

# BUSINESS MODEL

Our ability to create value is underpinned by the quality of our assets, the capability of our people, operational performance, mitigation of risks and disciplined capital allocation.

## STRATEGIC RESOURCES AND RELATIONSHIPS

### People

We rely on the skills, experience and commitment of our people to create sustainable value. Attracting, developing and retaining the best people is crucial in enabling us to meet our business goals. We have a skilled workforce of 7,179 Unionised workers and employees and 10,916 contractors who provided services along our full value chain during 2024, supported by an experienced and purpose-led leadership team.

### Natural resources

Our operations rely on a range of natural resources, including surface land, water and energy.

- 1.6 million hectares in mining concessions in Mexico.
- 61,314 megalitres of reused water (efficiency of 84.19%).
- 80.6% of our electricity consumption comes from renewable sources.

### Relationships with key stakeholders

Our stakeholders include governments, communities, suppliers, customers, shareholders and our workforce. We maintain purposeful engagements with these stakeholders to understand the issues that matter to them, address them collaboratively and gain their trust. We balance the issues that matter to them, ensuring the social acceptance of our operations and maintaining our licence to operate in order to create shared value and achieve long-term success.

1 Net cash (Cash and other liquid funds at 31 December 2024 – Debt at 31 December 2024).

## HOW WE OPERATE – OUR COMPETITIVE ADVANTAGE

Fresnillo is a leading precious metals mining company with a world-class portfolio of mining operations and undeveloped resources.

### 1 EXPLORE

With a sustained and realistic exploration strategy that invests across price cycles, we have a proven track record of discovering world-class gold and silver mines through our respected team of 86 geologists in Mexico, Peru and Chile, supported by 90 specialists across claims management, land negotiation, safety, community relations and environmental control. Our team, which also comprises 343 assistants drawn from local communities, has access to realistic budgets and is hugely respected across our industry.

→ For more information see **pages 46-50**

### 2 DEVELOP

We assess each potential operation against a set of strict criteria including risk, potential returns, and the long-term sustainability and value to our stakeholders. We only approve projects with the potential to create value across precious metals price cycles. Approved projects have the ability to optimise long-term productivity at minimal risk, drawing synergistic benefits from our district consolidation strategy whilst also creating opportunities for costs to be shared through our association with the Peñoles Group and members' common requirements across a number of service areas.

→ For more information see **page 102**

### 3 OPERATE

Through our commitment to sustainable business practices, we have built a portfolio of high-quality assets and ample mineral resources, sustained through continued investment in infrastructure and technological improvements. At all times, we target safe, environmentally-responsible working practices and a high-performing culture that delivers production at competitive costs. We aim to improve productivity by evolving our mining practices, optimising capacity and beneficiation processes.

→ For more information see **pages 31-45**

### 4 SUSTAIN

Embedded within our business philosophy is the conviction that mining operations must integrate responsible business practices at every level of the decision-making process and that stakeholder concerns are addressed comprehensively. We aim to surpass expectations in the areas of ethical conduct, health and safety, environmental stewardship and governance, complemented by a keen awareness of the needs and aspirations of local communities. Guided by an ethical culture and an extensive understanding of Mexico's economy, culture and communities, we take pride in our reputation as a trusted corporate leader, committed to sharing the benefits of mining with wider society.

## SHARING THE BENEFITS

Economic value distributed is considered to be a social performance measure.

→ For more information see **page 102**

Wages and benefits to workers (US\$)

**149.7<sub>m</sub>**

Payments to suppliers (contractors) (US\$)

**1,773.5<sub>m</sub>**

### Relationships with key stakeholders continued

We are active members of several mining organisations and associations, where we use our influence to promote greater recognition of the advantages that mining brings to society. We believe that mining must be compatible with high stakeholder expectations in terms of ethical, social and environmental performance. This underlines the importance of integrating responsible business practices deeply into our business model and considering factors that affect stakeholders at every critical decision-making level.

### Financial strength

Our business is underpinned by a disciplined approach to capital allocation and strict cost controls. Our balance sheet is a key strength, providing a resilient platform to invest through the cycles to generate sustained returns to shareholders.

- Total equity of US\$4,211.5 million.
- Net cash<sup>1</sup> of US\$458.3 million.

### Property and equipment

Our assets include properties, infrastructure, processing plants and mining equipment.

- Net book value of property, plant and equipment of US\$2,860.9 million.

### Technology

We adopt smart technology to address productivity, growth and sustainability challenges through leveraging the knowledge of our partners, identifying and implementing innovative and effective solutions across our value chains.

## OUR SUSTAINABILITY FRAMEWORK



Doing business ethically and responsibly



Caring for our people



Partnering with our communities



Protecting the environment



For more information  
see **pages 62-63**

Payments to federal government (US\$)

**221.2m**

Payments to local governments (US\$)

**8.0m**

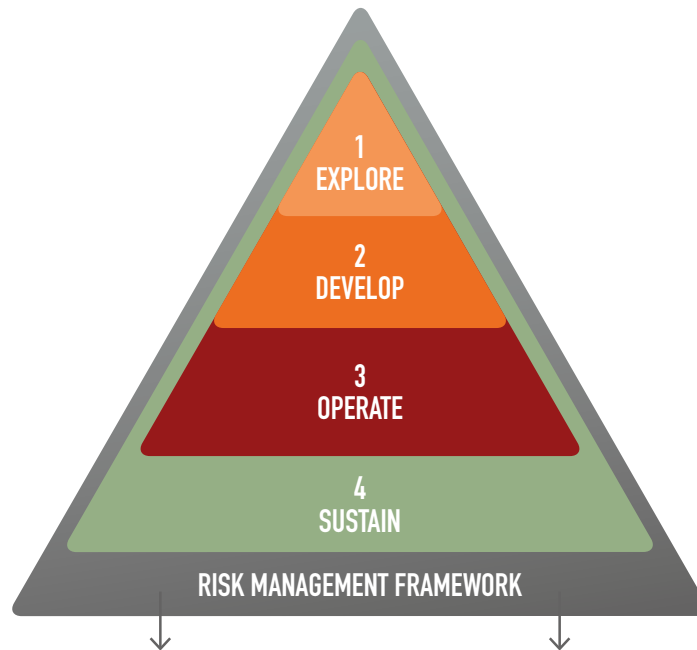
Total economic impact (US\$)

**2,152.5m**

## OUR STRATEGY

**Our Purpose is to contribute to the wellbeing of people, through the sustainable mining of silver and gold.**

We engage our people in our long-term strategy to instil a Purpose-led culture where everybody understands how we do business. The values that are embedded in our culture support our strategy, inspiring winning behaviours on ethics, safety, innovation and operational excellence.



### OUR CULTURE

Our culture is the cornerstone of our safe and successful operations, and is rooted in our core values of:

- Trust
- Responsibility and Respect
- Integrity, and
- Loyalty

Our culture shapes decisions and actions at every level of the organisation.



For more details see  
Our culture on **page 64**

### RISK MANAGEMENT

We have a structured internal risk management process in place to identify risks, whilst simultaneously considering the views and interests of our stakeholders. The accurate and timely identification, assessment and management of risks gives us a clear understanding of the actions required throughout the organisation in order to achieve our objectives. We ensure that our networks, systems and data are secure, in accordance with best practice.

Risk can manifest as opportunities or threats that can affect our business performance. We balance mitigating and monitoring our risks with maximising the potential reward.



For more details see Managing Our Risks  
and Opportunities on **pages 116-138**

### ROBUST CORPORATE GOVERNANCE

We recognise that good governance is an important enabler of a prudent and well-considered approach, ensuring that short- and long-term decisions consider the interests of the Group and those of our stakeholders. At the heart of our governance framework is the Board of directors consisting of non-independent and independent Non-Executive Directors who hold the Executive Management to account for the effective and sustainable operation of the Group's business. We adhere to the principles of the UK Corporate Governance Code and apply its Provisions in a way that, we believe, optimises the oversight exercised by the Board. We keep our governance structures under review and evolve them to meet the needs of the business. The Board and its Committees focus on strategy, evaluate financial and operational performance and monitor risks and controls on an ongoing basis to ensure that Fresnillo achieves its objectives in line with its Purpose and values.



For more details see Corporate Governance  
on **pages 144-198**

## OUR LONG-TERM STRATEGIC PRIORITIES

We take a long-term view of our strategic priorities, which are supplemented with nearer-term targets and goals, as set out on pages 16-19.



### 1 EXPLORE

#### Extend and maintain a robust growth pipeline

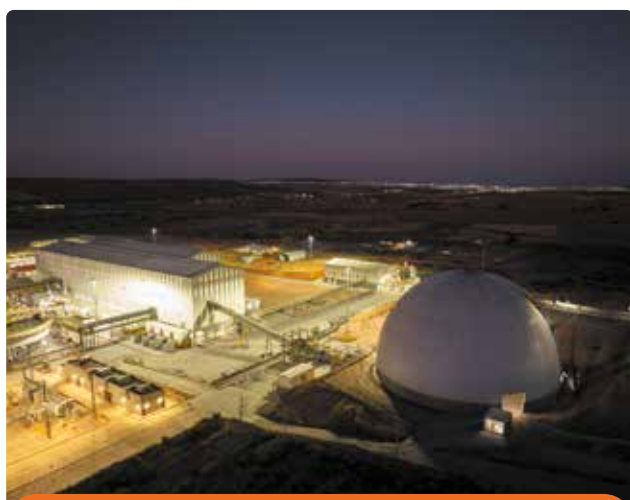
- Continue to invest in our exploration pipeline.
- Increase the resource base to drive future growth.
- Increase gold production to replace decreases at Noche Buena and Herradura.
- Identify silver resources in the Fresnillo, San Julián and Guanajuato Districts.
- Concentrate on identifying M&A targets, not only in Mexico but also in the wider region.



### 3 OPERATE

#### Maximise the potential of our operations

- Focus on the profitability of our mines.



### 2 DEVELOP

#### Deliver profitable growth, optimise cash flow and returns

- Progress the Orisyvo and Guanajuato projects.
- Identify two further world-class assets with the potential to complement our portfolio.
- Continue advancing projects in the exploration pipeline towards development.



### 4 SUSTAIN

#### Advance and enhance the sustainability of our business

- Strengthen modern mining practices.
- Empower people.
- Address local and regional priorities.
- Generate shared value.

## OUR STRATEGY CONTINUED

### FINANCIAL

#### Earnings per share excluding post-tax Silverstream revaluation effects

This is calculated as attributable profit available to equity shareholders, excluding the revaluation effects of the Silverstream contract, divided by the weighted average number of shares in issue during the period. It measures net profit levels generated for equity shareholders.

#### EBITDA, EBITDA margin and cash flow from operating activities before changes in working capital

EBITDA is calculated as profit for the year from continuing operations before income tax, less finance income, plus finance costs, less foreign exchange gain/(loss), less revaluation effects of the Silverstream contract and other operating income, plus other operating expenses and depreciation.

EBITDA margin is EBITDA divided by total revenue.

Both EBITDA and cash flow from operating activities before changes in working capital measure the Group's ability to generate cash from its core business.

### 1 EXPLORE

#### 2024 Goals

- Invest US\$190 million with a continued focus on the Fresnillo and San Julián districts and advanced exploration projects.
- Further develop resource modelling and reserve engineering activities initiated in 2020, with the aim of reporting proven reserves for all operating assets.
- Convert resources into reserves at all our operating mines.
- Continue the exploration programme at Juancipio to fully delineate the Valdecañas vein at depth.
- Advance pre-feasibility to feasibility level studies at Orisyvo.
- Complete the full delineation of the Tajitos ore bodies and advance metallurgical, geotechnical and conceptual studies.
- Accelerate drilling in the Guanajuato District and conduct detailed metallurgical investigations.
- Update the Preliminary Economic Assessment of priority areas.
- Continue discussions with the local communities at Rodeo and conduct an intensive infill, step-out, condemnation and geotechnical drilling programme upon completion of agreements.
- Continue drilling several targets at Capricornio in Chile, resume drilling at Supaypacha and work towards permitting the drill-testing of targets at Santo Domingo and Pilarica in Peru in 2025.

#### 2024 Progress

- US\$165.0 million was invested in risk capital in exploration.
- Proven reserves were reported at all mines.
- Mixed results were obtained as a more conservative approach to reserve estimates was partly offset by revised economic assumptions and costs and cut-off grade strategies (see pages 46-50).
- Valdecañas vein fully delineated, confirming the structure continues at depth, albeit with lower silver grades.
- Several pre-feasibility level studies were completed at Orisyvo and are currently under review.
- Conceptual studies continued at Tajitos and a preliminary economic assessment is in progress.
- Resources increased at Guanajuato and a preliminary economic assessment of priority areas is ongoing.
- Long-term land access with local communities was reached at Rodeo and drilling resumed, albeit in the last quarter.
- Drilling continued at Capricornio in Chile, and community engagement progressed at Supaypacha in Peru in 2024.

#### 2025 Strategic priorities

- Invest US\$190 million in our exploration pipeline, focused on the Fresnillo and San Julián mines and advanced exploration projects.
- Continue improving our grade control and reconciliation process to increase proven reserves.
- Convert resources into reserves at all our operating mines.
- Conclude preliminary economic assessment at Tajitos.
- Continue drilling campaign and progress critical technical work to determine economic viability at Rodeo.
- Advance permitting and de-risking the Orisyvo and Guanajuato projects.
- Continue advancing conceptual studies to conduct a preliminary economic assessment at Tajitos.

### 2 DEVELOP

#### 2024 Progress

- There are no projects currently under development and additional work is required before our projects in the advanced exploration phase can become development projects.

#### 2025 Strategic priorities

- Monitor infrastructure projects to make sure they are developed in accordance with the mine plans.
- Advance the Rodeo and Tajitos projects.

## 2024 Group KPIs/performance

### Earnings per share excluding post-tax Silverstream revaluation effects

(US\$/share)

0.364

2024	0.364
2023	0.310
2022	0.351
2021	0.572
2020	0.440

Increased profits divided across an unchanged weighted average number of shares in issue.

### EBITDA and EBITDA margin

(US\$ and %)

1,547.3m 44.3%

2024	1,547.3	44.3%
2023	655.7	24.2%
2022	751.1	30.9%
2021	1,206.3	44.6%
2020	1,169.1	48.1%

Increased vs 2023 due to a higher gross profit, a decrease in administrative and corporate expenses and lower exploration expenses.

### Cash flow from operating activities before changes in working capital

(US\$)

1,559.8m

2024	1,559.8
2023	649.3
2022	743.1
2021	1,208.3
2020	1,168.7

Increased vs 2023 due to the higher profits.

## 2024 Group KPIs/performance

Quantified, measured, indicated and inferred resources at all our assets; an indicator of the Group's growth potential and ability to discover and develop new ore bodies.

### Attributable silver resources<sup>1</sup>

(millions of ounces)

2,250.5

2024	2,250.5
2023	2,219.7
2022	2,203.9
2021	2,319.7
2020	2,292.5

Increased due to the positive exploration results at Guanajuato as well as metals prices and operating costs updates at the Lucerito exploration project and Fresnillo, partly offset by depletion and a more conservative approach to resource estimation at other mines.

<sup>1</sup> 2024 resources from the mines are presented as of 30 June 2024. Resources from the exploration projects are presented as of 31 December 2024.

### Attributable gold resources<sup>1</sup>

(millions of ounces)

38.5

2024	38.5
2023	37.9
2022	39.1
2021	39.0
2020	38.9

Increased primarily driven by the positive exploration results at Guanajuato and metal price and operating costs updates at the Lucerito and Candameña projects, partly offset by depletion at our underground mines.

<sup>1</sup> 2024 resources from the mines are presented as of 30 June 2024. Resources from the exploration projects are presented as of 31 December 2024.



## OUR STRATEGY CONTINUED

### 3 OPERATE

#### 2024 Goals

- Prevent fatal or serious accidents.
- Produce between 55-62 moz silver and 580-630 koz gold.
- Focus on cost reduction initiatives.
- Improve short- and mid-term planning processes at the Fresnillo district.
- Implement contractor cost improvement initiative.

#### 2024 Progress

- Two fatal accidents during the year, one at Fresnillo and one at Ciénega.
- Produced 56.3 moz of silver (including Silverstream) and 631.6 koz of gold.
- Achieved US\$40.0 million in cost reduction initiatives and efficiencies.
- Cross-functional teams worked to improve the short- and mid-term planning process.
- Rationalised the contractor base across the mines, with the number of contractors decreasing from 12,516 to 10,916.

#### 2025 Strategic priorities

- Prevent fatal or serious accidents.
- Produce between 49-56 moz silver and 525-580 koz gold.
- Continue our focus on initiatives to capture efficiencies and reduce costs.
- Improve the short- and medium-term planning processes.
- Maintain ore throughput and improve ore grades, primarily in the Fresnillo district.
- Continue assessing optimisation projects and define implementation phases at Herradura.
- Implement the mine closure plans at Noche Buena and San Julián DOB.

### 4 SUSTAIN

#### 2024 Goals

- Reduce TRIFR and Fatality rate.
- Use water efficiently and reduce freshwater consumption.
- Increase our consumption of renewable electricity.
- Implement Tailings Management Systems across all mines.

#### 2024 Progress

- Reduced TRIFR to 7.59 and Fatality frequency rate to 0.044.
- Increased proportion of municipal wastewater consumption to 30.2%.
- Increased renewable electricity consumption to 80.6%, and reduced our GHG emission intensity index to 0.0182 tCO<sub>2</sub>e per tonne of mineral processed.
- Made progress in risk evaluation and management of Tailings Storage Facilities (TSFs).

#### 2025 Strategic priorities

- Reduce TRIFR and Fatality rate to the ICMM range by 2026.
- Reduce freshwater consumption.
- Consume (at least) 75% of renewable electricity by 2030.
- Continue to implement the Tailings Management System.

Further sustainability objectives are outlined in our Sustainability section on pages 62-63.

**Production:** Monitors total production levels at our mines and contributions from advanced development projects.

## 2024 Group KPIs/performance

### Attributable silver production (millions of ounces)

56.3

2024	54.3	2.0	56.3
2023	53.5	2.8	56.3
2022	51.1	2.7	53.7
2021	50.0	3.1	53.1
2020	50.3	2.8	53.1

Remained stable vs 2023 as the higher ore grades and increased volumes of ore processed at San Julián Veins and Saucito and the higher contribution of Juanicipio following the first full year of operation at the beneficiation plant were offset by the decreased production at San Julián DOB as it approached the end of its life, a decrease in volume of ore processed and lower ore grade at Fresnillo, and lower contribution from the Silverstream agreement.

The graph illustrates silver production from our own mines, with shaded portion representing additional ounces accrued under the Silverstream contract.

### Attributable gold production (thousands of ounces)

631.6

2024	631.6
2023	610.6
2022	635.9
2021	751.2
2020	769.6

Increased mainly due to the higher ore grade at Fresnillo and increased ore processed and higher ore grades at Saucito and San Julián Veins. This was partly offset by a reduction in gold ounces recovered from the leaching pads at Noche Buena, following the cessation of mining activities in May 2023.

### Proven and probable reserves:

A measure of the quality of the Group's operating assets and our ability to extend the life of operating mines at profitable levels.

### Attributable silver reserves<sup>1</sup> (millions of ounces)

331.3

2024	331.3
2023	356.6
2022	396.1
2021	419.8
2020	457.4

Decreased primarily due to mining depletion and a more conservative approach to resource estimation at San Julián and Ciénega.

<sup>1</sup> 2024 reserves are presented as of 30 June 2024.

### Attributable gold reserves<sup>1</sup> (millions of ounces)

7.2

2024	7.2
2023	7.1
2022	8.2
2021	7.8
2020	8.4

Increased mostly as a result of the higher price and lower costs and cut-off grades strategy at Herradura.

<sup>1</sup> 2024 reserves are presented as of 30 June 2024.

## 2024 Group KPIs/performance

### Fatalities

(Number of fatal injuries to employees or contractors)

2

2024	2
2023	4
2022	1
2021	1
2020	1

### Water intensity

(m<sup>3</sup> per tonne of mineral processed)

0.436

2024	0.304	0.132
2023	0.287	0.103
2022	0.327	0.053
2021	0.377	0.056
2020	0.328	0.044

■ Fresh water  
■ Waste water

### Greenhouse gas intensity

(Tonnes of CO<sub>2</sub>e per tonne of mineral processed)

0.0182

2024	0.0182
2023	0.0248
2022	0.0244
2021	0.0232
2020	0.0231

### Renewable electricity

(Percentage of renewable electricity consumption)

80.6%

2024	80.6%
2023	53.3%
2022	35.6%
2021	49.7%
2020	48.4%

### Total recordable injury frequency rate (TRIFR)

(For every 1,000,000 hours worked)

7.59

2024	7.59
2023	12.08
2022	10.26
2021	10.42
2020	13.88