



20 July 2016

Production Report

for the three months ended 30 June 2016

Overview

- Quarterly silver production of 13.0 moz (including Silverstream), up 14.5% vs. 2Q15 and up 6.3% vs. 1Q16, and first half silver production of 25.2 moz (including Silverstream), up 6.1% vs. 1H15, mainly due to increased ore processed at Saucito and higher ore grades at Ciénega
- Quarterly gold production of 218 koz, up 19.6% vs. 2Q15, and first half gold production of 448 koz, up 23.0% vs. 1H15, due to a higher speed of recovery and higher ore volumes processed at Herradura, and a higher speed of recovery at Noche Buena
- Quarterly gold production down 5.3% vs. 1Q16 due to a temporary reduction in the flow of rich solution processed whilst maintenance work was carried out at the Herradura storage pond
- Construction of the leaching plant (stage 1) at San Julián completed on time and on budget. However, as previously announced, a technical problem with the mill means regular production expected to resume by first week of August
- Full year gold guidance raised to 850-870 koz from 775-790 koz; full year silver production remains on track (49-51 moz, including Silverstream)

Octavio Alvidrez, Chief Executive Officer, said:

“I am pleased to report solid second quarter production, with 13 million ounces of silver and 218 thousand ounces of gold produced from across our mines and the Silverstream contract.

We continue to progress the turnaround at our Fresnillo mine, consolidating the improvements already made. I am confident that we remain on track to return Fresnillo to a more satisfactory operating level, and expect full year silver production at this mine to show an increase of around 6% compared to 2015.

Construction of the leaching plant at our San Julián mine was completed on time and on budget at the end of the second quarter. As we previously announced, we expect to resume regular production by the first week of August, post a minor issue with the lubrication system at the mill. Our full year silver production guidance remains unchanged, as higher than expected volumes produced at Saucito will compensate for the shortfall in production at San Julián.

Looking ahead, we are today raising our gold production guidance for the full year to 850-870 thousand ounces, and remain on track to meet our silver production guidance of 49-51 million ounces.”

Total Production

	2Q 16	2Q 15	% change	1Q 16	1H 16	1H 15	% change
Silver (koz)	11,777	10,322	14.1	11,047	22,824	21,630	5.5
Silverstream (koz)	1,217	1,025	18.7	1,172	2,388	2,141	11.5
Total Silver (koz)	12,994	11,347	14.5	12,218	25,212	23,771	6.1
Gold (oz)	217,645	181,985	19.6	229,925	447,569	364,020	23.0
Lead (t)	11,585	9,812	18.1	11,082	22,668	19,259	17.7
Zinc (t)	12,529	10,330	21.3	12,851	25,380	20,438	24.2

Quarterly silver production (including Silverstream) increased 14.5% vs. 2Q15 as a result of: i) higher ore throughput at Saucito due to the ramp-up of Saucito II and the plant optimisation; ii) higher ore grade at Saucito given that most production in the quarter came from the Jarillas vein, which has higher grades and lower dilution; iii) higher ore grade at Fresnillo as a result of regained access to higher ore grade areas of San Carlos and San Alberto; and iv) higher silver ore grade at Ciénega due to richer ore bodies at the Rosario and Las Casas areas. Higher ore grades at Sabinas (Silverstream) also contributed to the increase in silver production.

Similarly, quarterly silver production (including Silverstream) increased 6.3% vs. 1Q16 due to higher ore grades at Saucito and Ciénega.

First half silver production (including Silverstream) increased 6.1% vs. 1H15, mainly as a result of: i) the higher ore grades at Fresnillo as a result of regained access to the higher ore grade areas of San Carlos and San Alberto; ii) higher silver ore grades at the Rosario and Las Casas areas of Ciénega; and iii) increased ore throughput at Saucito.

Quarterly and first half gold production increased 19.6% and 23.0% respectively vs. the comparable periods of 2015. This was due to higher volumes of ore processed and higher speeds of recovery at Herradura, as well as higher speeds of recovery at Noche Buena. These factors were partially offset by the lower ore grade at Ciénega due to the depletion of some high grade stopes, lower gold ore grades at the Rosario and Las Casas areas and increased dilution due to the narrowing of some veins.

However, quarterly gold production decreased 5.3% when compared to the previous quarter due to a temporary reduction in the flow of rich solution processed whilst maintenance work was carried out at the Herradura storage pond, and the lower ore grade at Noche Buena.

Quarterly and first half by-product lead production increased 18.1% and 17.7% vs. the comparator periods of 2015 mainly as a result of higher ore grades at Fresnillo and Ciénega and increased ore throughput at Saucito. Quarterly by-product lead production increased 4.5% vs. 1Q16 due to higher recovery rates at Saucito and higher ore grades at Fresnillo and Ciénega.

Quarterly by-product zinc production increased 21.3% vs. 2Q15 as a result of higher ore grades at Fresnillo and Ciénega and increased ore throughput at Saucito. Similarly, first half

by-product zinc production increased 24.2% vs. 1H15 as a result of higher ore grades at Fresnillo and Ciénega and increased volumes processed and recovery rates at Saucito.

Quarterly by-product zinc production decreased slightly (2.5%) vs. 1Q16 due to a lower recovery rate and ore grade at Saucito which was partly offset by higher ore grades at Fresnillo and Ciénega.

Fresnillo mine production

	2Q 16	2Q 15	% change	1Q 16	1H 16	1H 15	% change
Ore Processed (t)	574,489	596,945	-3.8	615,148	1,189,637	1,206,441	-1.4
Production							
Silver (koz)	3,997	3,652	9.4	4,288	8,285	7,831	5.8
Gold (oz)	10,349	7,549	37.1	10,282	20,631	15,092	36.7
Lead (t)	4,839	3,796	27.5	4,704	9,543	7,005	36.2
Zinc (t)	5,813	4,334	34.1	5,139	10,952	8,206	33.5
Ore Grades							
Silver (g/t)	232	208	11.2	236	234	220	6.6
Gold (g/t)	0.72	0.52	39.1	0.68	0.70	0.50	39.0
Lead (%)	0.94	0.71	32.5	0.85	0.89	0.65	37.4
Zinc (%)	1.48	1.10	34.3	1.25	1.36	1.04	31.0

Quarterly and first half silver production increased 9.4% and 5.8% respectively over the comparable periods of 2015 as a result of higher ore grades (up 11.2% and 6.6% respectively) due to the regained access to higher grade veins at the San Carlos and San Alberto areas, and slightly higher recovery rates. These factors more than offset the lower ore processed due to a reduction in the availability of mining equipment caused by maintenance delays during the quarter, and preparation of additional production stopes. Steps have been taken to solve these problems, and the Company expects to be back to higher production rates by the end of July.

Quarterly silver production decreased 6.8% vs. 1Q16 as lower volumes of ore were processed following increased equipment maintenance during the quarter, and, to a lesser extent, a lower silver ore grade.

The turnaround plan at Fresnillo continues to progress, and the medium term trend remains positive, despite the expected short term fluctuations as we consolidate the improvements already made. We expect full year silver production at this mine to show an increase of around 6% compared to 2015.

Quarterly and first half by-product gold production increased 37.1% and 36.7% respectively vs. the same periods of 2015 as a result of higher gold ore grades.

Quarterly and first half by-product lead production increased vs. the comparable periods of 2015 as a result of higher ore grades which offset the effect of lower ore volumes processed.

Quarterly and first half by-product zinc production increased vs. the same periods of 2015 and for 2Q16 vs. 1Q16 due to higher ore grades and recovery rates, which offset the lower volumes of ore processed.

Saucito mine production

	2Q 16	2Q 15	% change	1Q 16	1H 16	1H 15	% change
Ore Processed (t)	645,340	594,766	8.5	638,452	1,283,792	1,158,786	10.8
Production							
Silver (koz)	6,270	5,442	15.2	5,436	11,706	11,389	2.8
Gold (oz)	20,186	24,542	-17.7	21,636	41,823	44,673	-6.4
Lead (t)	5,164	4,816	7.2	4,835	9,999	9,638	3.8
Zinc (t)	4,718	4,591	2.8	6,077	10,795	9,432	14.4
Ore Grades							
Silver (g/t)	339	320	5.8	297	318	341	-6.8
Gold (g/t)	1.36	1.62	-15.6	1.33	1.35	1.50	-10.3
Lead (%)	0.89	0.94	-5.3	0.88	0.89	0.96	-7.7
Zinc (%)	1.33	1.49	-10.6	1.51	1.42	1.55	-8.3

Quarterly silver production increased 15.2% vs. 2Q15 as a result of increased ore processed following the ramp up of Saucito II which started operations in December 2014, increased ore throughput from the West and Central Jarillas areas, and the capacity increase achieved with the installation of vibrating screens in the Saucito II plant in 1Q16. A higher ore grade also contributed, given that most production in the quarter came from the Jarillas vein, which has shown higher than expected grades with lower dilution.

First half silver production increased slightly (2.8%) vs. 1H15 due to higher ore throughput as a result of the above factors combined with the installation of the vibrating screens at Saucito I in 1Q15. These factors more than compensated for the expected lower ore grade due to the unusually high ore grades at the Jarillas vein in 1Q15.

Quarterly silver production increased 15.4% vs. 1Q16 as a result of increased production from the Jarillas vein which has shown higher ore grades with lower dilution.

Quarterly and first half by-product gold production decreased 17.7% and 6.4% vs. the same periods of 2015 as a result of lower ore grades and recovery rates, partly offset by increased ore processed.

Quarterly by-product gold production decreased 6.7% vs. 1Q16 due to lower recovery rates.

Quarterly and first half by-product lead production increased vs. the comparable periods of 2015 and for 2Q16 vs. 1Q16 as a result of increased ore processed and higher recovery rates.

First half by-product zinc production increased vs. 1H15 mainly as a result of a higher recovery rate and increased ore processed. However, quarterly by-product zinc production decreased vs. 1Q16 due to a lower recovery rate and ore grade.

Ciénega mine production

	2Q 16	2Q 15	% change	1Q 16	1H 16	1H 15	% change
Ore Processed (t)	318,330	320,699	-0.7	323,719	642,049	653,583	-1.8
Production							
Gold (oz)	19,651	21,565	-8.9	17,245	36,896	45,745	-19.3
Silver (koz)	1,344	1,092	23.1	1,169	2,513	2,148	16.9
Lead (t)	1,582	1,199	31.9	1,543	3,125	2,616	19.5
Zinc (t)	1,998	1,404	42.3	1,635	3,633	2,800	29.7
Ore Grades							
Gold (g/t)	1.99	2.16	-8.2	1.72	1.85	2.25	-17.8
Silver (g/t)	149	121	23.0	128	139	117	18.4
Lead (%)	0.72	0.56	29.8	0.67	0.70	0.59	18.0
Zinc (%)	1.08	0.77	39.9	0.91	0.99	0.75	32.1

Quarterly and first half gold production decreased 8.9% and 19.3% vs. the comparable periods of 2015 as a result of: i) lower ore grades resulting from the depletion of higher gold ore grade veins at Ciénega and lower grades at the Rosario and Las Casas areas; ii) increased dilution resulting from the narrower veins at the East and West areas; and iii) lower volume of ore processed due to the extraction of harder mineral from the Rosario, Las Casas and Carmen areas.

Quarterly gold production increased 13.9% vs. 1Q16 as a result of increased development in high ore grade areas.

Quarterly and first half silver production increased 23.1% and 16.9% vs. the comparable periods of 2015 as a result of the high silver grade development ore from the Rosario and Las Casas areas.

Similarly, quarterly silver production increased 15.0% vs. 1Q16 due to the higher ore grade.

Quarterly and first half by-product lead production increased vs. the comparable periods of 2015 as a result of higher ore grades and to a lesser extent, higher recovery rates.

Quarterly and first half by-product zinc production increased vs. the comparator periods of 2015 due to higher ore grades. Similarly, quarterly by-product zinc production increased vs. 1Q16 due to higher ore grades and higher recovery rates.

Herradura total mine production

	2Q 16	2Q 15	% change	1Q 16	1H 16	1H 15	% change
Ore Processed (t)	6,313,303	5,043,352	25.2	6,311,256	12,624,559	10,937,571	15.4
Total Volume Hauled (t)	30,965,379	28,461,326	8.8	29,798,559	60,763,938	57,661,169	5.4
Production							
Gold (oz)	119,445	89,691	33.2	129,114	248,558	188,050	32.2
Silver (koz)	161	118	36.1	143	304	219	38.8
Ore Grades							
Gold (g/t)	0.70	0.71	-1.9	0.68	0.69	0.74	-6.9
Silver (g/t)	1.22	1.29	-5.9	1.01	1.11	1.26	-11.9

Quarterly and first half gold production increased 33.2% and 32.2% respectively vs. the same periods of 2015 due to higher overall speeds of recovery and increased ore processed following the commissioning of the second Merrill Crowe plant in 4Q15. The latter allowed the elimination of the bottleneck in processing volumes of rich solution coming from the leaching pads and the DLP, and enabled us to further reduce inventories at the pads to 120koz. These factors more than compensated for the expected lower ore grades as material is deposited from higher banks in line with the mine plan and to control haulage costs.

Quarterly gold production decreased 7.5% vs. 1Q16 due to a temporary reduction in the flow of rich solution to the Merrill Crowe plant as maintenance was carried out at the storage pond, which has now been concluded.

Noche Buena total mine production

	2Q 16	2Q 15	% change	1Q 16	1H 16	1H 15	% change
Ore Processed (t)	4,349,088	4,476,291	-2.8	4,237,134	8,586,222	8,690,540	-1.2
Total Volume Hauled (t)	20,186,274	20,788,574	-2.9	20,106,143	40,292,417	42,281,912	-4.7
Production							
Gold (oz)	48,014	38,638	24.3	51,647	99,661	70,460	41.4
Silver (koz)	4	19	-76.5	11	16	43	-63.4
Ore Grades							
Gold (g/t)	0.48	0.47	2.0	0.51	0.49	0.48	2.2
Silver (g/t)	0.07	0.22	-67.4	0.15	0.11	0.26	-58.4

Quarterly and first half gold production increased 24.3% and 41.4% respectively vs. the comparable periods of 2015 due to higher speeds of recovery as a result of the new mineral layers at the leaching pads and higher ore grade due to richer banks being processed, which more than compensated for the lower ore deposited.

However, quarterly gold production decreased 7.0% vs. 1Q16 mainly due to a lower ore grade and speed of recovery.

Update on San Julián

The construction of phase 1 at the San Julián project has been completed on time and on budget. However, as previously reported, after a few days of testing a minor technical failure occurred resulting in a malfunctioning of the lubrication system of the mill.

The Company expects the milling facility to be up and running regularly towards the first week of August. The mine has been fully prepared and development continues, allowing us to stockpile material whilst the milling facility issue is being addressed.

Construction of the flotation plant (phase 2) progressed as planned during the quarter, and we continue to expect commissioning in 4Q16.

This US\$515 million San Julián silver-gold project has an expected average production of 10.3 million ounces of silver and 44,000 ounces of gold per year once phase 2 is commissioned by year-end and it reaches full capacity.

Safety Performance

We are pleased to report that no fatal accidents occurred at our operations during the second quarter of 2016. We continue to reinforce our safety measures in order to fulfil our zero fatalities commitment on an ongoing basis.

Exceptional items affecting the interim financial statements

Ahead of the release of the Company's Interim Results on 2 August 2016, and in order to facilitate the estimation of the half year financial results, we are providing guidance on the impact of material changes in gold and silver prices as well as the Mexican peso/US dollar exchange rate on our financial results. These variables are expected to impact some non-operating/non-cash items in the Company's half year financial results. The Gold Hedging position and the Foreign Exchange Result will be adversely impacted, whilst the Silverstream Revaluation will be benefited; the net loss from these three items is estimated to be in the range of US\$ 35 - 40 million before taxes.

These same variables also impacted the deferred taxes, both favourably and unfavourably. As a result, we are expecting an effective tax rate of around 35% for the first half (including the special mining rights).

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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 per year by 2018, having already surpassed the gold target of 750,000 ounces.

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.