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Production Report

for the three months ended 31 December 2016

Overview

- Record annual silver production of 50.3 moz (including Silverstream), up 7.1% vs. 2015, in line with our guidance and 4Q16 silver production of 13.3 moz (including Silverstream) up 9.5% vs. 4Q15, mainly due to the start up of San Julián phase I. A higher ore grade at Ciénega and an increased contribution from the Silverstream also had a positive impact on production
- Quarterly silver production increased 13.1% vs. 3Q16 due to San Julián (phase I) ramp-up, higher ore processed at Saucito and a higher ore grade and ore processed at Fresnillo
- Record annual gold production of 935.5 koz, up 22.8% vs. 2015 and ahead of guidance, mainly due to reduced gold inventories at Herradura. Additionally the San Julián (phase I) start-up and an improved overall average speed of recovery at Noche Buena contributed
- Quarterly gold production increased 24.2% vs. 4Q15 and 22.0% vs. 3Q16 mainly due to reduced gold inventories at Herradura and the San Julián start up
- Successful ramp-up of San Julián (phase I), which is currently processing 3,600 tpd, 20% above its nominal capacity
- One fatal accident reported at Saucito in 4Q16

2017 Production Outlook

- Silver production expected to be in the range of 58-61 moz including 4 moz from the Silverstream
- Gold production expected to be in the range of 870-900 koz, due mainly to the stabilisation of production at Herradura following the reduction in inventories
- Turnaround plan at Fresnillo to advance with the aim of maintaining an average development rate of 4,800m /month
- San Julián phase II to be commissioned in 2Q17
- Continued construction of Pyrites Plant (1H18 – 3.5 moz Ag & 13 koz Au p/a) and second Dynamic Leaching Plant at Herradura
- 2017 exploration budget of approximately US\$160 million (including capitalised exploration expenses)

Octavio Alvidrez, Chief Executive Officer, said:

“I am pleased to report that Fresnillo plc has delivered record production in 2016, having produced 50.3 moz of silver and 935.5 koz of gold. The successful ramp-up of San Julián (phase I) was the principal reason for the 7% increase in annual silver production, although higher silver grades at both Ciénega and Fresnillo also contributed to the rise in production.

At the Fresnillo mine, despite reporting a slight improvement in silver production, we continued to experience some issues during the year that impacted the delivery of our turnaround plan. We have however, implemented a number of measures and remain focused on addressing these issues and are targeting a year-on-year increase in silver production in the range of 7-10% at the mine in 2017.

Our 2016 gold production of 935.5 koz exceeded our revised guidance, primarily due to the reduction of inventories at Herradura. The start-up of San Julián (phase I) and a strong performance at Noche Buena also contributed to the increase to gold production.

We continued to make good progress with our development projects in 2016. Construction of San Julián phase II continued to advance and is on track to be commissioned in the second quarter of 2017, with both phases of San Julián producing a combined annual average of 10.3 moz of silver and 44 koz of gold. Further progress was made at the Pyrites Plant project which is set to deliver 3.5 moz silver and 13 koz a year once commissioned in 1H18, while the construction of the second line of the Dynamic Leaching Plant at Herradura remained on track.

Looking ahead, our 2017 gold production is anticipated to be between 870-890 koz as we expect to reach a steady level of inventories after last year’s inventory reductions at Herradura; whilst silver production is expected to be within the range of 58-61 moz, on track to reach 65moz by 2018.”

Total Production

	4Q 16	4Q 15	% change	3Q 16	YTD 16	YTD 15	% change
Silver (koz)	12,247	11,336	8.0	10,607	45,677	43,023	6.2
Silverstream (koz)	1,069	830	28.8	1,168	4,625	3,955	16.9
Total Silver (koz)	13,316	12,166	9.5	11,775	50,303	46,977	7.1
Gold (oz)	268,104	215,892	24.2	219,840	935,513	761,712	22.8
Lead (t)	13,003	12,675	2.6	12,473	48,144	42,413	13.5
Zinc (t)	16,989	14,625	16.2	14,476	56,845	46,022	23.5

Full year silver production (including Silverstream) increased 7.1% vs. 2015 as a result of: i) the start-up of operations at San Julián phase I that increased the nominal milling capacity from 3,000 tonnes per day (tpd) to 3,600 tpd; ii) higher silver ore grades at Ciénega as a result of high grade development ore from the Rosario and Las Casas areas; iii) higher ore grade at Fresnillo due to the regained access to high ore grade areas at San Carlos and San Alberto; and iv) higher production at Sabinas (Silverstream) resulting from a higher ore grade.

Quarterly silver production (including Silverstream) increased 9.5% vs. 4Q15 as a result of the start-up of San Julián (phase I) and, to a lesser extent, a higher ore grade at Ciénega. This more than compensated for the expected lower silver ore grade at Saucito and the lower ore processed at Fresnillo.

Quarterly silver production increased 13.1% vs. 3Q16 as a result of: i) the ramp-up of San Julián (phase I); ii) increased ore throughput at Saucito from the West and Central Jarillas areas, and; iii) higher ore grade and ore processed at Fresnillo due to additional contractors and tightened supervision in the maintenance process.

In 2017, silver production is expected to reach 54-57 moz (excluding the Silverstream) reflecting the first full year of operations of phase I at San Julián, commissioning of phase II of San Julián, and an increase in production at Fresnillo reflecting access to additional stopes.

Full year gold production increased 22.8% vs. 2015 as a result of the reduction of inventories in the leaching pads at Herradura, to 72 koz, the start-up of phase I at San Julián, and higher speeds of recovery at Noche Buena. These factors more than compensated for the expected lower ore grade and ore processed at Ciénega.

Quarterly gold production increased 24.2% vs. Q415 as a result of the reduction of inventories at Herradura, the start-up of San Julián (phase I), and higher ore grade and ore processed at Saucito. These more than compensated for the lower overall average speed of recovery at Noche Buena.

Quarterly gold production increased 22.0% vs. 3Q16 as a result of the reduction of inventories at Herradura, the successful ramp-up of San Julián (phase I), and higher ore grade and ore processed at Saucito.

In 2017, gold production is anticipated to be between 870-900 koz as no further reductions of inventories at Herradura are expected.

Full year by-product lead production increased vs. 2015 as a result of higher ore grades at the Ciénega and Fresnillo mines. Quarterly by-product lead production increased 4.2% vs. 3Q16 as a result of higher ore processed and a higher ore grade at Saucito and Ciénega which compensated for the lower ore grade at Fresnillo.

Full year and quarterly by-product zinc production both increased when compared to the same periods in 2015 as a result of higher ore grades and recovery rates at Ciénega and Fresnillo. Additionally, the higher recovery rate and ore throughput at Saucito also contributed to the increased zinc production.

Quarterly by-product zinc production increased 17.4% vs. 3Q16 due to higher ore grades, ore processed and recovery rates at Saucito and Fresnillo.

Fresnillo mine production

	4Q 16	4Q 15	% change	3Q 16	YTD 16	YTD 15	% change
Ore Processed (t)	595,963	620,412	-3.9	587,492	2,373,092	2,410,033	-1.5
Production							
Silver (koz)	3,847	4,058	-5.2	3,732	15,865	15,612	1.6
Gold (oz)	10,678	10,435	2.3	11,111	42,421	34,120	24.3

Lead (t)	5,766	5,277	9.3	6,017	21,326	16,248	31.3
Zinc (t)	7,718	6,172	25.0	7,228	25,898	19,029	36.1
Ore Grades							
Silver (g/t)	221	222	-0.5	217	227	220	3.0
Gold (g/t)	0.73	0.68	6.4	0.77	0.73	0.57	26.5
Lead (%)	1.05	0.94	12.2	1.13	0.99	0.75	32.4
Zinc (%)	1.78	1.46	22.2	1.72	1.56	1.18	31.6

Full year silver production increased slightly compared to 2015 as a result of access to higher grade veins at the San Carlos and San Alberto areas.

Quarterly silver production decreased vs. 4Q15 due mainly to lower ore processed, reflecting delays in accessing higher grade zones due to slower than expected development rates. In 4Q15, silver production saw an increase as a result of the initial measures taken to address the issues at this mine.

Additional skilled contractors have been brought in and operative supervision has been tightened to improve the maintenance process, increasing equipment availability and the preparation of several areas allowing for access to additional stopes. These changes started to show positive results with quarterly silver production increasing 3.1% vs. 3Q16.

We expect that with continued hiring and training of personnel, development rates will increase to 4,500 m/month again in 2017 and reach a sustained rate of 4,800 m/month by year-end. As a result, an increase in ore throughput of approximately 5% and an average silver ore grade of around 230 g/t are expected in 2017.

Full year and quarterly by-product gold production increased 24.3% and 2.3% respectively when compared to the same periods of 2015 as a result of higher ore grades. However, quarterly by-product gold production decreased 3.9% vs. 3Q16 due to a lower ore grade.

Annual and quarterly by-product lead production increased 31.2% and 9.3%, respectively when compared to the same periods of 2015 mainly as a result of higher ore grades. Quarterly by-product lead production decreased 4.2% vs. 3Q16 as a result of a lower ore grade which was partially offset by an increase in ore processed and the recovery rate.

Full year and quarterly by-product zinc production increased 36.1% and 25.0% vs. the same periods of 2015 due to higher ore grades and recovery rates. Similarly, quarterly by-product zinc production increased 6.8% vs. 3Q16 due to the higher ore grade, ore processed and recovery rate.

Saucito mine production

	4Q 16	4Q 15	% change	3Q 16	YTD 16	YTD 15	% change
Ore Processed (t)	709,261	613,496	15.6	642,040	2,635,093	2,339,096	12.7
Production							
Silver (koz)	5,336	5,851	-8.8	4,903	21,946	21,984	-0.2
Gold (oz)	25,160	20,958	20.1	19,216	86,198	84,884	1.5
Lead (t)	5,802	5,903	-1.7	5,133	20,935	20,740	0.9
Zinc (t)	7,379	6,810	8.4	5,324	23,498	21,023	11.8

Ore Grades							
Silver (g/t)	287	332	-13.5	289	303	327	-7.6
Gold (g/t)	1.53	1.33	14.6	1.31	1.39	1.42	-2.7
Lead (%)	1.02	1.10	-7.3	0.94	0.93	1.01	-7.7
Zinc (%)	1.68	1.91	-11.9	1.41	1.49	1.70	-12.6

Full year silver production decreased marginally compared to 2015 as a result of the expected return to normal ore grades after mining the extraordinarily high grade ore from the Mesquite vein and exhausting the high grade development ore in 2015. These were offset by higher ore processed (+12.7%) from the Jarillas West and Central areas in conjunction with increased plant capacity following the installation of the vibrating screens at the Saucito II plant in 1Q16.

Quarterly silver production decreased 8.8% vs. 4Q15 as a result of the lower ore grade and recovery rate due to the previously mentioned factors. These were offset by higher ore processed.

Quarterly silver production increased 8.8% vs. 3Q16 primarily due to the higher ore processed from the West and Central Jarillas areas in conjunction with plant efficiencies.

In 2017, the silver ore grade is expected to average around 290 g/t.

Quarterly by-product gold production increased 20.1% vs. 4Q15 and by 30.9% vs. 3Q16 due to higher ore grades and increased ore throughputs.

Quarterly by-product lead production increased 13.0% vs. 3Q16 due to a higher grade and ore processed which were partially offset by a lower recovery rate.

Full year and quarterly by-product zinc production increased 11.8% and 8.4% vs. 2015 respectively due to higher recovery rates and ore processed. Similarly, quarterly by-product zinc production increased 38.6% vs. 3Q16 due to higher recovery rate, ore processed and grade.

Ciénega mine production

	4Q 16	4Q 15	% change	3Q 16	YTD 16	YTD 15	% change
Ore Processed (t)	327,416	329,444	-0.6	305,474	1,274,939	1,329,364	-4.1
Production							
Gold (oz)	17,583	20,007	-12.1	18,372	72,851	85,662	-15.0
Silver (koz)	1,298	1,251	3.8	1,320	5,131	4,828	6.3
Lead (t)	1,435	1,495	-4.0	1,323	5,883	5,425	8.4
Zinc (t)	1,892	1,642	15.2	1,925	7,450	5,970	24.8
Ore Grades							
Gold (g/t)	1.74	1.96	-11.2	1.94	1.84	2.07	-11.2
Silver (g/t)	143	134	6.0	154	143	129	11.2
Lead (%)	0.66	0.66	0.7	0.65	0.68	0.61	11.9
Zinc (%)	0.99	0.91	8.4	1.04	1.00	0.80	26.1

Full year and quarterly gold production decreased compared to the same periods in 2015 as a result of: i) an expected lower ore grade due to the depletion of higher grade ore veins and increased dilution from narrower veins at the East and West areas, and ii) lower ore processed resulting from the extraction of harder mineral from the Rosario, Las Casas and Carmen areas.

Quarterly gold production decreased 4.3% vs. 3Q16 due to a lower ore grade resulting mainly from temporary development delays limiting access to richer stopes at the Taspana vein. This was partly offset by a higher volume of ore processed.

In 2017, the average gold ore grade is expected to be around 1.9 g/t.

Annual silver production increased compared to 2015 as a result of higher ore grades from the Rosario and Las Casas areas. This was partly offset by lower ore processed. Similarly, quarterly silver production increased vs. 4Q15 as a result of a higher ore grade.

The average silver ore grade in 2017 is expected to be around 140 g/t.

Full year by-product lead production increased vs. 2015 as a result of the higher ore grade which compensated for the lower ore processed. However, quarterly by-product lead production decreased vs. 4Q15 mainly due to the lower recovery rate.

Quarterly by-product lead production increased vs. 3Q16 due to an increase in ore processed.

Annual and quarterly by-product zinc production increased when compared to the same periods in 2015 as a result of higher ore grades and recovery rates which compensated for the lower volume of ore processed.

Herradura mine production

	4Q 16	4Q 15	% change	3Q 16	YTD 16	YTD 15	% change
Ore Processed (t)	6,325,705	6,616,148	-4.4	6,208,336	25,158,600	22,875,421	10.0
Total Volume Hauled (t)	29,821,575	30,115,575	-1.0	28,255,782	118,841,295	117,033,171	1.5
Production							
Gold (oz)	148,549	115,127	29.0	123,258	520,366	398,866	30.5
Silver (koz)	173	166	4.2	161	638	526	21.3
Ore Grades							
Gold (g/t)	0.68	0.72	-5.4	0.78	0.71	0.73	-2.9
Silver (g/t)	1.13	1.23	-8.1	1.27	1.16	1.24	-7.0

Full year gold production increased when compared to 2015 as a result of the reduction of inventories to 72 koz at Herradura. This reduction was possible by the commissioning of the second Merrill Crowe Plant in the DLP (Dynamic Leaching Plant) in 4Q15, which enabled the elimination of the bottleneck in processing volumes of rich solution coming from the leaching pads and the DLP.

Quarterly gold production increased vs. both 4Q15 and 3Q16 mainly due to the reduction of inventories and, to a lesser extent, a higher overall average speed of recovery resulting from the increase in the use of lime that improved the leaching reaction and more than compensated for the lower ore grade.

The average gold ore grade is expected to be around 0.72 g/t in 2017.

Noche Buena mine production

	4Q 16	4Q 15	% change	3Q 16	YTD 16	YTD 15	% change
Ore Processed (t)	4,380,536	4,370,888	0.2	4,464,960	17,431,718	17,399,931	0.2
Total Volume Hauled (t)	20,521,024	19,949,209	2.9	20,609,275	81,422,716	82,373,385	-1.2
Production							
Gold (oz)	41,769	49,365	-15.4	40,850	182,280	158,179	15.2
Silver (koz)	11	11	0.0	6	33	73	-54.8
Ore Grades							
Gold (g/t)	0.53	0.49	8.3	0.53	0.51	0.50	3.8
Silver (g/t)	0.14	0.13	6.3	0.10	0.11	0.19	-39.3

Full year gold production increased vs. 2015 due to a higher overall average speed of recovery resulting from new mineral layers at the leaching pads. Nevertheless, quarterly gold production decreased vs. 4Q15 as a result of a lower overall average speed of recovery due to the slower leaching recovery dynamic of the ore mined in the second half of 2016 which was partly offset by the higher ore grade.

Quarterly gold production slightly increased vs. 3Q16 as a result of a higher overall average speed of recovery.

In 2017, the average ore grade is expected to be around 0.49 g/t.

San Julián

	4Q 16	3Q 16	% change	YTD 16
Ore Processed (t)	301,235	121,833	147.3	423,069
Production				
Gold (oz)	24,365	7,032	246.5	31,397
Silver (koz)	1,581	485	226.1	2,066
Ore Grades				
Gold (g/t)	2.67	1.96	36.0	2.47
Silver (g/t)	181.33	150.53	20.5	172.46

The leaching plant at San Julián has been in operation since mid-August 2016 and has since surpassed its 3,000 tonnes per day (tpd) nominal milling capacity, reaching 3,600 tpd. As a result of the ramp-up, silver and gold production were 2.1 moz and 31 koz, respectively, in 2016. In 2017, with the additional optimisation projects, milling capacity at the leaching plant is expected to further increase to 4,000 tpd.

We remain confident the commissioning of the flotation plant (phase II) will take place in the second quarter of 2017 as previously announced. During 4Q16, good progress was made on the grinding bay structure while construction of the main conveyor belt and thickeners, electric installation of the pumps and flotation cells were all concluded.

Total pre-operative investment for both phases I & II of the San Julián silver-gold project is expected to be in line with our guidance of US\$515 million. Once phase II has been commissioned, and reached full capacity like phase I, the mine will have an average annual life of mine production of 10.3 moz of silver and 44 koz of gold.

Update on development projects

Pyrites Plant

During 4Q16 detailed engineering was concluded and further progress of the leaching plant construction is anticipated in 2017. This US\$155 million project is expected to increase overall recoveries of gold and silver by processing historical and ongoing tailings from the Fresnillo and Saucito mines, which otherwise would have been lost. Annual production of 3.5 moz of silver and 13 koz of gold is expected once the plant is commissioned in 1H18 and reaches full capacity.

Second Dynamic Leaching Plant

Detailed engineering continued to progress, the foundations of the milling area advanced, and orders for various components were also placed. The construction of this new plant will continue throughout 2017 with commissioning expected in 2018.

This US\$110 million project will enable sulphides occurring deeper in the pit to be processed more efficiently and is expected to be commissioned in 2018. As a result, the life of mine at Herradura will be extended to 12 years with an average life of mine annual gold production of 390 koz.

Update on Exploration

Exploration in the fourth quarter was focused on our Herradura, Fresnillo, Ciénega and San Julián mining Districts, and the Guanajuato, Rodeo, Candameña and Pilarica projects. Resources and reserves (in the case of the operating mines) were increased and are presently in audit by SRK. Results will be disclosed in the first quarter of 2017. Parametric drilling was also carried out at the Guazapares, Coneto and Cairo early stage prospects. Diamond drilling at these mines, projects and prospects totalled 214,206 metres in the period.

Channel sampling and a revision of the resource models were conducted at the Orisyvo and Centauro gold deposits where preliminary economic studies will be advanced in 2017. Five project submittals were evaluated in Mexico, Peru, Chile and Argentina, and systematic prospecting of gold-silver belts in the same regions are in progress.

Safety Performance

We deeply regret to report that during 4Q16 one of our contractors suffered a fatal accident at the Saucito mine. We continue to reinforce our safety measures, with our management systems and organisational programmes centered on personnel safety. We remain committed to our zero fatalities target.

Update on Taxation

On 31 December 2016, the State of Zacatecas, located in northern Mexico, published a new tax law (the “Tax Law”) that came into effect on 1 January 2017.

The Tax Law includes a new set of ‘environmental taxes’ relating to the following activities undertaken within the State of Zacatecas:

- (i) the extraction of materials other than minerals referenced in Article 4 of the Mexican Mining Law (gold, silver, lead, zinc, etc.) from the soil and sub-soil through open-pit processes;
- (ii) the emissions of certain substances into the atmosphere;
- (iii) the deposit of contaminants into the soil;
- (iv) the storage of waste in public or private landfills.

In addition, the Tax Law also includes certain other modifications and adjustments to pre-existing taxes in Zacatecas such as the payroll tax and the tax for the University of Zacatecas.

Together with its internal and external advisors, the Company is conducting a full assessment of the detail of the Tax Law as well as its potential impact on the Company. To date, as a result of this review, the Company believes that there are solid grounds to legally challenge, on a Federal level, the imposition of the environmental taxes contained in the new Tax Law in Zacatecas. The Company is currently formulating an appropriate defence strategy and will keep the market updated with any material developments.

Based on current assessments, the Company estimates that the potential net impact on the Company’s income statement of the new taxes referenced above, if legal challenges should not prove successful, would be in the range of USD \$4 - \$7 million for the 2017 fiscal year.

The Company remains in compliance with all applicable environmental regulations and is fully committed to operating in a sustainable way.

Exceptional items affecting the full year financial statements

Ahead of the release of the Company's Full Year Results on 28th February 2017, and in order to facilitate the estimation of the full 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 full year financial results. The Gold Hedging position and the Foreign Exchange Result will be adversely impacted, whilst the Silverstream Revaluation will benefit; the net gain from these three items is estimated to be in the range of USD \$70 - \$75 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 45% - 47% for the full year (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, three development projects - San Julián (phase 2), the Pyrites plant, and second line of DLP at Herradura, and four advanced exploration projects – 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.

¹Operations at Soledad-Dipolos are currently suspended.