



Fresnillo plc
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12 October 2016

Production Report

for the three months ended 30 September 2016

Overview

- Quarterly silver production of 11.8 moz (including Silverstream), up 6.7% vs. 3Q15 mainly due to the start-up of phase 1 of San Julián, increased ore processed at Saucito and an increased contribution from the Silverstream
- Quarterly silver production down 9.4% vs. 2Q16 mainly due to the expected lower ore grades and lower recovery rate at Saucito
- Year to date silver production of 37.0 moz (including Silverstream), up 6.3% on the same period of 2015 as a result of the start-up of San Julián, increased volumes processed at Saucito and higher silver ore grades at Fresnillo and Ciénega
- Quarterly gold production of 220 koz, up 20.9% vs. 3Q15, due to higher volumes processed and higher ore grades at both Herradura and Noche Buena
- Year to date gold production of 667 koz, up 22.3% on the same period of 2015, due to higher speeds of recovery at Herradura and Noche Buena, and higher volumes processed at Herradura
- At San Julián (phase 1), the milling facility is processing ore and the leaching plant has been operating normally since August; phase 2 commissioning now expected 2Q17 due to external factors
- On track to achieve our recently raised full year gold guidance of 850-870 koz and our full year silver guidance of 49-51 moz (including Silverstream)

Octavio Alvidrez, Chief Executive Officer, said:

“I am pleased to report a 7% increase in quarterly silver production compared to the same quarter in 2015 and quarterly gold production up nearly 21% on the same basis, driven by the start-up of San Julián and strong performances from the Saucito, Herradura and Noche Buena mines.

The milling facility servicing phase 1 at San Julián is processing ore and the leaching plant has been operating normally since August, and we are now operating at full capacity. However, due to a combination of external factors we now expect phase 2 to be commissioned in the second quarter of 2017.

The turnaround plan at Fresnillo continues to progress, although not at the pace at which we had originally planned. We continue to expect an increase in silver grades and production for the full year compared to 2015, however, recently volumes processed have come under pressure as a result of some equipment availability and personnel issues.

Importantly, we remain on track to meet our full year production guidance of 850-870 koz gold and 49-51 moz of silver (including Silverstream).”

Total Production

	3Q 16	3Q 15	% change	2Q 16	YTD 16	YTD 15	% change
Silver (koz)	10,607	10,056	5.5	11,777	33,431	31,686	5.5
Silverstream (koz)	1,168	984	18.7	1,217	3,556	3,125	13.8
Total Silver (koz)	11,775	11,040	6.7	12,994	36,987	34,811	6.3
Gold (oz)	219,840	181,799	20.9	217,645	667,409	545,819	22.3
Lead (t)	12,473	10,480	19.0	11,585	35,141	29,738	18.2
Zinc (t)	14,476	10,959	32.1	12,529	39,856	31,397	26.9

Quarterly silver production (including Silverstream) increased 6.7% vs. 3Q15 as a result of: i) the start-up of operations at San Julián; ii) higher ore throughput at Saucito due to the plant optimisation; and iii) higher production at Sabinas (Silverstream).

However, quarterly silver production (including Silverstream) decreased 9.4% when compared to the previous quarter as a result of: i) an expected lower ore grade and lower recovery rate at Saucito; and ii) a lower ore grade at Fresnillo resulting mainly from accessing stopes with higher zinc and lower silver ore grades; reduced equipment availability resulting from a recurrence of maintenance issues; and a temporary shortage of skilled workers to operate recently opened stopes.

Year to date silver production (including Silverstream) increased 6.3% when compared to the same period of 2015 due to the start-up of San Julián, the increased ore processed at Saucito, the higher ore grade at Fresnillo as a result of regained access to the higher ore grade areas of San Carlos, San Alberto and San Mateo, and higher silver ore grades at Ciénega as a result of high grade development ore from the Rosario and Las Casas areas.

Quarterly gold production increased 20.9% vs. 3Q15 as a result of increased ore processed and higher ore grades at both Herradura and Noche Buena, and higher gold ore grades at Fresnillo. These factors were partially offset by the lower ore processed at Ciénega.

Quarterly gold production remained at similar levels when compared to the previous quarter.

Year to date gold production increased 22.3% when compared to the same period of 2015 as a result of the higher volumes of ore processed and higher overall speeds of recovery at Herradura, as well as higher speeds of recovery at Noche Buena. These factors were partially offset by the expected 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.

Quarterly and year to date by-product lead production increased 19.0% and 18.2% vs. the comparable periods of 2015 mainly as a result of higher ore grades at Fresnillo and Ciénega. Quarterly by-product lead production increased 7.7% vs. 2Q16 due to a higher ore grade at Fresnillo, which more than offset the lower ore grade at Ciénega.

Quarterly and year to date by-product zinc production increased 32.1% and 26.9% when compared to the same periods of 2015 as a result of higher ore grades and recovery rates at Fresnillo and Ciénega and increased ore throughput at Saucito. Quarterly by-product

zinc production increased 15.5% vs. 2Q16 mainly due to higher ore grades at Fresnillo and Saucito.

Fresnillo mine production

	3Q 16	3Q 15	% change	2Q 16	YTD 16	YTD 15	% change
Ore Processed (t)	587,492	583,180	0.7	574,489	1,777,129	1,789,621	-0.7
Production							
Silver (koz)	3,732	3,723	0.2	3,997	12,017	11,555	4.0
Gold (oz)	11,111	8,593	29.3	10,349	31,742	23,685	34.0
Lead (t)	6,017	3,967	51.7	4,839	15,560	10,971	41.8
Zinc (t)	7,228	4,651	55.4	5,813	18,180	12,856	41.4
Ore Grades							
Silver (g/t)	217	218	-0.6	232	228	219	4.2
Gold (g/t)	0.77	0.60	29.0	0.72	0.72	0.54	35.4
Lead (%)	1.13	0.75	50.1	0.94	0.97	0.68	42.1
Zinc (%)	1.72	1.18	45.2	1.48	1.48	1.09	36.2

Quarterly silver production remained at similar levels vs. 3Q15 as increased ore processed partially offset the slightly lower ore grade, resulting from accessing stopes with higher zinc and lower silver grades.

Silver production decreased 6.6% vs. 2Q16 due to the lower silver ore grade and a lower recovery rate. These factors were partly offset by the increase in ore processed as part of the ongoing turnaround plan. However, the turnaround plan has not progressed at the pace the Company had anticipated as a result of: i) reduced equipment availability resulting from a recurrence of maintenance issues; and ii) a temporary shortage of skilled personnel to operate recently opened stopes.

Year to date silver production increased 4.0% when compared to the same period of 2015 mainly due to the higher ore grade resulting from regained access to higher grade veins at the San Alberto, San Carlos and San Mateo areas as a result of the measures implemented.

Quarterly and year to date by-product gold production increased 29.3% and 34.0% respectively when compared to the same periods of 2015 as a result of higher gold ore grades. Similarly, quarterly by-product gold production increased 7.4% on 2Q16 due to higher ore grade and, to a lesser extent, higher ore processed.

Quarterly and year to date by-product lead production increased vs. the comparable periods of 2015 mainly as a result of higher ore grades. Similarly, quarterly by-product lead production increased 24.3% when compared to the previous quarter as a result of the higher ore grade and ore processed.

Quarterly and year to date by-product zinc production increased vs. the same periods of 2015 due to higher ore grades and recovery rates. Similarly, quarterly by-product zinc production increased when compared to the previous quarter due to the higher ore grade, recovery rate and ore processed.

Saucito mine production

	3Q 16	3Q 15	% change	2Q 16	YTD 16	YTD 15	% change
Ore Processed (t)	642,040	566,814	13.3	645,340	1,925,832	1,725,600	11.6

Production							
Silver (koz)	4,903	4,744	3.4	6,270	16,610	16,133	3.0
Gold (oz)	19,216	19,254	-0.2	20,186	61,038	63,927	-4.5
Lead (t)	5,133	5,199	-1.3	5,164	15,132	14,837	2.0
Zinc (t)	5,324	4,781	11.4	4,718	16,118	14,213	13.4
Ore Grades							
Silver (g/t)	289	295	-2.0	339	308	326	-5.4
Gold (g/t)	1.31	1.37	-4.3	1.36	1.33	1.46	-8.5
Lead (%)	0.94	1.02	-8.6	0.89	0.90	0.98	-8.0
Zinc (%)	1.41	1.79	-21.3	1.33	1.42	1.63	-13.0

Quarterly silver production increased 3.4% when compared to the same period of 2015 as a result of increased ore throughput from the Jarillas West and Central areas and the increased capacity following the installation of the vibrating screens in the Saucito II plant in 1Q16. These more than offset the expected lower ore grade compared to previous periods which had shown unusually high ore grades.

Quarterly silver production decreased 21.8% when compared to the previous quarter as a result of the expected lower ore grade and a lower recovery rate.

Year to date silver production increased 3.0% as a result of the higher ore processed, which fully offset the expected lower ore grade due to the extraordinarily high ore grade from the Mezquite vein and development ore from Saucito II in 2015.

Quarterly by-product gold production decreased 4.8% vs. 2Q16 and year to date by-product gold production decreased 4.5% when compared to the same period of 2015 as a result of lower ore grades and recovery rates.

Year to date by-product lead production increased when compared to the same period of 2015 as a result of higher ore volumes processed which completely offset the lower ore grade.

Quarterly and year to date by-product zinc production increased when compared to the corresponding periods of 2015 as a result of higher recovery rates and ore processed which more than offset the lower ore grade. Quarterly by-product zinc production increased vs. 2Q16 as a result of a higher recovery rate and higher ore grades.

Ciénega mine production

	3Q 16	3Q 15	% change	2Q 16	YTD 16	YTD 15	% change
Ore Processed (t)	305,474	346,337	-11.8	318,330	947,523	999,920	-5.2
Production							
Gold (oz)	18,372	19,909	-7.7	19,651	55,268	65,655	-15.8
Silver (koz)	1,320	1,428	-7.6	1,344	3,833	3,577	7.1
Lead (t)	1,323	1,314	0.7	1,582	4,448	3,930	13.2
Zinc (t)	1,925	1,528	26.0	1,998	5,558	4,328	28.4
Ore Grades							
Gold (g/t)	1.94	1.85	4.7	1.99	1.88	2.11	-11.1
Silver (g/t)	154	146	5.5	149	144	127	13.0
Lead (%)	0.65	0.58	12.0	0.72	0.68	0.59	16.2
Zinc (%)	1.04	0.77	35.5	1.08	1.01	0.76	33.1

Quarterly gold production decreased 7.7% vs. 3Q15 due to the lower volume of ore processed resulting from the extraction of harder mineral from the Rosario, Las Casas and Carmen areas. This was partially offset by the higher ore grade.

Similarly, quarterly gold production decreased 6.5% vs. 2Q16 as a result of the lower ore processed and to a lesser extent a lower ore grade.

Year to date gold production decreased 15.8% when compared to the same period of 2015 as a result of the expected lower ore grade resulting from the depletion of higher ore grade veins at Ciénega, lower grades at the Rosario and Las Casas areas and increased dilution resulting from the narrower veins at the East and West areas. Additionally, the decrease in ore processed also contributed to the lower gold production.

Quarterly silver production decreased 7.6% vs. 3Q15 due to the lower ore processed; however the higher silver ore grade development ore from Rosario and Las Casas areas partially offset this unfavorable effect.

Year to date silver production increased 7.1% when compared to the same period 2015 as a result of higher silver ore grades at the Rosario and Las Casas areas.

Quarterly by-product lead production decreased vs. 2Q16 due to lower ore grades and the lower ore volume processed. However, year to date by-product lead production increased when compared to the same period in 2015 as a result of higher ore grades.

Quarterly and year to date by-product zinc production increased vs. the comparable periods of 2015 due to higher ore grades and to a lesser extent higher recovery rates. Quarterly by-product zinc production decreased vs. 2Q16 due to lower ore processed and a lower ore grade.

Herradura mine production

	3Q 16	3Q 15	% change	2Q 16	YTD 16	YTD 15	% change
Ore Processed (t)	6,208,336	5,321,702	16.7	6,313,303	18,832,895	16,259,273	15.8
Total Volume Hauled (t)	28,255,782	29,256,427	-3.4	30,965,379	89,019,720	86,917,596	2.4
Production							
Gold (oz)	123,258	95,689	28.8	119,445	371,817	283,739	31.0
Silver (koz)	161	141	13.7	161	464	360	28.9
Ore Grades							
Gold (g/t)	0.78	0.73	6.8	0.70	0.72	0.73	-2.1
Silver (g/t)	1.27	1.26	1.2	1.22	1.16	1.25	-6.7

Quarterly gold production increased 28.8% when compared to the same period of 2015 due to: i) increased ore processed following the commissioning of the second Merrill Crowe plant in 4Q15, which enabled the elimination of the bottleneck in processing volumes of rich solution coming from the leaching pads and the DLP, allowing us to reduce inventories at the pads; and ii) ore from richer banks being processed.

Quarterly gold production increased 3.2% vs. 2Q16 due to a higher ore grade which more than offset the lower overall speed of recovery and the lower ore volume processed.

Year to date gold production increased 31.0% when compared to the same period of 2015 as a result of the higher overall speeds of recovery and higher volume of ore processed following the commissioning of the second Merrill Crowe plant in 4Q15 which enabled the elimination of the bottleneck in processing volumes as described above, and has allowed us to reduce inventories at the pads.

Noche Buena mine production

	3Q 16	3Q 15	% change	2Q 16	YTD 16	YTD 15	% change
Ore Processed (t)	4,464,960	4,338,503	2.9	4,349,088	13,051,182	13,029,043	0.2
Total Volume Hauled (t)	20,609,275	20,158,505	2.2	20,186,274	60,901,692	62,424,176	-2.4
Production							
Gold (oz)	40,850	38,353	6.5	48,014	140,511	108,814	29.1
Silver (koz)	6	19	-67.9	4	22	62	-64.8
Ore Grades							
Gold (g/t)	0.53	0.51	4.2	0.48	0.51	0.50	2.3
Silver (g/t)	0.10	0.15	-35.6	0.07	0.11	0.21	-48.9

Quarterly gold production increased 6.5% when compared to the same period of 2015 due to a higher ore grade as richer banks were processed and an increase in ore deposited. Quarterly gold production decreased 14.9% vs. 2Q16 as a result of a lower speed of recovery due to the slower leaching recovery dynamic of the ore mined during the period. This more than offset the increases in ore grade and ore processed.

Year to date gold production increased 29.1% when compared to the same period of 2015 mainly due to higher speeds of recovery as a result of the new mineral layers at the leaching pads, as well as the higher ore grade due to richer banks being processed.

San Julián

	3Q 16/ YTD 16
Ore Processed (t)	121,833
Production	
Gold (oz)	7,032
Silver (koz)	485
Ore Grades	
Gold (g/t)	1.96
Silver (g/t)	150.53

The milling facility at San Julián (phase 1) has been processing ore and the leaching plant operating normally since mid-August 2016, following the malfunctioning of the lubrication system of the mill. The plant is now operating at full capacity.

However, a combination of external factors including: i) unusually high rainfall (up 90-100% vs 2015); ii) a high rotation of construction contractor personnel due to the project's remote location and security incidents; and iii) delays in the delivery of certain equipment resulted in a slower progress with construction of the flotation plant (phase 2). As a result, this plant is now expected to be commissioned in 2Q17 (compared to previous expectations of year end 2016). The assembly of the milling and filtration building continues and further progress was made at the thickener area of this plant which will process ore from the disseminated ore body.

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 and it reaches full capacity.

Update on Exploration

During the quarter, exploration continued at the Herradura, Ciénega, Fresnillo, San Julián and Guanajuato districts. 86,100 metres of drilling were completed with interesting results for gold and/or silver at Fresnillo, San Julián and Guanajuato. Drilling programmes are also in progress at the Guazapares property, Chihuahua, and Pilarica in Peru. Prospecting and evaluation of mining property submittals are being carried out in Mexico, Peru and Chile. Additional staff were contracted to assist the exploration team in obtaining permits and surface land acquisitions.

Safety Performance

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

There will be a conference call for analysts and investors on Wednesday 12th October 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 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 exchanges 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.