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17 October 2013

## **Production Report**

### **for the three months ended 30 September 2013**

#### **Overview**

- Year to date attributable silver production (including Silverstream) of 32.1Moz, up by 5.6% when compared to the same period in 2012.
- Quarterly attributable silver production of 11.1Moz, (including Silverstream), up by 7.6% year on year.
- Year to date and quarterly attributable gold production decreased by 6.8% and 9.8% respectively compared with the same periods in 2012.
- Construction of the dynamic leaching plant at Herradura, is on track for start up in 4Q13.
- Construction of the Saucito II project continued ahead of schedule and detailed engineering work for the construction of the San Julián project is progressing well.
- Promising exploration results were obtained at Fresnillo and Centauro Deep. Resources were increased at Noche Buena and San Ramón in the Herradura and Ciénega Districts respectively.
- On track to achieve full year guidance of 41Moz of silver. We continue to evaluate the impact on 2013 gold production guidance and will provide a further update following the lifting of the suspension of the explosives permit at Herradura, expected in the next week.

Octavio Alvidrez, Chief Executive Officer, said:

"We remain on track to reach our full year silver production target following an excellent quarter of silver production, driven by robust performances at both Saucito and Ciénega.

While the legal proceedings around the "El Bajío" claims disrupted the volume of ore deposited at Soledad-Dipolos over the quarter, the successful continued ramp-up at the Noche Buena mine partially mitigated this and the production at Herradura was not impacted thanks to better recovery rates. As previously noted, we expect that the temporary suspension of the explosives permits at Herradura will be lifted over the coming week, at which point we will provide a further update regarding gold production guidance for 2013.

We remain committed to working with all our stakeholders, including the local communities where we operate, and are proud of our record in promoting sustainable development.

Our strong pipeline of projects and exploration programme combined with our continued focus on operational excellence and financial strength ensures Fresnillo will continue to deliver sustainable returns to shareholders.”

### Total Production – Attributable

	3Q 13	3Q 12	% change	2Q 13	YTD 13	YTD 12	% change
Silver prod'n (kOz)	10,229	9,375	9.1	9,967	29,372	27,287	7.6
Silverstream prod'n (kOz)	881	953	-7.6	961	2,717	3,113	-12.7
Total Silver production (kOz)	11,110	10,329	7.6	10,928	32,090	30,400	5.6
Gold prod'n (Oz)	114,359	126,841	-9.8	118,315	350,186	375,637	-6.8
Lead prod'n (t)	6,941	6,096	13.9	6,657	19,362	18,941	2.2
Zinc prod'n (t)	6,876	6,391	7.6	6,485	18,833	19,955	-5.6

Year to date attributable silver production (excluding Silverstream) increased 7.6% when compared to 2012 as a result of the higher volumes of ore processed from Saucito which stemmed from access to higher ore grades from the Jarillas and Mezquite veins. We also benefited from the higher silver ore grade and increased volume of ore throughput from San Ramón (Ciénega's satellite mine). This was in part countered by the expected lower ore grade at Fresnillo.

Production arising from the Silverstream Contract decreased by 12.7% over the year to date due to the lower ore grade from the Sabinas mine. As a result, total attributable silver production (including Silverstream), increased 5.6%.

Similarly, quarterly silver production (excluding Silverstream) increased 9.1% when compared to the same period last year as a result of increased volumes of ore processed from the ramp-up of Saucito and improved access to the Jarillas and Mezquite high silver ore grade veins. Quarterly attributable silver production maintained similar levels when compared to the previous quarter of 2013.

Year to date and quarterly attributable gold production decreased by 6.8% and 9.8% respectively when compared to the same periods last year. This was a result of the decreased production at Soledad-Dipolos following the Court ruling that an area surrounding the Dipolos pit should be evacuated. Gold production was also impacted by the expected lower gold ore grade at Ciénega. These factors were however partially mitigated by the continued successful ramp-up at Noche Buena.

Similar trends affected quarterly attributable gold production, which slightly decreased by 3.3% when compared to the previous quarter of 2013.

Year to date and quarterly by-product lead production increased by 2.2% and 13.9% respectively when compared to the same period of 2012 as a result of higher ore grades and increased ore volumes processed at Saucito. Quarterly by-product lead production increased 4.3% over the previous quarter due to higher ore grades and volumes of ore processed from Saucito and Fresnillo.

Year to date by-product zinc production decreased 5.6% when compared to the same period of 2012 as a result of the lower ore grade and recovery rates at Ciénega. However, quarterly by-product zinc production increased by 7.6% and 6.0% respectively when compared to the same period last year and previous quarter of 2013. This was due to higher ore grades, volumes of ore processed and recovery rates at Saucito and Fresnillo.

### Fresnillo mine production

	3Q 13	3Q 12	% change	2Q 13	YTD 13	YTD 12	% change
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Silver prod'n (kOz)	6,224	6,531	-4.7	5,853	17,421	19,897	-12.4
Gold prod'n (Oz)	8,234	6,978	18.0	6,821	21,874	22,857	-4.3
Lead prod'n (t)	4,233	3,992	6.0	3,724	11,398	12,693	-10.2
Zinc prod'n (t)	4,339	3,941	10.1	3,817	11,226	12,250	-8.4

Year to date silver production decreased 12.4% when compared to the same period of 2012 due to the expected natural decline in the silver ore grade (293.4g/t 2013 vs. 328.9g/t 2012) at the San Carlos stopes, as ore from deeper areas was processed. Furthermore, development works at the Santa Cruz and San Mateo stopes took longer than expected, resulting in a 2.1% decrease in the volume of ore processed, which contributed to lower production. However, the average ore grade expected for 2013 will reach levels close to the previously announced guidance of 300g/t.

Similarly, quarterly silver production decreased 4.7% when compared to the third quarter of 2012 as a result of the anticipated lower ore grade (305.3g/t 3Q13 vs. 320.4g/t 3Q12) and the lower volumes of ore processed, as outlined above. Nevertheless, these adverse factors were partially mitigated by an improvement in recovery rates.

Quarterly silver production increased 6.3% when compared to the previous quarter of 2013 as a result of the beginning of production from additional stopes at the San Carlos area, which led to improved recovery rates and slightly higher ore grades (305.3g/t 3Q13 vs. 303.1g/t 2Q13).

Year to date by product gold, lead and zinc production decreased when compared to 2012 as a result of these lower ore grades and, to a lesser extent, lower volumes of ore processed. Quarterly by product gold, lead and zinc production increased when compared to the third quarter of 2012 as a result of higher ore grades and improved recovery rates.

The evaluation of the basic engineering works at the pyrites treatment plant and alternatives for the plant improvements continued to be analysed. This will determine the most efficient way to modify the plant at Fresnillo to increase processing capacity to 10,000 tonnes per day.

### Saucito mine production

	3Q 13	3Q 12	% change	2Q 13	YTD 13	YTD 12	% change
Silver prod'n (kOz)	2,909	1,800	61.6	2,953	8,537	5,048	69.1
Gold prod'n (Oz)	11,402	12,384	-7.9	10,828	33,444	34,105	-1.9
Lead prod'n (t)	1,511	712	112.2	1,329	4,092	1,858	120.2
Zinc prod'n (t)	1,252	470	166.4	1,095	3,403	1,180	188.4

Year to date and quarterly silver production increased 69.1% and 61.6% respectively when compared to the same periods of 2012 as a result of: i) the higher ore grades (330.7g/t 2013 vs. 264.0g/t 2012) resulting from access to the richer Jarillas vein and to lower dilution as a result of the operative controls implemented, ii) higher volumes of ore processed due to the increase in development activities at the Jarillas and Mezquite veins and, iii) a slightly higher recovery rate due to the optimisation of the milling circuit, which identifies core factors that may affect the speed of the milling process and the particular characteristics of the ore processed.

Year to date and quarterly gold production decreased 1.9% and 7.9% respectively when compared to the same periods of 2012 as a result of lower ore grades and recovery rates.

However, quarterly gold production increased 5.3% when compared to the previous quarter as a result of higher ore throughput.

Lead and zinc production increased when compared to the corresponding periods of 2012 and previous quarter of 2013, mainly as a result of higher ore grades and ore volumes processed.

### **Ciénega mine production**

	<b>3Q 13</b>	<b>3Q 12</b>	<b>% change</b>	<b>2Q 13</b>	<b>YTD 13</b>	<b>YTD 12</b>	<b>% change</b>
Gold prod'n (Oz)	27,896	31,128	-10.4	31,631	87,540	96,460	-9.2
Silver prod'n (kOz)	1,041	1,003	3.8	1,083	3,229	2,193	47.2
Lead prod'n (t)	1,196	1,393	-14.1	1,604	3,872	4,390	-11.8
Zinc prod'n (t)	1,285	1,980	-35.1	1,573	4,205	6,525	-35.6

Year to date gold production decreased 9.2% compared to the same period of 2012 as a result of the expected lower ore grade (3.04g/t 2013 vs. 3.77g/t 2012). This resulted from the anticipated depletion of ore bodies with higher gold ore grades at Ciénega, together with an increase in ore throughput from San Ramón (324,117 tons) which has higher silver ore grades. Higher volumes of ore processed due to optimisation of the milling process, and a slightly higher recovery rate, partially offset this.

Quarterly gold production decreased 10.4% compared to the same period of 2012 and 11.8% when compared to the previous quarter. The decline was also mainly as a result of lower ore grades.

However, year to date silver production increased by 47.2% when compared to the same period of 2012 at Ciénega. As mentioned above, this was due to the increase in the silver ore grade (124.17g/t 2013 vs. 94.36g/t 2012) due to the higher volumes of ore processed from San Ramón (Ciénega's satellite mine).

Quarterly silver production increased 3.8% when compared to the same period of 2012 as a result of a 7.6% increase in ore throughput.

Silver production for the third quarter this year decreased 3.9% compared to the previous quarter as a result of lower ore grade (118.31g/t 3Q13 vs. 122.11g/t 2Q13) due to adjustments in operations to process ore from stopes with higher gold ore grade.

Year to date and quarterly by product zinc and lead decreased significantly when compared to the same periods of 2012 as a result of lower ore grades and recovery rates.

### **Herradura mine production – Attributable**

	<b>3Q 13</b>	<b>3Q 12</b>	<b>% change</b>	<b>2Q 13</b>	<b>YTD 13</b>	<b>YTD 12</b>	<b>% change</b>
Gold prod'n (Oz)	45,350	47,585	-4.7	45,587	136,583	141,979	-3.8
Silver prod'n (kOz)	44	33	33.3	68	156	117	33.3

Year to date and quarterly attributable gold production decreased by 3.8% and 4.7%, respectively when compared to the same periods of 2012. Nevertheless, when including the previously reported 2012 year-end assays adjustments with Met-Mex to 2012 figures: i) year to date attributable gold production increased 2.4% as a result of higher ore grade and higher gold recovery from the pads; and ii) quarterly attributable gold production increased by 8.3% as a result of higher gold recovery from inventory at the leaching pads.

During the third quarter, the lower volume of ore deposited at the leaching pads due to the temporary suspension of explosives was fully compensated by the improved recovery rates from the pads inventory. As previously noted, we expect this suspension to be lifted over the course of the next week.

Year to date exploration activities continued at Centauro Deep with 42,288 metres of diamond drilling. In addition, civil works continued and will allow direct access to the ore body.

#### **Soledad-Dipolos mine production - Attributable**

	3Q 13	3Q 12	% change	2Q 13	YTD 13	YTD 12	% change
Gold prod'n (Oz)	4,254	14,928	-71.5	10,474	26,480	53,792	-50.8
Silver prod'n (kOz)	3	5	-40.0	8	17	26	-34.6

Year to date and quarterly attributable gold production decreased 50.8% and 71.5%, respectively when compared to the same periods of 2012 mainly due to the court order decision to evacuate the site as part of the legal proceedings regarding the “El Bajío” litigation. This resulted in the suspension of ore being deposited. Recovery rates were also lower over the period reflecting the stoppage of operations at the beneficiation plant to relocate it.

As previously announced all mining equipment was removed from the Dipolos pit and mining operations were ceased. We continue to analyse our options with regard to the most efficient future operation of the Soledad pit, including the best location for the plant so that we can continue with the recovery process from the unaffected stockpile on the leaching pads.

#### **Noche Buena mine production – Attributable**

	3Q 13	3Q 12	% change	2Q 13	YTD 13	YTD 12	% change
Gold prod'n (Oz)	17,222	13,839	24.4	12,973	44,266	26,445	67.4
Silver prod'n (kOz)	8	3	NA	2	13	7	85.7

Year to date attributable gold production increased by 67.4% when compared to the same period last year. This was despite the temporary suspension of our explosives permit, and was as a result of higher volumes of ore deposited following the continued ramp-up. Additionally, higher recovery rates and the improved ore grade also contributed to the increase in attributable gold production.

Similarly, quarterly attributable gold production increased 24.4% when compared to the same period of 2012 and 32.8% when compared to the previous quarter of 2013 as a result of improved recovery rates and ore grades.

As announced on October 9<sup>th</sup>, the explosives suspension was officially lifted following the ruling that Noche Buena did not fall within the land boundaries related to the original court decision regarding the El Bajío litigation process. As a result, Noche Buena has now restarted operations.

If the previously reported 2012 year-end assays adjustments with Met-Mex are applied to the third quarter figures, quarterly attributable gold production increased by 55.3%.

#### **Update on development projects**

- ***Dynamic leaching plant at Herradura***

The construction of the dynamic leaching plant remains on track. The crusher was assembled and civil works were finished in the thickener area. Furthermore, the construction of the milling plant structure as well as the installation of the piping system was concluded.

This project is expected to increase gold production by 50,000 ounces per year - a total of 412,000 ounces over the 2013-2020 period. Operations are expected to start during the fourth quarter of 2013.

- ***Saucito II***

Significant progress was achieved in the construction of Saucito II. The general arrangement for the milling area was finished and submitted to revision. The foundations and structure of the iron circuit were also concluded and different alternatives for the expansion of the electric station are still being evaluated.

In addition, further works took place at the construction of the structural foundations for the processing area and additional progress was also achieved at the SAG and ball mill foundations. Further engineering work is expected to be concluded in the coming months.

We expect the project to realise production levels of around 10 Moz of silver and 35,000 ounces of gold per year once at full capacity.

- ***San Julián***

The detailed engineering for this project continued. Significant progress was achieved in the design of the electric substation and orders for several important components were placed. The design works for the foundations of the processing plant continued.

This silver-gold project is expected to realise production of 9.6 Moz of silver and 40,000 ounces of gold per year and, as previously guided, is expected to be concluded in the fourth quarter of 2014.

### **Update on exploration**

During the third quarter, 110,700 metres of drilling was completed using 30 rigs in pursuit of our gold and silver-gold targets. Resources increased at Noche Buena and San Ramón in the Herradura and Ciénega districts respectively. Promising drill hole intersections were also obtained at Centauro Deep and Fresnillo, where follow-up drilling continues.

Diamond drilling commenced at the Rodeo district, and was re-started at Guanajuato and Guachichil after the re-negotiation of contracts. We are in the process of estimating resources in line with the new JORC 2012 code and the results will be published at the end of the year.

There will be a conference call for analysts and investors on Thursday 17 July 2013 at 8.30 am BST (London time). The dial in details are as follows:

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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 and Noche Buena; three development projects - a dynamic leaching plant to treat high grade gold ore from the Herradura and Soledad mines; San Julián and Saucito II and four advanced exploration prospects - Centauro Deep, Juanicipio, Orisyvo and Las Casas Rosario as well as a number of other long term exploration prospects. In total, Fresnillo plc has mining concessions covering approximately 2.1 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 both silver and gold.

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 500,000 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 Fresnillo plc's intentions, beliefs or current expectations concerning, amongst other things, Fresnillo plc'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 Fresnillo plc's operations, financial position and liquidity, and the development of the markets and the industry in which Fresnillo plc 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 Fresnillo plc 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), Fresnillo plc'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.