



29 April 2020

## **FIRST QUARTER PRODUCTION REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2020**

### **Octavio Alvidrez, Chief Executive Officer, said:**

“The well-being of our workforce and the communities in which we operate is our first priority and we will continue to do all we can to ensure their safety. I would like to thank everyone at Fresnillo for the calm way in which they have adapted to the new measures we have put in place to combat COVID-19 and their professional conduct during this difficult time. We continue to work with both the Federal and local authorities to agree on best practice protocols under which the mining industry can continue to operate. We will continue to keep full year production guidance under constant review.

“Operationally, quarterly silver production was in line with expectations, down slightly against the previous quarter mainly due to lower grades at San Julián DOB. Gold production was also in line with expectations, down against the previous quarter due to lower volumes of ore processed at Herradura. We expect production to be back-end-weighted this year. Our development pipeline progressed as expected with good advances in the construction of Juanicipio and the new Pyrites Plant at Fresnillo.”

### **COVID-19 Situation Overview**

The safety of our employees and the local communities in which we operate are the highest priority for Fresnillo. Since the beginning of COVID-19, we have closely monitored the spread of the outbreak and rapidly implemented a range of safety measures across our business, in accordance with the guidelines of the World Health Organization and local Mexican authorities.

In conjunction with the Mexican Mining Chamber, other mining companies and union, Fresnillo has engaged in a series of discussions with government officials at both the Federal and local level to seek ways in which the mining industry can maintain certain limited operations while prioritising the well-being of all workers and local communities. Those discussions are on-going.

In light of the evolving environment, Fresnillo will keep full year production guidance under constant review. Fresnillo is well funded with sufficient cash balance to withstand any temporary disruption.

## **TOTAL PRODUCTION**

### **HIGHLIGHTS**

#### **Silver**

- Quarterly silver production of 13.2 moz (including Silverstream), down 4.0% vs. 4Q19 driven by a lower ore grade at San Julián Disseminated Ore Body (DOB) and a lower volume of ore processed at Saucito.
- Quarterly silver production (including Silverstream), flat (+0.7%) vs. 1Q19 due to a higher ore grade at San Julián (DOB) and a higher volume of ore processed at Fresnillo, offset by the expected lower ore grade at Saucito.

## Gold

- Quarterly gold production of 197.0 koz down 15.7% vs. 4Q19 as expected, due to a lower volume of ore processed and an increase in stripping at Herradura, in accordance to the mine plan.
- Quarterly gold production decreased 6.7% vs. 1Q19 due to lower volumes of ore processed at both Herradura and Noche Buena, and to a lesser extent, lower ore grade at Herradura and at San Julián (veins).

## By-Products

- Quarterly by-product lead and zinc production decreased 7.3% and 8.8% respectively vs. 4Q19 driven primarily by lower ore grades and recovery rates at both Fresnillo and San Julián (DOB), mitigated by higher ore grade and recovery rates at Saucito.
- Quarterly by-product lead production increased 14.7% vs. 1Q19 mainly due to higher ore grades at both Fresnillo and Ciénega.
- Quarterly by-product zinc production increased 4.2% vs. 1Q19 due to higher ore grades at both Fresnillo and Ciénega, offset by a lower ore grade at San Julián (DOB).

	1Q20	4Q19	% Change	1Q19	% Change
Silver (koz)	12,547	13,131	-4.4	12,372	1.4
Silverstream (koz)	681	643	5.8	766	-11.1
Total Silver (koz)	13,228	13,775	-4.0	13,138	0.7
Gold (oz)	196,963	233,744	-15.7	211,110	-6.7
Lead (t)	13,905	14,997	-7.3	12,125	14.7
Zinc (t)	22,655	24,832	-8.8	21,752	4.2

## Development Projects

Further progress was achieved at the construction of the Pyrites Plant (Phase II) and the optimisation of the beneficiation plan, both at Fresnillo. Additionally, the Juancipio project advanced as expected during the quarter, with the first production stope to be fully prepared by the end of 3Q20.

## 2020 Outlook

As stated above, given the evolving situation with regards COVID-19, Fresnillo continues to keep full year production guidance under constant review. The timeline for the commissioning of the development projects will also be monitored closely.

For further information, please visit our website [www.fresnilloplc.com](http://www.fresnilloplc.com) or contact:

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**MINING OPERATIONS**

**FRESNILLO MINE PRODUCTION**

	<b>1Q20</b>	<b>4Q19</b>	<b>% Change</b>	<b>1Q19</b>	<b>% Change</b>
<b>Ore Processed (t)</b>	598,790	618,940	-3.3	574,347	4.3
<b>Production</b>					
Silver (koz)	3,145	3,192	- 1.5	2,952	6.5
Gold (oz)	8,781	11,723	- 25.1	11,446	-23.3
Lead (t)	4,617	5,665	-18.5	3,537	30.5
Zinc (t)	6,758	9,348	-27.7	5,247	28.8
<b>Ore Grades</b>					
Silver (g/t)	183	181	1.1	181	1.1
Gold (g/t)	0.65	0.82	-20.7	0.82	-20.7
Lead (%)	0.95	1.08	-12.0	0.72	-31.6
Zinc (%)	1.69	2.10	-19.5	1.31	-28.7

Quarterly silver production was down 1.5% vs. 4Q19 due to a lower volume of ore processed resulting from staff absences over the holiday period as mentioned in the FY production report. This was mitigated by a slightly higher ore grade as measures we have implemented to control dilution, began to take effect.

Quarterly silver production was up 6.5% vs. 1Q19 driven by a higher volume of ore processed following the marginal gains that are beginning to be seen as we continue to implement our mine improvement plan.

Our action plan, as set out in the Capital Markets Day in December 2019, continues to be implemented, focusing on controlling dilution, in particular enhancing the blasting and drilling techniques to cope with the narrower veins, in conjunction with the use of more efficient and accurate topographic scanners. All the long haul drilling stopes have now been scanned. Further, initiatives to increase efficiency and reduce downtime advanced, with the use of five semi-automatic drilling machines now operating. The infill drilling programme to increase the certainty of the geological model advanced according to plan.

Development rates increased vs. 4Q19, to just under 3,200m per month in 1Q20 (4Q19: 2,900m per month), and up 10% vs. the same period in 2019 (1Q19: 2,895m per month). As the tunnel boring machine continues to ramp up, we remain confident of hitting our expected development rates of between 3,400-3,800m per month by the end of 2020.

Quarterly by-product gold production decreased 25.1% vs. 4Q19 driven by a lower ore grade, and to a lesser extent, lower volume of ore processed. Against 1Q19, quarterly by-product gold production decreased 23.3% due to a lower ore grade and recovery rate, mitigated by a higher volume of ore processed.

The silver ore grade for 2020 continues to be in the range of 185-200 g/t, while the gold ore grade has been revised to around 0.7 g/t.

## SAUCITO MINE PRODUCTION

	1Q20	4Q19	% Change	1Q19	% Change
<b>Ore Processed (t)</b>	670,047	721,963	-7.2	665,650	0.7
<b>Production</b>					
Silver (koz)	4,043	4,280	-5.5	4,332	-6.7
Gold (oz)	21,176	21,727	-2.5	18,729	13.1
Lead (t)	5,717	5,418	5.5	5,877	-2.7
Zinc (t)	8,902	7,658	16.2	9,110	-2.3
<b>Ore Grades</b>					
Silver (g/t)	214	220	-2.7	243	-11.8
Gold (g/t)	1.27	1.26	0.8	1.13	11.9
Lead (%)	0.99	0.91	8.8	1.03	-3.9
Zinc (%)	1.86	1.65	12.7	1.94	-4.1

Quarterly silver production decreased 5.5% vs. 4Q19 as expected, primarily driven by a lower volume of ore processed due to the aforementioned staff absences over the holiday period and additional maintenance at the beneficiation plant, mitigated by a higher recovery rate.

In line with our expectations, quarterly silver production decreased 6.7% vs. 1Q19 as a result of the gradual depletion of higher ore grade areas at the Jarillas vein. This decline was mitigated by a higher recovery rate.

The mine improvement plan we have set out continues to be implemented. This includes initiatives to reduce dilution, improve the mine's operational consistency while advancing the infill drilling programme in order to increase the certainty of the geological model.

Quarterly by-product gold production decreased 2.5% vs. 4Q19 driven by the lower volume of ore processed, mitigated by a higher recovery rate. Against 1Q19, by-product gold production increased 13.1% as a result of a higher ore grade.

The silver ore grade for 2020 continues to be in the range of 200-220 g/t, while the gold ore grade is estimated to remain around 0.95 g/t.

## PYRITES PLANT (PHASE I)

	1Q20	4Q19	% Change	1Q19	% Change
<b>Iron Concentrates Processed (t)</b>	41,453	41,935	-1.1	47,846	-13.4
<b>Production</b>					
Silver (koz)	256	248	3.1	306	-16.2
Gold (oz)	871	775	12.4	1,100	-20.8
<b>Ore Grades</b>					
Silver (g/t)	244	273	-10.6	268	-8.7
Gold (g/t)	2.11	2.22	-5.0	2.1	0.8

Quarterly silver and gold production increased 3.1% and 12.4% respectively vs. 4Q19 driven by a higher recovery rate, offset by lower ore grade from the flotation plant.

Quarterly silver and gold production decreased 16.2% and 20.8% respectively vs. 1Q19 as expected due to a lower volume of iron concentrates being processed as material from the pre-operative high grade stockpile was depleted, following the plant's start-up in mid-2018.

We continue to expect this plant to recover around 1 moz silver and 3 koz gold from the on-going Saucito tailings during 2020.

## CIENEGA MINE PRODUCTION

	1Q20	4Q19	% Change	1Q19	% Change
<b>Ore Processed (t)</b>	326,350	343,534	-5.0	320,990	1.7
<b>Production</b>					
Gold (oz)	16,426	17,969	-8.6	14,681	11.9
Silver (koz)	1,396	1,492	-6.4	1,463	-4.6
Lead (t)	1,747	1,678	4.1	981	78.1
Zinc (t)	2,585	2,390	8.2	1,712	51.0
<b>Ore Grades</b>					
Gold (g/t)	1.69	1.75	-3.4	1.53	9.4
Silver (g/t)	154	158	-2.5	165	-6.6
Lead (%)	0.81	0.74	9.5	0.49	62.0
Zinc (%)	1.29	1.17	10.3	0.89	43.9

Quarterly gold and silver production decreased 8.6% and 6.4% respectively vs. 4Q19, due to a lower volume of ore processed, which resulted from the lower efficiency in the maintenance programme, quarter on quarter, and to a lesser extent, lower ore grades driven by the narrower veins.

Quarterly gold production increased 11.9% vs. 1Q19 due to the higher ore grade, while quarterly silver production decreased 4.6% vs. 1Q19. This resulted from the higher proportion of material extracted from the Eastern zone of the district with higher gold content but lower silver content.

The gold and silver ore grades for 2020 are expected to remain at around 1.65-1.75 g/t and 155-165 g/t respectively.

## SAN JULIÁN MINE PRODUCTION

	1Q20	4Q19	% Change	1Q19	% Change
<b>Ore Processed Veins (t)</b>	309,177	281,552	9.8	322,883	-4.2
<b>Ore Processed DOB (t)</b>	541,925	559,389	-3.1	545,341	-0.6
<b>Total production at San Julián</b>					
Gold (oz)	15,173	13,923	9.0	18,139	-16.4
Silver (koz)	3,174	3,387	-6.3	2,953	7.5
<b>Production Veins</b>					
Gold (oz)	14,584	13,196	10.5	17,632	-17.3
Silver (koz)	1,074	952	12.9	1,084	-0.9
<b>Production DOB</b>					
Gold (oz)	589	727	-19.0	508	15.9
Silver (koz)	2,100	2,435	-13.8	1,868	12.4
Lead (t)	1,824	2,235	-18.4	1,730	5.4
Zinc (t)	4,410	5,436	-18.9	5,682	-22.4
<b>Ore Grades Veins</b>					
Gold (g/t)	1.53	1.54	-0.6	1.78	-13.6
Silver (g/t)	117.75	113.69	3.6	114.81	2.6
<b>Ore Grades DOB</b>					
Gold (g/t)	0.08	0.08	0.0	0.08	3.9

Silver (g/t)	140.00	153.64	-8.9	124.45	12.5
Lead (%)	0.42	0.48	-12.5	0.43	-3.2
Zinc (%)	1.13	1.28	-11.7	1.37	-17.4

## SAN JULIÁN VEINS

Quarterly silver and gold production increased 12.9% and 10.5% respectively vs. 4Q19 due to the higher volume of ore processed following the successful transition to a new contractor as mentioned in prior quarters, which has enabled access to new areas. To a lesser extent, a higher silver ore grade further contributed to the increase of silver production.

Quarterly gold production decreased 17.3% vs. 1Q19 due to a lower ore grade driven by the depletion of high ore grade areas at San Julián and Shalom, and to a lesser extent, lower volume of ore processed following the depletion of the stockpile.

We continue to expect the 2020 silver and gold ore grades to remain flat year on year, averaging 110-120 g/t and 1.6-1.7 g/t, respectively.

## SAN JULIÁN DISSEMINATED ORE BODY (DOB)

As expected, quarterly silver production decreased 13.8% vs. 4Q19 as the ore grade returned to more normal levels following the temporary higher ore grade, as described in the 4Q19 production report. Also as previously noted, the mine sequencing was changed in 2019 to maintain the geotechnical stability of some high ore grade stopes and we expect to regain access to these higher quality areas in 2H20.

Quarterly silver production increased 12.4% vs. 1Q19 driven by a higher ore grade as the result of the mine re-sequencing.

The silver ore grade for 2020 is expected to remain within a range of 140-150 g/t.

## HERRADURA TOTAL MINE PRODUCTION

	1Q20	4Q19	% Change	1Q19	% Change
<b>Ore Processed (t)</b>	4,847,178	6,172,932	-20.6	5,695,073	-14.9
<b>Total Volume Hauled (t)</b>	33,840,941	29,856,230	13.3	29,132,741	16.2
<b>Production</b>					
Gold (oz)	110,493	143,417	-23.0	116,879	-5.5
Silver (koz)	524.3	517.6	1.3	354.0	48.1
<b>Ore Grades</b>					
Gold (g/t)	0.76	0.78	-2.7	0.81	-6.1
Silver (g/t)	4.19	3.80	10.2	2.90	44.3

Quarterly gold production decreased 23.0% vs. 4Q19 due to the expected lower volume of ore processed and an increase in stripping, in line with the mine plan.

Quarterly gold production decreased 5.5% vs. 1Q19 due to a lower volume of ore processed for the same reason as described above and a lower ore grade, mitigated by the improved overall speed of recovery following the commissioning of the 13<sup>th</sup> leaching pad, reducing the residence time of the solution on the pads.

The gold ore grade is expected to remain around 0.75-0.80 g/t during 2020.

## NOCHE BUENA TOTAL MINE PRODUCTION

	1Q20	4Q19	% Change	1Q19	% Change
Ore Processed (t)	1,963,145	2,376,495	- 19.7	2,911,779	-32.6
Total Volume Hauled (t)	10,104,777	10,244,063	-1.4	12,980,551	-22.2
<b>Production</b>					
Gold (oz)	24,043	24,210	- 0.7	30,134	-20.2
Silver (koz)	9.4	14.4	- 34.7	12.3	-23.6
<b>Ore Grades</b>					
Gold (g/t)	0.54	0.55	- 2.7	0.50	7.7
Silver (g/t)	0.27	0.31	- 12.4	0.22	25.1

Quarterly gold production remained flat (-0.7%) vs. 4Q19 as a result of a decrease in the volume of ore processed due to temporary lower equipment availability from one contractor, and the presence of water in the deeper areas of the pit which has limited the access to mineralised areas. This was offset by a higher overall speed of recovery driven by an increase in the irrigation areas on the leaching pads.

Quarterly gold production decreased 20.2% vs. 1Q19 due to a lower volume of ore processed for reasons explained above, mitigated by a higher overall speed of recovery and ore grade.

The expected gold ore grade continues to be in the range of 0.55-0.60 g/t in 2020.

## SILVERSTREAM

Quarterly Silverstream production increased 5.8% vs. 4Q19 driven by a higher ore grade, partially offset by lower volume of ore processed.

Quarterly Silverstream production decreased 11.1% vs. 1Q19 due to the expected lower ore grade resulting from narrower veins, as described in previous quarters, and to a lesser extent, lower volume of ore processed.

Expected silver production in 2020 remains in the range of 2.7-3.0 moz.

## SAFETY PERFORMANCE

We remain committed to our zero harm target while maintaining a safe and healthy workplace for our workforce. We had a strong safety performance in the first quarter, with no major incidents.

## UPDATE ON EXPLORATION

In 1Q20, 130,000 metres of drilling were completed at our operating mines, focused on converting resources into reserves and exploring for new resources close to existing mine infrastructure. In addition, 38,000 metres were drilled at the Fresnillo, San Julián and Guanajuato districts in Mexico, and two projects outside Mexico (Peru and Chile). Interesting results were obtained in the Fresnillo district that merit follow up; most of the other projects/districts are pending receipt of assay results. Mapping, sampling and geophysical surveys continue in the San Julián and Ciénega districts to define additional targets. Some exploration activities have been postponed due to COVID-19 related to travel restrictions in the areas in which they are located.

## DEVELOPMENT PROJECTS

### PYRITES PLANT

Further progress was achieved at the construction of the tailings flotation plant at the Fresnillo mine (phase II). The installation of pipelines advanced and the process to adjust mechanical performance at the thickeners continued.

This project is expected to improve overall recoveries of both gold and silver by processing historical and current tailings from the Fresnillo and Saucito mines and once commissioned (currently expected in 2H20) and operating at nominal capacity, is expected to contribute an additional annual production of c. 3.5 moz of silver and c. 13 koz of gold.

## JUANICIPIO

Further progress in Juanicipio has been made with construction of the flotation plant and infrastructure advancing as expected. Mine development continued and we expect the first production stope to be fully prepared by the end of the 3Q20. Juanicipio is expected to contribute a total average annual production of 11.7 moz silver and 43.5 koz gold, with an initial life of mine of 12 years. As already disclosed by the JV partner, surface exploration and construction work has been temporarily stopped, and the underground operation has been temporarily reduced to a minimum working level under rigid hygienic protocols. There is no change however to the overall development timetable.

## OPTIMISATION OF THE BENEFICIATION PLANT AT FRESNILLO

Good progress was made in the optimisation of the beneficiation plant and the project remains on track to be commissioned in the second half of the year.

The main objective of this project is to increase processing capabilities at the Fresnillo beneficiation plant to cope with the higher lead and zinc grades currently being mined at the deeper levels of the mine.

## ABOUT FRESNILLO PLC

Fresnillo plc is the world's largest primary silver producer and Mexico's largest gold producer, listed on the London and Mexican Stock Exchanges under the symbol FRES.

Fresnillo plc has seven operating mines, all of them in Mexico - Fresnillo, Saucito, Ciénega (including the San Ramón satellite mine, Las Casas Rosario & Cluster Cebollitas), Herradura, Soledad-Dipolos<sup>1</sup>, Noche Buena and San Julián (Veins and Disseminated Ore Body), three development projects - the Pyrites Plant at Fresnillo, the optimisation of the beneficiation plant also at Fresnillo and Juanicipio, and six advanced exploration projects – Orisyvo, Centauro great potential, Centauro Deep, Guanajuato, Rodeo and Tajitos, as well as a number of other long term exploration prospects.

Fresnillo plc has mining concessions and exploration projects in Mexico, Peru and Chile.

Fresnillo plc has a strong and long tradition of exploring, 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 and Mexico's largest gold producer.

<sup>1</sup> Operations at Soledad-Dipolos are currently suspended.

## 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.

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