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14 October 2015

## **Production Report**

### **for the three months ended 30 September 2015**

#### **Overview**

- Quarterly silver production of 11.04 moz (including Silverstream), in line with 3Q14 (11.18 moz) and 2Q15 (11.35 moz)
- Year to date silver production of 34.8 moz (including Silverstream) increased 6.6% on the same period of 2014, with start-up of Saucito II and higher ore grade at Ciénega
- Quarterly gold production of 182 koz, up 16.0% vs. 3Q14 due to an increase in gold recovery at Herradura, increased ore deposited at Noche Buena and a higher volume processed at Saucito
- Year to date gold production of 546 koz, up 29.2% on the same period of 2014 mainly due to Herradura being fully operational post the temporary explosives permit suspension which affected 2014 production, and the dynamic leaching plant being fully operational post its start-up in March 2014
- Construction at San Julián continues with stage 1 on track for commissioning in 1H16; detailed engineering works continue at the Pyrites Plant
- Encouraging exploration results obtained at San Julián, Guanajuato, Fresnillo South and Juanicipio
- On track to achieve our 2015 guidance of 45-47 moz silver (including Silverstream) and 715-730 koz gold
- An accident occurred in early October at the Fresnillo mine resulting in one fatality

Octavio Alvidrez, Chief Executive Officer, said:

“I am pleased to report solid third quarter production figures. We have begun to see the results of the measures we have taken to solve the development delays at Fresnillo, with an improvement in both ore grade and production levels from the previous quarter at the mine. We have also made good progress in moving towards steady state at Herradura, and our San Julián project remains on track for stage 1 commissioning in the first half of next year.

With this progress, we are on track to meet our 2015 production targets of 45-47 million ounces of silver and 715-730 thousand ounces of gold.

However, I am saddened to report that one of our contractors suffered a fatal accident at our Fresnillo mine due to a breach of safety protocol. We are committed to a zero fatalities target and will continue strengthening our safety culture throughout the Company.”

## Total Production\*

	3Q 15	3Q 14	% change	2Q 15	YTD 15	YTD 14	% change
Silver (koz)	10,056	9,957	1.0	10,322	31,686	29,245	8.3
Silverstream (koz)	984	1,223	-19.5	1,025	3,125	3,425	-8.8
Total Silver (koz)	11,040	11,180	-1.3	11,347	34,811	32,670	6.6
Gold (oz)	181,799	156,780	16.0	181,985	545,819	422,449	29.2
Lead (t)	10,480	7,114	47.3	9,812	29,738	19,257	54.4
Zinc (t)	10,959	7,852	39.6	10,330	31,397	21,647	45.0

\* All figures include 100% of production from the Penmont mines (Herradura, Soledad-Dipolos and Noche Buena)

Quarterly silver production (including Silverstream) slightly decreased by 1.3% on 3Q14 as a result of the unusual above average ore grade at Sabinas (Silverstream) in 3Q14 and lower grade and volume of ore at Fresnillo. This was partly compensated for by increased ore throughput from Saucito and a higher silver ore grade at Ciénega due to richer veins at the San Ramón satellite mine.

Quarterly silver production (including Silverstream) slightly decreased by 2.7% on 2Q15, mainly as a result of the unusual above average ore grade in 2Q15 at Saucito, and a lower volume of ore processed at the mine which resulted from preventative maintenance carried out in 3Q15. This was partially offset by the higher silver ore grade and ore throughput at Ciénega and the higher silver ore grade at Fresnillo (218g/t vs. 208 g/t in 2Q15), as we begin to see results of the measures being taken to solve the previously reported development delays.

Year to date silver production (including Silverstream) increased 6.6% on the same period of 2014, mainly due to increased ore throughput at Saucito resulting from the ramp-up of Saucito II, milling efficiencies at the Saucito plant, and a higher silver ore grade at Ciénega. These factors more than offset the lower ore grade and ore processed at Fresnillo.

Quarterly gold production increased 16.0% on 3Q14, due to a higher overall average speed of recovery at Herradura as the ramp-up to steady state continues and an increase in irrigated areas on the mine's leaching pads, increased volume of ore processed and ore grade at Saucito and an increased volume recovered at Noche Buena. These factors were partly offset by the expected lower gold ore grade at Ciénega, due to the depletion of high gold grade stopes and the higher dilution resulting from the narrowing of the veins.

Year to date gold production increased 29.2% over the same period of 2014 as a result of: i) an increase in volume of ore processed at Herradura resulting from the mine being fully operational whilst the temporary explosives permit suspension affected production in 2014; ii) the dynamic leaching plant (DLP) at Herradura being operational for the full period following its start-up in March 2014; and iii) a higher overall speed of recovery at the Herradura leaching pads. Increased ore throughput at Saucito and an increase in both ore deposited and irrigation areas at Noche Buena also contributed to the increased gold production. These factors more than offset the expected lower gold ore grade at Ciénega due to the depletion of richer veins.

Quarterly by-product lead production increased 47.3% on 3Q14 due to increased ore processed and ore grade at Saucito and higher ore grades at Ciénega and Fresnillo. Quarterly by-product lead production increased 6.8% on 2Q15, due to an increase in ore processed and ore grade at Ciénega, higher ore grade and recovery rates at Saucito and a higher ore grade at Fresnillo. In addition, year to date by-product lead production increased 54.4% on the same period of 2014 as a result of increased ore throughput and ore grade at Saucito and higher ore grades at Ciénega and Fresnillo.

Quarterly by-product zinc production increased 39.6% on 3Q14 due to higher ore processed and ore grade at Saucito, higher ore grade and recovery rate at Fresnillo and a higher ore grade at Ciénega. Quarterly by-product zinc production increased 6.1% over

the previous quarter as a result of higher ore processed at Ciénega and higher ore grades at Fresnillo and Saucito. Year to date by-product zinc production increased 45.0% on the same period of 2014 due to higher ore processed and ore grade at Saucito, and a higher ore grade and recovery rate at Fresnillo.

### Fresnillo mine production

	3Q 15	3Q 14	% change	2Q 15	YTD 15	YTD 14	% change
<b>Ore Processed (t)</b>	583,180	631,893	-7.7	596,945	1,789,621	2,014,240	-11.2
<b>Production</b>							
Silver (koz)	3,723	4,884	-23.8	3,652	11,555	15,430	-25.1
Gold (oz)	8,593	9,074	-5.3	7,549	23,685	24,953	-5.1
Lead (t)	3,967	3,422	15.9	3,796	10,971	10,094	8.7
Zinc (t)	4,651	3,559	30.7	4,334	12,856	10,968	17.2
<b>Ore Grades</b>							
Silver (g/t)	218	261	-16.5	208	219	259	-15.4
Gold (g/t)	0.60	0.57	5.7	0.52	0.54	0.49	8.7
Lead (%)	0.75	0.61	24.0	0.71	0.68	0.56	21.2
Zinc (%)	1.18	0.96	22.7	1.10	1.09	0.93	16.6

Quarterly and year to date silver production decreased 23.8% and 25.1% respectively on the same periods of 2014 due to the previously announced lower ore grade resulting from limited access to higher ore grade areas at the San Alberto, San Carlos and San Mateo areas and lower volume of ore processed mainly as a result of the development delays at these stopes.

However, silver production increased 2.0% on 2Q15 due to higher silver ore grade, as we begin to see results of the measures being taken to solve the previously reported development delays. Enhanced supervision of contractors allowed the development rate to reach 4,450 m/month (vs. 4,150 m/month in June), advancing declines in order to access higher ore grade veins at lower levels and regain flexibility at our operating stopes. As a result, we expect to see continued improvement in production levels and ore grades in 4Q15.

Quarterly and year to date by-product gold production decreased on the same periods of 2014 due to a lower volume of ore processed, however this was partly offset by a higher ore grade. Quarterly by-product gold production increased on 2Q15 mainly as a result of a higher ore grade.

Quarterly and year to date by-product zinc and lead production increased on the same periods of 2014 and 2Q15 as a result of higher ore grades and recovery rates.

## Saucito mine production

	3Q 15	3Q 14	% change	2Q 15	YTD 15	YTD 14	% change
<b>Ore Processed (t)</b>	566,814	384,350	47.5	594,766	1,725,600	1,046,087	65.0
<b>Production</b>							
Silver (koz)	4,744	3,778	25.6	5,442	16,133	10,093	59.8
Gold (oz)	19,254	12,848	49.9	24,542	63,927	39,671	61.1
Lead (t)	5,199	2,606	99.5	4,816	14,837	5,689	160.8
Zinc (t)	4,781	2,827	69.1	4,591	14,213	6,254	127.3
<b>Ore Grades</b>							
Silver (g/t)	295	328	-10.0	320	326	323	0.8
Gold (g/t)	1.37	1.23	11.2	1.62	1.46	1.40	4.4
Lead (%)	1.02	0.77	33.3	0.94	0.98	0.63	55.4
Zinc (%)	1.79	1.37	31.0	1.49	1.63	1.12	44.9

Quarterly silver production increased 25.6% on 3Q14, mainly as a result of a higher volume of ore processed due to the start of operations at Saucito II and milling efficiencies achieved at the Saucito I plant. These factors more than offset the expected lower silver ore grade and recovery rate. However, quarterly silver production decreased 12.8% on 2Q15 due to the higher than average ore grade in 2Q15 and a lower volume of ore processed which resulted from preventative maintenance carried out in 3Q15.

Year to date silver production increased 59.8% on the same period of 2014, mainly as a result of the start-up of Saucito II, higher silver ore grade at the Jarillas stopes and improved dilution control. These factors more than offset a lower recovery rate.

Quarterly and year to date by-product gold production increased on the same periods of 2014 due to higher ore throughput and ore grade which more than offset a lower recovery rate. However, quarterly by-product gold production decreased on 2Q15 as a result of lower ore grade and volume of ore processed.

Quarterly and year to date by-product lead and zinc production increased on the same periods of 2014 as a result of higher ore processed and ore grades. Quarterly by-product lead and zinc production increased on 2Q15 due to higher ore grades.

## Ciénega mine production

	3Q 15	3Q 14	% change	2Q 15	YTD 15	YTD 14	% change
<b>Ore Processed (t)</b>	346,337	340,698	1.6	320,699	999,920	1,004,062	-0.4
<b>Production</b>							
Gold (oz)	19,909	27,052	-26.4	21,565	65,655	81,036	-19.0
Silver (koz)	1,428	1,069	33.6	1,092	3,577	3,141	13.9
Lead (t)	1,314	1,087	20.9	1,199	3,930	3,474	13.1
Zinc (t)	1,528	1,465	4.3	1,404	4,328	4,424	-2.2
<b>Ore Grades</b>							
Gold (g/t)	1.85	2.55	-27.5	2.16	2.11	2.60	-18.6
Silver (g/t)	146	112	30.5	121	127	112	14.0
Lead (%)	0.58	0.48	20.3	0.56	0.59	0.52	12.2
Zinc (%)	0.77	0.70	9.5	0.77	0.76	0.72	5.5

Quarterly gold production decreased 26.4% on 3Q14 due to the expected lower gold ore grade as a result of the depletion of higher gold ore grade areas with wider veins. Similarly, quarterly gold production decreased 7.7% on 2Q15 due to the lower gold ore grade, partly offset by a higher volume of ore processed due to the effect of longer than expected plant maintenance on 2Q15.

Similarly, year to date gold production decreased 19.0% on the same period of 2014 as a result of the expected lower gold ore grade.

Quarterly silver production increased 33.6% on 3Q14 and 30.9% on 2Q15 due to a higher silver ore grade as a result of richer veins at the San Ramón satellite mine and a higher volume of ore processed due to the effect of longer than expected plant maintenance on 2Q15. Similarly, year to date silver production increased 13.9% on the same period of 2014 due to the higher silver ore grade.

Quarterly by-product lead and zinc production increased over 3Q14 mainly due to higher ore grades. Quarterly lead production increased on 2Q15 due to higher ore processed and ore grade while quarterly zinc production increased on 2Q15 due to higher ore processed. Year to date by-product lead production increased on the same period of 2014, mainly as a result of a higher ore grade.

### Herradura total mine production

	3Q 15	3Q 14	% change	2Q 15	YTD 15	YTD 14	% change
Ore Processed (t)	5,321,702	6,771,103	-21.4	5,043,352	16,259,273	15,847,066	2.6
Total Volume Hauled (t)	29,256,427	36,652,721	-23.7	28,461,326	86,917,596	89,872,650	-3.3
<b>Production</b>							
Gold (oz)	95,689	73,681	29.9	89,691	283,739	178,202	59.2
Silver (koz)	141	198	-28.8	118	360	502	-28.3
<b>Ore Grades</b>							
Gold (g/t)	0.73	0.72	1.6	0.71	0.73	0.72	2.3
Silver (g/t)	1.26	1.04	20.9	1.29	1.25	1.24	1.1

Quarterly gold production, including the DLP throughput, increased 29.9% on 3Q14 due to a higher overall average speed of recovery (resulting in recovery rates of 78.79% 3Q15 vs. 47.07% 3Q14) as the ramp up to steady state at Herradura progresses. This more than offset the lower volume of ore processed due to our strategy of appropriately controlling the planned increase in inventory levels at the pads given the temporary solution processing constraints, which will be resolved by 4Q15.

Quarterly gold production increased 6.7% on 2Q15 due to the higher volume of ore processed and higher ore grade.

Year to date gold production increased 59.2% on the same period of 2014 as a result of: i) an increase in volume of ore processed resulting from the mine being fully operational whilst the temporary explosives permit suspension affected production in 2014; ii) the DLP being operational for the full period following its start-up in March 2014, which resulted in an increase in ore processed and higher ore grades; iii) a higher overall speed of recovery at the leaching pads; and iv) an increase in the gold ore grade.

## Noche Buena total mine production

	3Q 15	3Q 14	% change	2Q 15	YTD 15	YTD 14	% change
Ore Processed (t)	4,338,503	4,182,579	3.7	4,476,291	13,029,043	11,645,132	11.9
Total Volume Hauled (t)	20,158,505	24,854,953	-18.9	20,788,574	62,424,176	69,978,259	-10.8
<b>Production</b>							
Gold (oz)	38,353	34,125	12.4	38,638	108,814	98,587	10.4
Silver (koz)	19	28	-32.1	19	62	78	-20.5
<b>Ore Grades</b>							
Gold (g/t)	0.51	0.50	2.5	0.47	0.50	0.53	-6.0
Silver (g/t)	0.15	0.31	-52.6	0.22	0.21	0.35	-41.9

Quarterly gold production increased 12.4% on 3Q14, due to a higher volume of gold recovered driven by an increased irrigation area, higher volume of ore processed due to a lower than expected stripping ratio at the mined areas and a slightly higher ore grade. Quarterly gold production remained at similar levels to those of the previous quarter.

Year to date gold production increased 10.4% on the same period of 2014 due to the higher volume of ore deposited and the higher volume of gold recovered, partly offset by a lower ore grade as ore was deposited from higher banks to reduce haulage costs rather than deeper, higher ore grade areas.

## Soledad-Dipolos total mine production

As previously announced, operations at the mine remain suspended as a result of the court ruling to vacate the area at the site of the Soledad-Dipolos mine.

## Update on Development projects

### *San Julián*

During the quarter progress in the construction of infrastructure at the pumping area continued. At the leaching plant, the structure assembly of the main milling areas and platforms continued and the installation of the thickener tanks was concluded.

We continue to expect the San Julián leaching plant, which will process ore from the veins (stage 1), to be commissioned in 1H16. Commissioning of the flotation plant to process ore from the disseminated ore body (stage 2) is expected in 4Q16.

This US\$515 million silver-gold project has an expected average production of 10.3 million ounces of silver and 44,000 ounces of gold per year once at full capacity in 2017.

### *Pyrites Plant*

During the quarter detailed engineering continued. This US\$155 million project remains on track to commence operations in 2017, with annual production expected to total 3.5 million ounces of silver and 13,000 ounces of gold.

The pyrites plant is expected to increase silver and gold recovery rates by processing tailings, both historical and ongoing, from the Fresnillo and Saucito mines.

## **Update on Exploration**

During the quarter diamond drilling continued at San Julián, Guanajuato, Fresnillo South, and Juanicipio, with interesting results obtained. Infill drilling was carried out on veins at the Fresnillo and Ciénega mines to further convert resources to reserves, and at Centauro Deep and Orisyvo to improve the resource models. Reserves and resources will be audited at year end and published alongside our 2015 preliminary results. Environmental and access permits were obtained at the Tajitos, Candameña, Guazapares and Pilarica projects where drilling will be resumed during the fourth quarter. Prospecting located new gold targets in the Batopilas, Rodeo and Supaypacha (Peru) districts.

## **Safety Performance**

We are saddened to report that in early October 2015 one of our contractors suffered a fatal accident at the Fresnillo mine following a breach of safety protocol. Fresnillo, together with the authorities, is carrying out a thorough investigation of the incident, which saw the collision of two trucks at surface level whilst hauling mineral from the shaft to the beneficiation plant. We continue to reinforce our safety measures and encourage training to avoid accidents. We are committed to a zero fatalities target and will continue strengthening our safety culture throughout the Company.

There will be a conference call for analysts and investors on Wednesday 14<sup>th</sup> October at 8:30am (London time). The dial in details are as follows:

Participants' dial in number: **+44 (0) 20 3059 8125**

For further information, please visit our website [www.fresnilloplc.com](http://www.fresnilloplc.com) or contact:

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## **About Fresnillo plc**

Fresnillo plc is the world's largest primary silver producer and Mexico's second largest gold producer, listed on the London and Mexican Stock Exchanges under the symbol FRES.

Fresnillo plc has six operating mines, all of them in Mexico - Fresnillo, Saucito, Ciénega (including the San Ramón satellite mine), Herradura, Soledad-Dipolos<sup>1</sup> and Noche Buena, two development projects - San Julián and the Pyrites plant, and four advanced exploration prospects – Orisyvo, Juanicipio, Las Casas Rosario & Cluster Cebollitas and Centauro Deep, as well as a number of other long term exploration prospects. In total, Fresnillo plc has mining concessions covering approximately 2 million hectares in Mexico.

Fresnillo plc has a strong and long tradition of mining, a proven track record of mine development, reserve replacement, and production costs in the lowest quartile of the cost curve for silver.

Fresnillo plc's goal is to maintain the Group's position as the world's largest primary silver company, producing 65 million ounces of silver and 750,000 ounces of gold by 2018.

### **Forward Looking Statements**

Information contained in this announcement may include 'forward-looking statements'. All statements other than statements of historical facts included herein, including, without limitation, those regarding the Fresnillo Group's intentions, beliefs or current expectations concerning, amongst other things, the Fresnillo Group's results of operations, financial position, liquidity, prospects, growth, strategies and the silver and gold industries are forward-looking statements. Such forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Fresnillo Group's operations, financial position and liquidity, and the development of the markets and the industry in which the Fresnillo Group operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the results of operations, financial position and liquidity, and the development of the markets and the industry in which the Fresnillo Group operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations (including the US dollar and Mexican Peso exchange rates), the Fresnillo Group's ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, changes in its business strategy and political and economic uncertainty.

<sup>1</sup> Operations at Soledad-Dipolos are currently suspended.