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1 August 2017

Fresnillo plc interim results
for the six months to 30 June 2017

Financial highlights (1H17/1H16 comparisons)

- Adjusted revenue of US$1,069.5m, up 11.5%
- Gross profit and EBITDA of US$460.0m and US$522.5m, up 16.6% and 10.2%, respectively
- Profit from continuing operations before net finance costs and income tax of US$377.9 million, up 24.2%
- Profit for the period of US$310.1m, up 87.2%
- Basic and diluted EPS from continuing operations of US$41.9 cents per share, adjusted EPS of US$36.7 cents per share, up 84.6% and 200.8%
- Cash generated from operations, before changes in working capital of US$540.3m, up 13.7%
- Net cash from operating activities of US$354.2m, down 13.2%
- Strong balance sheet with cash, cash equivalents and short-term investments as at 30 June 2017 of US$884.9m
- Interim dividend of US$78.1m (10.6 US cents per share)

Operational highlights (1H17/1H16 comparisons)

- Silver production of 28.0 moz (including Silverstream), up 11.2%, and gold production of 446 koz, broadly in line
- Construction of San Julián (phase II) completed on time and on budget and commercial production began in mid-July
- The turnaround plan at the Fresnillo mine continues to show good signs as volume of ore processed increased for the fourth consecutive quarter.
- On track to achieve 2017 production target of 58-61 moz silver (including Silverstream) and 870-900 koz gold

Highlights for 1H16

US$ million unless stated	H1 17	H1 16	% change
Silver Production (koz) *	28,044	25,212	11.2
Gold Production (oz)	445,769	447,569	-0.4
Total revenues	995.8	886.9	12.3
Adjusted revenues[1]	1,069.5	959.4	11.5
Exploration expenses	64.2	52.1	23.4
EBITDA[2]	522.5	474.0	10.2
Profit for the period	310.1	165.6	87.2
Cash generated by operations before changes in working capital	540.3	475.2	13.7
Basic and Diluted EPS (US$)[3]	0.419	0.227	84.6
Dividend per ordinary share (US$)	0.106	0.086	23.3

* Silver production includes volumes realised under the Silverstream Contract

[1] Adjusted revenues are the revenues shown in the income statement adjusted to add back treatment and refining costs and the effects of gold, lead and zinc hedging. The Company considers this is a useful additional measure to help understand underlying factors driving revenue in terms of volumes sold and realised prices

[2] Earnings before interest, taxes, depreciation and amortisation (EBITDA) is calculated as gross profit plus depreciation less administrative, selling and exploration expenses

[3] The weighted average number of shares for H1 2017 and H1 2016 was 736.9m. See Note 8 in the Interim Consolidated Financial Statements.

Octavio Alvídrez, Chief Executive Officer of Fresnillo plc, said:

"We are pleased to report a strong first half of the year, with silver production up 11% and gold production stable at 446 thousand ounces. This performance was driven by the successful ramp-up of San Julián (phase I) since its start-up in the second half of 2016 and the operational improvements made at the Fresnillo mine.

The turnaround plan at the Fresnillo mine continues to progress with ore processed increasing for the fourth consecutive quarter.

We completed the construction of San Julián (phase II) on time and on budget and I am confident that this new mine will be further proof of the effectiveness of our strategy of continued investment in quality growth. We are applying the same disciplined approach to the construction of the pyrites plant in the Fresnillo district and the second line of the dynamic leaching plant at Herradura and expect to commission both projects in 2018.

We have intensified exploration activities around our mining districts and prioritised areas with the greatest potential. We are confident that these efforts will provide a solid base upon which our future growth will be built.

The solid operational performance was supported by higher metal prices, delivering good financial results during the period. Our ongoing commitment to investing in cost reduction initiatives and efficiency projects is increasingly relevant as some cost pressures in Mexican pesos are starting to be evident after the devaluation of the Mexican peso relative to the US dollar. We will continue to work on maintaining a competitive cost position and preserve our profit margins.

Our priorities for the second half of this year are to make further progress to ensure Fresnillo is operating at full capacity as well as the ramp-up of San Julián (phase II). I am confident that we are well positioned to meet our 2017 production targets and establish the basis for long-term growth as we approach the 10 year anniversary of Fresnillo plc".

Commentary on the Group's results

Fresnillo plc delivered a strong operating performance with an 11.2% increase in silver and unchanged volumes of gold production. The key drivers were the contribution of San Julián (phase I), the increased processed ore at Fresnillo and a good performance in the remainder of our operating mines.

The improvements achieved in Fresnillo plc's financial results were underpinned by increases in metal prices and, in particular, of silver, lead and zinc. The average realised silver price for Fresnillo plc increased 5.2% to US$17.4 per ounce in 1H17, whilst the average realised gold price remained flat at US$1,250.3 per ounce in 1H17 (US$1,245.6 per ounce in 1H16). Furthermore, the average realised lead and zinc prices increased 32.3% and 44.5% respectively on 1H16.

Total revenues increased 12.3% half on half to US$995.8 million in the first six months of 2017, reflecting the higher metals prices during the period and the increased volumes of silver and zinc sold.

Adjusted production costs of US$343.0 million increased by 14.4% over 1H16. This increase was mainly due to the additional production costs from the start-up of San Julián (phase I), the net higher production costs related to increased ore throughput at our operating mines (except for Ciénega), the increase in unit prices of electricity and diesel and the 5.75% increase in wages in Mexican pesos. This was partly offset by the 8.1% devaluation of the average Mexican peso/US dollar spot exchange rate and efficiencies achieved at Fresnillo, Herradura and Noche Buena.

The higher adjusted production costs, together with a minor increase in depreciation, resulted in an increase of 8.8% in cost of sales over the first half of 2016.

The increase in revenues more than offset the increase in cost of sales, resulting in a 16.6% increase in gross profit to US$460.0 million.

Administrative expenses rose by 24.9% due to an increase in services provided by third parties associated with telecommunications, additional administrative personnel hired to service a larger number of mines and projects, and increased non-recurring engineering and construction services provided by Servicios Industriales Peñoles, S.A.B de C.V.

Exploration expenses of US$64.2 million rose 23.4% over the first half of 2016 as a result of the intensive exploration programme undertaken in our operating mining districts and projects with the highest potential.

The higher gross profit, offset by higher administrative and exploration expenses resulted in a 10.2% increase in EBITDA. However, EBITDA margin decreased slightly from 53.4% in the first half of 2016 to 52.5% in the same period of 2017.

During the period, other income (non-operating) of US$23.4 million was recognised in the income statement resulting from the sale of non-strategic mining claims in relation to the San Juan project to Argonaut Gold Inc.

Net finance costs included US$17.0 million from the interest recognised in the income statement in relation to the US$800 million debt facility raised in November 2013. In addition, a non-cash loss of US$35.2 million was recognised in respect of the gold hedging programme put in place to protect the investment made in the acquisition of the 44% stake of Newmont in Penmont in 2014.

During the period, there was a positive revaluation of the Silverstream of US$54.8 million due most significantly to the reclassification of silver resources into reserves at the Sabinas mine and a higher silver price.

The 13.4% spot revaluation of the Mexican peso against the US dollar in the six months to 30 June 2017 had a favourable effect on the value of peso-denominated net current assets when converted to US dollars, resulting in a foreign exchange gain of US$3.8 million in the first half of 2017.

Profit from continuing operations before income tax increased by 51.8% from US$255.1 million to US$387.4 million.

Income tax expense decreased 15.7% to US$62.2 million, despite the fact that profit before taxes increased by 51.8%. This resulted from the impact of the exchange rate and inflation rate on deferred taxes for each individual year (see Financial review section). The effective tax rate, excluding the special mining right, was 16.0%, and 20.0% including the effects of the special mining right.

Net profit for the period was US$310.1 million, an 87.2% increase over the first half of 2016.

Cash flow generated by operations, before changes in working capital, increased by 13.7% to US$540.3 million.

Capital expenditure totaled US$264.3 million, an increase of 33.0% over the first half of 2016. Investments during the period included construction at the San Julián project, the pyrites plant and second line of the dynamic leaching plant at Herradura, development at Fresnillo and Saucito and construction of leaching pads at the open pit mines.

Other uses of funds during the period were income tax and profit sharing paid of US$211.9 million (US$67.9 million in 1H16) and dividends paid of US$158.4 million (US$24.8 million in 1H16).

The Group maintained a strong balance sheet. Cash, cash equivalents and short-term investments (together defined as "short-term funds") as at 30 June 2017 amounted to US$884.9 million, a 26.2% increase compared to the US$701.2 million in short term funds at the end of June 2016 and a 3.0% decrease over the year-end total of US$912.0 million. Taking into account the short-term funds of US$884.9 million and the US$796.5 million amortised cost of the Senior Notes, Fresnillo plc's net cash position was US$88.4 million as at 30 June 2017.

The Board of Directors has declared an interim dividend of 10.6 US cents per share totaling US$78.1 million to be paid on 8 September 2017 to shareholders on the register on 11 August 2017. This decision was made after a comprehensive review of the Company's and Group's financial situation, ensuring that the Group is well placed to meet its current and future financial requirements, including its development and exploration projects.

Fresnillo plc reported a fatal injury at the beginning of 1H17. Following investigations, management has taken certain measures to address and prevent the root causes of fatal injuries and established a number of new initiatives, including a pilot project at the Saucito mine to further develop the competences of supervisors.

Growth

Fresnillo plc remains committed to disciplined and sustainable profitability. Our high quality growth pipeline allows us to focus on projects with the potential to be developed into world class low-cost mines such as San Julián, re-affirming the effectiveness of Fresnillo's strategy of continued investment in quality growth. Over the first half of the year, the construction of the flotation plant at San Julián (phase II) was completed, on time and on budget, with commercial production commencing mid-July. Ramp up to full capacity is expected over the next two months.

Following our disciplined approach, construction of the pyrites plant in the Fresnillo district advanced, as did the second line of the dynamic leaching plant at Herradura, with both expected to be commissioned in 2018.

Construction of the ramp at the Juanicipio project continued. Based on ongoing assessments of the project, the decision has been made to commission a feasibility study by a third party consultant. The study is expected to be finished by year end and, upon completion, will be presented for Board approval. This project will be developed on a stand-alone basis and is expected to be commissioned in 2020, with an annual average production of 10 million ounces of silver and 30 thousand ounces of gold.

In exploration, interesting results were obtained at Fresnillo, San Julián, Guanajuato, and San Juan extending known ore shoots and identifying new structures.

We continue to expect full year 2017 total risk capital investment in exploration of US$160 million. Capital expenditure for this year has been revised, from US$800 million to US$700 million, as a result of deferred development and mining works mainly at Fresnillo and Herradura, together with deferred capex at Juanicipio.

Strategy continues to deliver with Fresnillo on track to meet 2018 silver production target of 65 million ounces, having already surpassed 2018 gold target of 750 thousand ounces.

Outlook

Our proven strategy remains consistent: we seek to create sustained value for stakeholders across precious metal cycles, balancing growth with returns. Our low cost operating mines provide a solid platform from which we are able to deliver our high quality development projects and continue to grow our exploration pipeline, bringing forward high potential silver and gold projects capable of being developed into low cost world-class mines. This is all achieved within the context of a maturing sustainability framework.

Our high quality, low cost assets, and significant quality growth pipeline, combined with our balance sheet strength, leave us well placed to perform throughout the cycle.

We remain on track to meet our 2018 silver production target of 65 million ounces, having already surpassed our 2018 gold target of 750 thousand ounces.

Presentation for Analysts

Octavio Alvídrez, Chief Executive Officer and Mario Arreguín, Chief Financial Officer, will host a presentation for analysts on Tuesday 1st August at 9am (BST) at Bank of America Merrill Lynch, 2 King Edward St, London EC1A 1HQ

For analysts unable to attend dial in details are:

Dial-in number: UK 0800 279 4992

US 1877 280 2342

MX 001 877 550 9931

Access code: 2031820

A webcast can be accessed at: www.fresnilloplc.com

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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-Dipolos[1], Noche Buena and San Julián (phase I and II), two development projects - 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 1.8 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.

[1] Operations at Soledad-Dipolos are currently suspended.

Operational Review

Production

Production	H1 2017	H1 2016	% change
Silver (koz)	25,752	22,824	12.8
Silverstream prod'n (koz)	2,292	2,388	-4.0
Total Silver prod'n (koz)	28,044	25,212	11.2
Gold (oz)	445,769	447,569	-0.4
Lead (t)	22,846	22,668	0.8
Zinc (t)	28,725	25,380	13.2

First half silver production (including Silverstream) increased 11.2% on 1H16, mainly due to: i) the contribution of San Julián (phase I) following its commissioning in 3Q16; ii) higher ore processed at the Fresnillo mine, resulting from the increased access to the San Alberto area; and iii) higher silver ore grade at Ciénega due to the increased contribution from Taspana and San Ramón. These increases were partly offset by the expected lower ore grade and recovery rate at Saucito and, to a lesser extent, the lower volume from the Silverstream due to the lower silver ore grade at Sabinas.

First half gold production remained flat when compared to the same period of 2016 as the expected lower production from Herradura and Noche Buena, together with the lower gold ore grade at Saucito, were nearly offset by the contribution of San Julián (phase I).

First half by-product lead production remained stable half on half, whilst year to date by-product zinc production increased versus 1H16 mainly as a result of the higher ore grades, recovery rates and ore processed at the Fresnillo mine.

The Group remains on track to meet its 2017 production guidance of 58-61 moz of silver (including Silverstream) and 870-900 thousand ounces of gold.

Fresnillo mine production

	H1 2017	H1 2016	% change
Ore Processed (t)	1,258,492	1,189,637	5.8
Production			
Silver (koz)	8,930	8,285	7.8
Gold (oz)	20,728	20,631	0.5
Lead (t)	10,153	9,543	6.4
Zinc (t)	14,634	10,952	33.6
Ore Grades			
Silver (g/t)	240	234	2.3
Gold (g/t)	0.66	0.70	-5.0
Lead (%)	0.89	0.89	-0.2
Zinc (%)	1.63	1.36	19.8

First half silver production increased 7.8% on 1H16 mainly due to higher ore processed and, to a lesser extent, higher ore grades. This resulted from the increased access to the San Alberto area following improvement in the maintenance process and increased operative supervision which allowed for the preparation of higher ore grade areas. These factors more than offset the lower recovery rate.

The turnaround plan at the Fresnillo mine continued to progress with volume of ore processed increasing for the fourth consecutive quarter.

We expect full year silver production at this mine to show an increase between 7-10% compared to 2016.

First half by-product lead production increased versus 1H16 as a result of higher ore processed.

First half by-product zinc production increased over 1H16 due to higher ore grades, recovery rates and ore processed.

Saucito mine production

	H1 2017	H1 2016	% change
Ore Processed (t)	1,338,370	1,283,792	4.3
Production			
Silver (koz)	10,821	11,706	-7.6
Gold (oz)	33,859	41,823	-19.0
Lead (t)	9,442	9,999	-5.6
Zinc (t)	10,062	10,795	-6.8
Ore Grades			
Silver (g/t)	293	318	-7.9
Gold (g/t)	1.08	1.35	-19.6
Lead (%)	0.84	0.89	-5.2
Zinc (%)	1.26	1.42	-11.5

Year to date silver production decreased versus 1H16 mainly due to the expected lower ore grade in 2017 compared to the exceptionally high ore grade from the development ore from the West and Central areas at the Jarillas vein in 2016. The temporary limited access to higher ore grade areas, due to the programmed anchoring activities aimed at enhancing safety, also impacted silver production. Additionally, a lower recovery rate resulting from the calibration of the cyclones at the vibrating screens also contributed to the decrease in silver production, though to a lesser extent. These effects, however, were partly mitigated by the increase in ore processed from the West and Central Jarillas areas and the increased capacity of the plants following the installation of the vibrating screens.

First half by-product gold production decreased when compared to 1H16 due to lower ore grade and lower recovery rate, which were partly mitigated by the higher ore processed.

By-product lead production for 1H17 decreased when compared to the same period of 2016 mainly as a result of the lower ore grade and recovery rate. First half by-product zinc production decreased versus 1H16 due to lower ore grade.

Ciénega mine production

	H1 2017	H1 2016	% change
Ore Processed (t)	636,680	642,049	-0.8
Production			
Gold (oz)	36,358	36,896	-1.5
Silver (koz)	2,786	2,513	10.9
Lead (t)	3,251	3,125	4.0
Zinc (t)	4,030	3,633	10.9

Ore Grades			
Gold (g/t)	1.89	1.85	2.3
Silver (g/t)	161	139	15.7
Lead (%)	0.78	0.70	11.5
Zinc (%)	1.08	0.99	9.0

Year to date gold production decreased slightly versus 1H16 as a result of a lower recovery rate and, to a lesser extent, lower ore processed. However, these factors were partly offset by the higher ore grade from the West and East areas.

First half silver production increased over 1H16 mainly due to the higher ore grade at the Taspana and San Ramón areas.

First half by-product lead production increased versus 1H16 mainly as a result of higher ore grade which was partly compensated for by the lower recovery rate.

Half year by-product zinc production increased vs 1H16 as a result of a higher ore grade and recovery rate.

Herradura mine production

	H1 2017	**H1 2016**	**% change**
Ore Processed (t)	13,316,161	12,624,559	5.5
Total Volume Hauled (t)	61,971,696	60,763,938	2.0
Production			
Gold (oz)	224,009	248,558	-9.9
Silver (koz)	222	304	-27.0
Ore Grades			
Gold (g/t)	0.64	0.69	-6.3
Silver (g/t)	0.91	1.11	-17.8

First half gold production decreased versus 1H16 due to the smaller decrease in gold inventories at the leaching pads compared to the larger one-off reduction in inventory level in 2016, and the lower ore grade. We do not expect this to fall further, but rather increase marginally over 2H17.

Noche Buena mine production

	H1 2017	**H1 2016**	**% change**
Ore Processed (t)	9,012,820	8,586,222	5.0
Total Volume Hauled (t)	43,355,636	40,292,417	7.6
Production			
Gold (oz)	89,774	99,661	-9.9
Silver (koz)	14	16	-10.9
Ore Grades			
Gold (g/t)	0.51	0.49	3.0
Silver (g/t)	0.09	0.11	-17.0

First half gold production decreased versus 1H16 due to the lower overall speed of recovery in 2017 compared to 1H16, when new mineral layers were deposited at the leaching pads. This was partly mitigated by the higher volume of ore processed.

San Julián (phase I) mine production

	H1 2017	H1 2016	% change
Ore Processed (t)	614,423	-	N/A
Production			
Gold (oz)	41,041	-	N/A
Silver (koz)	2,979	-	N/A
Ore Grades			
Gold (g/t)	2.18	-	N/A
Silver (g/t)	164.16	-	N/A

First half production at San Julián (phase I) reached 3.0 million ounces of silver and over 41,000 ounces of gold following the start-up of commercial production in 2H16.

The mine continues to operate above its nominal capacity and further optimisation projects are underway to achieve an average 4,000 tpd capacity by year-end.

Growth Projects

Capital expenditure for the full year 2017 was revised and is now expected to be in the region of US$700 million. Below we provide an update on each of our growth projects that have been approved by the Board.

San Julián

The construction of San Julián (phase II) has been completed on time and on budget. The milling facility was commissioned, tests with load were concluded and commercial production commenced in mid-July.

This US$515 million silver-gold project has an expected average production of 10.3 million ounces of silver and 44,000 ounces of gold per year once at full capacity.

Pyrites Plant at the Saucito mine

During the period, the assembly of the agitation tanks and foundations of the milling building were concluded. The construction of the thickeners continued and further progress was achieved in the installation of filters at the Merrill Crowe plant.

This US$155 million project is estimated to contribute an annual production of 3.5 moz of silver and 13 koz of gold once the plant is commissioned in 1H18 and reaches full capacity.

Second Dynamic Leaching Plant at Herradura

During the second quarter, foundations for the milling area and assembly of the agitation tanks continued.

The construction of this US$110 million project will continue throughout 2017 with commissioning expected in 2018, and will extend the life of Herradura's mine to 12 years with an average life of mine annual gold production of 390 koz.

Below we provide an update on other projects which are expected to contribute to our medium and long term growth. These projects have not yet been approved by the Board and are subject to ongoing internal review. However, certain minor works and exploration activities might be in progress in preparation for Board approval and as such, are included within this year's approved capex and exploration budget.

Optimisation projects

Fresnillo optimisation project

During the first half of 2017 the detailed engineering for the zinc thickener was concluded and works to prepare the area where this equipment will be located commenced. The relocation of the thickener from the tailings plant to the beneficiation plant will improve the mine's capacity to cope with the higher zinc grades. The next stage will be the assembly of additional flotation cells and cleaners in the froth flotation circuit. The final stage in this optimisation project would be the installation of vibrating screens to increase the milling capacity to 9,000 tonnes per day. Capital expenditure for this project is estimated at US$30 million and the expansion is expected to result in an additional annual average production of 3 million ounces of silver upon commissioning, expected in 2018.

Ciénega optimisation project

The exploration campaign was intensified at the Taspana and Tajos veins. Based on the results, we will continue to evaluate the potential expansion of milling capacity to 5,000 tpd at this mine.

This US$55 million project is currently expected to commence production in 2019, with average annual production estimated at an additional 15 thousand gold ounces and 1.3 million silver ounces.

Advanced exploration projects

Juanicipio

During the first half, construction of the ramp continued and further progress was made in the evaluation of the new scope of this project following the increase in resources. Based on ongoing assessments of the project, the decision has been made to commission a feasibility study by a third party consultant. The study is expected to be finished by year end and, upon completion, will be presented for Board approval. This project will be developed on a stand-alone basis and it is expected to be commissioned in 2020, with an annual average production of 10 million ounces of silver and 30 thousand ounces of gold.

Centauro Deep

During the first half, we continued to refine the geological model and evaluate different options, which could impact the scope of this project. We will provide updates on the project in due course.

Orisyvo

During the first half, we continued our evaluation of the economic viability of this project. This US$350 million project is currently expected to commence production in 2021.

Exploration

In 1H17, US$64.2 million of exploration expenses were recorded in the income statement, an increase of 23.4% over 1H16, reflecting intensified exploration activities at Herradura, San Julián and Cebollitas in the Ciénega district.

In the first six months of 2017, 233,000 metres of drilling were completed at our operating mines as part of a 428,000 metre programme to direct mine development and partially convert resources into reserves. Additionally, 200,000 metres of exploration drilling were carried out as part of the 394,000 metre programme at projects.

Presently 17 areas are in drilling and interesting results were obtained at Fresnillo, San Julián, Guanajuato, and San Juan extending known ore shoots and identifying new structures. At Candameña drilling has extended the mineralisation to depth. Our prospecting teams continue working in selected areas of the favourable silver-gold belts in Mexico, Peru, Chile and Argentina.

Total risk capital invested in exploration for the full year 2017 is expected to be around US$160 million.

Reserves and resources estimates will be updated by the Company and subsequently audited by SRK at year end.

Health and safety, human resources, environment and community relations

Health & Safety

Safety is our highest priority, and we recognise that our safety culture must be further strengthened and deeply embedded. We regret to report one fatal injury in the first half of 2017. Following investigations, management has taken decisive steps to address and prevent the root causes of fatal injuries and established a number of new initiatives: "rules that save lives", "operational discipline" and “behavioural change”. In 1H17, our Total Recordable Injury Frequency Rate (TRIFR) was 27.48 injuries per 1,000,000 hours (16.93 in 2016) and the Lost Time Injury Frequency Rate (LTIFR) was 8.81 injuries per 1,000,000 hours (5.99 in 2016). The accident severity rate (Lost work days per 1,000,000 hours worked) increased from 312 in 2016 to 442 for 1H17. The recovery duration rate (Lost work days / number of lost-time injuries + fatalities) decreased from 52 in 2016 to 50 for 1H17. Improving safety performance, while increasing the workforce requires further developing the competences of our supervisors. A pilot project has been launched to train a group of trainers at the Saucito mine to lead change in safety practices.

We strive to keep our workforce healthy and prevent occupational diseases. Our approach is to pre-empt and manage the health risks to which our workforce is exposed. There are no new cases of occupational diseases to report for 1H17. Health staff are being trained to develop competences in environmental monitoring and ergonomics in the workplace and industrial hygiene action plans will be implemented in the upcoming semester. Preventive care and the promotion of healthier lifestyles can limit certain chronic diseases and enhance overall wellness and fitness for work. Our Healthy Lifestyles programme supports healthy eating habits and the prevention and control of obesity-related diseases. This programme includes raising awareness (doing exercise, healthy diet tips, etc.) and sessions with nutritionists and psychologists.

Environment

We are committed to minimising the impact of our activities and being transparent and accountable regarding our environmental footprint. Our environmental management system ensures effective compliance with regulations. Our operations in Fresnillo, Ciénega and Penmont are certified in ISO 14,001. Fresnillo, Saucito, Ciénega and Penmont have the clean industry certification of the Environmental Authorities in

Mexico. In the Penmont district, the Herradura and Noche Buena mines have the 'Cyanide Code' certification. We disclosed our environmental performance in the water and climate change programmes of the CDP (formerly known as the Carbon Disclosure Project).

Community Relations

Our communities are strategic partners. Gaining and maintaining their trust requires not only engagement but also being accountable for our impact; building this trust is the only way to obtain and preserve our social licence to operate. During 1H17, we organised 193 activities with the communities across our operations and exploration projects, and supported over 660 requests for contributions from the communities.

Our social investments target education, skills and competences development and social welfare. Accordingly, we partnered with the NGO International Board on Books for Young People (IBBY) to bring books and children together. With the valuable support of IBBY Mexico, we implemented the programme at 57 schools, benefiting 6,549 children of the Fresnillo district, Guanajuato, Penmont, San Julián and La Ciénega. In addition, we partnered with INNOVEC and the state government of Zacatecas to support the teaching of science in elementary schools. The programme has been implemented in 43 schools, benefiting 5,507 children in the Fresnillo district.

We also collaborate with the NGO Proempleo to train and develop the skills in small businesses, helping to diversify the economies of mining communities. To date, 25 entrepreneurs have been trained to develop their business plans in the Fresnillo district.

Furthermore, we provided visual and dental healthcare during a health week, which we jointly organised with The National University Foundation. This benefited 1,610 people in the Fresnillo District. In 2H17, health weeks will be organised in Ciénega, San Julián and Penmont.

People

We seek to attract, develop and retain the best people, and engage them over the long-term. In 1H17, Fresnillo plc's workforce totalled 4,519 employees (4,293 in 2016) and 9,935 contractors (7,815 in 2016). Total and voluntary turnover rates are respectively 9.29% (10.5% in 2016) and 5.13% (6.3% in 2016). The percentage of women and women executives are respectively at 8.21% (8.5% in 2016) and 4.72% (4% in 2016).

To reinforce our Talent Development Programme, we assessed 135 out of 223 employees in junior positions in mining, exploration, planning and maintenance to identify their strengths and areas of opportunity. Of these employees, 69 were identified as HiPos (high leadership potential and high performance). A career plan is being developed to prepare them for future leadership positions within the organisation. In 2H17, an assessment for supervisors will be carried out.

Fresnillo plc is recognised as a Great Place to Work in Mexico, currently ranking 22th among companies with more than 5,000 employees.

Ethics Culture

We aspire to demonstrate a well-established ethical culture through our actions and behaviours. We joined the Business Ethics Leadership Alliance (BELA) of the Ethisphere Institute to identify and adopt ethical best practices. We evaluated our governance, compliance and social responsibility practices using Ethisphere Institute's

Ethics Quotient ™. In addition, we applied Ethisphere's *Culture & Perceptions* survey to gain further insights on the strengths and weaknesses of our ethics culture. The outcomes of these evaluations have provided key elements to strengthen our ethics initiatives.

Our HSECR strategies are aligned with the United Nations Sustainable Development Goals (SDG's) and our performance was recognised through inclusion in the STOXX Global ESG leaders. In addition, the Company participated in the evaluation questionnaire of the Dow Jones Sustainability Index (DJSI). The Company will disclose its first Modern Slavery Statement for 2016 in August.

Related party transactions

Details of related party transactions that have taken place in the first six months of the current financial year are detailed in note 16 of the financial statements.

Financial Review

The interim consolidated financial statements of Fresnillo plc for the first halves of 2017 and 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Management recommends reading this section in conjunction with the Interim Financial Statements and their accompanying Notes.

Income Statement

Income Statement Key Line Items
Six months ended 30 June
(in millions of US$)

	H1 2017	H1 2016	% change
Adjusted revenues[1]	1,069.5	959.4	11.5
Lead and zinc hedging	0.0	1.5	N/A
Treatment & refining charges	-73.6	-74.1	-0.6
Total revenues	995.8	886.9	12.3
Cost of sales	535.8	492.5	8.8
Gross Profit	460.0	394.4	16.6
Exploration expenses	64.2	52.1	23.4
EBITDA[2]	522.5	474.0	10.2
Profit before income tax	387.4	255.1	51.8
Special mining right	15.1	15.8	-4.2
Income tax expense	62.2	73.7	-15.7
Profit for the period	310.1	165.6	87.2
Profit for the period, excluding post-tax Silverstream revaluation effects	271.7	88.7	206.3
Attributable profit	308.7	167.0	84.8
Attributable profit, excluding post-tax Silverstream revaluation effects	270.3	90.1	200.0
Basic and diluted earnings per share (US$/share) [3]	0.419	0.227	84.6
Basic and diluted Earnings per share, excluding post-tax Silverstream revaluation effects (US$/share)	0.367	0.122	200.8

[1] Adjusted revenues is the revenue shown in the income statement adjusted to add back treatment and refining costs and the effects of gold, lead and zinc hedging. The Company considers this is a useful additional measure to help understand underlying factors driving revenue in terms of volumes sold and realised prices.
[2] Earnings before interest, taxes, depreciation and amortisation (EBITDA) is calculated as gross profit plus depreciation less administrative, selling and exploration expenses.
[3] The weighted average number of shares for H1 2017 and H1 2016 was 736.9m. See Note 8 in the Consolidated Financial Statements.

Fresnillo plc's financial results rely on the Group's asset quality, skilled personnel and management's execution capabilities. However, there are a number of macroeconomic variables affecting the financial results which are beyond the Group's control. A description of these variables is provided below.

Metal prices

The average realised silver price increased 5.2% from US$16.6 per ounce in 1H16 to US$17.4 per ounce in 1H17, whilst the average realised gold price remained flat at US$1,250.3 per ounce in 1H17 (US$1,245.6 per ounce in 1H16).

The average realised lead price increased by 32.3% to US$1.0 per pound in 1H17, whilst the average zinc price rose 44.5% on 1H16 to US$1.2 per pound.

Hedging

In the second half of 2014, Fresnillo plc initiated a one-off hedging programme to protect the value of the investment made in the Penmont acquisition. The hedging programme was executed for a total volume of 1,559,689 oz of gold with monthly maturities until December 2019.

The table below illustrates the expired structures and the outstanding hedged position as of 30 June 2017.

Concept	1H 2017	1H 2016	As of 30 June 2017
Weighted Floor (usd/tonne)	1,100	1,100	1,100
Weighted Cap (usd/tonne)	1,424	1,438	1,424
Expired volume	162,390	110,076	--
Profit (US$ dollars)	-	48,158	
Outstanding volume			874,974

Fresnillo plc's hedging policy remained unchanged for the remainder of the portfolio, providing shareholders with full exposure to gold and silver prices.

The Group did not hedge any of its by-product lead and zinc production in 1H17.

Foreign exchange rates

The average spot Mexican peso/US dollar exchange rate devalued by 8.1% from $18.04 per US dollar in 1H16 to $19.49 per US dollar in 1H17. This devaluation resulted in a favourable effect estimated at US$11.4 million on the Group's production costs, as costs based on Mexican pesos, as opposed to those denominated in or pegged to the US dollar (approximately 45% of total costs) were lower when converted to US dollars.

The Mexican peso/US dollar spot exchange rate at 30 June 2017 was $17.90 per US dollar, compared to the exchange rate at 31 December 2016 of $20.66 per US dollar. The 13.4% spot revaluation had a favourable effect on the net monetary peso asset position, which contributed to the US$3.8 million foreign exchange gain recognised in the income statement. This revaluation also impacted deferred income taxes as explained below.

Hedging

As previously reported, Fresnillo plc decided that it would suspend its Mexican peso exchange rate hedging programme to hedge payment of certain peso denominated production costs. The Group continues to enter into certain exchange rate derivative instruments as part of a programme to manage its exposure to foreign exchange risk associated with the purchase of equipment denominated in Euro (EUR), Swedish krona (SEK) and Canadian dollar (CAD).

Cost Inflation

The estimated cost inflation half on half was 4.3%, which includes the positive effect of the 8.1% average devaluation of the Mexican peso/US dollar exchange rate.

Labour

Unionised employees received a 5.75% increase in wages in Mexican pesos and administrative employees at the mines received a 4.5% increase. Taking into consideration the 8.1% average devaluation of the Mexican peso against the US dollar, personnel costs decreased by a net 3.1% in US dollar terms.

Deflation of key operating materials in US$ terms

Unit prices of the majority of key operating materials decreased in US dollar terms. However, this was partly offset by the increase in the unit price of other reagents, particularly those linked to the price of copper and zinc, reflecting the higher metals prices. As a result, the weighted average unit prices of all operating materials over the half decreased by 3.7%. However, unit prices excluding the favourable effect of the average devaluation decreased by 2.3%.

Key operating materials	**1H 17 VS 1H16**
Sodium cyanide	-20.8%
Explosives	-10.7%
Tyres	-4.3%
Lubricants	-2.9%
Steel balls for milling	-2.7%
Steel for drilling	0.3%
Other reagents	38.5%
Weighted average of all operating materials	-3.7%

Electricity

The weighted average cost of electricity in US dollars increased 37.2% from US$5.5 cents per kw in 1H16 to US$7.6 cents per kw in the same period of 2017, reflecting the higher average generating cost charged by the government owned utility company following the increase in the prices of natural gas and fuel and, to a lesser extent, of imported coal.

Diesel

The weighted average cost of diesel in US dollars increased by 20.3% from US$62.4 cents per litre in 1H16 to US$75.1 cents per litre in 1H17.

Contractors

Contractor costs are an important component of the Group's total costs and include costs incurred by contractors relating to operating materials, equipment and labour. The weighted average increase in contractor unit costs in US dollar terms was 1.7%.

Maintenance

Unit prices of spare parts to provide maintenance decreased by approximately 2.3% in US dollars in 1H17.

Others

Other cost line items included a 5.6% increase in freight, a 13.4% decline in insurance premium per unit and an average deflation of 0.8% for the remaining components over the first half of 2016.

Total revenues

Consolidated Revenues
(US$ millions)

	H1 2017	H1 2016	Amount	%Change
Adjusted revenues[1]	1,069.5	959.4	110.1	11.5
Hedging	0.0	1.5	-1.5	N/A
Treatment and refining charges	-73.6	-74.1	0.4	-0.6
Total revenues	995.8	886.9	109.0	12.3

[1] Adjusted revenues is the revenue shown in the income statement adjusted to add back treatment and refining costs and the effects of gold, lead and zinc hedging. The Company considers this is a useful additional measure to help understand underlying factors driving revenue in terms of volumes sold and realised prices.

Adjusted revenues of US$1,069.5 million increased 11.5% over 1H16 mainly as a result of higher volumes of silver sold and higher silver, zinc and lead prices.

Adjusted revenues[1] by metal
(US$millions)

	H1 2017		H1 2016		Volume Variance	Price Variance	Total	%
Silver	413.2	39%	342.9	36%	51.2	19.1	70.3	20.5
Gold	543.9	51%	542.2	56%	-0.3	2.0	1.7	0.3
Lead	46.8	4%	34.9	4%	0.6	11.3	11.9	34.1
Zinc	65.6	6%	39.4	4%	7.2	18.9	26.1	66.5
Total revenues	1,069.5	100%	959.4	100%	58.7	51.4	110.1	11.5

[1] Adjusted revenues is the revenue shown in the income statement adjusted to add back treatment and refining costs and the effects of gold, lead and zinc hedging. The Company considers this is a useful additional measure to help understand underlying factors driving revenue in terms of volumes sold and realised prices

As expected, the contribution of San Julián (phase I) together with the increase in the silver price changed the relative proportion of adjusted revenues, with silver revenues representing 39% of total adjusted revenues in 1H17 compared to 36% in 1H16. Gold contribution to adjusted revenues decreased from 56% in 1H16 to 51% in 1H17, reflecting the change in relative prices and stable volumes of gold sold. In contrast, by-product lead and zinc contribution to the Group's adjusted revenues increased from 8% in 1H16 to 10% in 1H17 due to the higher lead and zinc prices and increased volumes of zinc sold primarily from the Fresnillo mine.

San Julián (phase I) contributed 9.6% to the Group's adjusted revenues with 2.9 moz of silver and nearly 41 koz of gold sold in 1H17. Herradura and Saucito continue to be the main contributors, representing 26.3% and 23.7% respectively of the Group's adjusted revenues. Fresnillo's contribution increased from 18.9% to 20.5%, reflecting the increased volumes of silver, lead and zinc sold at higher prices during 1H17.

The start-up of San Julián (phase I) also modified the relative contribution to silver adjusted revenues. This new mine represented 12.3% of total silver adjusted revenues in 1H17, whilst Saucito, Fresnillo and Ciénega's contributions decreased as expected, reflecting an expanded silver asset base.

Contribution to gold revenues also changed half on half, with San Julián contributing 9.5% to gold adjusted revenues and Herradura and Noche Buena's participation decreasing from 56.3% and 22.8% respectively to 51.1% and 20.4% in 1H17.

The contribution by metal and by mine to adjusted revenues is expected to change further over future periods as new projects are incorporated into the Group's operations and as precious metal prices fluctuate.

Gold Adjusted revenues by mine

	H1 17	**H1 16**
Herradura	51.1%	56.3%
Noche Buena	20.4%	22.8%
San Julián (phase I)	9.5%	N/A
Saucito	7.1%	8.7%
Ciénega (and San Ramón)	7.8%	8.0%
Fresnillo	4.1%	4.2%
TOTAL	100%	100%

Silver Adjusted revenues by mine

	H1 17	**H1 16**
Saucito	41.7%	50.5%
Fresnillo	34.5%	36.9%
San Julián (phase I)	12.3%	N/A
Ciénega (and San Ramón)	10.5%	11.1%
Herradura	1.0%	1.5%
Noche Buena	0.0%	0.0%
TOTAL	100%	100%

Total adjusted revenues by mine

	H1 17	**H1 16**
Herradura	26.3%	32.3%
Saucito	23.7%	26.3%
Fresnillo	20.5%	18.9%
Noche Buena	10.4%	12.9%
San Julián (phase I)	9.6%	N/A
Ciénega	9.5%	9.6%
TOTAL	100%	100%

Volumes of metal in products sold
Six months ended 30 June

	H1 17	H1 16	% change
SILVER (kOz)			
Fresnillo	8,162	7,658	6.6
Ciénega	2,488	2,279	9.2
Herradura	231	310	-25.6
Saucito	9,881	10,431	-5.3
Noche Buena	3	6	-56.7
San Julián (phase I)	2,930	-	N/A
Total Silver (kOz)	23,695	20,685	14.6
GOLD (Oz)			
Fresnillo	17,890	18,243	-1.9
Ciénega	33,924	34,042	-0.3
Herradura	237,041	260,639	-9.1
Saucito	30,890	37,210	-17.0
Noche Buena	74,402	85,179	-12.7

San Julián (phase I)	40,895	-	N/A
Total Gold (Oz)	435,042	435,313	-0.6
LEAD (MT)			
Fresnillo	9,301	8,753	6.3
Ciénega	2,990	2,765	8.1
Saucito	8,524	8,991	-5.2
Total Lead (MT)	20,815	20,510	1.5
ZINC (MT)			
Fresnillo	12,414	9,043	37.3
Ciénega	3,347	3,053	9.6
Saucito	8,325	8,850	-5.9
Total Zinc (MT)	24,086	20,946	15.0

Treatment and Refining charges

Similar to previous years, the 2017 treatment and refining charges (TRCs) per tonne and per ounce are currently being negotiated with Met-Mex in accordance with international benchmarks and will apply retrospectively from January 2017. Treatment and refining charges in these Interim Financial Statements were assumed to be the same as those which were negotiated for the full year 2016, a consistent approach taken to that in 1H16.

Treatment charges per tonne of lead and zinc concentrate for the first half of 2017 decreased 11.0% and 21.7% respectively, whilst silver refining charges decreased 4.3% compared to 1H16. However, these favourable effects were offset by the increase in the volumes of lead and zinc concentrates and precipitates shipped to Met-Mex. As a result, treatment and refining charges in absolute terms remained broadly flat half on half.

Cost of sales

			Change	
	H1 17	**H1 16**	**Amount**	**%**
Adjusted production costs[4]	343.0	299.7	43.3	14.4
Depreciation and amortisation	168.0	165.3	2.6	1.6
Change in work in progress	16.0	37.6	-21.6	-57.4
Profit Sharing	8.9	9.9	-1.0	-10.1
Hedging	0.0	2.6	-2.6	N/A
Reversal of inventories write-down	0.0	-22.6	-22.6	N/A
Cost of Sales	**535.8**	**492.5**	**-43.3**	**8.8**

4 Adjusted production cost is calculated as total production costs less depreciation, profit sharing and the effects of exchange rate hedging.

Cost of sales of US$535.8 million increased by 8.8% over 1H16 as a result of the following combination of factors:

- Adjusted production costs increased by 14.4% to US$343.0 million in 1H17. The US$43.3 million increase was largely explained by i) the additional production costs from the San Julián (phase I) start-up estimated at US$30.1 million and ii) the net higher production costs related to increased ore throughput at our operating mines, except for Ciénega, estimated at US$11.6 million. This was partly offset by the positive effect of the 8.1% devaluation of the average Mexican peso/US dollar spot exchange rate estimated at US$11.4 million and efficiencies achieved at Fresnillo, Herradura and Noche Buena estimated at US$9.8 million. In addition, each production cost component was affected by the below cost inflation/deflation (excluding the benefit of the devaluation):

- Cost of energy increased by US$17.1 million due to higher unit prices of electricity and diesel
- Contractor costs rose by US$4.2 million due to the contract adjustments recorded during the first half of the year with each individual contractor in Mexican pesos terms
- Personnel costs, excluding profit sharing, increased by US$1.5 million as a result of the 5.75% increase in wages in Mexican pesos
- Cost of operating materials decreased by US$1.5 million
- Cost of maintenance decreased by US$0.7 million
- Other cost inflation of US$2.2 million

- Depreciation increased by US$2.6 million mainly due to the additional asset base from San Julián, partially offset by lower depreciation at the other operating mines.
- The variation in change in work in progress had a positive effect of US$21.6 million half on half. Change in work in progress was US$16.0 million in 1H17 as a result of the further decrease in inventories on the leaching pads at Herradura, albeit not of the same magnitude as the decrease in 1H16.
- Profit sharing decreased slightly by US$1.0 million.
- Given that the Mexican peso exchange rate hedging programme was suspended, there was no effect in the income statement in 1H17, whereas a US$2.6 million loss was recorded in 1H16.
- There was no effect recorded in the income statement as a result of the valuation of inventory carrying cost at Soledad-Dipolos, whereas a favourable effect of US$22.6 million was recorded in 1H16.

Cost per tonne and cash cost per ounce

Cost per tonne is a key indicator to measure the effects of mining inflation and cost control performance at each mine. This indicator is calculated as total production costs, plus ordinary mining rights less depreciation, profit sharing and exchange rate hedging effects, divided by total tonnage processed.

COST PER TONNE				
				%
		H1 17	H1 16	Change
Fresnillo	US$/TONNE MILLED	44.07	43.80	0.6
Saucito	US$/TONNE MILLED	45.16	40.34	11.9
Ciénega	US$/TONNE MILLED	64.39	55.18	16.7
San Julián (phase I)*	US$/TONNE MILLED	48.97	-	N/A
Herradura	US$/TONNE DEPOSITED	7.10	7.61	-6.6
Noche Buena	US$/TONNE DEPOSITED	7.00	7.80	-10.2

* Start-up period

Cost per tonne across the Group were benefited by the 8.1% devaluation of the average Mexican peso against the US dollar. This positive effect was offset, and in some cases more than offset, by the higher unit prices of electricity (37.2%) and diesel (20.3%) and by the 5.75% increase in wages in Mexican pesos for unionised workers and the higher contractor fees. Factors affecting cost per tonne at each mine are described below:

Fresnillo

Cost per tonne milled remained broadly unchanged half on half. Higher cost of energy, together with higher contractor costs and personnel costs due to an increased headcount and the increase in wages in Mexican pesos, were mostly offset by the devaluation of the Mexican peso and the efficiencies achieved from the 5.8% increase in ore throughput.

Saucito

Cost per tonne milled increased 11.9% mainly as a result of an increase in development works charged to production costs, an increase in contractor costs resulting from the higher fees paid and additional contractors hired, the increase in energy costs and the 5.75% increase in wages in Mexican pesos granted to unionised workers. These adverse effects were mitigated by the devaluation of the Mexican peso against the US dollar.

Ciénega

Cost per tonne milled increased 16.7% mainly as a result of the lower volume of ore processed, increased in development works and maintenance, an increased number of contractors, the higher unit price of electricity and diesel and the increase in wages in Mexican pesos to unionised personnel. This was mitigated by the devaluation of the Mexican peso.

Herradura

Cost per tonne decreased 6.6% mainly due to the lower stripping costs charged to production costs, the positive impact of the higher ore deposited and the devaluation of the Mexican peso, which more than offset the increase in the unit price of diesel.

Noche Buena

Cost per tonne decreased by 10.2% as a result of the increased volumes of ore deposited, the devaluation of the Mexican peso and the lower cost of operating materials. This was partly mitigated by the higher cost of energy.

CASH COST PER OUNCE[5]

		H1 17	H1 16	% Change
Fresnillo	US$ per silver ounce	1.25	3.56	-64.9
Saucito	US$ per silver ounce	1.64	0.83	96.3
Ciénega	US$ per gold ounce	-242.81	-121.68	N/A
San Julián (phase I)*	US$ per silver ounce	-4.73	-	N/A
Herradura	US$ per gold ounce	483.91	485.23	-0.3
Noche Buena	US$ per gold ounce	804.12	778.38	3.3

5 Cash cost per ounce is calculated as total cash cost (cost of sales plus treatment and refining charges and mining rights less depreciation) less revenues from by-products divided by the silver or gold ounces sold.

* Start-up period

Fresnillo: US$1.25/oz (1H17) vs US$3.56/oz (1H16), (-US$2.31/oz; -64.9%)

The decrease in cash cost per ounce was primarily driven by higher by-product credits (zinc and lead) and, to a lesser extent, higher silver ore grades.

Saucito: US$1.64/oz (1H17) vs US0.83/oz (1H16), (+US$0.81/oz; +96.3%)

Cash cost per ounce increased due to the higher cost per tonne and the expected lower silver ore grade. These negative factors were mitigated by the higher lead and zinc by-product credits and lower profit sharing.

Ciénega: -US$242.81/oz (1H17) vs -US$121.68/oz (1H16), (-US$121.13/oz; N/A)

The decrease in cash cost per gold ounce was primarily explained by the higher by-product credits, which were partly offset by the increase in cost per tonne.

Herradura: US$483.91/oz (1H17) vs US$485.23/oz (1H16), (-US$1.32/oz; -0.3%)

Cash cost per gold ounce remained stable half on half mainly as a result of the lower cost per tonne, offset by the lower gold ore grade.

Noche Buena: US$804.1/oz (1H17) vs US$778.38/oz (1H16), (US$25.74/oz; 3.3%)

The increase in cash cost was driven by the adverse effect of the reversal of the write down of gold inventories on the leaching pads in 1H16. This was partly compensated for by the lower cost per tonne and the higher gold ore grade in 1H17.

All in sustaining cost

		H1 17	H1 16	Change %
Fresnillo	US$ per silver ounce	7.57	8.31	-8.9
Saucito	US$ per silver ounce	6.50	5.53	17.6
Ciénega	US$ per gold ounce	419.16	525.86	-20.3
San Julián	US$ per silver ounce	5.65	-	N/A
Herradura	US$ per gold ounce	810.82	721.24	12.4
Noche Buena	US$ per gold ounce	908.73	826.11	10.0

All-in sustaining costs are calculated as traditional cash cost plus on-site general, corporate and administrative costs, community costs related to current operations, capitalised stripping and underground mine development, sustaining capital expenditures and remediation expenses.

The changes in all-in sustaining costs at each mine are explained below:

Fresnillo: All-in sustaining cost decreased due to lower administrative costs and a decrease in cash cost, partially offset by the increase in sustaining capex.

Saucito: All-in sustaining cost increased due to the higher cash cost and an increase in sustaining capex.

Ciénega: The decrease in all-in sustaining cost was mainly driven by the decrease in cash cost.
Herradura: Higher all-in sustaining cost due to the increased capitalised stripping costs and higher administrative costs.
Noche Buena: The increase in all-in sustaining cost was due to higher cash cost.

All-in sustaining costs are affected by ad hoc expenses recorded in each particular year, and therefore may significantly vary year on year.

Gross profit

Total gross profit, excluding hedging gains and losses, increased by 16.6% to US$460.0 million in 1H17. The US$65.6 million increase resulted from: i) the gross profit of US$69.3 million generated by the new San Julián mine (phase I); ii) the US$49.7 million estimated benefit of the increase in metal prices; iii) the positive effect of the increased volumes produced at Fresnillo estimated at US$13.9 million; iv) the US$11.4 million favourable effect of the Mexican peso/US dollar exchange rate devaluation; and v) other favourable impacts estimated at US$11.4 million. These factors were partly offset by: i) cost inflation estimated at US$21.9 million; ii) the expected lower ore grades at Saucito estimated at US$21.7 million; iii) the lower gold grades at Herradura, which had an estimated adverse impact of US$19.1 million; iv) the positive effect of the reversal of the write down of inventories at Soledad-Dipolos of US$14.5 million in 1H16; and v) the lower gold production at Noche Buena with an estimated impact of US$13.0 million.

On a per mine basis, Herradura and Saucito remain the major contributors to the Group’s consolidated gross profit, whilst Ciénega and Noche Buena reflected marginal changes over the period. Fresnillo’s gross profit increased 55.2%, reflecting the progress made to operate this mine at full capacity. The commencement of commercial production at San Julián (phase I) resulted in a 9.4% contribution to the consolidated gross profit.

(US$ millions)					**Change**	
	H1 17		**H1 16**		**Amount**	**%**
Herradura	133.1	29.2%	139.8	35.6%	-6.7	-4.8
Saucito	120.5	26.4%	121.6	31.0%	-1.1	-0.9
Fresnillo	103.5	22.7%	66.7	17.0%	36.8	55.2
San Julián (phase I)	43.0	9.4%	-	-	43.0	N/A
Ciénega	29.7	6.5%	21.8	5.5%	7.9	36.2
Noche Buena	26.6	5.8%	28.4	7.2%	-1.8	-6.3
Total for operating mines	**456.4**	**100.0%**	**392.8**	**100.0%**	**63.6**	**16.2**
MXP/USD exchange rate hedging (losses)	0.0		-2.6		-2.6	N/A
Metal hedging	0.0		1.5		-1.5	N/A
Other subsidiaries	3.6		17.2		-13.6	-79.1
Total Fresnillo plc	**460.0**		**394.4**		**65.6**	**16.6**

Administrative expenses

Administrative expenses increased from US$26.5 million to US$33.1 million in 1H17. The 24.9% increase was primarily explained by an increase in services provided by third parties associated with telecommunications and additional administrative personnel hired to service a larger number of mines and projects. Additionally, increased administrative services provided by Servicios Industriales Peñoles, S.A.B de C.V. in relation to San Julián (phase I) also contributed to the increase in administrative expenses in 1H17.

Exploration expenses

BUSINESS UNIT / PROJECT (US$ millions)	Exploration expenses	Capitalised expenses
Ciénega	2.8	-
Fresnillo	8.1	-
Herradura	8.4	-
Saucito	5.5	-
Noche Buena	2.5	-
San Julián	3.7	-
Centauro Deep	1.0	0.0
Orisyvo	0.9	-
San Ramón	2.1	-
Cebollitas and Manzanillas	1.6	-
Corredor Herradura	0.3	-
Pilarica	1.1	-
Guazaparez	1.7	-
Candameña	2.1	-
Guanajuato	1.8	0.4
Perú	1.8	-
Juanicipio	0.0	1.0
Others	18.8	0.3
TOTAL	**64.2**	**1.7**

Exploration expenses totalled US$64.2 million in 1H17, a 23.4% increase over the same period of 2016 due to intensified exploration activities at Herradura, San Julián and Cebollitas in the Ciénega district. An additional US$1.7 million was capitalised mainly related to exploration expenses at the Juanicipio project. Thus, risk capital invested in exploration totalled US$65.9 million and remains at US$160 million for the full year.

EBITDA

EBITDA and EBITDA Margin
Six months ended 30 June
(in millions of US$)

	H1 2017	H1 2016	% change
Gross Profit	460.0	394.4	16.6
+ Depreciation and amortisation	168.0	165.3	1.6
- Administrative Expenses	-33.1	-26.5	24.9
- Exploration Expenses	-64.2	-52.1	23.4
- Selling Expenses	-8.2	-7.2	13.7
EBITDA	522.5	474.0	9.4
EBITDA Margin	52.5%	53.4%	

A key indicator of the Group's financial performance is EBITDA, which is calculated as gross profit plus depreciation, less administrative, selling and exploration expenses. This indicator increased from US$474.0 million in 1H16 to US$522.5 million in 1H17 as a result of the higher gross profit, which was partly offset by the higher administrative and exploration expenses. However, the EBITDA margin decreased slightly from 53.4% in 1H16 to 52.5% in 1H17.

Other income

During the period, US$23.4 million income was recognised in the income statement resulting from the sale of non-strategic mining claims to Argonaut Gold Inc around its Castillo mine. This compares favourably against the US$4.4 million expense recorded in 1H16, which included disposals of fixed assets and remediation works.

Silverstream revaluation effects

The Silverstream contract is accounted for as a derivative financial instrument carried at fair value. The total effect of the revaluation of the Silverstream contract recorded in 1H17 was a US$54.8 million gain, which was lower than the US$109.9 million gain registered in 1H16. US$32.1 million arose mainly as a result of the reclassification from silver resources to reserves at the Sabinas mine and a higher price of silver. A further US$22.8 million gain was generated by the unwinding of the discount and the difference between payments received during the 1H17 and estimated payments in the valuation model at 31 December 2016.

The cumulative non-cash revaluation gains that have been recognised in the income statement since 2008 increased to US$738.6 million in total; whilst cumulative cash received or receivable at the end of 1H17 from the Silverstream contract totalled US$582.6 million (which compares favourably to the upfront payment of US$350 million paid on 31 December 2007).

It is expected that the Group will record further unrealised gains or losses in the income statement in accordance with the cyclical behaviour of the silver price or changes in the assumptions used when valuing this contract. Further information related to the Silverstream contract is provided in the Balance Sheet section below and in notes 10 and 18 to the Interim Financial Statements.

Finance costs

Finance costs of US$17.0 million reflected the interest on the US$800 million principal amount of 5.5% Senior Notes, net of amounts capitalised totaling US$6.9 million in 1H17.

In addition, a US$35.2 million non-cash finance loss was generated by the mark-to-market time value of the outstanding gold hedging programme put in place to protect the investment made in the acquisition of the 44% stake of Newmont in Penmont in 2014. This compared favourably to the US$136.6 million non-cash finance loss generated in 1H16.

Foreign exchange

A foreign exchange gain of US$3.8 million was recorded in the income statement as a result of the realised transactions in the period and the positive effect of the 13.4% spot revaluation of the Mexican peso against the US dollar in the six months ended 30 June 2017 on the value of peso-denominated net monetary assets. This compared favourably against the US$8.6 million foreign exchange loss recognised in the first half of 2016.

The Group also enters into certain exchange rate derivative instruments as part of a programme to manage its exposure to foreign exchange risk associated with the purchase of equipment denominated in Euro (EUR), Swedish krona (SEK) and Canadian dollar (CAD). At the end of June, the total EUR, SEK and CAD outstanding net forward position was EUR 7.17 million, CAD 0.0 and SEK 8.23 million with maturity dates from September through December 2017. Volumes that expired during

1H17 were EUR 15.03 million with a weighted average strike of 1.1019 USD/EUR, CAD 0.48 million with a weighted average strike of 1.3385 CAD/USD and SEK 14.18 million with a weighted average strike of 8.9443 SEK/USD, which has generated an insignificant gain in the period.

Taxation

Income tax expense decreased by 15.7% from US$73.7 million in 1H16 to US$62.2 million in 1H17, despite the fact that profit before taxes increased by 51.8%. This was a result of the 13.4% revaluation of the Mexican peso in 1H17 versus the 9.9% devaluation in 1H16 on the tax value of assets and liabilities; together with the impact of the higher inflation rate (3.18% in 1H17 vs 0.16 in 1H16) on the inflationary uplift of the tax base of assets and liabilities.

The effective tax rate, excluding the special mining rights, was 16.0%, which was below the 30% statutory tax rate. This was mainly due to the revaluation of the Mexican peso against the US dollar, which impacted the carrying amount of assets and liabilities (denominated in US dollars) and their tax bases (denominated in Mexican pesos), together with the tax credit related to the special tax on diesel. Including the effect of the special mining rights, the effective tax rate was 20.0% in 1H17.

Profit for the period

Profit for the period was US$310.1 million, which represented an 87.2% increase half on half as a result of the factors discussed above.

Excluding the effects of the Silverstream valuation, profit for the period increased 206.3% to US$271.7 million in 1H17.

Cash Flow

A summary of the key items from the cash flow is set out below:

Cash Flow Key Items
Six months ended 30 June
(in millions of US$)

	H1 17	H1 16	(US $)	(%)
Cash generated by operations before changes in working capital	540.3	475.2	65.1	13.7
(Increase) decrease in working capital	-25.8	0.5	-26.3	N/A
Taxes and Employee Profit Sharing paid	-211.9	-67.9	-144.0	-13.2
Net cash from operating activities	354.2	407.9	-53.7	-13.2
Silverstream contract	23.0	20.1	2.9	14.4
Purchase of property, plant & equipment	-264.3	-198.8	-65.5	33.0
Dividends paid	-158.4	-24.8	-133.7	539.5
Net interest paid	-8.5	-9.3	0.8	-8.6
Net increase in cash and short term investments during the period	-27.1	201.0	-228.1	N/A
Cash, cash equivalents and short term investments at 30 June*	884.9	701.2	183.7	26.2

*As disclosed in the Consolidated Cash Flow Statement, cash and cash equivalents at 30 June 2017 totalled US$394.9 million and short-term investments held in fixed-term bank deposits amounted to US$490.0 million. Cash and cash equivalents at 30 June 2016 totalled US$581.2 million and short-term investments held in fixed-term bank deposits amounted to US$120.0 million.

In 1H17, cash generated by operations before changes in working capital totalled US$540.3 million, a 13.7% increase due to higher profits generated. Further, working capital decreased by US$25.8 million as a result of the net impact of the following factors:

- A US$6.0 million decrease in trade and other receivables
- A US$14.1million decrease in ore inventories on the leaching pads at Herradura
- A US$0.7 million decrease in prepayments and other assets
- An increase in trade and other payables of US$4.9 million

Taxes and employee profit sharing paid of US$211.9 million increased by 212.2% over 1H16 due to higher profits generated.

As a result of the above factors, net cash from operating activities decreased by 13.2% to US$354.2 million.

The Group also received proceeds of US$23.0 million from the Silverstream Contract.

The Group purchased property plant and equipment for a total of US$264.3 million, a 33.0% increase over 1H16. The Group expects capital expenditures of around US$700 million for the full year. Capital expenditures for 1H17 are further described below:

Purchase of property, plant and equipment*		
(US$ millions)		
	H1 17	
Herradura mine	61.2	Construction of second line of the dynamic leaching plant and stripping activities.
San Julián	55.6	Development works and construction of flotation plant at San Julián (phase II)
Saucito mine	53.2	Construction of the pyrites plant, development works and deepening of the Jarillas shaft
Fresnillo mine	49.5	Mine development and purchase of in-mine equipment.
Ciénega mine	19.0	Development works, construction of tailings dam and purchase of land
Noche Buena	8.7	Construction of leaching pads
Juanicipio project	1.0	Exploration expenses
Other	16.1	Exploraciones Mineras Parreña and SAFSA.
Total Purchase of property, plant and equip.	264.3	

Dividends paid to shareholders in 1H17 totalled US$158.4 million as a result of the final dividend of 21.5 US cents per share paid in May 2017. Other uses of funds included the US$8.5 million net interest paid in the first half of 2016.

The sources and uses of funds described above resulted in a net decrease of US$27.1 million in cash, cash equivalents and short term funds, which combined with the US$912.0 million balance at the beginning of the year, resulted in cash, cash equivalents and short term funds of US$884.9 million as at 30 June 2017.

Balance Sheet

Fresnillo plc continued to maintain a solid financial position with short term funds of US$884.9 million as of 30 June 2017. This represented a 3.0% decrease versus December 2016 but a 26.2% increase compared to the short term funds of US$701.2 million as of 30 June 2016.

Trade and other receivables (including income tax recoverable) increased from US$286.7 million as of 31 December 2016 to US$369.4 million as at 30 June 2017 mainly due to the increase in recoverable taxes in 1H17 and higher volumes sold at higher prices, which increased accounts receivables.

Inventories decreased 5.1% over the 2016 year-end figure to US$262.7 million, mainly as a result of the decrease in gold inventories on the leaching pads of Herradura.

The change in the value of the Silverstream derivative from US$467.5 million at the beginning of the year to US$500.2 million as of 30 June 2017 reflects proceeds of US$22.1 million, (US$17.0 million in cash generated in respect of the period and US$5.1 million receivable) and the revaluation effects of US$54.8 million in the Group's income statement.

The net book value of property, plant and equipment increased by 5.1% to US$2,290.8 million at 30 June 2017 (US$2,180.2 at 31 December 2016), reflecting the larger asset base following the commissioning of San Julián (phase I).

Fresnillo plc's total equity for 1H17 was US$2,891.4 million, an increase of 6.4% when compared to the figure at the beginning of the year, which reflected retained earnings from 2016.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above in the Operational Review, with further detail in the Annual Report 2016. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review. In addition, the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk were set out in the Annual Report 2016. Details of its financial instruments and hedging activities as at 30 June 2017 are set out in note 19 to the interim report.

In making their assessment of the Group's ability to manage its future cash requirements, the Directors have considered the Company and Group budgets and the cash flow forecasts for the period to 31 December 2018 as at July 2017. In addition, they reviewed a more conservative cash flow scenario with silver and gold prices reduced below current expectations, whilst maintaining current budgeted expenditure, which resulted in our current cash balances reducing over time to a more than adequate margin of liquidity towards the end of 2018.

After reviewing all of the above considerations, the Directors have a reasonable expectation that management has sufficient flexibility in potential adverse circumstances to maintain adequate resources to continue in operational existence for the foreseeable future. The Directors, therefore, continue to adopt the going concern basis of accounting in preparing these interim financial statements.

Dividends

The Board of Directors has declared an interim dividend of 10.6 US cents per share totalling US$78.1 million which will be paid on 8 September 2017 to shareholders on the register on 11 August 2017. This decision was made after a comprehensive review of the Group's financial situation, assuring that the Group is well placed to meet its current and future financial requirements, including its development and exploration projects.

Fresnillo's existing dividend policy, which takes into account the profitability of the business and underlying earnings of the Group, as well as its capital requirements and cash flows whilst maintaining an appropriate level of dividend cover, remains in place. To reiterate the policy, a total dividend of between 33 and 50 percent of profit after tax is paid out each year in the approximate proportion of one-third to be paid as an interim dividend, two-thirds to be paid as a final dividend.

The interim dividend will be paid in UK pounds sterling to shareholders, unless a shareholder elects to receive dividends in US dollars. The interim dividend will be paid in UK pounds sterling with the dividend being converted into UK pounds sterling on or around 15 August 2017.

Risks and uncertainties

In the first half of 2017, the Board and the Executive Committee continued to oversee Fresnillo plc's principal risks as part of our risk management framework as we work towards achieving our strategic objectives.

Fresnillo plc currently monitors eleven principal risks which have not changed from those set out in the Strategic Report of the Annual Report for the year ended 31 December 2016 (published in April 2017).

The principal risks are shown below:

- Impact of global macroeconomic developments (silver and gold prices)
- Access to land
- Potential actions by the Government (e.g. taxes, more stringent regulations, permits)
- Security
- Public perception against mining
- Safety
- Projects (performance risk)
- Union relations
- Exploration
- Human Resources
- Environmental incidents

Directors

The names and functions of the current directors and senior management team of Fresnillo plc are shown on the Group's website: www.fresnilloplc.com

Statement of directors' responsibilities

The Directors of the Company hereby confirm that to the best of their knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit and loss account of the Fresnillo Group as required by DTR 4.2.4; and

(b) the interim management report includes a fair review of the information required by DTR 4.2.7 (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principle risks and uncertainties for the remaining six months of the year) and DTR 4.2.8 (being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period and changes since the last annual report).
On behalf of the board of directors of Fresnillo plc.

Octavio Alvídrez
Chief Executive Officer

INDEPENDENT REVIEW REPORT TO FRESNILLO PLC

Introduction

We have been engaged by the Company to review the interim condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated balance sheet, the interim consolidated cash flow statement, the interim consolidated statement of changes in equity and the related Notes 1 to 19. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim condensed consolidated set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 2a, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The interim condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the interim condensed consolidated set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
31 July 2017

Interim Consolidated Income Statement

	Notes	*For the six months ended 30 June*					
		2017 (Unaudited)			*2016 (Unaudited)*		
		(in thousands of US dollars)					
		Pre-Silverstream revaluation effect	Silverstream revaluation effect	Total	Pre-Silverstream revaluation effect	Silverstream revaluation effect	Total
Continuing operations:							
Revenues	4	995,833		995,833	886,877		886,877
Cost of sales	5	(535,798)		(535,798)	(492,479)		(492,479)
Gross profit		**460,035**		**460,035**	**394,398**		**394,398**
Administrative expenses		(33,076)		(33,076)	(26,459)		(26,459)
Exploration expenses		(64,247)		(64,247)	(52,053)		(52,053)
Selling expenses		(8,189)		(8,189)	(7,205)		(7,205)
Other operating income	6	27,268		27,268	501		501
Other operating expenses		(3,910)		(3,910)	(4,918)		(4,918)
Profit from continuing operations before net finance costs and income tax		**377,881**		**377,881**	**304,264**		**304,264**
Finance income	7	7,812		7,812	3,721		3,721
Finance costs	7	(56,978)		(56,978)	(154,162)		(154,162)
Revaluation effects of Silverstream contract	11	-	54,834	54,834	-	109,919	109,919
Foreign exchange loss		3,843		3,843	(8,607)		(8,607)
Profit from continuing operations before income tax		**332,558**	**54,834**	**387,392**	**145,216**	**109,919**	**255,135**
Corporate income tax	8	(45,701)	(16,451)	(62,152)	(40,732)	(32,976)	(73,708)
Special mining right	8	(15,131)		(15,131)	(15,801)		(15,801)
Income tax expense	8	(60,832)	(16,451)	(77,283)	(56,533)	(32,976)	(89,509)
Profit for the period from continuing operations		**271,726**	**38,383**	**310,109**	**88,683**	**76,943**	**165,626**
Attributable to:							
Equity shareholders of the Company		270,335	38,383	308,718	90,093	76,943	167,036
Non-controlling interests		1,391		1,391	(1,410)		(1,410)
		271,726	**38,383**	**310,109**	**88,683**	**76,943**	**165,626**
Earnings per share: (US$)							
Basic and diluted earnings per ordinary share from continuing operations	9	-		0.419	-		0.227
Adjusted earnings per share: (US$)							
Adjusted basic and diluted earnings per ordinary share from continuing operations	9	0.367		-	0.122		-

Interim Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2017	*2016*
	(Unaudited)	*(Unaudited)*
	(in thousands of US dollars)	
Profit for the period	**310,109**	**165,626**
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Loss on cash flow hedges recycled to income statement	-	1,052
Income tax effect	-	(315)
Changes in the fair value of cash flow hedges	-	(52,308)
Income tax effect	-	15,692
Net effect of cash flow hedges	-	(35,879)
Changes in the fair value of available-for-sale financial assets	17,683	64,930
Income tax effect	(5,305)	(19,479)
Impairment of available-for-sale financial assets	36	-
Income tax effect	(11)	-
Net effect of available-for-sale financial assets	12,403	45,451
Foreign currency translation	460	(390)
Net other comprehensive income that may be reclassified subsequently to profit or loss	**12,863**	**9,182**
Items that will not be reclassified to profit or loss:		
Remeasurement losses on defined benefit plans	-	(188)
Income tax effect	-	30
Net other comprehensive loss that will not be reclassified to profit or loss	**-**	**(158)**
Other comprehensive income, net of tax	**12,863**	**9,024**
Total comprehensive income, net of tax	**322,972**	**174,650**
Attributable to:		
Equity shareholders of the Company	321,581	176,060
Non-controlling interests	1,391	(1,410)
	322,972	**174,650**

Interim Consolidated Balance Sheet

	Notes	*As of 30 June 2017 (Unaudited)*	*As of 31 December 2016 (Audited)*
		(in thousands of US dollars)	
ASSETS			
Non-current assets			
Property, plant and equipment	10	2,290,850	2,180,217
Available-for-sale financial assets	19	133,855	116,171
Silverstream contract	11,19	468,776	438,811
Derivative financial instruments	19	9	16,532
Deferred tax asset		63,502	20,023
Inventories	12	89,351	89,351
Other receivables	13	786	990
Other assets		2,647	3,385
		3,049,776	2,865,480
Current assets			
Inventories	12	173,371	187,499
Trade and other receivables	13	299,819	286,678
Corporate income tax recoverable		69,578	-
Prepayments		2,865	2,839
Derivative financial instruments	19	379	6,618
Silverstream contract	11,19	31,387	28,718
Short-term investments	14	490,000	200,000
Cash and cash equivalents	14	394,903	711,954
		1,462,302	1,424,306
Total assets		**4,512,078**	**4,289,786**
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Company			
Share capital		368,546	368,546
Share premium		1,153,817	1,153,817
Capital reserve		(526,910)	(526,910)
Available-for-sale financial assets reserve		60,011	47,608
Foreign currency translation reserve		(268)	(728)
Retained earnings		1,788,174	1,637,888
		2,843,370	2,680,221
Non-controlling interests		47,995	36,147
Total equity		**2,891,365**	**2,716,368**
Non-current liabilities			
Interest-bearing loans		798,429	798,027
Derivative financial instruments	19	11,212	16
Provision for mine closure cost		169,201	149,109
Provision for pensions and other post-employment benefit plans		10,788	9,095
Deferred tax liability		508,079	463,050
		1,497,709	1,419,297

Current liabilities			
Trade and other payables		114,495	121,633
Corporate income tax payable		-	18,842
Derivative financial instruments	19	1,130	630
Employee profit sharing		7,379	13,016
		123,004	154,121
Total liabilities		**1,620,713**	**1,573,418**
Total equity and liabilities		**4,512,078**	**4,289,786**

Interim Consolidated Statement of Cash Flows

	Notes	*For the six months ended 30 June* *2017* *(Unaudited)*	*2016* *(Unaudited)*
		(in thousands of US dollars)	
Net cash from operating activities	18	**354,161**	**407,895**
Cash flows from investing activities			
Purchase of property, plant and equipment		(264,341)	(198,817)
Proceeds from the sale of property, plant and equipment	6,13	13,078	219
Repayments of loans granted to contractors		402	1,299
Short-term investments	14	(290,000)	(1,282)
Silverstream contract	11	23,028	20,123
Interest received		7,801	3,717
Net cash used in investing activities		**(510,032)**	**(174,741)**
Cash flows from financing activities			
Dividends paid to shareholders of the Company		(158,433)	(24,776)
Capital contribution		10,457	5,090
Interest paid[1]		(16,267)	(12,987)
Net cash used in financing activities		**(164,243)**	**(32,673)**
Net (decrease)/increase in cash and cash equivalents during the period		(320,114)	200,481
Effect of exchange rate on cash and cash equivalents		3,063	(733)
Cash and cash equivalents at 1 January	14	711,954	381,420
Cash and cash equivalents at 30 June	14	**394,903**	**581,168**

[1]Total interest paid during the six months ended 30 June 2017 less amounts capitalised totalling US$6.9 million (30 June 2016: US$10.2 million) which were included within the caption Purchase of property, plant and equipment.

Interim Consolidated Statement of Changes in Equity

	Notes	*Share capital*	*Share premium*	*Capital reserve*	*Hedging Reserve*	*Available-for-sale financial assets Reserve*	*Foreign currency translation reserve*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total equity*
						(in thousands of US dollars)					
Balance at 1 January 2016 (*Audited)*		**368,546**	**1,153,817**	**(526,910)**	**36,214**	**16,297**	**(731)**	**1,296,906**	**2,344,139**	**30,202**	**2,374,341**
Profit for the period		-	-	-	-	-	-	167,036	167,036	(1,410)	165,626
Other comprehensive income, net of tax		-	-	-	(35,879)	45,451	(390)	(158)	9,024	-	9,024
Total comprehensive income for the period		-	-	-	(35,879)	45,451	(390)	166,878	176,060	(1,410)	174,650
Capital contribution		-	-	-	-	-	-	-	-	5,090	5,090
Dividends paid	15	-	-	-	-	-	-	(24,686)	(24,686)	-	(24,686)
Balance at 30 June 2016 *(Unaudited)*		**368,546**	**1,153,817**	**(526,910)**	**335**	**61,748**	**(1,121)**	**1,439,098**	**2,495,513**	**33,882**	**2,529,395**
Balance at 1 January 2017 (*Audited)*		**368,546**	**1,153,817**	**(526,910)**	**-**	**47,608**	**(728)**	**1,637,888**	**2,680,221**	**36,147**	**2,716,368**
Profit for the period		-	-	-	-	-	-	308,718	308,718	1,391	310,109
Other comprehensive income, net of tax		-	-	-	-	12,403	460	-	12,863	-	12,863
Total comprehensive income for the period		-	-	-		12,403	460	308,718	321,581	1,391	322,972
Capital contribution		-	-	-	-	-	-	-	-	10,457	10,457
Dividends paid	15	-	-	-	-	-	-	(158,432)	(158,432)	-	(158,432)
Balance at 30 June 2017 *(Unaudited)*		**368,546**	**1,153,817**	**(526,910)**	**-**	**60,011**	**(268)**	**1,788,174**	**2,843,370**	**47,995**	**2,891,365**

Notes to the Interim Condensed Consolidated Financial Statements

1 Corporate Information

Fresnillo plc (“the Company”) is a public limited company registered in England and Wales with the registered number 6344120.

Industrias Peñoles S.A.B. de C.V. (“Peñoles”) currently owns 75 percent of the shares of the Company and the ultimate controlling party of the Company is the Baillères family, whose beneficial interest is held through Peñoles. The registered address of Peñoles is Calzada Legaria 549, Mexico City 11250. Copies of Peñoles accounts can be obtained from www.penoles.com.mx. Further information on related party balances and transactions with Peñoles group companies is disclosed in Note 17.

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017 (“interim consolidated financial statements”), were authorised for issue by the Board of Directors of Fresnillo plc on 31 July 2017.

The Group’s principal business is the mining and beneficiation of non-ferrous minerals, and the sale of related production. The primary contents of this production are silver, gold, lead and zinc. Further information about the Group’s operating mines and its principal activities is disclosed in Note 3.

2 Significant accounting policies

(a) Basis of preparation and statement of compliance

The interim consolidated financial statements of the Group for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union (EU). They do not include all the information required for full annual financial statements for the Group, and therefore, should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2016 as published in the Annual Report 2016.

These interim consolidated financial statements do not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the full year is based on the statutory accounts for the financial year ended 31 December 2016. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU up to 31 December 2016, has been delivered to the Register of Companies. The auditors’ report in accordance with Chapter 3 of Part 16 of the Companies Act 2006 in relation to those accounts was unqualified.

The interim consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, available-for-sale financial assets and defined benefit pension scheme assets which have been measured at fair value.

The interim consolidated financial statements are presented in dollars of the United States of America (US dollars or US$) and all values are rounded to the nearest thousand ($000) except where otherwise indicated.

The impact of seasonality or cyclicality on operations is not considered significant on the interim consolidated financial statements.

(b) Basis of consolidation

The interim consolidated financial statements set out the Group's financial position as of 30 June 2017 and 31 December 2016, and its operations and cash flows for the periods ended 30 June 2017 and 30 June 2016.

The basis of consolidation adopted in the preparation of the interim consolidated financial statements is consistent with that applied in the preparation of the consolidated financial statements for the year ended 31 December 2016.

(c) Changes in accounting policies and presentation

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2016.

New standards and interpretations as adopted by the Group

The Group adopted Amendments to IAS 7 and Amendments to IAS 12 from 1 January 2017. As disclosed in the Annual Report 2016, these did not have an impact on the financial information of the Group. There were no other significant accounting standards or interpretations or any consequential amendments, required for the Group to adopt effective January 1, 2017.

Impact of standards issued but not yet applied by the Group

Except as set out below, the Group's assessment of new standards issued but not yet effective is consistent with that disclosed in the Annual Report 2016. The updates set out below reflect management's analysis to date; however, as this analysis is ongoing these impacts should be considered as indicative.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt IFRS 9 until it becomes mandatory on 1 January 2018. The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons:

Classification and measurement
The equity instruments that are currently classified as available-for-sale financial assets satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI). Under IFRS 9, gains and losses accumulated in OCI are not recycled to the income statement. There are no other significant changes to the accounting for these assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

Derecognition
The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

Hedge accounting
The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. At this stage the Group does not expect to identify any new hedge relationships. The Group's existing hedge relationships appear to qualify as continuing hedges upon the adoption of IFRS 9. As a consequence, the Group does not expect a significant impact on the accounting for its hedging relationships.

IFRS 9 changes the accounting requirements for the time value of purchased options where only the intrinsic value of such options has been designated as the hedging instrument. In such cases, changes in the time value of options are initially recognised in OCI. Where the hedged item is transaction related, amounts initially recognised in OCI related to change in the time value of options are reclassified to profit or loss or as a basis adjustment to non-financial assets or liabilities upon maturity of the hedged item, or, in the case of a hedged item that realises over time, the amounts initially recognised in OCI are amortised to profit or loss on a systematic and rational basis over the life of the hedged item. Under IAS 39, the change in time value of options is recorded in the income statement. The initial adjustment from retained earnings to hedging reserve as at 1 January 2017 would be US$23.0 million and the adjustment decreasing financial cost for the six months period ended 30 June 2017 US$35.2 million.

Presentation and disclosure
The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue arising from contracts with customers. The new revenue standard will supersede all current revenue recognition requirements under IFRS.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Group has evaluated recognition and measurement of revenue based on the five-step model in IFRS 15 and has not identified any financial impacts, hence no adjustments will result from the adoption of IFRS 15. The Group has elected to adopt the new standard from 1 January 2018 applying the modified retrospective adoption method.

Certain disclosures will change as a result of the requirements of IFRS 15. The Group expects this to include a breakdown of revenue from customers and revenue from other sources, including the movement in the value of embedded derivatives in sales contracts.

The IASB and IFRS Interpretation committee have issued certain amendments resulting from improvements to IFRSs that management considers do not have any impact on the accounting policies, financial position or performance of the Group. The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

3 Segment reporting

For management purposes, the Group is organised into operating segments based on producing mines.

At 30 June 2017 the Group has seven reportable operating segments represented by seven producing mines as follows:

- The Fresnillo mine, located in the State of Zacatecas, an underground silver mine ;
- The Saucito mine, located in the State of Zacatecas, an underground silver mine;
- The Cienega mine, located in the State of Durango, an underground gold mine; including the San Ramon satellite mine;
- The Herradura mine, located in the State of Sonora, a surface gold mine;
- The Soledad-Dipolos mine, located in the State of Sonora, a surface gold mine; and
- The Noche Buena mine, located in the State of Sonora, a surface gold mine; and
- The San Julian mine, located on the border of Chihuahua / Durango states, an underground silver-gold mine[1].

1 Phase one of San Julian mine commenced commercial production in the third quarter of 2016, phase two is expected to commence commercial production in the third quarter of 2017. As of 31 December 2016 this segment was included in "other" segments based on the aggregation criteria in the corresponding IFRS.

The operating performance and financial results for each of these mines are reviewed by management. As the Group´s chief operating decision maker does not review segment assets and liabilities, the Group has not disclosed this information.

In 2017 and 2016, substantially all revenue was derived from customers based in Mexico.

Management monitors the results of its operating segments separately for the purpose of performance assessment and making decisions about resource allocation. Segment performance is evaluated without taking into account certain adjustments included in revenue as reported in the interim consolidated income statements, and certain costs included within cost of sales and gross profit which are considered to be outside of the control of the operating management of the mines. The table below provides a reconciliation from segment profit to gross profit as per the interim consolidated income statement. Other income and expenses included in the interim consolidated income statement are not allocated to operating segments. Transactions between reportable segments are accounted for on an arm's length basis similar to transactions with third parties.

Operating segments

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2017 and 2016, respectively.

Six months ended 30 June 2017

US$ thousands	Fresnillo	Herradura	Cienega	Soledad-Dipolos [4]	Saucito	Noche Buena	San Julian	Other[5]	Adjustments and eliminations	Total
Revenues:										
Third party[1]	188,610	281,274	92,912	-	221,165	110,811	101,061	-	-	995,833
Inter-Segment	-	-	-	-	-	-	-	39,953	(39,953)	-
Segment revenues	**188,610**	**281,274**	**92,912**	**-**	**221,165**	**110,811**	**101,061**	**39,953**	**(39,953)**	**995,833**
Segment profit[2]	**133,010**	**166,136**	**51,514**	**-**	**162,244**	**36,866**	**69,303**	**30,726**	**(12,882)**	**636,917**
Depreciation and amortisation										(167,959)
Employee profit sharing										(8,923)
Gross profit as per the income statement										**460,035**
Capital expenditure[3]	49,456	61,233	19,006	-	53,239	8,670	55,568	17,169	-	**264,341**

[1]Total third party revenues include treatment and refining charges amounting US$73.6 million.
[2] Segment profit excluding foreign exchange hedging losses, depreciation and amortisation and employee profit sharing.
[3] Capital expenditure represents the cash outflow in respect of additions to property, plant and equipment. See note 10 for a description of these additions.
[4] Operations at Soledad-Dipolos were suspended in 2H 2013 as a result of the dispute disclosed in note 16.
[5] Other inter-segment revenue corresponds to leasing services provided by Minera Bermejal, S.A. de C.V; capital expenditure corresponds to Minera Juanicipio S.A de C.V.

Six months ended 30 June 2016

US$ thousands	Fresnillo	Herradura	Cienega	Soledad-Dipolos [4]	Saucito	Noche Buena	San Julian	Other[5]	Adjustments and eliminations	Total
Revenues:										
Third party[1]	152,862	327,687	83,232	-	215,935	105,642	-	-	1,519	886,877
Inter-Segment	-	-	-	-	-	-	-	38,682	(38,682)	-
Segment revenues	**152,862**	**327,687**	**83,232**	**-**	**215,935**	**105,642**	**-**	**38,682**	**(37,163)**	**886,877**
Segment profit[2]	**101,143**	**186,633**	**48,285**	**15,246**	**166,728**	**31,317**	**-**	**29,874**	**(6,984)**	**572,242**
Foreign exchange hedging losses										(2,571)
Depreciation and amortisation										(165,327)
Employee profit sharing										(9,946)
Gross profit as per the income statement										**394,398**
Capital expenditure[3]	26,484	38,004	17,194	-	43,615	2,027	64,856	6,636	-	**198,816**

[1]Total third party revenues include treatment and refining charges amounting US$74.1 million.
[2] Segment profit excluding foreign exchange hedging losses, depreciation and amortisation and employee profit sharing.
[3] Capital expenditure represents the cash outflow in respect of additions to property, plant and equipment. See note 10 for a description of these additions.

[4] Operations at Soledad-Dipolos were suspended in 2H 2013 as a result of the dispute disclosed in Note 16.
[5] Other includes inter-segment revenue corresponds to leasing services provided by Minera Bermejal, S.A. de C.V.; capital expenditure corresponds to Minera Juanicipio S.A de C.V. The presentation of capital expenditure has been changed to be consistent with the presentation in the 2017 table above.

4 Revenues

Revenues reflect the sale of goods, being concentrates, doré, slag, and precipitates of which the primary contents are silver, gold, lead and zinc.

(a) Revenues by product sold

	Six months ended 30 June	
	2017	*2016*
	(in thousands of US dollars)	
Lead concentrates (containing silver, gold, lead and by-products)	405,714	386,568
Doré and slag (containing gold, silver and by-products)	392,085	433,377
Zinc concentrates (containing zinc, silver and by-products)	74,113	45,149
Precipitates (containing gold and silver)	123,921	21,783
	995,833	**886,877**

Substantially all lead and zinc concentrates, precipitates, doré and slag, were sold to Peñoles' metallurgical complex, Met-Mex, for smelting and refining.

(b) Value of metal content in products sold

For products other than refined silver and gold, invoiced revenues are derived from the value of metal content adjusted by treatment and refining charges incurred by the metallurgical complex of the customer. The value of the metal content of the products sold, before treatment and refining charges is as follows:

	Six months ended 30 June	
	2017	*2016*
	(in thousands of US dollars)	
Silver	413,205	342,883
Gold	543,912	542,280
Zinc	65,559	40,373
Lead	46,790	35,398
Value of metal content in products sold	1,069,466	960,934
Adjustment for treatment and refining charges	(73,633)	(74,057)
Total revenues[1]	**995,833**	**886,877**

[1] Includes provisional price adjustments which represent changes in the fair value of embedded derivatives resulting in a gain of US$1.9 million (2016: gain of US$7.3 million). During the six month period ended 30 June 2017 there were no results from hedging recognised in revenue (2016: gain of US$1.5 million).

The average realised prices for the gold and silver content of products sold prior to the deduction of treatment and refining charges, were:

	Six months ended 30 June 2017	2016
	(in US dollars per ounce)	
Gold[2]	1,250.25	1,245.61
Silver[2]	17.44	16.58

[2] For the purpose of the calculation of revenue of product sold does not include the results from hedging.

5 Cost of sales

	Six months ended 30 June 2017	2016
	(in thousands of US dollars)	
Depreciation and amortisation (Note 10)	167,959	165,327
Personnel expenses[1]	41,571	42,670
Maintenance and repairs	51,351	45,551
Operating materials	69,101	64,788
Energy	66,996	56,726
Contractors	101,349	81,684
Mining concession rights and contributions	5,050	5,600
Freight	4,652	3,802
Insurance	2,285	2,586
Other	9,521	5,495
Cost of production	519,835	474,229
Losses on foreign currency hedges	-	2,571
Change in work in progress and finished goods (ore inventories)	15,963	38,257
Change in net realisable value allowance against inventory (Note 12)	-	(22,578)
Cost of sales	**535,798**	**492,479**

[1] Personnel expenses include employees´ profit sharing of US$8.9 million for the six months ended 30 June 2017 (six months ended 30 June 2016: US$9.9 million).

6 Other operating income

During the first six months of the year, certain mining concessions from the Fresnillo district were sold to a third party for a cash consideration of US$26.0 million, resulting in a gain of US$24.8 million. Of this consideration, 13.0 million has been received in the period, the remainder is expected to be received by the end of the year.

7 Finance income and finance costs

	Six months ended 30 June 2017	2016
	(in thousands of US dollars)	
Finance income:		
Interest on short term deposits	5,569	1,627
Other	2,243	2,094
	7,812	**3,721**

Finance costs:		
Interest on interest-bearing loans	16,669	13,488
Unwinding of discount on provisions	5,451	4,921
Fair value movements on derivatives[1]	34,508	135,126
Other	350	627
	56,978	**154,162**

[1] Principally relates to the time value associated with gold commodity options- see Note 19 for further detail.

8 Income tax expense

	Six months ended 30 June	
	2017	*2016*
	(in thousands of US dollars)	
Current corporate income tax:		
Income tax charge[1]	62,095	82,461
Amounts under/(over) provided in previous periods	8,676	(1,607)
	70,771	80,854
Deferred corporate income tax:		
Origination and reversal of temporary differences	(25,070)	(40,122)
Revaluation effects of Silverstream contract	16,451	32,976
	(8,619)	(7,146)
Corporate income tax	**62,152**	**73,708**
Current special mining right:		
Special mining right charge[2]	10,287	8,417
	10,287	8,417
Deferred special mining right:		
Origination and reversal of temporary differences	4,844	7,384
Special mining right	**15,131**	**15,801**
Income tax expense as reported in the income statement	**77,283**	**89,509**

[1] During 2016 the Mexican Internal Revenue Law granted to taxpayers a credit in respect of an excise tax (Special Tax on Production and Services, or IEPS for its acronym in Spanish) paid when purchasing diesel used for general machinery and certain mining vehicles. The credit can be applied against either the Group's own corporate income tax or the income tax withheld from third parties. The credit is calculated on an entity-by-entity basis and expires one year after the purchase of the diesel. During the six months period ended 30 June 2017 the Group applied a credit of US$15.3 million in respect of the period (30 June 2016: 12.2 million).

[2] The special mining right allows the deduction of payments for mining concession rights up to the amount of the special mining right payable within the same legal entity. In the six months ended 30 June 2017, the Group credited US$7.6 million (2016: US$4.3million) of mining concession rights against the special mining right. Prior to credits permitted under the special mining right regime, the current special mining right charge would have been US$17.9 million (2016: US$12.7).

The total mining concession rights paid during the six month period were US$7.3 million (2016: US$8.1 million) and have been recognised in the income statement within cost of sales and exploration expenses. Mining concessions rights paid in excess of the special mining right cannot be credited to special mining rights in future fiscal periods, and therefore, no deferred tax asset has been recognised in relation to the excess.

The effective tax rate for corporate income tax for the six months ended 30 June 2017 is 16.04% (six months ended 30 June 2016: 28.89%) and 20.57% including the special mining right (six months ended 30 June 2016: 35.08%). The main factors that reduced the effective tax rate for corporate income tax below 30% are the effect of foreign exchange rates as a result the appreciation of the Mexican peso against US dollar and the IEPS tax incentive described above.

9 Earnings per share

Earnings per share ('EPS') is calculated by dividing profit for the period attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

The Company has no dilutive potential ordinary shares.

As of 30 June 2017 and 30 June 2016, earnings per share have been calculated as follows:

	Six months ended 30 June	
	2017	*2016*
	(in thousands of US dollars)	
Earnings:		
Profit from continuing operations attributable to equity holders of the Company	308,718	167,036
Adjusted profit from continuing operations attributable to equity holders of the Company	270,335	90,093

Adjusted profit is profit as disclosed in the Interim Consolidated Income Statement adjusted to exclude revaluation effects of the Silverstream contract of US$54.8 million gain (US$38.3 million net of tax) (2016: US$109.9 million gain and US$76.9 million net of tax).

Adjusted earnings per share have been provided in order to provide a measure of the underlying performance of the Group, prior to the revaluation effects of the Silverstream contract, a derivative financial instrument.

	Six months ended 30 June	
	2017	*2016*
Number of shares:		
Weighted average number of ordinary shares in issue ('000)	736,894	736,894

	Six months ended 30 June	
	2017	*2016*
Earnings per share:		
Basic and diluted earnings per ordinary share from continuing operations (US$)	0.419	0.227
Adjusted basic and diluted earnings per ordinary share from continuing operations (US$)	0.367	0.122

10 Property, plant and equipment

The changes in property, plant and equipment during the six months ended 30 June 2017 are additions of US$288.4 million (six months ended 30 June 2016: US$202.8 million) and depreciation and amortisation of US$176.4 million, of which US$8.4 million was capitalised as a part of the cost of other fixed assets (six months ended 30 June 2016: US$172.4 million, of which US$7.1 million was capitalised). Significant additions include mine development, construction of leaching pads, purchase of mine equipment and capitalised stripping activity. These include the construction of facilities at San Julian phase II, the second dynamic leaching plant at Herradura and the construction of the pyrites plant at Saucito.

As of 30 June 2017 the Group has contractual commitments related to the construction and acquisition of property, plant and equipment of US$207.5 million (31 December 2016: US$124.1 million).

11 Silverstream contract

Cash received in respect of the period of US$17.1 million (six months ended 30 June 2016: US$17.4 million) corresponds to 1.9 million ounces of payable silver (six months ended 30 June 2016: 1.9 million ounces). As at 30 June 2017, a further US$5.1 million (30 June 2016: US$5.8 million) of cash corresponding to 456,814 ounces of silver is due (30 June 2016: 437,431 ounces).

A reconciliation of the beginning balance to the ending balance is shown below.

	2017	*2016*
	(in thousands of US dollars)	
Balance at 1 January:	467,529	384,771
Cash received in respect of the period	(17,054)	(17,353)
Cash receivable	(5,146)	(5,778)
Remeasurement gains recognised in profit or loss	54,834	109,919
Balance at 30 June	**500,163**	**471,559**
Less - Current portion	31,387	36,209
Non-current portion	468,776	435,350

The US$54.8 million unrealised gain recorded in the income statement (30 June 2016: US$109.9 million gain) resulted from the updating of assumptions used to value the Silverstream contract. The most significant of these were the increase in the Sabinas mine silver reserves and resources, the unwinding of the discount, and the increase in the forward price of silver.

12 Inventories

	As at 30 June 2017	As at 31 December 2016
	(in thousands of US dollars)	
Finished goods[1]	8,159	5,736
Work in progress[2]	173,781	189,047
Ore stockpiles[3]	18,035	18,253
Operating materials and spare parts	69,938	70,348
Inventories at lower of cost and net realisable value	269,913	283,384
Accumulated write-down of work in progress inventory[4]	(2,269)	(2,269)
Allowance for obsolete and slow-moving inventories	(4,922)	(4,265)
Balance at lower of cost and net realisable value	262,722	276,850
Less - Current portion	173,371	187,499
Non-current portion[5]	89,351	89,351

[1] Finished goods include metals contained in concentrates and doré bars, and concentrates on hand or in transit to a smelter or refinery.
[2] Work in progress includes metals contained in ores on leaching pads.
[3] Ore stockpile includes ore mineral obtained during the development phase at San Julián.
[4] Corresponds to ore inventory of the Soledad-Dipolos mine resulting from net realisable value calculations.
[5] The non-current inventories are expected to be processed more than 12 months from the reporting date.

13 Trade and other receivables

	As at 30 June 2017	As at 31 December 2016
	(in thousands of US dollars)	
Trade receivables from related parties (Note 17)[1]	180,722	189,619
Value added tax receivable	68,220	70,426
Advances and other receivable from contractors	23,846	14,651
Other receivables arising on the sale of property, plant and equipment	15,152	386
Other receivables from related parties (Note 17)	5,146	5,973
Loans granted to contractors	1,451	1,401
Other receivables	5,817	4,693
	300,354	287,149
Provision for impairment of other receivables	(535)	(471)
	299,819	286,678
Other receivables classified as non-current assets:		
Loans granted to contractors	786	990
	786	990
	300,605	**287,668**

[1] Trade receivables from related parties include the fair value of embedded derivatives arising due to provisional pricing in sales contracts of (US$0.9) million as at 30 June 2017 (December 2016: US$(2.8) million).

14 Cash, cash equivalents and short term investments

The Group considers cash and cash equivalents and short term investments when planning its operations and in order to achieve its treasury objectives.

	As at 30 June 2017	*As at 31 December 2016*
	(in thousands of US dollars)	
Cash at bank and on hand	5,407	2,592
Short-term deposits	389,496	709,362
Cash and cash equivalents	**394,903**	**711,954**

Cash at bank earns interest at floating rates based on daily bank deposits. Short-term deposits are made for varying periods of between one day and four months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Short-term deposits can be withdrawn at short notice without any penalty or loss in value.

	As at 30 June 2017	*As at 31 December 2016*
	(in thousands of US dollars)	
Short-term investments	490,000	200,000

Short-term investments are made for fixed periods no longer than four months and earn interest at fixed rates without an option for early withdrawal. As at 30 June 2017 and 31 December 2016 all short-term investments are held in fixed-term bank deposits.

15 Dividends paid

Dividends declared by the Company are as follows:

	Per share US Cents	Amounts $Million
Six months ended 30 June 2017		
Total dividends paid during the period[1]	21.5	158.4
Six months ended 30 June 2016		
Total dividends paid during the period[2]	3.4	24.7

[1] Final dividend for 2016 approved at the Annual General Meeting on 23 May 2017 and paid on 26 May 2017.

[2] Final dividend for 2015 approved at the Annual General Meeting on 3 May 2016 and paid on 9 May 2016.

16 Contingencies

The contingencies in the Group's annual consolidated financial statements for the year ended 31 December 2016 as published in the 2016 Annual Report, are still applicable as of 30 June 2017, including the El Bajio agrarian community conflict and Minera Penmont tax audit as described below:

- As previously reported by the Company, the Unitarian Agrarian Court in Hermosillo, Sonora issued in February 2014 a procedural order determining, amongst other aspects, that Minera Penmont ("Penmont") must remediate the lands subject of the litigation to the state they were in before Penmont's occupation.

- In the opinion of the Company, this procedural order was excessive since this level of remediation was not part of the original agrarian ruling which ordered Penmont to vacate the lands in dispute, which Penmont did in July 2013, and also because the procedural order appeared not to consider the fact that Penmont conducted its activities pursuant to valid mining concessions and environmental impact permits. In December 2016, the Unitarian Agrarian Court in Hermosillo, Sonora issued a resolution stating that Penmont complied with the agrarian ruling by having returned the land in dispute and, furthermore, that remediation activities are to be conducted in accordance with applicable environmental guidelines and regulations, as supervised by the competent authorities. Penmont has already presented a conceptual mine closure and remediation plan before the Unitarian Agrarian Court in respect of the approximately 300 hectares where Penmont conducted mining activities. Remediation activities in this respect are pending as the agrarian members have not yet permitted Penmont physical access to the lands. The agrarian community Ejido El Bajio appealed the above-mentioned resolution from December 2016 and the District Court in Sonora has denied the Ejido's motion. The matter remains to be finally resolved.

- In addition, and as also previously reported by the Company, claimants in the El Bajio matter presented other claims against occupation agreements they entered into with Penmont, covering land parcels separate from the land described above. Penmont has no significant mining operations or specific geological interest in the affected parcels and these lands are therefore not considered strategic for Penmont. As previously reported, the Agrarian Court issued rulings declaring such occupation agreements over those land parcels to be null and void and that Penmont must remediate such lands to the state that they were in before Penmont's occupation as well as returning any minerals extracted from this area. Given that Penmont has not conducted significant mining operations or has had specific geological interest in these land parcels, any contingencies relating to such land parcels are not considered material by the Company. The case relating to the claims over these land parcels remains subject to final conclusion.

- Various claims and counterclaims have been made between the relevant parties in the El Bajio matter. There remains significant uncertainty as to the finalisation and ultimate outcome of these legal proceedings.

- With regards to Penmont tax audits, which commenced during 2015, the Company considers it completed the provision of all documentation required in order to demonstrate that all the 2012-2013 non-taxable income and tax deductions which are being challenged, are appropriate. Penmont formally filed a writ before the Mexican Taxpayers Ombudsman (PRODECON per its Spanish acronym) requesting a conclusive agreement in the matter. The Mexican Authority's (SAT per its Spanish acronym) first response to the request detailed that, while the documentation provided was sufficient to demonstrate that the majority of non-taxable income and tax deductions are correct, there are still some of them to be approved. In response, Penmont has provided SAT with additional documentation, which is currently under evaluation, to enable SAT to issue a second response to the Company's request for a conclusive agreement.

17 Related party balances and transactions

The Group had the following related party transactions during the six months ended 30 June 2017 and 30 June 2016 and balances as at 30 June 2017 and 31 December 2016.

Related parties are those entities owned or controlled by the ultimate controlling party, as well as those who have a minority participation in Group companies and key management personnel of the Group.

(a) Related party accounts receivable and payable

	Accounts receivable		*Accounts payable*	
	As at 30 June 2017	*As at 31 December 2016*	*As at 30 June 2017*	*As at 31 December 2016*
	(in thousands of US dollars)			
Trade:				
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	180,375	189,584	-	301
Other:				
Industrias Peñoles, S.A.B. de C.V.	5,146	5,974	-	-
Servicios Administrativos Peñoles, S.A de C.V.	-	-	2,858	1,612
Servicios Especializados Peñoles, S.A. de C.V.	-	-	2,129	36
Fuerza Eólica del Istmo, S.A. de C.V.	-	-	1,377	-
Other	347	34	2,642	1,224
	185,868	195,592	9,006	3,173

Related party accounts receivable and payable will be settled in cash.

Other balances due from related parties:

	As at 30 June 2017	*As at 31 December 2016*
	(in thousands of US dollars)	
Silverstream contract:		
Industrias Peñoles, S.A.B. de C.V.	500,163	467,529

The Silverstream contract can be settled in either silver or cash. Details of the Silverstream contract are provided in Note 11.

(b) Principal transactions with affiliates are as follows:

	Six months ended 30 June 2017	2016
	(in thousands of US dollars)	
***Income*:**		
Sales[1]:		
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	995,833	885,358
Other income	1,170	891
Total income	**997,003**	**886,249**

[1] Figures do not include hedging results as the derivative transactions are not undertaken with related parties. Figures are net of treatment and refining charges of US$73.6 million (June 2016: US$74.1 million).

	Six months ended 30 June 2017	2016
	(in thousands of US dollars)	
***Expenses*:**		
Administrative Services:		
Servicios Administrativos Peñoles, S.A. de C.V.[2]	11,630	10,297
Servicios Especializados Peñoles, S.A. de C.V.[2]	8,828	8,327
	20,458	18,624
Energy:		
Fuerza Eólica del Istmo, S.A. de C.V.	1,615	1,794
Termoeléctrica Peñoles, S. de R.L. de C.V.	9,996	7,615
	11,611	9,409
Operating materials and spare parts:		
Wideco Inc	2,452	2,247
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	2,814	871
	5,266	3,118
Equipment repairs and administrative services:		
Serviminas, S.A. de C.V.	2,697	2,947
Insurance premiums:		
Grupo Nacional Provincial, S.A.B. de C.V.	1,021	949
Other expenses:	4,323	4,285
Total expenses	45,376	39,332

[2] Based on the Service Agreement with Servicios Administrativos Peñoles, S.A. de C.V., ("SAPSA") and Servicios Especializados Peñoles, S.A. de C.V. ("SEPSA"), wholly owned Peñoles' subsidiaries, the companies provided administrative services during the six months ended 30 June 2017 for a total amount of US$20.4 million (US$18.6 million for the six months ended 30 June 2016). Services include administrative expenses of US$16.0 million (US$14 million for the six months ended 30 June 2016) and US$4.4 million operating expenses capitalised as exploration and development expenditure (US$4.6 million for six months ended 30 June 2016).

(c) Compensation of key management personnel of the Group

Key management personnel include the members of the Board of Directors and the Executive Committee who receive remuneration.

	Six months ended 30 June 2017	2016
	(in thousands of US dollars)	
Salaries and bonuses	2,239	1,996
Post-employment pension	137	154
Other benefits	136	106
Total compensation paid to key management personnel	2,512	2,256

18 Notes to the consolidated statement cash flows

	Notes	*Six months ended 30 June 2017*	*2016*
		(in thousands of US dollars)	
Reconciliation of profit for the period to net cash generated from operating activities			
Profit for the period		310,109	165,626
Adjustments to reconcile profit for the period to net cash inflows from operating activities:			
Depreciation and amortisation	5,10	167,959	165,327
Employee profit sharing		9,137	10,243
Deferred income tax expense	8	3,992	238
Current income tax expense	8	73,291	89,271
(Gain)/loss on the sale of property, plant and equipment	6	(24,686)	910
Other losses/(gains)		31	(148)
Net finance costs		14,658	15,315
Foreign exchange loss		5,700	3,121
Difference between pension contributions paid and amounts recognised in the income statement		457	124
Non cash movement on derivatives	7	34,508	135,126
Changes in fair value of Silverstream	11	(54,834)	(109,919)
Working capital adjustments			
Decrease/(increase) in trade and other receivables		6,002	(10,702)
Decrease in prepayments and other assets		712	1,368
Decrease in inventories		14,129	4,634
Increase in trade and other payables		4,943	5,247
Cash generated from operations		**566,108**	**475,781**
Income tax paid[1]		(194,763)	(55,394)
Employee profit sharing paid		(17,184)	(12,492)
Net cash from operating activities		**354,161**	**407,895**

[1] Income tax paid includes US$170.3 million corresponding to corporate income tax (June 2016: US$50.1 million) and US$24.5 corresponding to special mining right (June 2016: US$5.3 million).

19 Financial instruments

a. Fair value category

As at 30 June 2017

US$ thousands

Financial assets:	At fair value through profit or loss	Available-for-sale investments at fair value through OCI	Loans and receivables	At fair value through OCI (cash flow hedges)
Trade and other receivables[1] (Note 13)	-	-	209,437	-
Available-for-sale financial assets	-	133,855	-	-
Silverstream contract (Note 11)	500,163	-	-	-
Derivative financial instruments (Note 19)	305	-	-	83
Financial liabilities:		At fair value through profit or loss	At amortised Cost	At fair value through OCI (cash flow hedges)
Interest-bearing loans (Note 19)		-	798,429	-
Trade and other payables		-	92,584	-
Embedded derivatives within sales contracts (Note 19)		898	-	-
Derivative financial instruments (Note 19)		-	-	12,342

[1] Embedded derivatives from sales contracts are presented net within Trade and other receivables in the balance sheet.

As at 31 December 2016

US$ thousands

Financial assets:	At fair value through profit or loss	Available-for-sale investments at fair value through OCI	Loans and receivables	At fair value through OCI (cash flow hedges)
Trade and other receivables[1] (Note 13)	-	-	213,750	-
Available-for-sale financial assets	-	116,171	-	-
Silverstream contract (Note 11)	467,529	-	-	-
Derivative financial instruments (Note 19)	145	-	-	23,005
Financial liabilities:		At fair value through profit or loss	At amortised Cost	At fair value through OCI (cash flow hedges)
Interest-bearing loans		-	798,027	-
Trade and other payables		-	70,442	-
Embedded derivatives within sales contracts (Note 19)		2,750	-	-
Derivative financial instruments (Note 19)		-	-	646

[1] Embedded derivatives from sales contracts are presented net within Trade and other receivables in the balance sheet.

b. Fair value measurement

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: a) in the principal market for the asset or liability, or b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, other than those with carrying amounts that are a reasonable approximation of their fair values, are as follows:

	Carrying amount		Fair value	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	US$ thousands			
Financial liabilities:				
Interest-bearing loans[1]	798,429	798,027	885,184	840,904

[1] The fair value of interest-bearing loans is derived from quoted market prices in active markets (Level 1 of the fair value hierarchy).

The carrying amounts of all other financial instruments are measured at fair value.

The financial assets and liabilities measured at fair value are categorised into the fair value hierarchy as follows:

	As of 30 June 2017			
	Fair value measure using			
	Quoted prices in active markets (Level 1)	Significant observable (Level 2)	Significant unobservable (Level 3)	Total
	US$ thousands			
Financial assets:				
Derivative financial instruments:				
Option commodity contracts	-	83	-	83
Option and forward foreign exchange contracts	-	305	-	305
Silverstream contract (Note 11)	-	-	500,163	500,163
Financial assets available-for-sale:				
Quoted investments	133,855	-	-	133,855
	133,855	**388**	**500,163**	**634,406**
Financial liabilities:				
Derivative financial instruments:				
Embedded derivatives within sales contracts	-	-	898	898
Option commodity contracts	-	12,342	-	12,342
	-	**12,342**	**898**	**13,240**

	As of 31 December 2016			
	Fair value measure using			
	Quoted prices in active markets (Level 1)	Significant observable (Level 2)	Significant unobservable (Level 3)	Total
	US$ thousands			
Financial assets:				
Derivative financial instruments:				
Option commodity contracts	-	23,005	-	23,005
Option and forward foreign exchange contracts	-	145	-	145
Silverstream contract (Note 11)	-	-	467,529	467,529
Financial assets available-for-sale:				
Quoted investments	116,171	-	-	116,171

	116,171	**23,150**	**467,529**	**606,850**
Financial liabilities:				
Derivative financial instruments:				
Embedded derivatives within sales contracts	-	-	2,750	2,750
Options commodity contracts	-	66	-	66
Option and forward foreign exchange contracts	-	580	-	580
	-	**646**	**2,750**	**3,396**

There have been no significant transfers between Level 1 and Level 2 of the fair value hierarchy, and no transfers into and out of Level 3 fair value measurements.

A reconciliation of the opening balance to the closing balance for Level 3 financial instruments other than Silverstream (which is disclosed in Note 11) is shown below:

	2017	2016
	US$ thousands	
Balance at 1 January	(2,750)	(532)
Changes in fair value	7,447	6,609
Realised embedded derivatives during the year	(5,595)	647
Balance at 30 June	**(898)**	**6,724**

Valuation techniques

The following valuation techniques were used to estimate the fair values:

Option commodity contracts

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The Level 2 option commodity contracts are measured based on observable spot commodity prices, the yield curves of the respective commodity as well as the commodity basis spreads between the respective commodities. The option contracts are valued using the Black-Scholes model, the significant inputs to which include observable spot commodities price, interest rates and the volatility of the commodity.

Option and forward foreign exchange contracts

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The Level 2 foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. The foreign currency option contracts are valued using the Black-Scholes model, the significant inputs to which include observable spot exchange rates, interest rates and the volatility of the currency.

Silverstream contract

The fair value of the Silverstream contract is determined using a valuation model (for further information relating to the Silverstream contract see Note 11). The term of the derivative is based on Sabinas life of mine which is currently 41 years and the valuation model utilises a number of inputs that are not based on observable market data due to the nature of these inputs and/or the duration of the contract. Inputs that have a significant effect on the recorded fair value are the volume of silver that will be produced and sold from the Sabinas mine over the contract life, the future price of silver, future foreign exchange rates between the Mexican peso and US dollar, future inflation and the discount rate used to discount future cash flows.

The estimate of the volume of silver that will be produced and sold from the Sabinas mine requires estimates of the recoverable silver reserves and resources, the related production profile based on the Sabinas mine plan and the expected recovery of silver from ore mined. The estimation of these inputs is subject to a range of operating assumptions and may change over time. Estimates of reserves and resources are updated annually by Peñoles, the operator and sole interest holder in the Sabinas mine and provided to the Company. The production profile and estimated payable silver that will be recovered from ore mined is based on the latest plan and estimates, also provided to the Company by Peñoles. The inputs assume no interruption in production over the life of the Silverstream contract and production levels which are consistent with those achieved in recent years.

Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs described above, and determines their impact on the total fair value. The significant unobservable inputs are not interrelated. The fair value of the Silverstream contract is not significantly sensitive to a reasonable change in future inflation, however, it is to a reasonable change in future silver price, future exchange rate and the discount rate used to discount future cash flows as explained in Note 11.

The following table demonstrates the sensitivity of the Silverstream contract valuation to reasonably possible change in those inputs:

30 June 2017	Increase/ (decrease)	Effect on profit before tax: increase/ (decrease) *US$ thousands*
Silver price	10%	67,266
	(10%)	(67,266)
Foreign exchange rate: strengthening/(weakening) of the US dollar	15%	(965)
	(10%)	822
Interest rate	85 basis point	(52,936)
	(25 basis point)	17,583

31 December 2016	Increase/ (decrease)	Effect on profit before tax: increase/ (decrease) *US$ thousands*
Silver price	25%	157,406
	(20%)	(125,925)
Foreign exchange rate: strengthening/(weakening) of the US dollar	15%	(1,436)
	(10%)	1,223
Interest rate	65 basis point	(35,908)
	(20 basis point)	12,051

Quoted investments

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

Interest-bearing loans

Fair value of the Group's interest-bearing loan is derived from quoted market prices in active markets.

Embedded derivatives within sales contracts:

Sales of concentrates, precipitates and doré bars are 'provisionally priced' and revenue is initially recognised using this provisional price and the Group's best estimate of the contained metal. Revenue is subject to final price and metal content adjustments subsequent to the date of delivery. This price exposure is considered to be an embedded derivative and is separated from the sales contract.

At each reporting date the provisionally priced metal content is revalued based on the forward selling price for the quotational period stipulated in the relevant sales contract. The selling price of metals can be reliably measured as these metals are actively traded on international exchanges but the estimated metal content is a non-observable input to this valuation.

At 30 June 2017 the fair value of embedded derivatives within sales contracts had a liability position of US$0.9 million (31 December 2016: liability of US$2.8 million). The revaluation effects of embedded derivatives arising from these sales contracts are recorded as an adjustment to revenue.

c. Derivative financial instruments

The Group enters into certain forward and option contracts in order to manage its exposure to foreign exchange risk associated with costs incurred in Mexican pesos and other currencies. The Group also enters into option contracts to manage its exposure to commodity price risk.

The following table summarize the fair value of derivative financial instruments held as of 30 June 2017 and 31 December 2016.

	As at 30 June 2017	*As at 31 December 2016*
	(in thousands of US dollars)	
Assets:		
Currency contracts		
Forward contracts		
Euro	243	145
Swedish krona	62	-
Commodity contracts		
Option Contracts[1]		
Gold	83	23,005
Total derivative related assets	**388**	**23,150**
Less – Current portion	**379**	**6,618**
Non-current portion[2]	**9**	**16,532**

	As at 30 June 2017	*As at 31 December 2016*
	(in thousands of US dollars)	
Liabilities:		
Currency contracts		
Forward contracts		
Euro	-	570
Canadian dollar	-	10
Commodity contracts		
Option contracts[1]		
Gold	12,342	16
Lead	-	2
Zinc	-	48
Total derivative related liabilities	**12,342**	**646**
Less – Current portion	**1,130**	**630**
Non-current portion[2]	**11,212**	**16**

[1] Option contracts operate as zero cost collars.

[2] Non-current portion corresponds to Gold option contracts that mature in a period over one year from the reporting date until 30 December 2019.