



Fresnillo
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13 April 2016

Production Report

for the three months ended 31 March 2016

Overview

- Quarterly gold production of 230 koz, up 26.3% vs. 1Q15 and up 6.5% vs. 4Q15 mainly due to a higher speed of recovery at Herradura now steady state has been reached, and a higher speed of recovery at Noche Buena
- Quarterly silver production of 12.2 moz (including Silverstream), broadly in line with 1Q15 and 4Q15
- Third consecutive quarter of improvements in grade and production at the Fresnillo mine, evidence of progression of turnaround plan
- Construction at San Julián remains on track. The leaching plant (stage 1) is expected to be commissioned in 2Q16 and the flotation plant (stage 2) in 4Q16
- On track to achieve 2016 production guidance of 49-51 moz silver, (including 4.0 moz from the Silverstream), and 775-790 koz gold

Octavio Alvidrez, Chief Executive Officer, said:

“I am pleased to report a solid quarter of production, with 230 thousand ounces of gold and 12.2 million ounces of silver produced across our mines and from the Silverstream contract. In particular, we saw a significant improvement in grades at the Fresnillo mine during the quarter, to 236 grammes per tonne - the third consecutive quarter of improvement in both grade and production - as the turnaround at this mine progresses following the measures we have put in place. This continues to be a core area of focus for the Group.

Our San Julián project is advancing towards production, with commissioning of the first phase on track for the second quarter, and the second phase by the year end.

We continue to focus on maximising efficiency and productivity across all our mines, and are on course to meet our 2016 production guidance of 49-51 million ounces of silver and 775-790 thousand ounces of gold.”

Total Production

	1Q 16	1Q 15	% change	4Q 15
Silver (koz)	11,047	11,309	-2.3	11,336
Silverstream (koz)	1,172	1,116	5.0	830
Total silver (koz)	12,218	12,424	-1.7	12,166
Gold (oz)	229,925	182,035	26.3	215,892
Lead (t)	11,082	9,447	17.3	12,675
Zinc (t)	12,851	10,108	27.1	14,625

Quarterly silver production (including the Silverstream) slightly decreased (1.7%) vs. 1Q15 as a result of the expected lower ore grade at Saucito due to the unusually high ore grade in 1Q15 (above reserve average). However, this was partly offset by higher ore throughput following the ramp up of Saucito II and the capacity increase achieved with the installation of vibrating screens at both Saucito I and II. Higher silver ore grades at Ciénega due to richer veins at the San Ramón satellite mine and development ore from the new Taspana vein, and higher ore grades at Fresnillo also supported production levels. Silver grades at Fresnillo reached 236 g/t in the quarter, the third consecutive quarter of improved grades and production levels as we see the results of the measures taken as part of the turnaround plan, and move gradually towards operating the Fresnillo beneficiation plant at full capacity once again.

Total silver production for the first quarter of 2016 remained at similar levels to the previous quarter. This was mainly as a result of higher silver ore grades at Sabinas and at Fresnillo, as the measures taken to increase the availability of higher ore grade stopes resulted in improved access to better grade areas. These factors more than mitigated the expected lower ore grade at Saucito as a result of increased development ore being processed at the beneficiation plant, and the lower ore grades at Ciénega.

Quarterly gold production increased 26.3% vs. 1Q15, mainly as a result of higher overall speed of recovery and increased ore processed at Herradura now that the mine is operating at steady state following the commissioning of the second Merrill Crowe plant, and a higher speed of recovery at Noche Buena. However, this was partly offset by lower ore grades at Ciénega due to the depletion of richer veins at the West and East areas.

Similarly, quarterly gold production increased 6.5% over the previous quarter due to a higher overall speed of recovery at Herradura and a higher speed of recovery and ore grade at Noche Buena. This was partly offset by the lower ore grade at Ciénega.

Quarterly by-product zinc production increased 27.1% vs. 1Q15 as a result of higher ore grades at Fresnillo and Ciénega and a higher recovery rate at Saucito. Similarly, quarterly by-product lead production increased 17.3% vs. 1Q15 as a result of higher ore grades at Fresnillo and Ciénega.

Quarterly by-product lead and zinc production decreased 12.6% and 12.1% respectively on the previous quarter, as a result of lower ore grades at Saucito and Fresnillo.

Fresnillo mine production

	1Q16	1Q15	% change	4Q15
Ore Processed (t)	615,148	609,496	0.9	620,412
Production				
Silver (koz)	4,288	4,180	2.6	4,058
Gold (oz)	10,282	7,543	36.3	10,435
Lead (t)	4,704	3,208	46.6	5,277
Zinc (t)	5,139	3,872	32.7	6,172
Ore Grades				
Silver (g/t)	236	231	2.5	222
Gold (g/t)	0.68	0.49	39.1	0.68
Lead (%)	0.85	0.59	43.5	0.94
Zinc (%)	1.25	0.98	27.9	1.46

Quarterly silver production increased 2.6% vs. 1Q15 and 5.7% over the previous quarter mainly as a result of improved access to higher grade veins at the San Carlos, San Fernando, Santa Cruz and San Mateo areas.

We continue to see the results of the measures implemented at Fresnillo, with a material increase in silver grade to 236 g/t in 1Q16, the third consecutive quarter of improvements in grade and production. Development reached a rate of 4,500 m/month in 1Q16, which will allow us to increase operational flexibility and continue to improve production levels throughout 2016, as we move gradually towards operating the Fresnillo beneficiation plant at full capacity once again.

Quarterly by-product gold, lead and zinc production increased vs. 1Q15, mainly as a result of higher ore grades. However, quarterly by-product lead and zinc production decreased over the previous quarter mainly due to lower ore grades.

Saucito mine production

	1Q16	1Q15	% change	4Q15
Ore Processed (t)	638,452	564,020	13.2	613,496
Production				
Silver (koz)	5,436	5,947	-8.6	5,851
Gold (oz)	21,636	20,131	7.5	20,958
Lead (t)	4,835	4,822	0.3	5,903
Zinc (t)	6,077	4,841	25.5	6,810
Ore Grades				
Silver (g/t)	297	363	-18.2	332
Gold (g/t)	1.33	1.38	-3.8	1.33
Lead (%)	0.88	0.98	-10.2	1.10
Zinc (%)	1.51	1.62	-6.4	1.91

Quarterly silver production decreased 8.6% vs. 1Q15, due to the expected lower ore grade compared to the unusually high ore grade in 1Q15 (above reserve average). However, this was partly offset by higher ore throughput following the ramp up of Saucito II and the capacity increase achieved with the installation of vibrating screens at both Saucito I and II. As a result of the installation of these screens at Saucito II during the quarter, total nominal capacity at Saucito reached 7,500 TPD.

Quarterly silver production decreased 7.1% compared to the previous quarter due to the expected lower ore grade as a result of increased ore processed from development activities, which is naturally of lower ore grade, partly offset by increased volumes of ore processed.

Quarterly by-product zinc production increased 25.5% vs. 1Q15 due to a higher recovery rate and higher ore throughput. Gold production for the first quarter increased 7.5% vs. 1Q15 as a result of higher ore processed.

Quarterly by-product gold production increased 3.2% over the previous quarter due to higher ore processed. However, quarterly by-product lead and zinc production decreased when compared to the previous quarter as a result of lower ore grades.

Ciénega mine production

	1Q16	1Q15	% change	4Q15
Ore Processed (t)	323,719	332,884	-2.8	329,444
Production				
Gold (oz)	17,245	24,180	-28.7	20,007
Silver (koz)	1,169	1,057	10.6	1,251
Lead (t)	1,543	1,417	9.0	1,495
Zinc (t)	1,635	1,396	17.1	1,642
Ore Grades				
Gold (g/t)	1.72	2.34	-26.4	1.96
Silver (g/t)	128	113	13.4	134
Lead (%)	0.67	0.63	7.8	0.66
Zinc (%)	0.91	0.73	23.9	0.91

Quarterly gold production decreased 28.7% vs. 1Q15 as a result of lower ore grades resulting from the depletion of veins at the higher gold ore grade East and West areas. Similarly, quarterly gold production decreased 13.8% on the previous quarter, primarily as a result of a lower than expected gold ore grade as upper oxide areas were mined. We expect to see improved grades from these levels as we accelerate development at Taspana and Tajos to access richer veins from these areas later in 2016.

Quarterly silver production increased 10.6% vs. 1Q15 as a result of higher silver ore grades in richer veins at the San Ramón satellite mine, and development ore from the new Taspana vein with high silver ore grades. These factors more than offset the slight decrease in ore processed.

Quarterly silver production decreased 6.6% on the previous quarter as a result of lower ore grades due to the depletion of higher ore grades at the Carmen vein, and to a lesser extent lower ore processed.

Quarterly by-product zinc and lead production increased vs. 1Q15 as a result of higher ore grades.

Quarterly by-product lead production increased when compared to the previous quarter due to higher recovery rates and ore grades.

Herradura total mine production

	1Q16	1Q15	% change	4Q15
Ore Processed (t)	6,311,256	5,894,219	7.1	6,616,148
Total Volume Hauled (t)	29,798,559	29,199,844	2.1	30,115,575
Production				
Gold (oz)	129,114	98,359	31.3	115,127
Silver (koz)	143	101	41.7	166
Ore Grades				
Gold (g/t)	0.68	0.76	-11.1	0.72
Silver (g/t)	1.01	1.23	-18.4	1.23

Quarterly gold production increased 31.3% vs. 1Q15 as a result of a higher overall speed of recovery now that the mine is operating at steady state, and increased ore processed following the commissioning of the second Merrill Crowe plant in 4Q15 which allows the processing of higher volumes of rich solution.

Similarly, quarterly gold production increased 12.1% over the previous quarter due to a higher overall speed of recovery.

Noche Buena total mine production

	1Q16	1Q15	% change	4Q15
Ore Processed (t)	4,237,134	4,214,249	0.5	4,370,888
Total Volume Hauled (t)	20,106,143	21,493,338	-6.5	19,949,209
Production				
Gold (oz)	51,647	31,822	62.3	49,365
Silver (koz)	11	24	-54.2	11
Ore Grades				
Gold (g/t)	0.51	0.50	2.4	0.49
Silver (g/t)	0.15	0.32	-52.2	0.13

Quarterly gold production increased 62.3% vs. 1Q15 as a result of a higher speed of recovery due to the new mineral layers that were added at the leaching pads.

Quarterly total gold production increased 4.6% over the previous quarter as a result of a higher speed of recovery and higher ore grade, partly offset by lower ore processed.

Update on development projects

San Julián

During the period, further progress was achieved at the leaching plant (stage 1). Control system connections continued and testing took place at the crusher, milling and cell areas. Additionally, liners for the mills were installed and further infrastructure progress was made at the reagent and lab areas.

At the flotation plant (stage 2), works continued at the foundations for the thickeners, the steel reinforcement for the stockpile tunnel and the installation of the mills.

We are on track to commission the leaching plant (stage 1) in 2Q16 and the flotation plant (stage 2) 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 it reaches full capacity.

Pyrites plant

During the quarter we continued detailed engineering works for this project, which is expected to increase silver and gold recovery rates by processing tailings, both historical and ongoing, from the Fresnillo and Saucito mines. Annual production is expected to total 3.5 million ounces of silver and 13,000 ounces of gold.

Once detailed engineering is complete, further work on this US\$155 million project will be put on hold as part of the contingency plan implemented by the Board to safeguard cash and maintain a strong balance sheet; equipment orders and construction work will resume as market conditions warrant.

Update on Exploration

In 1Q16 44,500 metres of exploration diamond drilling was carried out at the Fresnillo, Herradura, Guanajuato, San Julián, Rodeo, Orisyvo and Pilarica districts, in addition to reserve conversion drilling at the five operating mines. Interesting drill intersections of silver and gold were obtained in a number of areas, with particularly encouraging results at the Desquite vein in Guanajuato, the Blanca vein at San Julián and the Valdecañas vein in Fresnillo.

Channel sampling and mapping of development cross-cuts, and re-logging of core samples continues at the Centauro Deep and Orisyvo projects. In both cases the geological models have been refined, in preparation for updated resource estimates at year end. Additional areas were staked in México and Peru, where a number of joint venture opportunities are also being evaluated.

Safety Performance

We have renewed our focus on safety following the two fatal accidents which occurred in early 2016. We are working to strengthen our safety culture and address the human factors involved in the majority of our accidents as we work towards our zero fatalities commitment.

There will be a conference call for analysts and investors on Wednesday 13th April at 8:30am (London time). The dial in details are as follows:

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

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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-Dipolos¹ 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.

¹ Operations at Soledad-Dipolos are currently suspended.