



Australian Government
Australian Trade and Investment Commission



HOCHSCHILD MINING PLC

Mining Customer Profile - Peru

July 2017

COMPANY BACKGROUND

Hochschild Mining plc is an underground precious metals producer focused on high-grade silver and gold deposits, with over 50 years' operating experience in the Americas. The company is listed on the Main Market of the London Stock Exchange and posted total revenue of US\$688 million in 2016 and earnings before interest, tax, depreciation and amortisation (EBITDA) of US\$329 million.

Hochschild is headquartered in Lima, Peru. The company also has an office in Argentina and a corporate office in London, and 3,717 employees across all operations.

[Hochschild website](#)

MAJOR OPERATING DIVISIONS

Hochschild currently operates four underground mines, three located in southern Peru and one in southern Argentina. The company is highly active in exploration and evaluates areas of interest in brownfield and greenfield sites to extend the life of existing mine operations.

Hochschild's active mines include Arcata, Pallancata and Inmaculada in Peru, and San Jose in Argentina.

ACTIVE PROJECTS

Arcata	Pallancata	Inmaculada	San Jose
Silver and gold concentrate	Silver and gold concentrate	Gold and silver dore	Gold and silver, dore and concentrate
Mature with exploration activity to extend LOM. First concentrate was poured in 1964	Mature with exploration activity to extend LOM. Commenced production in 2007	Newest mine which commenced production in 2015	Mature with exploration activity to extend LOM. Production commenced in 2007
Location			
Department of Arequipa in Southern Peru	Department of Ayacucho in southern Peru	Department of Ayacucho in southern Peru	Argentina, in the Santa Cruz province
Production 2016			
8.0 million silver equivalent ounces, Silver equivalent ounces comprising 6,343 koz silver of silver and 22.5 koz of gold	3.5 million silver equivalent ounces, comprising 4.9 koz of silver and comprising 2620 koz silver and 162.71 koz of gold	Gold equivalent 227.67 koz comprising 162.71 koz of gold	13.7 million silver equivalent ounces, comprising 6,691 koz of silver and 95.01 koz of gold
Epithermal vein mines Underground mine – conventional and mechanised (trackless) cut-and-fill breast or overhand stoping methods utilising timber support	Low-to-intermediate sulphidation precious metal epithermal vein deposit Underground mine – using the cut-and-fill method Ore is transported to the Selene plant for processing, approximately 22 kilometres	Epithermal vein mines Underground mine – using the cut-and-fill method	Low sulphidation type with quartz sulphide veins Underground mine – using the cut-and-fill method

Recent mine upgrades

Inmaculada Mine

2016: paste backfill/detox

2017: tailing dam and support infrastructure US\$15 million

PROCUREMENT PRIORITIES

Key operational drivers

The key operational drivers focus on:

- safety
- increased production and cost control
- increased utilisation of current assets and operational efficiencies
- extending life of mine.
- Greenfield exploration

The key operational drivers specific to each mine

Arcata	Extend LOM, reduce costs, and increase productivity to fill spare plant capacity to 2500 tpd.
Pallancata	Extend LOM, increase productivity (6m oz Ag Eq), target production at 2400 tpd by year end.
Inmaculada	Maintain current production with lower costs, extend LOM through brownfield expansion.
San Jose	Extend LOM, control costs

Agreed development activities

Arcata	Maximise productivity in narrow vein slopes, continue to target dilution control
Pallancata	Continue drilling to grow resource base
Inmaculada	Expand tailings dam, improve logistical access, activate paste backfill and detox
San Jose	Refine hydraulic fill process, maintain ore control, continue brownfield drilling

Current Tier 1 suppliers and OEMs

Klohn Crippen Berger and Ausenco are currently engaged as environmental consultants.

AUSTRALIAN METS PROCUREMENT OPPORTUNITIES

Environmental issues are a high priority for Hochschild and it is looking for best practice in the specific areas of:

- mine closure planning (progressive)
- tailings management
- tailings dam closure
- cyanide and Acid water management.

Local presence

Establishing a local presence by partnering with established Peru-based companies or engaging dedicated representation has been highly regarded in the procurement decision process. A local presence allows

for regular engagement and ongoing follow-up at a minimum. Where service and training are critical aspects of the supply, a local presence would be considered essential. Service, repair and maintenance capability is mandatory for non-standard and sophisticated plant and equipment.

Current Australian Supplier Engagement

Austrade has worked with a range of Australian suppliers and facilitated client engagement in various areas. Australian METS suppliers with proven solutions have established high value relationships with Hochschild providing products and services across all aspects of the mining cycle.

AUSTRADE

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