a Provisional Allotment Letter in respect of the number of existing ordinary shares held by you. The Company and your US nominee must receive your Investor Letter (by mail or email) by 4:30 p.m. London time on 28 October 2015. Upon receipt of your Investor Letter and a request from your US nominee, a Provisional Allotment Letter will be sent to your US nominee. You are further requested to instruct your US nominee to complete the Provisional Allotment Letter on your behalf with respect to your Nil Paid Rights.

Completed Provisional Allotment Letters, together with payment in pounds sterling for the number of New Ordinary Shares for which you apply, should be sent, in accordance with the instructions printed on the Provisional Allotment Letter, to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom, so as to arrive by not later than 11 a.m. London time on 3 November 2015.

Section 2—Existing Ordinary Shares Held in Uncertificated Form

If you hold your existing ordinary shares in uncertificated form—that is, through the CREST system as operated by Euroclear UK and Ireland Limited (“**CREST**”)—you should comply with the appropriate paragraph below.

- (a) If you hold your existing ordinary shares in your name, the Nil Paid Rights to which you are entitled have not been credited to your CREST account; in order to take up your Nil Paid Rights you are requested to return the Investor Letter to the Company either to the mailing address set forth in the Investor Letter or to the following email address: charles.gordon@hocplc.com. The Company must receive your Investor Letter (by mail or email) on or before 4:30 p.m. London time on 28 October 2015. Upon receipt of such Investor Letter, the Nil Paid Rights to which you are entitled will be credited to your CREST account.

- (b) If your existing ordinary shares are held on your behalf by a non-US nominee, a copy of the Prospectus will already have been sent to such nominee and such Nil Paid Rights as are proportionate to the number of existing ordinary shares registered in its name and to which you are beneficially entitled will have been credited to the CREST account of the non-US nominee. If this is the case, in order to take up such Nil Paid Rights you are requested to (i) return the Investor Letter to the Company, (ii) send a copy of such Investor Letter to your non-US nominee and instruct your non-US nominee to contact Capita Asset Services and (iii) instruct your non-US nominee to take up on your behalf all or part of your Nil Paid Rights and send the necessary documentation to Capita Asset Services in accordance with the Prospectus instructions. The Company and your non-US nominee must receive your Investor Letter (by mail or email) on or before 4:30 p.m. London time on 28 October 2015.
- (c) If your existing ordinary shares are held on your behalf by a US nominee, no documents have been sent to such nominee and the Nil Paid Rights to which you are entitled have not been credited to the CREST account of your US nominee. If this is the case, you are requested to (i) return the Investor Letter to the Company, (ii) send a copy of such Investor Letter to your US nominee and instruct your US nominee to contact Capita Asset Services, (iii) instruct your US nominee to request that its CREST account be credited with the Nil Paid Rights to which you are entitled and (iv) instruct your US nominee to take up on your behalf all or part of your Nil Paid Rights in accordance with the Prospectus instructions. The Company and your US nominee must receive your Investor Letter (by mail or email) on or before 4:30 p.m. London time on 28 October 2015.

Section 3—General Information

The Prospectus and, if applicable, the Provisional Allotment Letter are personal to you and do not constitute an offer to any other person or to the public generally to participate in the Rights Issue. Distribution of the Prospectus or the Provisional Allotment Letter to any person other than those persons, if any, retained to advise you with respect thereto is unauthorized, and any disclosure of any of their contents, without the prior written consent of the Company, is strictly prohibited. You hereby agree to the foregoing and undertake to make no reproductions of the Prospectus or the Provisional Allotment Letter or any documents referred to therein.

You must not construe the contents of the Prospectus as legal or tax advice. There may be certain significant US tax consequences resulting from an investment in the Company. The summary of the material US tax consequences of the acquisition, ownership and disposition of the Nil Paid Rights, Fully Paid Rights and the New Ordinary Shares under the Rights Issue that is set out in the Prospectus under the caption “US Taxation” is for your information only. You should consult your own counsel, accountant or business advisor as to legal, tax and related matters pertaining to the purchase of the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares.

During the course of the Rights Issue, you are invited to direct appropriate questions to the Company concerning the Rights Issue and the information furnished in the Prospectus. Inquiries should, in the first instance, be directed to the Company’s Investor Relations department at +44 (0)20 3714 9040 between the hours of 8.30 a.m. to 4:30 p.m., London time, Monday to Friday (except UK bank holidays) until 28 October 2015. Please note that Capita Asset Services is facilitating this request process and cannot provide any financial, legal or tax advice. When calling the Company’s Investor Relations department, please identify yourself as a QIB shareholder.

The Company and Capita Asset Services, in consultation with the Company, reserve the right to treat as not valid any instruction received from you in respect of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares unless such instruction is accompanied or preceded by a signed copy of the enclosed Investor Letter. **Nil Paid Rights, Fully Paid Rights and New Ordinary Shares may not be re-offered, resold, pledged, transferred or otherwise disposed of by you, unless the Company has received a signed copy of the enclosed Investor Letter.**

