

29 January 2020

FOURTH QUARTER PRODUCTION REPORT

FOR THE THREE MONTHS ENDED 31 DECEMBER 2019

Octavio Alvírez, Chief Executive Officer, said:

“Silver and gold production is up on the previous quarter as we begin to see the impact of our performance improvement plan, which includes intensive infill drilling to improve the certainty of the geological model, dilution control and raising development rates, together with actions to address contractor productivity and equipment availability. Full year silver and gold production is in line with our updated guidance.

“As we set out at our capital markets day in December, we are determined to drive better performance from our core assets and we will continue to implement our mine improvement plan throughout the year. Though grades remain variable as we update and refine our geological models, we continue to process higher volumes of ore on a consistent basis, and as a result, our 2020 forecasts are unchanged.”

TOTAL PRODUCTION

	4Q19	3Q19	% Change	4Q18	% Change	FY 19	FY 18	% Change
Silver (koz)	13,131	12,624	4.0	14,647	-10.4	51,764	58,079	-10.9
Silverstream (koz)	643	659	-2.4	860	-25.2	2,850	3,725	-23.5
Total Silver (koz)	13,775	13,283	3.7	15,507	-11.2	54,614	61,804	-11.6
Gold (oz)	233,744	209,752	11.4	232,026	0.7	875,913	922,527	-5.1
Lead (t)	14,997	15,561	-3.6	15,252	-1.7	55,722	53,181	4.8
Zinc (t)	24,832	25,340	-2.0	24,531	1.2	92,578	88,520	4.6

HIGHLIGHTS

Silver

- Quarterly silver production of 13.8 moz (including Silverstream), up 3.7% vs. 3Q19 driven by higher ore grades at both San Julián Disseminated Ore Body (DOB) and Saucito.
- Quarterly silver production (including Silverstream), down 11.2% vs. 4Q18 due to the expected lower ore grade at Saucito, as well as a lower volume of ore processed and ore grade at San Julián Veins.
- Full year silver production of 54.6 moz (including Silverstream), down 11.6% vs. FY18 as a result of the expected lower ore grade at Saucito as well as lower than expected ore grades at Fresnillo and San Julián Veins and DOB.

Gold

- Quarterly gold production of 233.7 koz increased 11.4% vs. 3Q19 mainly driven by a higher volume of ore processed, ore grade and overall rate of recovery at Herradura, partially offset by a lower ore throughput and ore grade at Noche Buena.

- Quarterly gold production remained flat vs. 4Q18 as increases in production at Herradura were offset by a lower volume of ore processed at Noche Buena and lower ore grade and volume of ore processed at San Julián Veins.
- Full year gold production of 875.9 koz decreased 5.1% vs. FY18 due to the expected lower production from Noche Buena and a lower ore grade at San Julián Veins. This was mitigated by a higher ore grade at Fresnillo and a higher volume of ore processed and ore grade at Herradura.

By-Products

- Quarterly by-product lead production decreased 3.6% vs. 3Q19 driven by a lower volume of ore processed and ore grade at Fresnillo, mitigated by higher ore grades at both Saucito and San Julián DOB.
- Quarterly by-product lead production decreased 1.7% vs. 4Q18 due to a lower ore grade and recovery rate at Saucito, mitigated by a higher volume of ore processed and ore grade at Fresnillo.
- Full year by-product lead production increased 4.8% vs. FY18 due to a higher ore grade at Fresnillo, higher recovery rate at San Julián DOB and a higher ore grade and recovery rate at Ciénega, offset by lower production at Saucito.
- By-product zinc production decreased 2.0% vs. 3Q19 due to a lower volume of ore processed at Fresnillo and lower ore grades at Ciénega and San Julián DOB, mitigated by a higher ore grade at Saucito.
- By-product zinc production increased 1.2% vs. 4Q18 mainly as a result of a higher ore grade and volume of ore processed at Fresnillo and a higher ore grade at Ciénega, offset by lower ore grades at both Saucito and San Julián DOB.
- Full year by-product zinc production increased 4.6% vs. FY18 mainly due to a higher ore grade and recovery rate at Ciénega.

Development Projects

- Since the Capital Markets Day held in December last year, progress on projects continues. A fuller update on our development projects and exploration programme will be provided alongside our preliminary results, due to be announced on 3rd March 2020.

2020 Outlook

- Silver production expected to be in the range of 51 to 56 moz, including Silverstream.
- Gold production expected to be in the range of 815 to 900 koz.

Full Year Financial Results

- Fresnillo will announce its full year 2019 results on 3rd March 2020.

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MINING OPERATIONS

FRESNILLO MINE PRODUCTION

	4Q 19	3Q 19	% change	4Q 18	% change	FY 19	FY 18	% change
Ore Processed (t)	618,940	648,646	-4.6	571,330	8.3	2,461,785	2,443,440	0.8
Production								
Silver (koz)	3,192	3,408	-6.3	3,244	-1.6	13,007	15,117	-14.0
Gold (oz)	11,723	15,601	-24.9	10,437	12.3	52,259	42,290	23.6
Lead (t)	5,665	7,037	-19.5	3,867	46.5	21,472	19,619	9.4
Zinc (t)	9,348	10,225	-8.6	6,153	51.9	31,530	31,094	1.4
Ore Grades								
Silver (g/t)	181	183	-1.1	199	-9.0	185	214	-13.6
Gold (g/t)	0.82	0.99	-17.2	0.76	7.9	0.89	0.70	27.1
Lead (%)	1.08	1.24	-12.9	0.79	36.7	1.01	0.90	12.2
Zinc (%)	2.10	2.14	-1.9	1.52	38.2	1.80	1.75	2.9

Quarterly silver production was down 6.3% vs. 3Q19 due to unscheduled staff absences over the holiday period. This resulted in a lower volume of ore processed from both production stopes and development areas.

Full year silver production decreased 14.0% vs FY18 due to a lower silver ore grade resulting from higher dilution, differences with the geological model and limited access to higher ore grade areas caused by delays in development, all factors previously described and being addressed with the mine improvement plan.

Quarterly silver production decreased 1.6% vs. 4Q18 driven by a lower ore grade for the reasons described above, mitigated by a higher volume of ore processed due to the improved operational continuity in 4Q19.

We continue to work on controlling dilution with the use of more efficient and accurate topographic scanners, improved blasting and drilling techniques enabling us to adjust to the narrower vein widths in the mine. We continued to implement initiatives to increase efficiency and reduce downtime to improve operational continuity. The infill drilling programme which will increase the certainty of the geological model is progressing well.

Development rates were up vs. 4Q18 to just over 2,900 metres per month in 4Q19 (4Q18: 2,500 metres), though down on the previous quarter (3Q19: 3,200 metres per month) for the reasons explained above. The tunnel boring machine was commissioned and began operations during the quarter. The machine will ramp up in 1Q20 which, together with a new contractor that was hired and began operating in January this year, will contribute to an increase in development rates to between 3,400–3,800 metres a month by the end of 2020.

Quarterly by-product gold production decreased 24.9% vs. 3Q19 driven by a lower ore grade, and to a lesser extent, lower volume of ore processed and recovery rate. Against 4Q18, quarterly by-product gold increased 12.3% due to a higher volume of ore processed and ore grade, offset by a lower recovery rate. Similarly, Full year by-product gold production increased 23.6% vs. FY18 as a result of a higher ore grade.

Silver ore grade in 2020 is expected to be in the range of 185 to 200 g/t, while gold ore grade is estimated to be between 0.85 to 0.90 g/t.

SAUCITO MINE PRODUCTION

	4Q 19	3Q 19	% change	4Q 18	% change	FY 19	FY 18	% change
Ore Processed (t)	721,963	703,002	2.7	693,608	4.1	2,752,638	2,792,057	-1.4
Production								
Silver (koz)	4,280	4,040	6.0	4,890	-12.5	17,160	19,781	-13.3
Gold (oz)	21,727	21,096	3.0	22,932	-5.3	79,539	86,092	-7.6
Lead (t)	5,418	4,906	10.4	8,362	-35.2	20,764	22,662	-8.4
Zinc (t)	7,658	6,655	15.1	10,132	-24.4	29,365	29,506	-0.5
Ore Grades								
Silver (g/t)	220	207	6.3	260	-15.4	228	258	-11.6
Gold (g/t)	1.26	1.22	3.3	1.30	-3.1	1.19	1.25	-4.8
Lead (%)	0.91	0.84	8.3	1.36	-33.1	0.90	0.94	-4.3
Zinc (%)	1.65	1.38	19.6	2.21	-25.3	1.57	1.61	-2.5

Quarterly silver production increased 6.0% vs. 3Q19, primarily driven by the expected higher ore grade in the quarter.

In line with our expectations, quarterly and full year silver production decreased 12.5% and 13.3% vs. 4Q18 and FY18 respectively, though to a lesser extent than forecast. This was due to a lower ore grade as a result of the gradual depletion of higher ore grade areas as well as increased dilution as the Jarillas vein narrows.

The gradual depletion of higher ore grade areas is anticipated to continue in 2020, therefore we expect the silver ore grade to average 200-220 g/t in the year.

We continued implementing 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. The enhanced operational performance in part has been driven by improved development rates, increasing the operational flexibility of the mine.

Quarterly by-product gold production increased 3.0% vs. 3Q19 due to a higher ore grade and volume of ore processed, offset by a lower recovery rate.

Quarterly by-product gold production decreased 5.3% vs. 4Q18 driven by a lower recovery rate and ore grade, mitigated by a higher volume of ore processed. Similarly, full year by-product gold production decreased 7.6% vs. FY18 due to a lower ore grade.

Expected gold ore grade in 2020 will be around 0.95 g/t.

PYRITES PLANT (PHASE I)

	4Q 19	3Q 19	% change	4Q 18	% change	FY 19	FY 18	% change
Ore Processed (t)	41,935	38,572	8.7	56,699	-26.0	167,513	131,780	27.1
Production								
Silver (koz)	248	285	-12.9	470	-47.2	1,171	977	19.9
Gold (oz)	775	954	-18.8	1,952	-60.3	4,045	3,556	13.8
Ore Grades								
Silver (g/t)	273	314	-13.1	348	-21.6	299	393	-23.9
Gold (g/t)	2.22	2.44	-9.0	2.5	-11.2	2.32	2.8	-17.1

Quarterly silver and gold production decreased 12.9% and 18.8% vs. 3Q19 driven by a lower ore grade from the flotation plant and a lower recovery rate, mitigated by a higher volume of ore processed.

Similarly, quarterly silver and gold production decreased 47.2% and 60.3% vs. 4Q18 due to the expected lower ore grade from the flotation plant, volume of ore processed and recovery rate. This follows the depletion of the pre-operative high grade stockpile following the plant's start-up in mid-2018. Accordingly, comparing figures vs. FY are not relevant.

In 2020, this plant is expected to recover around 1 moz silver and 3 koz gold from the on-going Saucito tailings.

CIENEGA MINE PRODUCTION

	4Q 19	3Q 19	% change	4Q 18	% change	FY 19	FY 18	% change
Ore Processed (t)	343,534	335,493	2.4	340,529	0.9	1,329,134	1,323,908	0.4
Production								
Gold (oz)	17,969	17,858	0.6	15,588	15.3	65,583	66,869	-1.9
Silver (koz)	1,492	1,384	7.8	1,703	-12.4	5,796	5,999	-3.4
Lead (t)	1,678	1,826	-8.1	1,007	66.6	5,839	4,799	21.7
Zinc (t)	2,390	2,755	-13.2	1,767	35.3	8,986	5,892	52.5
Ore Grades								
Gold (g/t)	1.75	1.78	-1.7	1.49	17.4	1.66	1.65	0.6
Silver (g/t)	158	151	4.6	180	-12.2	159	164	-3.0
Lead (%)	0.74	0.81	-8.6	0.48	54.2	0.67	0.60	11.7
Zinc (%)	1.17	1.35	-13.3	0.87	34.5	1.13	0.83	36.1

Quarterly gold production remained flat vs. 3Q19, due to higher volume of ore processed as a result of a more efficient maintenance programme offset by a lower ore grade. During the same comparative period, silver production increased 7.8% driven by a higher ore grade.

Quarterly gold production increased 15.3% vs. 4Q18 due to a higher ore grade. This resulted from the higher proportion of material extracted from the eastern zone of the district with higher gold content in 4Q19, compared to the lower ore grade material extracted in 4Q18 from the deeper levels, in line with the natural depletion of the mine.

Full year gold production slightly decreased vs. FY18 mainly due to a lower recovery rate mitigated by a slightly higher ore grade and volume of ore processed resulting from the efficiencies reached in the maintenance programme.

Quarterly and full year by-product silver production decreased 12.4% and 3.4%, respectively when compared to the corresponding periods of 2018 due to lower ore grade due to the eastern zone of the district having a lower silver content.

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

SAN JULIÁN MINE PRODUCTION

	4Q 19	3Q 19	% change	4Q 18	% change	FY 19	FY 18	% change
Ore Processed Veins (t)	281,552	321,798	-12.5	337,428	-16.6	1,265,030	1,270,781	-0.5
Ore Processed DOB (t)	559,389	559,693	-0.1	587,905	-4.9	2,226,956	2,221,433	0.2
Total production at San Julián								
Gold (oz)	13,923	14,234	-2.2	23,003	-39.5	64,600	82,344	-21.5
Silver (koz)	3,387	3,080	10.0	3,904	-13.2	13,009	14,630	-11.1
Production Veins								
Gold (oz)	13,196	13,711	-3.8	22,065	-40.2	62,207	79,219	-21.5
Silver (koz)	952	1,035	-8.1	1,380	-31.0	4,317	5,434	-20.5

Production DOB								
Gold (oz)	727	523	39.0	938	-22.5	2,393	3,125	-23.4
Silver (koz)	2,435	2,045	19.1	2,524	-3.5	8,692	9,196	-5.5
Lead (t)	2,235	1,792	24.7	2,017	10.8	7,648	6,101	25.4
Zinc (t)	5,436	5,705	-4.7	6,479	-16.1	22,697	22,027	3.0
Ore Grades Veins								
Gold (g/t)	1.54	1.39	10.8	2.11	-27.0	1.61	2.01	-19.9
Silver (g/t)	113.69	108.09	5.2	137.22	-17.1	115.40	144.06	-19.9
Ore Grades DOB								
Gold (g/t)	0.08	0.07	14.3	0.10	-20.0	0.08	0.09	-11.1
Silver (g/t)	153.64	130.13	18.1	158.09	-2.8	139.46	154.37	-9.7
Lead (%)	0.48	0.41	17.1	0.51	-5.9	0.44	0.43	2.3
Zinc (%)	1.28	1.35	-5.2	1.48	-13.5	1.36	1.35	0.7

SAN JULIÁN VEINS

Quarterly silver and gold production decreased 8.1% and 3.8% respectively vs. 3Q19 driven by a lower volume of ore processed following the transition to a new contractor as mentioned in the previous quarter, mitigated by higher ore grades. To note, the contractor fully ramped up during December.

Quarterly silver and gold production decreased 31.0% and 40.2% vs. 4Q18 driven by the depletion of high ore grade areas at San Julián and San Atanasio, in addition to a lower volume of ore processed.

Full year silver and gold production decreased 20.5% and 21.5% respectively vs. FY18 due to a lower ore grade, resulting from the same reason as explained above.

Actions to control dilution are being implemented, including improving drilling and blasting techniques. This is expected to reduce ore grade variability and improve grade reconciliation going forward.

The 2020 silver and gold ore grades are expected 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)

Quarterly silver production increased 19.1% vs. 3Q19 driven by a temporary higher ore grade. As described in prior quarters, the mine sequencing has been changed to maintain the geotechnical stability of some high ore grade stopes which has had the desired effect leading to no rock falls during the period. We expect to regain access to these higher quality areas in 2H20. As a result, the ore grade in 1H20 is expected to remain at similar levels to those observed in 2H19.

Quarterly silver production decreased 3.5% vs. 4Q18 driven by a lower volume of ore processed and to a lesser extent, ore grade, mitigated by a higher recovery rate.

Full year silver production decreased 5.5% vs. FY18 driven by a lower ore grade for reasons explained above, mitigated by a higher recovery rate.

The silver ore grade for 2020 is expected to increase, within a range of 140-150 g/t as we regain access to the higher quality areas.

HERRADURA TOTAL MINE PRODUCTION

	4Q 19	3Q 19	% change	4Q 18	% change	FY 19	FY 18	% change
Ore Processed (t)	6,172,932	5,591,746	10.4	4,707,145	31.1	22,926,542	22,156,792	3.5

Total Volume Hauled (t)	29,856,230	33,396,651	-10.6	26,592,044	12.3	127,637,495	124,024,351	2.9
Production								
Gold (oz)	143,417	102,439	40.0	121,409	18.1	482,722	474,168	1.8
Silver (koz)	518	412	25.7	427	21.3	1,563	1,523	2.6
Ore Grades								
Gold (g/t)	0.78	0.71	9.9	0.88	-11.4	0.80	0.76	5.3
Silver (g/t)	3.80	3.27	16.2	3.64	4.4	3.15	2.74	15.0

Quarterly gold production increased 40.0% vs. 3Q19 driven by a higher volume of ore processed, ore grade and recovery rate. This followed a weaker 3Q19 due to a temporary lower ore grade resulting from a lower availability of the dynamic leaching plant (DLP). Further, with the start-up of operations at the 13th leaching pad during 3Q19, this improved the overall speed of recovery in 4Q19 reducing the residence time of the solution on the pads.

Similarly, quarterly gold production increased 18.1% vs 4Q18 due to a higher volume of ore processed following the start-up of operations at the second DLP in November 2018. This increase in gold production was offset by a lower ore grade in accordance with the mine plan.

Full year gold production remained broadly flat, up 1.8% vs. FY18 due to a higher ore grade and volume of ore processed following the aforementioned start-up of operations at the 2nd DLP, offset by a slower overall speed of recovery following the delay in the construction of the 13th leaching pad.

The gold ore grade is expected to be remain flat year on year, averaging 0.75-0.80 g/t during 2020.

NOCHE BUENA TOTAL MINE PRODUCTION

	4Q 19	3Q 19	% change	4Q 18	% change	FY 19	FY 18	% change
Ore Processed (t)	2,376,495	3,215,167	-26.1	4,395,527	-45.9	12,166,900	18,195,744	-33.1
Total Volume Hauled (t)	10,244,063	11,447,273	-10.5	17,220,712	-40.5	48,621,485	80,304,953	-39.5
Production								
Gold (oz)	24,210	37,570	-35.6	36,705	-34.0	127,166	167,208	-23.9
Silver (koz)	14	14	0.7	9	55.6	58	52	11.5
Ore Grades								
Gold (g/t)	0.55	0.58	-5.2	0.50	10.0	0.55	0.52	5.8
Silver (g/t)	0.31	0.25	24.0	0.09	244.4	0.25	0.13	92.3

Quarterly gold production decreased 35.6% vs. 3Q19 due to a lower volume of ore processed, recovery rate and ore grade. This was due to heavier than expected rainfall during November and December which impeded operations.

Quarterly and full year gold production decreased 34.0% and 23.9% vs. 4Q18 and FY18 respectively driven by a lower volume of ore processed, in-line with the mine plan, mitigated by the higher ore grade and recovery rates.

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

SILVERSTREAM

Quarterly Silverstream production decreased 2.4% vs. 3Q19 driven by a lower ore grade, mitigated by a higher volume of ore processed.

Quarterly and full year Silverstream production decreased 25.2% and 23.5% vs. 4Q18 and YTD18 respectively, due to the expected lower ore grade resulting from narrower veins, as described in previous quarters.

Silver production in 2020 is expected to be in the range of 2.7 - 3.0 moz.

SAFETY PERFORMANCE

There was a strong safety performance during the fourth quarter. The “I Care We Care” programme continues to be rolled out across our operations along with the reinforcement of our safety training for all employees and contractors, to make safety the core priority at every working area.

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), Herradura, Soledad-Dipolos¹, Noche Buena and San Julián (Phase I and II), two development projects - the Pyrites Plant at Fresnillo and Juanicipio, and three advanced exploration projects – Orisyvo, Las Casas Rosario & Cluster Cebollitas and Centauro Deep, 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.

¹ 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 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.

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