

Fresnillo plc

Financial results for the year ended 31 December 2024

Fresnillo plc today announced its financial results for the full year ended 31 December 2024.

Octavio Alvírez, CEO said:

"I am pleased to report a solid financial performance for Fresnillo in 2024, underpinned by higher precious metal prices, operational discipline, and a continued focus on cost efficiencies. This result is testament to the hard work and diligence of our teams on the ground, who have delivered another year of operational consistency.

"Our adjusted revenue grew by 26.9% to US\$3.64 billion, while EBITDA more than doubled to US\$1.55 billion, reflecting our ability to capitalise on market conditions and drive efficiencies across our operations. As a result of this strong financial performance, and in line with our dividend policy, we are returning US\$192.3 million to shareholders as final ordinary dividend and an additional US\$308.0 million as a one-off special dividend. These, together with the interim ordinary dividend, bring Fresnillo's total distribution to shareholders for 2024 to US\$547.5 million, our highest return

"Operationally, we delivered silver production in line with guidance and gold production slightly ahead, with lead and zinc production also up strongly over the year. Meanwhile, we have made significant strides in improving efficiencies, optimising mine plans, and advancing key projects, including the full commissioning of the San Carlos shaft at our Fresnillo mine.

"Looking ahead, we remain committed to responsible growth with the safety of our people at its heart, further cost optimisation, and advancing our exploration pipeline to ensure long-term value creation for our stakeholders. Our financial position remains strong, with a net cash position of \$458.3 million, allowing us to continue investing in the future while delivering returns to shareholders."

Financial Highlights - 12 months to 31 December 2024

\$ million unless stated	2024	2023	% change
Silver Production ¹ (kOz)	56,307	56,282	0.0
Gold Production ¹ (Oz)	631,573	610,646	3.4
Total Revenue	3,496.4	2,705.1	29.3
Adjusted Revenue ²	3,639.9	2,869.1	26.9
Gross Profit	1,246.3	503.2	147.7
EBITDA ³	1,547.3	655.7	136.0
Profit Before Income Tax	743.9	114.0	552.5
Profit for the year	226.7	288.3	(21.4)
Basic and Diluted EPS excluding post-tax Silverstream effects (USD) ⁴	0.364	0.310	17.4

¹ Fresnillo attributable production, plus ounces registered in production through the Silverstream Contract.

² Adjusted Revenue is revenue as disclosed in the income statement adjusted to exclude treatment and refining charges and lead and zinc hedging.

³ Earnings before interest, taxes, depreciation and amortisation (EBITDA) is calculated as gross profit plus depreciation less administrative, selling and exploration expenses. The reconciliation of EBITDA to amounts determined in accordance with IFRS can be found in the Financial Review.

⁴ The weighted average number of ordinary shares was 736,893,589 for 2024 and 2023. See note 18 in the consolidated financial statements.

2024 Highlights

Increased profit margins and strong financial position underpinned by higher precious metal prices, operational discipline and focus on costs

- Adjusted revenue of US\$3,639.9 million, up 26.9% vs 2023 primarily due to the higher precious metals prices and higher volumes of all metals sold.
- Revenue of US\$3,496.4 million, up 29.3% vs 2023 driven by the increase in adjusted revenue and lower treatment and refining charges.
- Adjusted production costs¹ of US\$1,582.2 million, down 2.6% vs 2023 primarily driven by the efficiencies and economies of scale achieved and the favourable effect of the devaluation of the Mexican peso vs. US dollar, partly offset by cost inflation.
- Gross profit of US\$1,246.3 million, up 147.7%; EBITDA² of US\$1,547.3 million, up 136.0%.
- Exploration expenses of US\$163.0 million, down 10.6%.
- Profit from continuing operations of US\$945.8 million, up 563.8%. as a result of higher gross profit and lower administrative and exploration expenses.
- Silverstream revaluation loss, net of its amortisation and before taxes, of US\$182.3 million as a result of the initial assessment of the possible implication of the operational and financial difficulties at the Sabinas mine on the Silverstream Agreement.
- Income tax expense and mining rights of US\$390.2 million and US\$127.0 million, compared negatively to the tax income of US\$205.0 million and mining rights of US\$30.8 million in 2023, primarily as a result of the impact of the 20.0% devaluation of the spot Mexican peso/US dollar on the tax value of assets and liabilities in 2024.
- Profit for the year attributable to equity shareholders of the Group of US\$140.9 million, down 39.8% on 2023.
- US\$1,297.8 million in cash and other liquid funds as of 31 December 2024. Net cash position of US\$458.3 million as of 31 December 2024.
- Final ordinary dividend of 26.1 cents per share, amounting to US\$192.3 million.
- One-off special dividend of 41.8 cents per share, amounting to US\$308.0 million.

Total 2024 dividend payment of 32.5 US cents per share, or US\$239.5 million, plus a one-off special dividend of 41.8 US cents per share amounting to US\$308.0 million.

- Final ordinary dividend of 26.1 US cents per share, amounting to US\$192.3million. This is in addition to the 2024 interim ordinary dividend of 6.4 US cents per share, amounting to US\$47.2 million, which was paid in September 2024 and represented 1/3 of the expected total dividend for 2024. This brings the total ordinary dividend for the year to 32.5 US cents per share, amounting to US\$239.5 million. This is in line with the Group's dividend policy to pay out 33-50% of the profit attributable to equity shareholders of the company after making certain customary adjustments to exclude extraordinary non-cash effects in the income statement.
- One-off special dividend of 41.8 US cents per share, equivalent to US\$308.0 million which will also be payable on 30 May 2025 to shareholders on the register as at 22 April 2025. This decision was made after a comprehensive review of the Group's financial position, its strong balance sheet and took into consideration the positive free cash flow that the Group is expecting to generate in the coming years.

1 Adjusted production costs are calculated as cost of sales less depreciation, profit sharing, hedging, change in inventories and unproductive costs. The Company considers this a useful additional measure to help understand underlying factors driving production costs in terms of the different stages involved in the mining and plant processes, including efficiencies and inefficiencies as the case may be and other factors outside the Company's control such as cost inflation or changes in accounting criteria.

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

Consistent operating performance with silver in line and gold slightly ahead of guidance

- Full year attributable silver production of 56.3 moz (including Silverstream) in line with guidance and flat vs 2023 as the higher ore grades and increased volumes of ore processed at San Julián Veins and Saucito and, the higher contribution of Juanicipio were offset by the decreased production at San Julián DOB as it approached the end of its life, and lower contribution from Fresnillo and the Silverstream agreement.
- Full year attributable gold production of 631.6koz, up 3.4% vs. FY23 mainly due to the higher ore grade at Fresnillo and increased ore processed and higher ore grades at Saucito and San Julián Veins.
- Full year attributable by-product lead and zinc production up 14.8% and 8.3% vs. FY23 respectively, mainly due to higher ore grades at Fresnillo and Juanicipio and increased volume of ore processed and higher lead ore grade at Saucito, partly offset by the decreased contribution from San Julián DOB.

Ongoing focus on operational improvement and projects that will increase efficiencies

- US\$40.0 million in efficiencies and cost savings achieved, including efforts to rationalise the contractor base and increase the efficiency of the maintenance process across the Group.
- The connection of the two sections of the San Carlos shaft at Fresnillo was concluded and is fully operational, with reductions in haulage costs expected from 2025. Development rates increased to an average of 3,236 metres per month.
- At Saucito, the project to deepen the Jarillas shaft from 630m to 1,000m progressed with completion expected in 2027.
- Optimised plant operation at San Julián veins, together with improvements to the mine plan, enabled it to deliver a solid operational and cost performance.
- The reassessment of the strategic mine plan at Herradura progressed and identified several optimisation projects that have been compiled in an Operational Excellence programme, with phase one implemented in 2024.

Continued progress at our advanced exploration projects and promising exploration results

- Silver resources increased 1.4% vs 2023 to 2.25bn oz due to additional drill hole information and revised economic assumptions at the Guanajuato and Lucerito exploration projects and the Fresnillo mine, partly offset by depletion at most of our mines.
- Gold resources increased 1.4% vs 2023 to 38.5 moz primarily driven by the positive exploration results at Guanajuato, Lucerito and Candameña, partly offset by depletion at our underground mines.
- Proven reserves were reported at all mines.
- Silver reserves decreased 7.1% vs 2023, mainly driven by mining depletion and a more conservative approach to reserve estimation at San Julián and Ciénega.
- Gold reserves increased 2.5% vs 2023, mostly due to the higher price, and cut-off grades strategy at Herradura.
- Several pre-feasibility level studies were completed at Orisyvo and are currently under review.
- Conceptual studies continued at Tajitos and a preliminary economic assessment is in progress.
- Resources increased at Guanajuato and a preliminary economic assessment of priority areas is ongoing.
- Long-term land access with local communities was reached at Rodeo and drilling resumed, albeit in the last quarter.

Further improvement in the sustainability of our operations

- Improved TRIFR to 7.59 and decreased Fatality Frequency Rate to 0.044.
- Increased proportion of municipal wastewater consumption to 30.2%.
- Increased our electricity supply from renewable sources from 53.3% in 2023 to 80.6% in 2024.
- Generated a positive economic impact¹ of US\$2,152.5 million in 2024.

¹ Economic Value Distributed is considered to be a social performance measure and includes wages, taxes and payments to suppliers.

2025 outlook and longer term prospects

- Attributable silver production expected to be in the range of 49.0 to 56.0 moz (including Silverstream).
- Attributable gold production expected to be in the range of 525 to 580 koz.
- Expressed in silver equivalent ounces¹, production is expected to be 91-102 million ounces.
- Capex for 2025 is anticipated to be approximately US\$530 million and will continue to be primarily focused on mining works, sustaining capex, the deepening of the Jarillas shaft at Saucito and a haulage conveyor at Juanicipio.
- Exploration expenses are expected to be c.US\$190 million, maintaining our strategy to intensify exploration activities in specific target areas.
- Continue to monitor costs closely and capture further efficiencies where possible.
- Continue working towards reducing our TRIFR and Fatality rate to the ICMM range by 2026.

Board Committee changes

Fresnillo plc announces that its Board of Directors, on the recommendation of the Nomination Committee has approved changes to the composition of the Audit and Remuneration Committees effective as at today, 4 March 2025.

Ms Rosa Vázquez has been appointed as an additional member of the Audit Committee and Ms Georgina Kessel has been appointed as an additional member of the Remuneration Committee. Ms Vázquez and Ms Kessel are currently Independent Non-Executive Directors.

Ms Vázquez has proven previous experience in risk, audit and oversight committees and the Board believes that she brings valuable insight to the work of the Audit Committee.

Ms Georgina Kessel's experience in the finance sector will bring additional skills and relevant experience to the Remuneration Committee. As part of this change, Ms Kessel will step down as a member of the Health, Safety, Environment and Community Relations (HSECR) Committee.

Analyst Presentation

Fresnillo plc will be hosting a webcast presentation for analysts and investors today at 9:00am (GMT). A link to the webcast will be made available on Fresnillo's homepage: www.fresnilloplc.com or can be accessed directly here: <https://sparklive.lseg.com/Fresnillo/events/294a5f20-2bb7-4365-8dca-b7a2a299ac12/fresnillo-fy24-prelim-results>

Event registration: <https://registrations.events/direct/LON387064>

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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 eight operating mines, all of them in Mexico - Fresnillo, Saucito, Juanicipio, Ciénega, Herradura, Soledad-Dipolos¹ and San Julián Veins and four advanced exploration projects - Orisyvo, Rodeo, Guanajuato and Tajitos as well as a number of other long term exploration prospects.

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

Fresnillo plc's goal is to maintain the Group's position as the world's largest primary silver company and Mexico's largest gold producer.

¹ Operations at Soledad-Dipolos are currently suspended

Shaping our business for the opportunities and challenges ahead

This year we delivered a welcome increase in profitability as our positive production performance was complemented by high silver and gold prices. While we expect to continue facing challenges in the years ahead, the encouraging attitude towards mining shown by the new administration in Mexico, coupled with our own operational efficiencies and exciting project pipeline, are sources for cautious optimism.

Throughout our history, Fresnillo plc has proudly built a track record of managing the setbacks associated with mining and weathering storms not of our own making. Never was that resilience more relevant than in 2024, when our teams rose to the production challenges posed by rising costs and a range of operational issues, including decreasing ore grades. In addition, the possibility of greater regulation and a political climate not well disposed towards mining cast a shadow over our industry.

To have achieved the results outlined in this report is little short of outstanding, and I would like to pay tribute to the management and operating teams who worked hard to ensure that we delivered an excellent performance that repays the trust and support that all our stakeholders have placed in our company.

Steady production despite difficulties

Silver production was in line with our guidance for the year, while production of gold was marginally above the top end of guidance. Key factors affecting silver production included good performances at San Julián Veins, Saucito and Juanicipio, which helped to offset lower output at San Julián DOB and Fresnillo. Gold production rose on the back of a strong increase in production at Fresnillo, Saucito and San Julián Veins, as well as an effective turnaround at La Herradura following heavy rains and changes to the mine sequence.

The cost reductions and operational efficiencies we have introduced in our mines are yielding results in line with – or in some cases ahead of – our expectations. Perhaps the greatest example of turnaround has been at Ciénega, where both performance and prospects have been transformed. At the start of the year we believed that the mine had only a limited future, but the situation today could not be more different due to the successful execution of a high-quality plan. We have seen excellent results and positive cashflow, with exploration activities opening up new areas that have the potential to contribute to production in both the short and long term.

We achieved US\$3,639.9 million in adjusted revenue during the year. This represented an increase of 26.9%, primarily due to the increase in silver and gold prices, supported by our positive production performance, which represented 19.2% of the increase. Gross profit more than doubled, with an increase of 147.7% year-on-year to US\$1,246.3 million, mainly driven by higher adjusted revenue and decreased costs, primarily due to cost reduction initiatives and efficiencies and, to a lesser degree, by the effect of a weaker Mexican peso vs US dollar exchange rate. These factors partially offset inflationary headwinds during the year. Cash and other liquid funds increased from US\$534.6 million to US\$1,297.8 million primarily driven by cash generated from our mining operations, which more than offset the use of funds in capital expenditure and dividend payments.

Our well-established and respected dividend policy, which is the basis for continued shareholder returns, remains unchanged. We aim to pay out 33-50% of profit after tax each year, while making certain adjustments to exclude non-cash effects in the income statement. Dividends are paid in the approximate ratio of one-third as an interim dividend and two-thirds as a final dividend. Before declaring a dividend, the Board carries out a detailed analysis of the profitability of the business, underlying earnings, capital requirements and cash flow. Our goal is to

maintain enough flexibility to be able to react to movements in precious metals prices and seize attractive business opportunities.

For 2024, we declared an interim ordinary dividend of 6.4 US cents per share, with a final ordinary dividend of 26.1 US cents per share, bringing the total for the year to 32.5 US cents per share.

Following a comprehensive review of the Group's financial position, its strong balance sheet, and in light of the positive free cash flow that we are expecting to generate in the coming years, we have decided to declare a one-off special dividend of 41.8 US cents per share, payable at the same time as the 2024 final ordinary dividend.

A changing political climate

We anticipate a more positive approach to mining from the team working under President Claudia Sheinbaum, given their increased focus on dialogue which bodes well for the future. Our belief and expectations are that we can now look forward to a more supportive business environment – one that will provide greater certainty over future mining concessions, while also helping us to achieve our ambitious targets around the use of renewable energy.

Preparing for the future

In addition to ongoing operational efficiencies, we anticipate that we will begin to reap the rewards of our exploration pipeline in the near future. Although Orisyvo may take longer than initially expected to become an operational mine, we have made good progress at Rodeo and Tajitos, as well as at Guanajuato, where the discovery of significant silver-rich veins is giving rise to optimistic forecasts.

We continue to invest in exploration activities across Mexico, notably on brownfield sites, as well as in South America. In Chile, we have progressed a joint venture with a local company, while in Peru we have begun drilling at several of our projects. At the same time, we are constantly identifying and evaluating good projects and M&A opportunities in Mexico and in other mining jurisdictions, such as Canada, where we see potential for acquiring late-stage exploration projects to complement our existing portfolio.

In a rapidly evolving world, sustainability remains central to how we create long-term value for our stakeholders. We believe that caring for society and the environment enhances, rather than detracts from profitability; and that by focusing on the challenges and opportunities most material to our business and the regions where we operate, we will be able to align our strategic goals to create meaningful, lasting and beneficial impact for society and the environment, as well as for our business.

The wellbeing of our workforce is the cornerstone of any sustainable future, and I am pleased to note that our underlying safety metrics again showed improvement. Performance at several of our mines is at or close to being within the ranges of the International Council on Mining and Metal (ICMM) safety indexes. However, the fact that we experienced the fatalities of two contractors during the year shows that we must do better.

We have continued to make advances in sustainability matters that are critical to our business and underline our commitment to be a responsible corporate citizen. For example, we have made significant progress in increasing our renewable electricity consumption and replacing freshwater with municipal treated wastewater in our industrial processes. Furthermore, we strengthened partnerships with the government through our contribution to the 2024-2030 National Water Plan, supporting the human right to water with a voluntary annual return of 300,000 m³ and a US\$7 million investment in water treatment and potabilisation projects in the Fresnillo district.

One of the key challenges we face is around the operating environment in Mexico. As I have mentioned above, the early indicators of the new government's approach are broadly positive and I look forward to collaborating with them to ensure that the work we carry out at Fresnillo plc benefits all our stakeholders, including the people and economy of Mexico.

Board activities

During our regular meetings, the Board discussed a wide range of matters including operational efficiencies as well as how possible political developments could impact the business, as the election drew closer.

Three key themes guided our deliberations during the year. The theme of 'Re-balancing Focus' demonstrated our recognition that Board members should have a full and detailed understanding of how Fresnillo plc works as well as the challenges and opportunities we face. To this end, the key Board event of the year was a three-day visit to Mexico in July when members gained valuable knowledge of the mines at Saucito and Juanicipio and held two days of strategy discussions with the Executive Team.

'Managing Succession' was our second important theme. As I report below, the Board underwent a number of changes at the 2024 AGM and this process will continue, although to a lesser extent, at the 2025 AGM.

Finally, we focused on 'Reconnecting' in order to identify the most appropriate balance between online and in-person meetings. When we come together in person, for example at the meeting in July, we are able to forge and enhance vital personal relationships that will benefit the Board when it holds meetings online.

Changes to the Board

The AGM in May saw a number of changes to the Board.

Bárbara Garza Lagüera stepped down having served as an independent NED for ten years. Charlie Jacobs also ceased to be an independent NED, and Senior Independent Director, but remains on the Board as a Non-Independent NED, while Juan Bordes did not stand for re-election and therefore ceased to be a Director. I would like to thank all three for their past service and I look forward to continuing to work with Charlie in the years ahead.

We were pleased to appoint Judith Macgregor as Senior Independent Director, and also Ms Luz Adriana Ramírez and Ms Rosa Vázquez as Independent Non-Executive Directors. In addition, Georgina Kessel and Guadalupe de la Vega were appointed as members of the Nominations Committee in place of Bárbara Garza Lagüera and Charlie Jacobs.

The Board and I believe that these appointments will underpin the excellent progress we have made towards benefiting from a talented, diverse Board of Directors.

Outlook

We expect global geopolitics to continue dominating the months ahead, with the ongoing wars in Ukraine and the Middle East adding to the possibility of increased tensions between the US and China, as well as greater protectionism following the recent election in the US. We will continue to monitor developments and, where practicable, shape our business to meet any challenges and opportunities that emerge. Closer to home, we anticipate that a more business-friendly climate will begin to have an impact during the latter months of 2025 and in the following years.

The operational efficiencies initiated by our teams led to a good production performance in 2024 and I expect this to also be the case in 2025, with steady profitability underpinned by continued high prices for silver and gold.

The longer-term outlook is encouraging. We anticipate that at least one of the prospects in our exploration pipeline will join our development portfolio in the coming two to three years, and expect our investments in exploration in Mexico, Chile and Peru to also make good progress.

As always, our efforts will be guided by our Purpose ‘to contribute to the wellbeing of people through the sustainable mining of silver and gold’ and will be delivered by skilled, dedicated teams with the experience and expertise that is the envy of many of our peers. On behalf of the Board, I thank every employee at Fresnillo plc as well as our other stakeholders – suppliers, local communities, the government and shareholders – for their support during what has been a successful year. I look forward to working with you all in 2025 as we continue to navigate the challenges and opportunities ahead.

Alejandro Baillères
Chairman

A positive performance, an optimistic outlook

2024 was a year in which events in Mexico and globally threatened to negatively impact our performance. However, due to the actions we undertook, together with a number of positive economic trends, we ultimately achieved a highly satisfactory outcome. Production was in line with expectations, while sustained high prices and a weaker exchange rate combined to ensure that we delivered a positive financial performance.

As the year began, several factors beyond our control threatened to make 2024 one of the most challenging years in Fresnillo plc's history. Although some of our assets, such as Juanicipio, were producing high volumes of good quality ore, decreasing grades elsewhere, together with a range of operational difficulties and external factors, threatened to come together and lead to a relatively poor financial outcome.

The response from our teams was to work diligently to systematically identify and implement a series of initiatives that targeted those levers under our control, such as costs and efficiencies, while mitigating where possible the geological factors that could cause difficulties. Our people worked tirelessly and with a high degree of skill, once again highlighting the value of the extensive pool of proven talent that has established Fresnillo plc as a global leader. The results of their efforts are reflected in our financial results, which also benefitted from sustained high prices for silver and gold throughout the year as well from a weaker Mexican peso vs US dollar exchange rate.

In addition to the good progress we made with our existing operations, we also advanced several exciting exploration projects along our pipeline. These provide significant optimism for the medium- and long-term future of Fresnillo plc, and we look forward to reporting more developments in due course.

Production highlights and price review

Overall, production was stable and consistent across the year, in line with the guidelines we set out in January.

Attributable silver production remained at 56.3 moz, driven by good results at San Julián Veins, Saucito and Juanicipio, as well as a strong turnaround at Ciénega. Although weather-related issues affected gold production at La Herradura earlier in the year, a recovery programme saw performance at this mine improve rapidly in the last half which, together with higher production at Fresnillo, Saucito and San Julián Veins, led to an increase in gold production of 3.4% to 631.6 koz.

Attributable by-product lead and zinc production increased 14.8% and 8.3% to 66,400 tonnes and 116,646 tonnes respectively, primarily due to the increased contribution of Juanicipio and Saucito and higher ore grades at Fresnillo.

During 2024, the increase in silver and gold prices was even more pronounced than in the previous year. The average realised silver price was US\$28.78 and that for gold US\$2,453.58, up 21.7% and 25.3% respectively. The average price for zinc increased by 8.7%, while that for lead decreased by 2.7%.

Demand for silver outweighed supply for the sixth consecutive year, driven by its role as an essential component in photovoltaic applications, 5G networks, and electric vehicles and their infrastructure. Despite some countries rowing back on their net zero ambitions, we believe that the world in general will continue to pursue these new technologies, underpinning demand for silver. Silver is also essential to many applications of nanotechnology in the food, medical and electronics sectors, all of which are forecast to grow in the years ahead.

Demand for gold remained healthy, in line with the increased global demand for consumer electronics as well as emerging applications in the automotive, aerospace and high-speed computing sectors. Gold is also valued as an investment and safe haven, and is vital to the jewellery sector.

For both metals, demand from investors was exacerbated by geopolitical tensions. These included the expectation of interest rate changes at the end of 2023 and again early in 2024, and uncertainties around the US election – followed by speculation about the measures that may or may not be implemented by the incoming President.

Executing our strategy

Our four strategic pillars guide every aspect of our actions, and shape the way in which we aim to seize the opportunities and rise to the challenges ahead.

Maximising the potential of existing operations

Our assets are one of our greatest strengths. They are the foundation upon which our past performance was built as well as the platform for future success – and we work hard to ensure that they operate as efficiently as possible.

During 2024, we made good progress at many of our mines. At Juanicipio, for example, the beneficiation plant is now operating at full capacity and the flotation plant has been optimised, leading to an increase in both the recovery rate and the volume of ore processed.

While volumes reduced at Fresnillo due to several factors, the preparation of new stopes is being expedited by the purchase and implementation of new equipment for the narrower veins we have been encountering. Furthermore, the commissioning of the new San Carlos shaft followed by the successful connection of the two sections of shaft towards the end of the year is already paying dividends in terms of reduced haulage and therefore lower costs.

At Saucito, increased productivity and greater availability of equipment have driven a strong comeback from the mine's low point in 2023. The Saucito team is now confident that they can not only maintain but also build upon the recent improvements in production.

Given the challenges faced, the most impressive performance was at Ciénega. Our previous view was that this mine had a limited lifespan in the Fresnillo plc portfolio, with sale or closure a possibility in the short term. However, now both performance and prospects have been transformed by a team of retrained miners rigorously implementing a set of efficiency, cost reduction and mitigation measures. These miners are now expected to become future leaders at other mines across the business.

A similarly important step change took place at San Julián, where the Disseminated Ore Body (DOB) approached the end of its life. Production at San Julián Veins increased during the year on the back of higher ore grades and improved dilution control, partially compensating for the fall in production at the DOB. Exploration activities have identified high grades of silver and also some gold, giving us renewed confidence in the future of the mine.

Performance at our open pit La Herradura mine remained a challenge, with the loss of skilled people in the previous year being further aggravated by floods and changes in the mine sequence in the first half of the year to impact preparation and development. However, a plan was put in place and production recovered in the fourth quarter and is now stable. We are continuing to define how best we can develop underground activities at La Herradura and expect operations to commence towards the end of 2025 or early in 2026, adding important production that is not currently included in our projections.

Towards the end of 2024, we received notification from our parent company Industrias Peñoles that operational difficulties at the Sabinas mine could impact the Silverstream Agreement between our companies. After assessing the possible implications of this situation, and based on the information available we reassessed the valuation of the Silverstream Agreement. This resulted in the recognition of a loss of US\$182.3 million, net of its amortisation and before taxes, at the end of the year. Please see note 14 to the financial statements for further details.

In the year ahead, we will continue working on increasing productivity and implementing cost reduction activities across all our mines with the objective of prioritising profitability, while optimising production levels.

Delivering growth through development projects

As we reported last year, we have a number of very exciting exploration projects that are making good progress through our pipeline.

Many metallurgical and economic studies are currently underway across all the projects discussed in the strategic pillar below, as we work towards identifying those with the greatest operational and financial feasibility.

Extending the growth pipeline

We continue to benefit from a range of mining concessions and exploration projects in Mexico, Peru and Chile. These include four advanced exploration projects that all have the potential to become development projects.

Among these, Guanajuato is expected to be a stellar performer and to make an important contribution to the Group's silver production. Guanajuato is a historic, world-class silver and gold epithermal vein field stretching more than 40 kilometres along this central Mexican state. During the year, we carried out 101,521 metres of core drilling, with a focus on the emerging southern area where significant silver-rich veins have been discovered. A preliminary conceptual study has highlighted good economic potential for the development of this area, and we are therefore ramping up our step-out drilling, metallurgical, environmental permitting, and community engagement activities. Further exploration and studies will be carried out over the next five years with the aim of developing this project in 2030.

Over the last 12 months we concluded that the gold project at Orisyvo could take longer to come to fruition than previously expected. This is due to challenges associated with resources and the recovery rates required to increase production volumes, combined with the potentially large capital expenditure required. A disseminated gold deposit in the Sierra Madre mountains of Chihuahua state, Orisyvo was the subject of pre-feasibility studies in the first half of the year, which showed positive opportunities for an underground operation and associated infrastructure, including mineral processing and tailings storage facilities. We have also continued to engage with local communities and authorities around education, health, environmental care and entrepreneurship – and we expect to commence consultations with indigenous communities in 2025.

Tajitos will be a key focus for our efforts next year, in parallel with Rodeo. An open-pit, disseminated gold project in the Herradura Corridor of northwestern Sonora state, Tajitos was subject to a full evaluation of the main resource area in 2024, with encouraging results. This was followed by an update of the mineral resources and a preliminary economic assessment. We drilled 41,640 metres during the year and also started environmental studies as well as continuing our community relations programme.

At the Rodeo open pit gold project, in central Durango state, we commenced exploration activities following positive engagement with the local Ejidos. The drilling programme focused on increasing the resources in the main pit area and obtaining samples for detailed metallurgical testing. We expect to finalise exploration during the middle part of 2025 and will then be in a position to evaluate our options.

Brownfield exploration continued across the portfolio, specifically in the Fresnillo and San Julián districts, while greenfield activities at the Lucerito and Candameña projects showed positive results for both gold and silver.

Outside Mexico, we began drilling at some of our prospects in Peru, and we made progress in Chile with our joint gold-silver venture with Sociedad Química y Minera de Chile (SQM), the world's biggest lithium producer. We continue to monitor opportunities to acquire projects in the later stages of exploration, with recent efforts focusing on Canada.

At the end of the year, silver in consolidated overall mineral resources increased 1.4% vs 2023 at 2.25bn oz as the positive exploration results at the Guanajuato and Lucerito exploration projects and Fresnillo were offset by depletion. Gold in consolidated overall mineral resources also increased 1.4% vs 2023 to 38.5 moz primarily driven by the positive exploration results at Guanajuato, Lucerito and Candameña, partly offset by depletion at our operating mines.

Silver in consolidated overall ore reserves decreased 7.1% to 331.3 moz mainly from mining depletion and a more conservative approach to resource estimation at San Julián and Ciénega. Gold in consolidated overall ore reserves increased 2.5% to 7.2 moz mostly as a result of the higher price and lower costs and cut-off grades at La Herradura.

For 2025, the exploration budget will increase to US\$190 million.

Advancing and enhancing the sustainability of our operations

Although our injury frequency rates continue to move in a positive direction, with a steady overall improvement since 2017—a 37.2% reduction in TRIFR (7.59) and a 35.8% reduction in LTIFR (4.75)—we sadly experienced two fatalities during the year. No loss is acceptable, and we remain deeply committed to ensuring that everyone who works at our facilities returns home safely at the end of each day. Our hearts go out to their families, friends and colleagues during this difficult time, and we will honour their memory by continuing to strengthen our safety culture.

Both fatalities occurred in non-routine tasks involving contractor personnel, underlining the urgent need for greater rigor in planning, risk analysis, and control of activities both within and outside our productive value chain. We are strengthening engagement with business partners to bring them up to the same standards we uphold. Through the 'I Care, We Care' strategy, we will continue to consolidate our health and safety management system by minimising risks, improving safety and enhancing productivity.

Sustainability-related issues around water, community relations, the environment and the use of renewables remain critical to Fresnillo plc, but also to the Mexican incumbent administration. Continued dialogue with policymakers following the election supports the sustainable future of mining in Mexico.

In terms of our environmental performance, we have already met and in fact exceeded our ambitious target for 75% of renewable electricity consumption by 2030 – recording a new high of 80.6% during 2024 – and are continuing our efforts to maintain future levels above 75%. Additionally, the dual-fuel infrastructure at La Herradura is expected to be commissioned in 2025, further reducing our overall carbon intensity, which has already seen a 28% decrease versus 2023.

We earn and maintain the trust of communities through accountability, meaningful engagement, and support for their key concerns. In 2024, we launched three inaugural programmes to strengthen community relations: fostering collaboration between operational teams and communities, improving communication about Fresnillo plc's performance and responsible mining practices, and mitigating local social risks with a strong emphasis on ethics and human rights.

In 2025, we will have the opportunity to test our community relations model further when we accelerate engagement with several isolated communities. At Orisyvo, where alternatives to mining for sustainable employment are limited, our focus will be on listening carefully to local needs and clearly communicating the economic and social benefits of mining.

While mining has historically been a male-dominated industry, we have made significant strides in diversity and inclusion. Women now represent 12.46% of our total workforce and 9.43% of managerial positions, surpassing our 2025 goals. We eagerly anticipate welcoming a woman as a general manager of an operating mine in the near future, reflecting our commitment to inclusivity and leadership diversity. We are also proud to maintain our position as one of the Mexican public companies with the highest share of women on our Board of Directors.

Looking ahead

The global economy is in a state of flux, and as has been the case for several years, 2025 is expected to be a period of challenge and uncertainty. Geopolitical tensions are likely to increase, with the ongoing wars in Ukraine and the Middle East continuing to contribute to instability. Tensions between the US and China as well as in Korea may intensify, further fuelling negative sentiment.

Within Fresnillo plc, our challenges will centre around the structural changes in some of our mines, specifically at San Julián where there is greater onus on its Veins now that the DOB has been depleted. La Herradura could also see production fall compared to the levels achieved in 2024.

However, with challenges come opportunities – and we are committed to managing our operations efficiently without compromising on the safety of our people or on our continued investment into our longer-term growth pipeline.

Our financial situation is sound, with healthy cashflow able to fund the significant investments that are necessary in order to drive Fresnillo plc forward. For example, we will continue to invest in new operational and cost reduction measures, while also doing everything we can to make sure that our leading exploration prospects can take that important next step and become real development projects. Furthermore, we will remain alert to acquisition opportunities and work with the grain of government to ensure that the voice of mining continues to be part of the conversations around how best to support the Mexican economy.

Although metals prices are beyond our control, demand for silver and gold is increasing, largely in line with the shift towards green technologies, and we do not expect to see this trend reversed. In our view, prices will in all probability remain at high levels through the months ahead.

This was a year when our teams stepped up and showed themselves to be among the most talented and dedicated in our industry, and it has been a privilege to work alongside them. I would like to thank all stakeholders – from suppliers, government officials and local communities to the investors who continue to place their trust in us – for their support and encouragement. Together, we can face the future with confidence.

Octavio Alvírez
Chief Executive

FINANCIAL REVIEW

The consolidated financial statements of Fresnillo plc are prepared in accordance with UK-adopted international accounting standards. This financial review intends to explain the main factors affecting performance as well as provide a detailed analysis of the financial results in order to enhance the understanding of the Group's financial statements. All comparisons refer to 2024 figures compared to 2023, unless otherwise noted. The financial information and year-on-year variations are presented in US dollars, except where otherwise indicated.

The following report presents how we have managed our financial resources.

Commentary on financial performance

The Group's financial performance in 2024 reflects the positive impact of higher precious metals prices coupled with a more stable operational performance, notwithstanding the challenges faced during the year.

Adjusted revenue¹ increased 26.9% vs 2023 to US\$3,639.9 million. This was primarily due to higher gold, silver and zinc prices and the increase in volumes of all metals sold. Revenue increased 29.3% year-on-year to US\$3,496.4 million, primarily due to the increase in Adjusted revenue.

Adjusted production costs² decreased 2.6% vs 2023. This was mainly due to the efficiencies and economies of scale achieved, principally at Saucito, Juanicipio, Ciénega and San Julián veins, and the favourable effect of the devaluation of the Mexican peso vs. US dollar. These factors were partly offset by cost inflation of 2.3%, excluding the exchange rate devaluation, as well as the longer haulage distances associated with mining deeper in the earth, which increased maintenance, contractors' costs and diesel consumption, particularly at Herradura and Fresnillo.

As a result, gross profit and EBITDA³ more than doubled to US\$1,246.3 million and US\$1,547.3 million in 2024.

We maintained our strong financial position, with US\$1,297.8 million in cash and other liquid funds as of 31 December 2024, a net increase of US\$763.2 million over the period, having paid dividends of US\$78.2 million in accordance with our policy (adjusted for extraordinary, non-cash items, in particular the revaluation of the Silverstream contract and the effect of the exchange rate on deferred taxes), invested US\$370.5 million in capex, and spent US\$163.0 million on exploration expenses.

Income statement highlights

	2024 US\$ million	2023 US\$ million	Amount change US\$ million	Change %
Adjusted revenue ¹	3,639.9	2,869.1	770.8	26.9
Total revenue	3,496.4	2,705.1	791.3	29.3
Cost of sales	(2,250.1)	(2,201.8)	(48.3)	2.2
Gross profit	1,246.3	503.2	743.1	147.7
Exploration expenses	163.0	182.4	(19.4)	(10.6)
Operating profit	945.8	142.5	803.3	563.7
EBITDA ³	1,547.3	655.7	891.6	136.0
Special mining rights	127.0	30.8	96.2	312.3
Income tax (Tax income) ⁴	390.2	(205.0)	595.2	N/A
Profit for the period	226.7	288.3	(61.6)	(21.4)
Profit for the period, excluding post-tax Silverstream effects	354.3	282.9	71.4	25.2
Basic and diluted earnings per share (US\$/share) ⁵	0.191	0.317	(0.126)	(39.7)
Basic and diluted earnings per share, excluding post-tax Silverstream effects (US\$/share)	0.364	0.310	0.054	17.4

¹ Adjusted revenue is revenue as disclosed in the income statement adjusted to exclude treatment and refining charges and metals prices hedging.

² Adjusted production costs are calculated as cost of sales less depreciation, profit sharing, hedging, change in inventories and unproductive costs. The Company considers this a useful additional measure to help understand underlying factors driving production costs in terms of the different stages involved in the mining and plant processes, including efficiencies and inefficiencies, as the case may be, and other factors outside the Company's control such as cost inflation or changes in accounting criteria.

³ Earnings before interest, taxes, depreciation and amortisation (EBITDA) is calculated as profit for the year from continuing operations before income tax, less finance income, plus finance costs, less foreign exchange gain/(loss), less revaluation effects of the Silverstream contract and other operating income plus other operating expenses and depreciation.

⁴ Tax income resulted from the favourable impact of the revaluation of the Mexican peso vs the US dollar.

⁵ The weighted average number of Ordinary Shares was 736,893,589 for 2024 and 2023. See note 18 to the consolidated financial statements.

The Group's financial results are largely determined by the performance of our operations. However, other factors beyond our control, including a number of macroeconomic variables, affect our financial results. These include:

Metals prices

The average realised silver price increased 21.7% from US\$23.6 per ounce in 2023 to US\$28.8 per ounce in 2024, while the average realised gold price rose 25.3% to US\$2,453.6 per ounce. The average realised zinc by-product price increased 8.7% to US\$1.28 per pound, with the lead by-product price decreasing 2.7% vs 2023 to US\$0.92 per pound.

MX\$/US\$ exchange rate

Spot exchange rate at 31 December 2024	Spot exchange rate at 31 December 2023	Impact
\$20.27 per US dollar	\$16.89 per US dollar	The 20.0% spot devaluation had an adverse effect on deferred taxes and special mining rights
Average Mexican peso/US dollar exchange rate 2024	Average Mexican peso/US dollar exchange rate 2023	Impact
\$18.30 per US dollar	\$17.77	The 3.0 devaluation had a positive effect of US\$29.8 million on the Group's costs denominated in Mexican pesos (approximately 45% of total costs) when converted to US dollars.

Cost inflation

The Mexican Consumer Price Index for 2024 was 4.3%. However, to evaluate the Group's cost inflation for the year, we calculate the unit price increase for each component of adjusted production costs and take into consideration their weighted average within the Group's basket. The resulting cost inflation estimate for 2024 was 0.2%, which included the favourable effect of the 3.0% average devaluation of the Mexican peso against the US dollar. Underlying cost inflation (cost inflation excluding the revaluation of the Mexican peso vs. US dollar) was 2.3%. We conduct the same exercise for each individual mine operation, whose basket components may carry different weightings.

The main components driving our cost inflation are listed below:

Labour

Unionised workers received on average a 7% increase in wages in Mexican pesos, while non-unionised employees received on average a 6% increase in wages in Mexican pesos; when converted to US dollars this resulted in a weighted average labour inflation of 0.5%.

Energy

Electricity

The weighted average cost of electricity in US dollars decreased 16.2% from US\$9.70 cents per kW in 2023 to US\$8.13 cents per kW in 2024.

Diesel

The weighted average cost of diesel increased 4.7% in US dollars to 111.9 US cents per litre in 2024, compared to 106.9 US cents per litre in 2023.

Contractors

Agreements are signed with each individual contractor company and include specific terms and conditions that cover not only labour, but also operating materials, equipment and maintenance, among others. Contractor costs are mainly denominated in Mexican pesos and are an important component of our total production costs. In 2024, increases per unit (i.e. per metre developed/per tonne hauled) granted to contractors whose agreements were due for review during the period, resulted in a weighted average increase of approximately 0.1% in US dollars, after considering the devaluation of the Mexican peso vs the US dollar.

The effects of the above external factors, combined with the Group's internal variables, are further described below through the main line items of the income statement.

Revenue

Consolidated revenue

	2024 US\$ million	2023 US\$ million	Amount US\$ million	Change %
Adjusted revenue ¹	3,639.9	2,869.1	770.8	26.9
Treatment and refining charges	(143.6)	(164.0)	20.4	(12.4)
Total revenue	3,496.4	2,705.1	791.3	29.3

Adjusted revenue increased by US\$770.8 million primarily driven by the higher gold and silver prices and the increased volumes of all metals sold. Changes in the contribution by metal were the result of the relative changes in metals prices and volumes produced. The effect by metal, both in terms of volume and price, is shown in the table below.

Adjusted revenue¹ by metal

	2024		2023		Volume variance US\$ million	Price variance US\$ million	Total net change US\$ million	Change %
	US\$ million	% contribution	US\$ million	% contribution				
Gold	1,514.7	41.6	1,186.2	41.4	27.7	300.8	328.5	27.7
Silver	1,673.9	46.0	1,310.6	45.7	61.2	302.2	363.3	27.7
Lead	139.8	3.8	121.5	4.2	21.9	(3.6)	18.3	15.1
Zinc	311.5	8.6	250.8	8.7	37.3	23.4	60.7	24.2
Total Adjusted revenue	3,639.9	100.0	2,869.1	100.0	148.2	622.7	770.8	26.9

1 Adjusted revenue is revenue as disclosed in the income statement adjusted to exclude treatment and refining charges and metals prices hedging.

Adjusted revenue by mine

The contribution by mine to Adjusted revenues is outlined in the table below. This is expected to change further in the future, as new projects are incorporated into the Group's operations and as precious metals prices fluctuate.

	2024		2023		Change %
	(US\$ million)	% contribution	(US\$ million)	% contribution	
Herradura	884.7	24.3	708.7	24.7	24.8
Saucito	760.0	20.9	527.8	18.4	44.0
Juanicipio	662.8	18.2	492.5	17.2	34.6
Fresnillo	591.2	16.2	479.6	16.7	23.3
San Julián (Veins)	354.5	9.7	205.1	7.1	72.8
San Julián (DOB)	115.1	3.2	201.3	7.0	(42.8)
Ciénega	228.4	6.3	169.3	5.9	34.9
Noche Buena	43.4	1.2	84.8	3.0	(48.8)
Total	3,639.9	100	2,869.1	100	26.9

Treatment and refining charges

Treatment and refining charges¹ are reviewed annually using international benchmarks. Treatment charges per tonne of lead and zinc concentrate and silver refining charges decreased in dollar terms by 10.0%, 25.7% and 23.0%, respectively. These factors, combined with the higher volumes of lead and zinc concentrates shipped from our mines to Met-Mex, resulted in a 12.4% decrease in treatment and refining charges set out in the income statement in absolute terms when compared to 2023.

1 Treatment and refining charges include the cost of treatment and refining as well as the margin charged by the refiner.

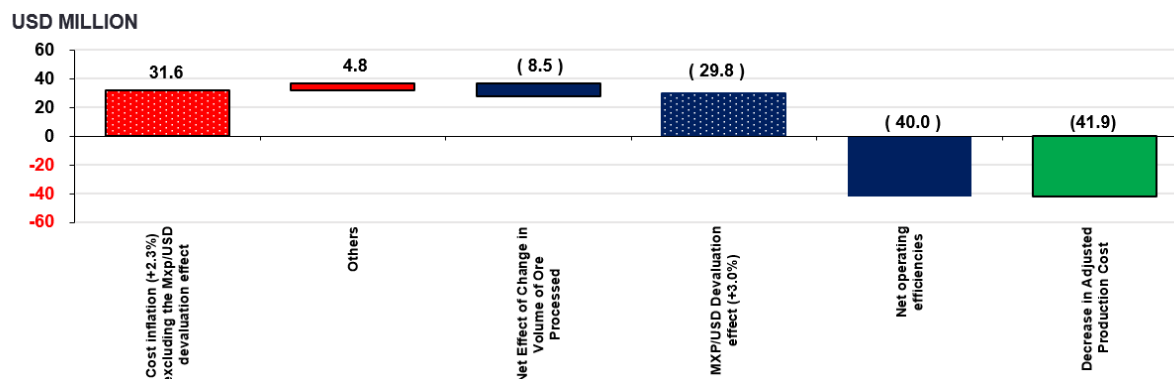
Cost of sales

Concept	2024 US\$ million	2023 US\$ million	Amount US\$ million	Change %
Adjusted production costs ²	1,582.2	1,624.1	(41.9)	(2.6)
Depreciation	619.8	497.3	122.5	24.6
Profit sharing	12.3	2.2	10.1	459.1
Hedging	0.0	(0.2)	0.2	(100.0)
Change in work in progress	35.8	52.6	(16.8)	(31.9)
Unproductive costs including inventory reversal and unabsorbed production costs ³	0.0	25.9	(25.9)	(100.0)
Cost of sales	2,250.1	2,201.8	48.3	2.2

- 2 Adjusted production costs are calculated as cost of sales less depreciation, profit sharing, hedging, change in inventories and unproductive costs. The Company considers this a useful additional measure to help understand underlying factors driving production costs in terms of the different stages involved in the mining and plant processes, including efficiencies and inefficiencies, as the case may be, and other factors outside the Company's control such as cost inflation or changes in accounting criteria.
- 3 Unproductive costs primarily include unabsorbed production costs such as non-productive costs from the temporary suspension of activities at Herradura and non-productive fixed mine costs incurred at Noche Buena from the finalisation of mining activities.

Cost of sales increased 2.2% to 2,250.1 million in 2024. The main factors driving the US\$48.3 million increase are listed below:

- Adjusted production costs decreased by US\$41.9 million as shown in the graph below:



The ongoing efforts to implement cost reduction initiatives generated positive results in 2024, driving US\$40.0 million net worth of operating efficiencies. These included efficiencies and economies of scale (-US\$69.8M) at Saucito and Juanicipio due to decreased contractor costs, and at Ciénega and San Julián as a result of the rationalisation of contractors together with initiatives to optimise the maintenance process. This achievement was offset by inefficiencies (+US\$29.8M) at Herradura due to the longer haulage distances, and at Fresnillo as a result of increased haulage costs as ore was hauled via ramps while the two sections of the deepened San Carlos shaft were connected, and increased contractors' and maintenance costs.

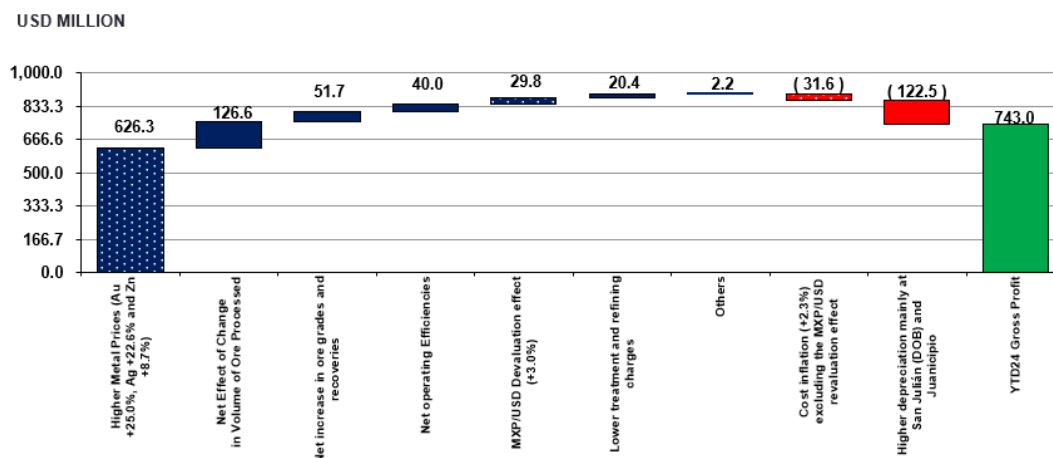
- Depreciation (+US\$122.5 million) due to increased depreciation of the asset base at San Julián DOB as it approached the end of its life and, to a lesser extent, the depreciation of the additional asset base at Juanicipio and the increased depletion factor at Ciénega and Saucito.

Gross profit

Gross profit is a key financial indicator of profitability at each business unit and the Fresnillo Group as a whole.

Total gross profit doubled from US\$503.2 million in 2023 to US\$1,246.3 million in 2024.

The main factors driving the US\$743.0 million increase in gross profit are shown in the graphic below:



The contribution by mine to the Group's consolidated gross profit and the year-on-year variations are outlined in the chart below:

Contribution by mine to consolidated gross profit

	2024		2023		Change	
	US\$ million	% contribution	US\$ million	% contribution	US\$ million	%
Juanicipio	384.8	31.0	202.8	41.0	182.0	89.7
Saucito	281.7	22.7	80.4	16.2	201.3	250.4
Herradura	274.2	22.0	124.2	25.1	150.0	120.8
Fresnillo	180.0	14.5	61.2	12.4	118.8	194.1
San Julián	89.3	7.2	56.3	11.4	33.0	58.6
Ciénega	29.6	2.4	(29.8)	(6.0)	59.4	(199.3)
Noche Buena	3.2	0.2	(0.1)	0.0	3.3	>100
Total for operating mines	1,242.8	100	495.0	100	747.8	151.1
Metal hedging and other subsidiaries	3.5		8.2		(4.7)	(57.3)
Total Fresnillo plc	1,246.3		503.2		743.1	147.7

Administrative and corporate expenses

Administrative and corporate expenses decreased 14.7% from US\$128.4 million in 2023 to US\$109.5 million in 2024, mainly due to the lower fees incurred for advisory and consulting services, the favourable effect of the devaluation of the Mexican peso vs the US dollar on administrative expenses denominated in pesos, including personnel salaries, and the cost reduction initiatives resulting from services provided in accordance with the Shared Services Agreement with Peñoles.

Exploration expenses

Exploration expenses decreased 10.6% from US\$182.4 million in 2023 to US\$163.0 million in 2024. In line with our strategy, exploration continued to focus on the Fresnillo and San Julián districts, with special emphasis on intensifying activities aimed at increasing the resource base, converting resources into reserves and improving the confidence of the grade distribution in reserves. An additional US\$2.0 million was capitalised, mainly relating to exploration expenses at the Guanajuato project. As a result, risk capital invested in exploration totalled US\$165.0 million in 2024, compared to US\$185.9 million in 2023 (of which US\$3.5 million was capitalised). This represents a year-on-year decrease of 11.2%.

EBITDA

EBITDA is a gauge of the Group's financial performance and a key indicator to measure debt capacity. It is calculated as profit for the year from continuing operations before income tax, less finance income, plus finance costs, less foreign exchange gain/(loss), less the net Silverstream effects and other operating income plus other operating expenses and depreciation

	2024 US\$ million	2023 US\$ million	Amount US\$ million	Change %
Profit from continuing operations before income tax	743.9	114.0	629.9	552.5
– Finance income	(46.9)	(50.6)	3.7	(7.3)
+ Finance costs	73.6	88.8	(15.2)	(17.1)
– Revaluation effects of Silverstream contract	182.3	(7.7)	190.0	N/A
– Foreign exchange loss, net	(7.0)	(2.0)	(5.0)	250.0
– Other operating income	(39.2)	(35.3)	(3.9)	11.0
+ Other operating expense	21.0	51.2	(30.0)	(58.6)
+ Depreciation	619.8	497.3	122.5	24.6
EBITDA	1,547.3	655.7	891.6	136.0
EBITDA margin	44.3	24.2	–	–

In 2024, EBITDA more than doubled to US\$1,547.3 million primarily driven by the higher gross profit and lower administrative and exploration expenses. As a result, EBITDA margin expressed as a percentage of revenue increased, from 24.2% in 2023 to 44.3% in 2024.

Other operating income and expense

In 2024, a net gain of US\$18.3 million was recognised in the income statement primarily as a result of assigning the rights and obligations of the non-core Guazapares mining concessions to Coeur Mining. In contrast, a loss of US\$15.8 million was registered in 2023 mainly as a result of the illegal extraction of ore from the leaching pads at Soledad-Dipolos by third parties, which has now ceased.

Silverstream effects

The Silverstream contract related to Industrias Peñoles' Sabinas mine silver production is accounted for as a derivative financial instrument carried at fair value. Following a notification from Industrias Peñoles that its Sabinas mine was experiencing operational and financial difficulties, which increased the risk of Peñoles' being unable to fully comply with the terms and conditions of the Silverstream, the Company has decided to incorporate this uncertainty into the model used to estimate the fair value of the financial derivative instrument. This resulted in a US\$231.6 million loss before taxes and the period's profit amortisation of US\$49.3 million, with an overall net impact of US\$182.3 million in the income statement.

The Group expects that further unrealised gains or losses related to the valuation of the Silverstream contract will be taken to the income statement in accordance with silver price cyclicality or changes in the variables considered in valuing this contract. Further information related to the Silverstream contract is provided in the balance sheet section in notes 14 and 30 to the consolidated financial statements.

Net finance costs

Net finance costs of US\$26.6 million compared favourably to the US\$38.2 million recorded in 2023. The US\$11.6 million decrease was primarily due to the lower interest paid as in 2024 net finance costs mainly reflected interest paid on the US\$850 million principal amount of 4.250% Senior Notes due 2050. Conversely, in 2023 the Group paid interest on the outstanding US\$317.9 million of 5.500% Senior Notes due 2023, in addition to the interests described above. Detailed information is provided in note 10 to the consolidated financial statements. During the year ended 31 December 2024 there were no capitalised borrowing costs (2023: US\$2.1 million).

Taxation

Income tax expense for the year was US\$390.2 million, which compared negatively to the tax income of US\$205.0 million in 2023. The effective tax rate, excluding the special mining rights, was 52.5% (2023: -179.8%), compared to the 30% statutory tax rate. The reason for the variation in the effective tax rate is the difference between the tax and the accounting treatment related mainly to the effect of the spot exchange rate on the tax value of assets and liabilities. This adverse effect was mitigated by the effect of the Mexican inflation on the restatement of tax value of fixed assets as described in the table below:

	2024	2023
Spot exchange rate devaluation (revaluation)	20.0	(12.8)
Exchange rate effect on tax value of assets and liabilities	US\$300.2 million	(US\$214.5 million)
Inflationary uplift of the tax base of assets and liabilities	(US\$55.2 million)	(US\$54.8 million)

Mining rights in 2024 were US\$127.0 million compared to mining rights of US\$30.8 million charged in 2023. The significant increase is due to higher deferred mining rights driven by the devaluation of the Mexican peso/US dollar spot exchange rate in 2024 and the fact that the special mining right will increase from 7.5% to 8.5% from 2025 onwards.

Profit for the period

Profit for the year decreased year-on-year by 21.0% as a result of the factors described above.

	2024 US\$ million	2023 US\$ million	Amount change US\$ million	Change %
Profit for the period	226.7	288.3	(61.6)	(21.4)
Profit for the period, excluding post-tax Silverstream effects	354.3	282.9	71.4	25.2
Profit due to non-controlling interests ¹	85.8	54.4	31.4	57.7
Profit attributable to equity shareholders of the Group	140.9	233.9	(93.0)	(39.8)
Basic and diluted earnings per share (US\$/share) ⁵	0.191	0.317	(0.126)	(39.7)
Basic and diluted earnings per share, excluding post-tax Silverstream effects (US\$/share)	0.364	0.310	0.054	17.4

¹ The increase reflects the higher profit generated at Juanicipio, where MAG Silver owns 44% of the outstanding shares.

Cash flow

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

	2024 US\$ million	2023 US\$ million	Amount US\$ million	Change %
Cash generated by operations before changes in working capital	1,559.8	649.3	910.5	140.2
Decrease/Increase in working capital	(162.9)	20.6	(183.5)	N/A
Taxes and employee profit sharing paid	(97.1)	(244.0)	146.9	(60.2)
Net cash from operating activities	1,299.8	425.9	873.9	205.2
Silverstream contract	30.0	40.2	(10.2)	(25.4)
Proceeds from the sales of mining concessions (layback agreement in 2023) (see note 2 to the consolidated financial statements)	10.0	22.8	(12.8)	(56.1)
Purchase of property, plant and equipment	(370.5)	(483.4)	112.9	(23.4)
Dividends paid to shareholders of the Company	(78.2)	(108.4)	30.2	(27.9)
Financial expenses and foreign exchange effects	(9.8)	(6.4)	(3.4)	53.1
Repayment of interest-bearing loans	0.0	(317.9)	317.9	(100.0)
Net (decrease)/increase in cash during the period after foreign exchange differences	763.2	(434.5)	1,197.7	N/A
Cash and other liquid funds at 31 December ¹	1,297.8	534.6	763.2	142.8

¹ Cash and other liquid funds are disclosed in note 17 to the consolidated financial statements.

Cash generated by operations before changes in working capital more than doubled to US\$1,559.8 million, primarily due to higher precious metals prices and increased production volumes during the year. Working capital increased US\$162.9 million, mainly due to: i) a US\$196.2 million increase in trade receivables from related parties principally because of higher precious metals prices; and ii) a US\$28.0 decrease in trade payables. This was partly offset by a decrease in ore inventories of US\$50.6 million; and ii) a US\$10.7 million decrease in prepayments mainly to contractors.

Taxes and employee profit sharing paid decreased 60.2% vs 2023 to US\$97.1 million, mainly due to: i) a decrease in provisional tax payments paid in 2024; ii) the lower final income tax paid in 2024, net of provisional taxes paid, corresponding to the 2023 tax fiscal year; iii) a decrease in mining rights payments; and iv) lower profit sharing paid.

As a result of the above factors, net cash from operating activities increased 205.2% from US\$425.9 million in 2023 to US\$1,299.8 million in 2024.

Main uses of funds were:

- i) The purchase of property, plant and equipment for a total of US\$370.5 million.
- ii) Dividends paid to shareholders of the Group in 2024 totalled US\$78.2 million, a 27.9% decrease vs 2023, in line with our dividend policy which includes a consideration of profits generated in the year, adjusted for the extraordinary, non-cash items, in particular the revaluation of the Silverstream contract and the effect of the exchange rate on deferred taxes. The 2024 payment included the 2023 final ordinary dividend of 4.20 cents per share paid in May 2024, totalling US\$31.0 million, and the 2024 interim ordinary dividend paid in September of US\$47.2 million.
- iii) Financial expenses and foreign exchange effects of US\$9.8 million, an increase of 53.1% vs 2023. Financial expenses in 2024 included interest paid on the 4.250% Senior Notes due 2050. In addition, financial expenses in 2023 included interest paid on the outstanding US\$317.9 million 5.500% Senior Notes due November 2023.

The sources and uses of funds described above resulted in an increase in net cash of US\$763.2 million (net increase in cash and other liquid assets), which combined with the US\$534.6 million balance at the beginning of the year resulted in cash and other liquid assets of US\$1,297.8 million at the end of December 2024.

Balance sheet

Fresnillo plc continued to maintain a solid financial position during the period with cash and other liquid funds¹ of US\$1,297.8 million as of 31 December 2024. Taking this and the US\$839.5 million outstanding Senior Notes, Fresnillo plc's net cash was US\$458.3 million as of 31 December 2024. This compares to the net debt of US\$304.4 million as of 31 December 2023. In 2023 the Group had a net debt/EBITDA ratio of 0.46x¹.

Inventories decreased 9.5% to US\$482.2 million, mainly due to: i) the decrease of gold inventories at Noche Buena, ii) a reduction in the gold content at the leaching pads and to be processed at the dynamic leaching plants at Herradura, iii) the decreased inventories of zinc concentrate at all our underground mines, and iv) a decrease in inventories of operating materials and spare parts.

Dividends

Based on the Group's 2024 performance, the Directors have recommended a final ordinary dividend of 26.1 US cents per Ordinary Share, which will be paid on 30 May 2025 to shareholders on the register on 22 April 2025. The dividend will be paid in UK pounds sterling unless shareholders elect to be paid in US dollars.

This is in addition to the interim ordinary dividend of 6.40 US cents per share. This final ordinary dividend remains in line with the Group's dividend policy to pay out 33-50% of the profit attributable to equity shareholders of the company after making certain customary adjustments to exclude extraordinary non-cash effects in the income statement.

In addition, the Board has declared a one-off special dividend of 41.8 US cents per share, equivalent to US\$308.0 million which will also be payable on 30 May 2025 to shareholders on the register as at 22 April 2025. This decision was made following a comprehensive review of the Group's financial position, its strong balance sheet and taking into consideration the positive cash flow that the Group is expecting to generate in the coming years.

As disclosed in previous reports, the corporate income tax reform introduced in Mexico in 2014 created a withholding tax obligation of 10% relating to the payment of dividends, including to foreign nationals. The 2024 final ordinary dividend and special dividend will be subject to this withholding obligation.

¹ Net debt is calculated as debt at 31 December 2023 less Cash and other liquid funds at 31 December 2023 divided by the EBITDA generated in the last 12 months.

MANAGING OUR RISKS AND OPPORTUNITIES

Our approach to risk.

The effective management of risk is integral to good management practice and fundamental to living up to our purpose and delivering our strategy. By understanding, prioritising and managing risk, Fresnillo plc safeguards our people, our assets, our values and reputation, and the environment, and identifies opportunities to best serve the long-term interest of all our stakeholders. We are focused on conducting our business responsibly, safely, and legally, while making risk-informed decisions when responding to opportunities or threats that present themselves. Risk management is a key accountability and performance criterion for our leaders.

Our risk management process helps us to manage risks that have the potential to impact our business objectives and timely risk monitoring is at the core of our management practices. All employees have responsibility for identifying and managing risks. Our risk management framework reflects the importance of risk awareness across Fresnillo plc. It enables us to identify, assess, prioritise and manage risks to deliver the value creation objectives defined in our business model.

Risk appetite.

Defining risk appetite is key in embedding the risk management system into our organisational culture. The Company's risk appetite statement helps to align our strategy with the objectives of each business unit, clarifying which risk levels are, or are not, acceptable. It promotes consistent decision-making on risk, allied to the strategic focus and risk/reward balance approved by the Board.

We define risk appetite as *'the nature and extent of risk Fresnillo plc is willing to accept in relation to the pursuit of its objectives'*. We look at risk appetite from the context of severity of the consequences should the risk materialise, any relevant internal or external factors influencing the risk, and the status of management actions to mitigate or control the risk. A scale is used to help determine the limit of appetite for each risk, recognising that risk appetite will change over time.

The risk appetite statement for each principal risk is the level of risk that the Board is willing to accept to achieve our strategic objectives. It articulates what is an acceptable level of exposure, relative to the amount of reward we are seeking, and helps to determine how much control or mitigating actions may be required.

Risks that are approaching the limit of the Company's risk appetite may require management actions to be accelerated or enhanced to ensure the risks remain within appetite levels. If a risk exceeds appetite, it will threaten the achievement of objectives and may require a change to strategy.

Risk management framework.

Our strategy, values and risk appetite inform and shape our risk management framework. We embed risk management at every level of the organisation to effectively manage threats and opportunities to our business and host communities, and our environmental impact.

Fresnillo plc has an enterprise-wide risk management information system which includes a set of integrated tools and applications to capture, manage and communicate material risks to the business. This system considers the three lines of defence we have in place at Fresnillo plc: 1st. - Unit leaders including mine, exploration and project personnel, as well as leaders of corporate and support areas; 2nd. - Corporate level oversight functions involve the risk management team, the Health, Safety, Security, Environment and Community Relations (HSECR) team, the project oversight function and the Executive Committee and 3rd. - Group Internal Audit.

Governance structure.

This governance structure supports our risk management framework and enables effective management of material risks.

Ton down

Bottom up

Board and Committees					Third line of defense
Board. Overall responsibility for assessing the nature and extent of principal and emerging risks and the risk appetite of the Company and for facilitating effective, entrepreneurial and prudent management of the business.	Audit Committee / HSECR Committee. Responsible for reviewing the effectiveness of the Company's risk management systems and processes. Review assurance over mitigating controls.		Internal Audit. Provides independent and objective assurance that risk management, governance and internal control processes are working effectively, thus ensuring that the Company can achieve its objectives.		
Executive management ²					Second line of defense
Executive Committee. Responsible for the review and assessment of the principal risks and recommending risk appetite and tolerance to the Board. Develops Company strategy in line with Board appetite.			Risk management. Responsible for monitoring principal and key risks and ensuring effectiveness of regional and function risk management.		
Operations & projects	Exploration & ore reserves	Finance	Legal, ethics & compliance	Security	
Human resources and Union	Communities relations	Safety & health	TI-TO Cyber security	Insurance policies and coverage	
Operational management					First line of defense
Management steering regional departments providing oversight of risk management in their areas of responsibility. Responsible for identifying, assessing and mitigating both key and operational risks within their functions/business areas. Risks should be discussed as part of country management meetings.					
Strategic risks	People, operational, safety and communities' risks		Financial risks		
– Resources to reserves risks – Potential actions by governments* – Exploration risks* – Project risks*– Technology risks – Low-carbon transition risks – Climate change and natural disaster risks* – Security risks*	– People and culture risks* – Union risks* – Operation, maintenance and planning risks – Health, safety and environment risks* – Communities and social risks* – Ethics and compliance risks – Cyber risks* – Tailings Dams*		– Liquidity risks – Market risks – Credit risks – Tax risks – Disclosure risks – Global macroeconomic developments* – Impact of metals prices and exchange rates*		

*Principal risk

² Main areas of executive management

Risk management process.

Set strategy, objectives and risk appetite	1. Risk analysis Identify, prioritisation and evaluate risks to our strategy and objectives	2. Controls and risk responses Implement controls and actions to manage risks within risk appetite	3. Audit & assurance Check and verify that controls and actions are effective in managing the risks	4. Communication & monitoring Communicate principal and emerging risk and escalate as appropriate	5. Improvement & embed Build risk capability and culture so active management is embedded in how we run our business	6. Resilience Development of the company's culture and capacity to adapt, resist, absorb and recover from the impact of a risk
First line	- Risk assessment and identification of new risks in the business units	- Continuous improvement of processes and controls. - Implementation of corrective and preventive actions based on the results of leadership team monitoring	- Control self-certifications	- Preparation of risk dashboards and risk matrices presenting the status of individual risks in the business units	- Compliance with the highest international industry standards such as TSF's	
Second line	- Review of Key Risk Indicators (KRIs) and mitigation actions	- Implementation of controls and mitigations in response to risk scenarios	- Monitoring compliance with international risk standards	- On-going reviews of risks and threats. - Preparation of quarterly, half-yearly and annual reports and briefings to the Audit and HSECR Committee	- Promoting the risk culture across the Company through workshops and training	- Creating risk scenarios to anticipate impacts and prepare risk responses
Third line			- Execution of the annual internal audit programme.	- Advice and recommendations regarding the most exposed or new risks		- Implement appropriate policies and guidelines to build resilience to risks
Culture & leadership						

1. Risk analysis.

A complete view of our risk universe starts with the analysis of our business, the external environment in which we operate, the regulatory landscape and our internal operations. This includes the impacts on and of our strategy, initiatives, governance, and processes.

The Board, the Audit Committee, the HSECR Committee, the Executive Committee and Internal Audit, periodically use working sessions and interviews to review the evolution of principal and emerging risks, as well as the appetite for each risk. At these working sessions, the views and suggestions of Board members are heard, and adjustments are made according to the factors influencing each risk.

We mainly use the following methods in risk assessment:

- Scenario planning
- Horizon scanning
- Real time risk management monitoring
- Social media monitoring
- Collaboration with others organisation's such as third-party suppliers

Aspects we review when assessing our principal and key risks:

- Risk ownership: each risk has an owner. In addition, each key risk is sponsored by a member of the Executive Committee who drives the monitoring and progress of mitigation measures.
- Probability and impact: five-by-five scoring matrix applied globally.

- Gross risk: before preventive controls.
- Net risk: after preventive controls have been applied.
- Risk appetite: defined at the principal and emerging risk level and approved by the Board.
- Risk tolerance: in data format, shows the amount of deviation from risk appetite.
- Key risk indicators: quantitative and qualitative measures that provide early signals of a change in the degree of risk.
- Actions: key controls in place and activities required to mitigate them if necessary.
- Impact on the Company's strategic pillars and interdependencies between key risks.
- Any relevant risks where the principal risk is affected or may affect the emerging risk.

All principal risks are detailed in a standardised statement. This ensures effective review, understanding and monitoring across the Company, together with consistency, both in terminology and in the underlying assessment itself. Following the establishment of climate change as a separate principal risk in 2020/21, reviews have been carried out at various levels, including the Executive Committee and the Board. These include the identification and documentation of climate-related risks and the review and consideration of appropriate risk responses. This consolidated view is an input to our review of the Company's risk profile.

As part of the top-down process, an updated assessment was completed for each principal risk by the relevant risk owner, working with the Executive Committee risk sponsor and the risk function.

The framework is based on ISO 31000 (*International standard that provides guidelines and principles for managing risk*), ISO 22301 (*International standard for Business Continuity Management Systems*) and COSO ERM.³

Emerging risk considerations.

Emerging risks are very uncertain by nature. Given the diversity of our operations and projects as well as our geographic footprint, we are exposed to many highly uncertain, complex, and often interrelated risks. The Company continues to focus on horizon scanning activity to inform and support identification of the most pertinent internal and external trends and developments.

³ The Committee of Sponsoring Organizations (COSO) of the Treadway Commission Enterprise Risk Management (ERM) framework.

We monitor key indicators of emerging risks and their potential impact on our business, markets and host communities. Many emerging risk topics are reviewed on a recurring basis, alongside ongoing activity addressing their impacts. However, it is acknowledged that the nature of the emerging risks will evolve and could drive future trends in the long term which the Company will need to prepare for.

2. Controls and risk responses.

We use five key processes to better address our risks: (i) a monthly procedure for evaluating and mitigating principal risks; (ii) a process to identify and analyse the impact of the geopolitical instability in all the Company's risks, including projects, with a main focus on the safety and identification of new risks; (iii) dashboards for each business unit to monitor mitigation actions and risk level; (iv) impact and probability scenarios which were conducted for risks related to security, supply chain of critical inputs for operations, cost increases and projects, and (v) collaboration with government, the mining sector and communities to ensure that we followed best practice.

Fresnillo plc has an internal control framework in place to mitigate the impact of principal and emerging risks. Our executives (including operations, exploration and project managers, the controllership group, HSECR team), regularly engage in strengthening the effectiveness of our current controls.

During 2024, with the support of a specialist team and external advice, the comprehensive internal control framework was enhanced to document material financial and non-financial controls, responsibilities and accountabilities and align them with the Company's processes. This improves risk management, reduces potential negative impacts, and ensures compliance with regulatory requirements for internal controls.

The new mining laws in Mexico, the security near our business units, the increase in the cost of operation, the geopolitical instability, the license to operate and climate disruption posed new challenges for the Risk Department and the Executive Committee. Due to the uncertainty around these topics, this year, in addition to our established risk management activities, all strategic decisions by the Company were analysed using risk scenarios modelling their potential impacts.

3. Audit and assurance.

The Board, in pursuing the Company's business objectives, cannot give absolute assurance that the implementation of a risk management process will overcome, eliminate, or mitigate all material risks. However, by developing and implementing an annual and ongoing risk management process to identify, report and manage significant risks, the Board intends to provide reasonable assurance against material misstatement or loss.

We monitor how well we manage material risks to our objectives by checking and verifying the implementation of our response plans (actions and controls) and our actual performance against objectives. We enhance the "check and verify" step by applying the three lines of defence approach:

The internal audit team consists of highly experienced professionals from various specialties, who frequently review operational, financial, exploration and project processes in the field, using international standard tests and methodologies.

First line	-Annual self-assessments of controls and the bi-annual compliance assurance statements.
Second line	-As part of our ERM approach, we the Risk Team conduct specialised reviews to assess risks and controls to ensure compliance, focused on validating and testing key controls to augment the first line attestations. -The risk team annually reviews key controls for our principal risks, significant local risks and response plans to identify and respond to any significant changes in the control environment. While many controls are tailored to business unit requirements, there are consistent themes across our control environment, such as clear oversight and reporting by business unit management teams, governance processes for operations, maintenance and tenders, attention to health and safety, the well-being of our people and the priority of maintaining integrity and a strong ethical culture.
Third line and external activities	-We are supported by external partners in certain specialised areas, we are also subject to significant assurance activities and third line audits conducted through our Internal Audit team, external third parties, certification standards and customer requirements in our various business lines. -The work plan of the internal audit area considers all the company's operational and financial processes, permanently following up on the recommendations made in each audit, with a particular focus on the most exposed risks or risks that have an impact on regulatory non-compliance or business disruption. -External reviews include those that support the range of ISO certifications we manage across the business as well as independent performance and regulatory reports on Fresnillo plc operations. Examples include: - business continuity risk inspections of all business units by Hawcroft Consulting in 2024. - ISO 45001 and ISO 14001 audits of Fresnillo and Saucito mines by BSI Group auditors. - certification that the Herradura mine leaching operations comply with the Cyanide Code issued by the International Cyanide Code Institute.
Governance	-The HSECRC Committee meets before every Board meeting to review the effectiveness of our risk management and internal control systems, with particular attention paid to safety, climate, tailings dams and environmental risks. -The Audit Committee continues to focus closely on key financial processes, material risks and internal control. Further close attention has been given to the key areas of judgement and estimation in the financial statements. It receives regular reporting from Internal Audit, Internal Control and Risk Management, to allow it to determine whether internal controls and processes are functioning appropriately.

4. Communication and monitoring.

Risk can be of any nature and manifest itself and escalate from any part of the business as a threat or even an opportunity. When risks are material to the Company, they are escalated to the Executive Committee and, where appropriate, to the Board or its Committees. This requires a strong risk culture, which we continue to develop and encourage.

Although we deploy controls to reduce the likelihood and consequences of risks, some risks inherent in our business remain. These include natural catastrophes, for which there is limited capacity in international insurance markets. We monitor these threats closely and develop business resilience plans.

The previous steps of the risk assessment process allow for analyses, reports and briefings that communicate the results and main findings; this information is mainly presented and discussed at the Audit Committee and the Board.

5 & 6. Improvement, embedding and resilience.

To ensure that we can prioritise our efforts and resources, we regularly assess the potential consequences and likelihood of impact of our principal risks, creating impact scenarios to implement prevention-mitigation measures and response plans. These assessments, and the effectiveness of our associated controls, reflect management's current expectations, forecasts and assumptions. They involve subjective judgements and depend on changes in our internal and external environment.

The Board confirms that:

- a robust assessment of principal and emerging risks has been carried out
- with support from the Audit and the HSECR Committees, it has monitored the risk management framework throughout the year
- it has reviewed the planning, progress and preliminary results of the enhancement of the comprehensive internal control framework

Principal risks and uncertainties.

The principal risks and uncertainties outlined in this section reflect the risks that could materially affect (negatively or positively) our ability to meet our strategic objectives.

We define principal risk as “risk, or a combination of risks, which may seriously affect the business model, performance, future or reputation of the Company”.

The Company's risk profile has been developed based on the most significant risks in our business profiles. All of our principal risks were reviewed at least twice during the year, including through KRIs, which were developed to help embed the risk appetite framework in the business and enhance the monitoring and mitigation of risks.

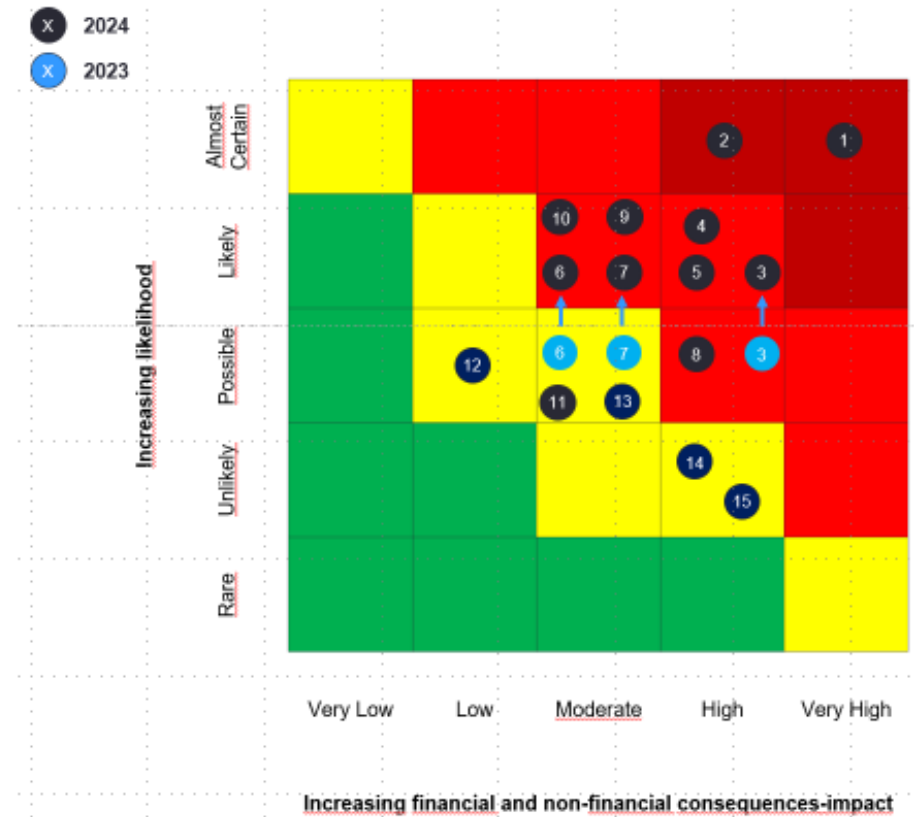
Due to the effects caused by geopolitical instability, the Russia-Ukraine and Hamas-Israel wars, attacks on commercial shipping in the Red Sea by Iran-backed Houthi rebels, the effects of global inflation affecting the cost of operation, security and violence near business units, cyber-attacks, climatic disturbances, environmental situations close to our operations and changes to the laws and regulations in the mining industry in Mexico, it was necessary to reassess the principal risks and reorder their materiality, likelihood and impact, as well as reassess related mitigation actions.

These risks are summarised in the following table in order of maximum reasonable consequence, probability and change since 2023.

Current assessment of principal risks / As of February 2025

2024	Principal risk	Risk Appetite*	Risk level	Change in risk level vs 2023	
1	Potential actions by governments (political, legal, regulatory, tax & concessions)	Low	Very high	Stable	V
2	Security	Low	Very high	Stable	V
3	Cybersecurity	Low	High	Increasing	
4	Impact of metals prices and exchange rates	High	High	With attention	V
5	Global macroeconomic developments (energy and supply chain disruptions, inflation and cost)	Medium	High	With attention	
6	Access to Land (full access to the lands)	Low	High	Increasing	
7	Union Relations (labour relations)	Low	High	Increasing	V
8	Human Resources (attract and retain requisite skilled people/talent crisis)	Medium	High	Stable	
9	Projects (performance risk)	Medium	High	With attention	
10	Safety (incidents due to unsafe acts or conditions could lead to injuries or fatalities)	Low	High	Stable	V
11	Licence to Operate (community relations)	Medium	Medium	Stable	
12	Exploration (new ore resources)	High	Medium	Stable	
13	Climate change (comply with international standards and regulations)	Medium	Medium	Stable	V
14	Tailings dams (overflow or collapse of tailings deposits)	Low	Medium	Stable	V
15	Environmental Incidents (cyanide spills and chemical contamination)	Low	Medium	Stable	V

* Appetite determined by the Board in January 2025.
 With attention. - Potential for increase in the short term
 (V) Risks that were considered for the viability assessment



Emerging risks.

Mining is a long-term business, and so our strategy aims to create sustained value over the life of our mining operations and beyond. This involves careful allocation of key resource inputs – the natural, human, intellectual, financial, manufactured, and social and relationship capitals – which are essential to achieving this aim.

In the longer term, as the world transitions to a low-carbon future and consumer demand for sustainable goods flows through the value chain, the supply-demand dynamics of commodities are expected to shift. This will lead to increasing demand for sources and solutions with low CO2 emissions, and a lower social and environmental footprint, in addition to a growing demand for transparent, sustainable and circular value chains.

Fresnillo plc defines an emerging risk as “*new manifestation of risk that cannot yet be fully assessed, a risk that is known to some degree but is not likely to materialise or have an impact for several years, or a risk that the company is not fully aware of but that could, due to emerging macro trends in the mid or long-term future, have significant implications for the achievement of our strategic plan*”. Furthermore, we consider emerging risks in the context of longer-term impact and shorter-term risk velocity. We have therefore defined emerging risks as those risks captured on a risk register that: (i) are likely to be of significant scale beyond a five-year timeframe; or (ii) have the velocity to significantly increase in severity within the five-year period.

Emerging risks constantly change, can materialise quickly, and can significantly affect the company and its operations. Procedures must be in place for continuous monitoring of these risks to allow the company to adapt or develop appropriate actions.

To strengthen our emerging risks management framework, during 2024 we carried out activities to: (i) identify new emerging risks in light of geopolitical instability, technological disruption and climate change; (ii) re-assess the emerging risks identified in 2023; (iii) deploy effective monitoring mechanisms recognising the potential for emerging risks to evolve or materialise quickly; (iv) carry out horizon scanning to consider disruptive scenarios, and (v) implement mitigating control actions and enhance our risk awareness culture.

This process involved workshops, surveys and meetings with the Executive Committee, business unit leaders, support and corporate areas, as well as suppliers, contractors and customers. We also consulted third-party information from global risk reports, academic publications, risk consulting experts and industry benchmarks.

Emerging risks can impact our principal risks directly or can become elevated to a standalone principal risk. The way we manage emerging risks is dynamic – it reflects the outcomes of our monitoring and the evolution of the risk as well as findings from our scenario analysis. Managing emerging risks involves staying on top of technological advances in the mining industry and beyond; seeking value-capturing innovations a focussing on efficiencies; drawing on new sources of information and working closely with universities specialising in mining and geology; as well as training and upskilling our people.

Emerging Risk	Description	Timescale
Geopolitical instability	The potential political, economic, military, and social risks that can emerge from a nation's involvement in international affairs. These risks can have far-reaching implications for both the country itself and the global community at large. There are many factors that can contribute to geopolitical risks, such as a nation's economic stability, its political relations with other countries, and its military strength.	< 5 Years
Water stress and drought	Increased depletion of water resources to meet the demand for water consumption in a region, coupled with extreme heat waves in desert regions.	< 5 Years
Transition to a low-carbon future	The transition to a low-carbon future is a "transition risk" according to the TCFD and presents challenges and opportunities for our portfolio in the short and long term. It is considered within the climate change principal risk mitigation strategy. However, we consider this risk to be an emerging risk due to the speed of potential new climate change regulations and the obstacles that government may place in the way of investment support for clean energy.	> 5 Years
Technological disruption & the rapid proliferation of Artificial Intelligence	Failure to identify, invest in, or adopt technological and operational productivity innovations that significantly replace or optimize a process through new systems with recognizably superior attributes. We have the threat that artificial intelligence could replace skilled labour.	< 5 Years
Future of the workforce	Create a culture of talent under an inclusive, empowered, and confident culture, together with the appropriate career paths, to generate a future-ready workforce.	< 5 Years
Increasing societal and investor expectations	There is increasing expectation and focus on social equality, fairness and sustainability. Financial institutions are also placing greater emphasis on Environmental, Social and Governance (ESG) considerations when making investment decisions.	< 5 Years
Replacement on depletion of ore reserves	The inability to replace depleted ore reserves in key business units through exploration, projects or acquisitions.	> 5 Years
Unexpected mine-closure liabilities that have the potential to increase costs	This is important to consider because it is possible that government authorities will change the environmental provisions and obligations of the mine closure process in a more strict and costly manner.	> 5 Years

Emerging risks are currently managed through the Group's risk management framework, regularly enhancing controls and mitigating actions for each of them. Emerging risk topics have been discussed in executive level committees throughout 2024, with key actions assigned to closely monitor their manifestation and potential opportunities and, in some cases, also form part of the business planning process.

For 2025, it is also planned to deepen certain emerging risk topics such as Technological disruption & the rapid proliferation of Artificial Intelligence and Water stress and drought, by conducting scenarios of operational and financial impacts to implement risk reduction measures and risk mitigation actions.

Potential actions by governments (political, legal, regulatory, tax & concessions)

Risk description
Regulatory initiatives or policies issued by the Mexican government, at all three levels: federal, state and municipal, may have an adverse impact on the operation of the Company. This could include new laws, regulations, rules or guidelines with a negative impact on the mining industry in Mexico. Although the law in Mexico does currently allow for the possibility of open pit mining for strategic reasons, the previous administration's prohibition of new open pit concessions remained in place under the new administration during 2024, and no new concessions were granted . With the recent change in Mexico's judiciary, current lawsuits, "amparos" and other legal processes are at risk. Under the previous administration, which was in office from 2018-2024, it had been very challenging to obtain permits and licences for construction and environmental matters from the Ministry of Economy and the Ministry of Environment. However, the change of approach from the new administration is easing the process and we are now starting to see the granting of permit applications that fully comply with regulations. Failure or delay in obtaining permits and licences to operate, could adversely affect our operations and develop projects. We paid special attention to the following aspects: • Prohibition of new concessions for open-pit mining. • Permits for building/expanding tailings dams and projects. • Inability to obtain necessary water concessions due to government control or private interests. • Discrepancies in the criteria used in audits carried out by the tax authority. • Possible new taxes or royalties on the mining industry. • Possible profit sharing with indigenous communities. • Potential trade disputes under United States-Mexico-Canada agreement.

Factors contributing to risk
A considerable level of uncertainty is likely to dominate the Mexican legal landscape for the foreseeable future, with potential impacts on the timing, consistency and nature of legal decisions: - Reorganization of the Mexican Supreme Court and election of Justices and Federal Judges by popular vote. - New judicial administration body and new judicial discipline tribunal. - Legal reforms to the following laws: "<i>Mining Law</i>", "<i>Law on National Waters</i>", "<i>Law on Ecological Balance and Environmental Protection</i>" and "<i>General Law for the prevention and integrated management of waste in the field of mining and water concessions</i>", impacting on the granting of new concessions and their duration, exploration activities and consultation with communities and indigenous peoples as well as payments of 5% of profits to the communities.

Controls, mitigating actions and outlook
1. As a result of the new mining law, risk scenarios were developed for each change and impact, considering the legal and operational criteria to implement the necessary mitigation and prevention measures. These scenarios are constantly updated. 2. Commitment to constant communication with all levels of government. 3. Increased monitoring of the processes being implemented at the Ministry of Energy, Environment, Labour and Economy and daily monitoring, follow-up and attention to issues before the Congress of the Union that may affect the mining industry.

4. Collaboration with other members of the mining community through the Mexican Mining Chamber to lobby against any new harmful taxes, royalties or regulations. Support for industry lobbying efforts to improve the general public's understanding of the mining industry.

Link to strategy	Risk appetite
1 – 2 – 3 – 4	Low
Risk owner	Risk oversight
- Government Relations Department - Legal Department - Taxes and royalties Department - Mining and water concessions Department	- The Board - Audit Committee

Behaviour	Risk rating (relative position)
Stable	2024: Very high (1) 2023: Very high (1)

2

Security

Risk description
In all our business units, we face the risk of theft, which can occur within the mines or during transportation. Our employees, contractors and suppliers are also at risk of violence due to insecurity in some of the regions in which we operate. According to information from the Ministry of Security and Citizen Protection and the National Guard, the presence of organised crime and high impact crimes (homicide, kidnapping and extortion) increased in 2024, especially in the states where our business units are located such as Zacatecas, Sonora and Guanajuato. The main risks we face are: • High-impact thefts in ore transportation, most notably of gold doré and silver concentrates. • Theft of assets such as vehicles, equipment, spare parts and fuel. • Homicide. • Kidnappings. • Extortions. • Vandalism. • Consumption and sale of toxic substances in our mining units.

Factors contributing to risk
Influence and territorial disputes by drug cartels, organised crime and anarchy in some regions of Mexico where we have operations, projects and exploration camps. Especially close to our operations in Fresnillo, Zacatecas and Caborca, Sonora. The remote nature of many of our locations and projects.

Controls, mitigating actions and outlook
1. Our property security teams closely monitor the security situation, maintaining clear internal communications and coordinating work in areas of greater insecurity. 2. We maintain close relationships with authorities at federal, state and local levels 3. We interact and meet regularly with people of the National Guard; Army and the Navy in some cases. There are military installations located near most of our operations. 4. We continue to implement greater technological and physical security at our operations: - the use of a remote monitoring process at the Herradura, Noche Buena, San Julián, Juanicipio, Saucito and Fresnillo mines. - local operating and command centres for each business unit in the Saucito and Fresnillo mines and the Juanicipio development project - security services during the mine construction process at the Juanicipio development project 5. Increase in logistical controls to reduce the potential for theft of mineral concentrate such as: - real-time tracking technology; - surveillance cameras to identify alterations in the transported material; - protection and support services on distribution routes; - reduction in the number of authorised stops to optimise delivery times and minimise exposure of trucks transporting ore concentrates or doré. 6. We continue to invest in community programmes, infrastructure improvements and government initiatives to support the development of legal local communities and discourage criminal acts. 7. To combat drug consumptions we have: - increased the number of anti-doping tests conducted at the start of the day in the mining units. - frequent inspections out inside the mines to verify that drugs are not consumed and sold.

- Drug consumption prevention campaigns, focused on employees.
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Link to strategy	Risk appetite
1 – 2 – 3 – 4	Low

Risk owner	Risk oversight
- Security Department - Legal Department	- Audit Committee - Executive Committe

Behaviour	Risk rating (relative position)
Stable	2024: Very high (2) 2023: Very high (2)

3

Cybersecurity

Risk description
Information is an asset that must always be protected; it requires maintaining confidentiality, integrity, and availability throughout all business processes. Breaches in, or failures of, our information security management could adversely impact our business activities. Malicious interventions (hacking) of our information or operations' networks could affect our reputation and/or operational continuity. Loss or harm to our technical infrastructure and the use of technology within the organisation from malicious or unintentional sources. The following top eight cybersecurity and privacy risks comprise Fresnillo plc overall cybersecurity and privacy risk profile: 1. Corruption of data - Critical data where any unauthorised modification can have adverse impacts. 2. Unauthorised access - Cybersecurity and privacy incidents due to incorrect access permissions or system abuse, exploitation, or misuse. 3. Breach and data theft - Disclosure of critical and sensitive company data by an internal or external source. 4. Business disruption - Disrupting key applications or systems for a period. 5. Lack of cybersecurity ownership - Failure to assign responsibility for implementing and adopting cybersecurity practices daily. 6. Non-compliance - Cybersecurity and privacy incidents resulting in non-compliance with applicable regulations, including privacy. 7. Health and safety incidents - Breach of availability, integrity or confidentiality of data which impacts health and safety. 8. Halt or loss of operations - Cybersecurity and privacy incidents which result in loss of operating licence or closure of operations.

Factors contributing to risk
Globally, cyber-attacks have increased in frequency and impact across all industries; we suffered a cyber-security incident (partial disruption of services) in July 2024, which had negative consequences for the Group (Peñoles and Fresnillo plc). Rising geopolitical tensions. Heavy reliance on technology and automated systems to support operations within the mining industry. The industrial and mining sectors are seen as having a considerably weak level of whilst the damage that can be caused is very high. The level of global and national maturity of cybersecurity and cybercrime regulations that could deter criminals is not yet adequate and is still developing.

Controls, mitigating actions and outlook
Our cybersecurity programme, aligned with business strategies, is based on a governance model with three lines of defence, involving all operational, tactical, and strategic business levels to prevent and mitigate the effects of computer risks. Our approach is also based on the NIST

Cybersecurity Framework which is used to assess and improve our ability to prevent, detect, and respond to cyber-attacks.

1. We maintain continuous awareness of cybersecurity at all levels of the organisation, through workshops, communications, campaigns, and exercises that allow us to understand and increase our cybersecurity culture. Cybersecurity is a risk that requires more active involvement of Executive teams, which is why this year awareness and training exercises focused on this level have been carried out.
2. The Security Operations Centre (SOC) provides analytics that correlate information from multiple business unit sources, helping us to easily identify the impact of a threat and address the incident in a timely manner.
3. Cybersecurity incident response plans are in place and regularly assessed to ensure we can respond quickly and effectively to cybersecurity incidents.
4. We conduct ongoing assessments of the technology controls implemented in operations and services.
5. We have constant threat intelligence monitoring that allows us to analyse trends in the environment that enable adjustments in our operation to anticipate and apply necessary controls.
6. In addition, our systems, networks, and assets are continuously monitored through cybersecurity tools that use Artificial Intelligence and Machine Learning technology to analyse behaviours in the organisation's networks, identifying and mitigating advanced threats.
7. Controls are in place to comply with the 'Ley Federal de Protección de Datos Personales en Posesión de Particulares' (LFPDPPP).
8. We carried out the second phase of auditing our Personal Data Management System with the NYCE office, with the objective of achieving certification in our business units.

Our plan for 2025 is to focus our efforts on mitigating cyber risks, implementing, and maturing controls in line with the threat landscape and emphasising the importance of individual employee responsibility to remain vigilant and alert to cyber threats.

Risk Assessment, Disaster Recovery Plans, Data Loss Prevention, Pen testing, IT/OT Network Behavioural Analysis, and targeted security enhancements for Operational Technology (OT) environments are some of the initiatives that will increase our Level of Cybersecurity Maturity (based on NIST CSF).

Link to strategy	Risk appetite
2 – 3	Low

Risk owner	Risk oversight
- IT & TO Department - Cybersecurity Office	- The Cyber Security Committee - Audit Committee

Behaviour	Risk rating (relative position)
Increasing	2024: High (3) 2023: High (6)

4

Impact of metals prices and exchange rates

Risk description
Our results are heavily dependent on commodity prices – principally gold and silver. There is an inherent risk when investing or planning for the future price of these precious metals. The volatility of these prices is high and unpredictable. The prices of these commodities are strongly influenced by a variety of external factors, including wars, geopolitics disruptions, world economic growth, inventory balances, industry demand and supply, possible substitution, etc. Our sales are mainly denominated in US dollars, although some of our operating costs are in Mexican pesos. Thus, any strengthening of the Mexican peso may negatively affect our financial results.

Factors contributing to risk
Macro-economic and geopolitical factors that directly affect the price of commodities, both positively and negatively, such as the wars between Ukraine-Russia and Israel-Hamas, the recent US elections and trade tension in the US-China relationship. Increased attraction of investing in instruments such as cryptocurrencies could lead to investors reducing their investment activities in precious metals.

Controls, mitigating actions and outlook
1. We consider exposure to commodity price fluctuations an integral part of our business and our usual policy is to sell our products at prevailing market prices although we do have a hedging policy for precious metals. 2. We monitor the commodity markets closely to determine the effect of price fluctuations on earnings, capital expenditure and cash flows. Very occasionally, when we feel it is appropriate, we use derivative instruments to manage our exposure to commodity price fluctuations. We run our business plans through various commodity price scenarios and develop contingency plans as required. 3. We have hedging policies for exchange rate risk, including those associated with project-related capex. 4. We focus on cost efficiencies and capital discipline to deliver competitive all-in sustaining cost.

Link to strategy	Risk appetite
1 – 2 – 3	High

Risk owner	Risk oversight
- Financial Planning - Treasury	- The Investment Committee - Audit Committee

Behaviour	Risk rating (relative position)
With attention	2024: High (4) 2023: High (4)

5

Global macroeconomic developments (energy and supply chain disruptions, inflation and cost)

Risk description
Geopolitics has the potential to increase trade tensions, affecting rules-based trading systems. Trade actions can affect our key markets, operations or projects, limiting the benefits of being a multinational company with a global presence. Disruptions or restrictions in the supply of critical operating inputs such as steel, cyanide, copper, diesel, transport equipment, oxygen and truck tyres, electricity, diesel and gas, steel, sulphuric acid or mining equipment spare parts (supplied mainly by land transport from the US and by sea from China and Europe) could negatively affect production or increase its cost.

Factors contributing to risk
The recent US elections. US imposes tariffs rate on Mexico. China-US tensions. Indirect impacts of the war in Ukraine and conflict in the Middle East. Lack of electricity infrastructure of the state-owned company (<i>Comisión Federal de Electricidad CFE</i>), which supplies energy in Mexico. Possible inflation growth in Mexico.

Controls, mitigating actions and outlook
1. We execute operational excellence initiatives to counter inflation and improve margins, and also enhance cost competitiveness by improving the quality of the portfolio. 2. We maintain a rigorous, risk-based supplier management framework to ensure that we engage solely with reputable product and service providers and keep in place the necessary controls to ensure the traceability of all supplies (including avoiding any conduct related to modern slavery). 3. To achieve cost competitiveness, we endeavour to buy the highest possible proportion of our key inputs, such as fuel and tyres, on as variable a price basis as possible and to link costs to underlying commodity indices where this option exists. 4. We are committed to incorporating sustainable technological and innovative solutions, such as using sea water and renewable power when economically viable, to mitigate exposure to potentially scarce resources.

Link to strategy	Risk appetite
1 – 2 – 3	Low

Risk owner	Risk oversight
• Procurement and contracts • Operational Comptrollers • Financial Planning	• Audit Committee

Behaviour	Risk rating (relative position)
With attention	2024: High (5) 2023: High (3)

Access to land (*full access to plots of land*)

Risk description
Significant failure or delay in accessing surface land above our mining concessions and other lands of interest is a permanent risk to our strategy and has a potentially high impact on our objectives. The biggest risk is failing to gain full control of the lands where we explore or operate. Possible barriers to access to land include: • Increasing landowner expectations. • Refusal to comply with the terms of previous land acquisitions and conditions regarding local communities. • Influence of multiple special interests in land negotiations. • Conflicts regarding land boundaries, and the subsequent resolution process. • Succession problems among landowners resulting in a lack of clarity about the legal right to own and sell land. • Risk of litigation, such as increased activism by agrarian communities and/or judicial authorities. • Presence of indigenous communities in proximity to lands of interest, where prior and informed consultation and consent of such communities are required.

Factors contributing to risk
The new mining law complicates efforts to regularise access to land and the procedures for obtaining new permits. It is becoming increasingly difficult to negotiate land prices, with landowners demanding more money and benefits for access to land. Social insecurity prevailing in the regions where our mining interests are located may not allow the necessary work to be carried out to demonstrate the minimum investments required by law, leading to the possible cancellation of the concession. The Federal Government continues its policy of not granting new mining concessions.

Controls, mitigating actions and outlook
1. We undertake meticulous analysis of exploration objectives and construction project designs to minimise land requirements. 2. Initiatives undertaken to secure access to land in areas of strategic interest or value include: • Judicious use of lease or occupation contracts with purchase options, in compliance with legal and regulatory requirements. • Early participation of our community relations teams during the negotiation and acquisition of socially challenging objectives. • Strategic use of our social investment projects to build trust. • Close collaboration with our land negotiation teams, which include specialists hired directly by Fresnillo and provided by Peñoles as part of the service agreement. 3. We perform ongoing reviews of the legal status of our land rights, we identify certain areas of opportunity and continue to implement measures to manage this risk on a case-by-case basis. Such measures include, wherever possible, negotiations with agricultural communities for the direct purchase of land. 4. We use mechanisms provided for in agricultural law and use other legal mechanisms under mining legislation that provide greater protection for land occupation.

5. Negotiate carefully with the government on concessions with geological mining interest that have already been granted.

Link to strategy	Risk appetite
1 – 2 – 3	Medium

Risk owner	Risk oversight
- Legal - Community Relations	Audit Committee

Behaviour	Risk rating (relative position)
Increasing	2024: High (6) 2023: Medium (10)

Union relations (*labour relations*)

Risk description
Our highly skilled unionised workforce and experienced management team are critical to sustaining our current operations, executing development projects and achieving long-term growth without major disruption. We are committed to safety, non-discrimination, diversity and inclusion, and compliance with Mexico's strict labour regulations. The Labour Reform allows the existence of several unions within a company and gives freedom of choice to the employee. This has led to a complex, rarefied work environment at the Fresnillo mine, with violent clashes between the union and a group of workers seeking to register a new independent union. The risk is that the fighting will continue and worsen and eventually the mine's workforce will be reduced. There is also a risk that this conflict could spread to other mines. There is a risk of strikes or illegal work stoppages at some of our mining units by workers who do not agree with profit sharing or some of the benefits, mainly at the La Herradura mine.

Factors contributing to risk
Adverse coalitions that could disrupt operations illegally, mainly at the Herradura mine. We had a minor disruption in May 2023. We run the risk of an outside union seeking to destabilise the current union. We could also be adversely affected by National union politics.

Controls, mitigating actions and outlook
1. We remain attentive to any developments in labour or trade union issues. Our executive leadership and the Executive Committee recognise the importance of trade union relations and follow any developments with interest. Our strategy is to integrate unionised personnel into each team in the business unit. We achieve this by clearly assigning responsibilities and through programmes aimed at maintaining close relations with trade unions in mines and at the national level. 2. There are long-term labour agreements (usually three years) in place with all the unions at our operations, helping to ensure labour stability. 3. We seek to identify and address labour issues that may arise throughout the period covered by the labour agreements and to anticipate any potential issues in good time. When appropriate, we hire experienced legal advisors to support us on labour issues. 4. We have increased communication with trade union leaders in mining units to monitor the working environment and conducted a review of the contractual benefits for union members in our mines. 5. We maintain constructive relationships with our employees and their unions through regular communication and consultation. We are proactive in our interactions with unions. Union representatives and trade union leaders at various levels of the organisation are regularly involved in discussions about: - the future of the workforce

- the economic situation facing the industry;
- our production results;

6. We encourage union participation in our security initiatives and other operational improvements. These initiatives include the Security Guardians programmes, certification partnerships, integration of high productivity equipment, and family activities.

Link to strategy	Risk appetite
2 – 3	Low

Risk owner	Risk oversight
• Human Resources • Legal	• Audit Committee • People & Remuneration Committee

Behaviour	Risk rating (relative position)
Increasing	2024: High (7) 2023: Medium (9)

Human resources *(attract and retain requisite skilled people / talent crisis)*

Risk description
Our ability to achieve our operating strategy depends on attracting, developing and retaining a wide range of skilled and experienced internal and external people. Managing talent and maintaining a high-quality workforce in a rapidly changing technological and cultural environment is a key priority for us. Any failure in this regard could negatively impact current operating performance and future growth prospects. We face multiple risks in the processes of recruiting, hiring, training and retaining talented, skilled and experienced people: - Sourcing skilled labour in the mining sector has become a major risk, and our industry requires more and more people who are trained and experienced in mining processes. - Digital and technological innovation has the potential to generate substantial improvements in the Company's productivity, safety and environmental management. There is a risk that our workforce will be unable to transform to the extent necessary or will be resistant to change and unwilling to accept the impact of automation or to acquire new technological skills. - The lack of reliable contractors with sufficient infrastructure, machinery, performance history and trained personnel is also a risk that could affect our ability to develop and build mine sites. In addition, contractual terms prohibit us from hiring specialised personnel from business partners or contractors.

Factors contributing to risk
The shortage of skilled and experienced technical labour in the mining industry is leading to increased competition in the regions where we operate. In certain regions where we operate, there are not enough candidates with the necessary skills to operate mining equipment. We have business units far from cities and with limited and complicated access, making it difficult to find skilled labour in those regions. Changing societal expectations are putting pressure on our corporate and employer brand: who we are and what we stand for.

Controls, mitigating actions and outlook
1. We enhance the talent of our employees through training and career development, invest in initiatives to broaden the talent pool and are committed to our diversity and inclusion policy. Through these actions we aim to increase employee retention, as well as the number of women, people with disabilities and employees with international experience in the workplace. 2. Our employee performance management system is designed to attract and retain key employees by creating appropriate reward and remuneration structures and providing personal development opportunities. We have a talent management system in place to identify and develop internal candidates for key management positions, as well as to identify suitable external candidates where appropriate.

3. We aim for continuous improvement, driven by opportunities for training, development and personal growth; in short, we focus on fair recruitment, fair pay and benefits and gender equality.
4. Our goal for retaining talent is to be an employer of choice, and we recognise that, to be a profitable and sustainable business, we need to create value for our employees and their families. We do this by providing a healthy, safe, productive and team-oriented work environment that not only encourages our people to reach their potential, but also supports process improvement.
5. A renewed approach to talent management was implemented in the human resources areas of the business units, ensuring that all our employees have a meaningful conversation about their performance, motivations and experience, as well as a quality development plan that enables them to acquire the skills and experience they need for the future.
6. Employees who live far away from the business units are permanently supported with transportation, medical care for them and their families, health and nutrition programmes with access to high quality food and support with clothing and accessories to protect them from weather changes.
7. A global graduate programme and strategic partnerships are in place to establish mutually beneficial relationships with universities and schools specialising in mining and geology.
8. Local internship training programmes and other future skills development partnerships are in place.
9. We have continued our performance appraisal process, reinforcing formal feedback. We promote certification of key technical competencies for operational staff and have implemented a leadership and management competency development programme for required positions. We develop our high-potential middle managers through the Leaders with Vision programme.
10. Ongoing training workshops are held for staff by business partners and contractors, especially in new technologies and best practices in the mining industry, for example with Caterpillar, Matco, Epiroc, Robbins, Sanvik, etc.

Link to strategy	Risk appetite
1 – 2 – 3 – 4	Medium

Risk owner	Risk oversight
Human Resources	- Audit Committee - People & Remuneration Committee

Behaviour	Risk rating (relative position)
Stable	2024: High (8) 2023: High (5)

Projects (performance risk)

Risk description
The pursuit of advanced exploration and project development opportunities is essential to achieving our strategic goals. However, this carries certain risks: • Current or new government regulations that obstruct, limit or restrict the granting of mining concessions; delay or fail to obtain permits, licences, authorisations, etc. • Economic viability: the impact of the cost of capital to develop and maintain the mine; future metals prices; and operating costs throughout the mine's life cycle. • Access to land: a significant failure or delay in land acquisition has a very high impact on our projects. • Delivery risk: Projects can exceed the budget in terms of cost and time; they cannot be built according to the required specifications or there may be a delay during construction; and major mining teams cannot be delivered on time. • Other uncertainties such as: fluctuations in the degree of ore and recovery; unforeseen complexities in the mining process; poor quality of the ore; unexpected presence of groundwater or lack of water; lack of community support; and inability or difficulty in obtaining and maintaining the required building and operating permits. The following risks relate specifically to prospective projects in Chile and Peru: • Government instability, especially in Peru. • Potential actions by governments (political, legal, regulatory and tax). • Security. • Licence to operate (community relations) • Access to water (national regulation and geographic complications). • Environmental compliance. • Competition for land (threat from green power generation companies, for example thermosolar). • Informal mining. • Industrial safety compliance (National Geological and Mining Service SERNAGEOMIN). • Increased mining taxes and fees.

Factors contributing to risk
Prohibition of new open-pit mining concessions. Uncontrolled increases in the costs of critical inputs directly affect the progress of projects and affect the planning of each project. In some regions there are no specialised contractors or contractors with the technology to develop the projects. Contractor productivity may be lower than anticipated, causing delays in the programme. Increase in the number of high impact crimes (homicide, kidnapping, extortion) in the regions of the projects. We have identified the following threats to project development: • Insufficient resources for project execution. • Changes in operational priorities that can affect projects. • Inadequate management structure for project supervision. • Delays in obtaining necessary permits for construction and operation. • Lengthy procedures for land acquisition, electricity supply and water.

Controls, mitigating actions and outlook
1. Our investment assessment process determines how best to manage available capital using the following criteria: • Technical: we evaluate and confirm the resource estimate; conduct metallurgical research of mineral bodies to optimise the recovery of economic elements; calculate and determine the investment required for the overall infrastructure (including roads, energy, water, general services, housing) and the infrastructure required for the mine and plant. • Financial: we analyse the risk in relation to the return on the proposed capital investments; set the expected Internal Rates of Return (IRR) per project as thresholds for approving the allocation of capital based on the current value of expected cash flows of invested capital; and perform stochastic and probabilistic analyses. • Qualitative: we consider the alignment of investment with our Strategic Plan and business model; identify synergies with other investments and operating assets; and consider the implications for safety and the environment, the safety of facilities, people, resources and community relations. 2. The management of our projects is based on the Project Management Body of Knowledge (PMBOK) standard of the Institute of Project Management (PMI). It allows us to closely monitor project controls to ensure the delivery of approved projects on time, within budget and in accordance with defined specifications. The executive management team and the Board of Directors are regularly updated on progress. 3. Each advanced exploration project and major capital development project has a risk record containing the project-specific identified and assessed risks.

Link to strategy	Risk appetite
2	Medium

Risk owner	Risk oversight
• Projects • Legal • Community Relations • Access to Land Department	• Audit Committee • The Investment Committee

Behaviour	Risk rating (relative position)
With attention	2024: High (9) 2023: High (7)

Safety *(incidents due to unsafe acts or conditions could lead to injuries or fatalities)*

Risk description
The mining industry is inherently dangerous. Major hazards across our operations and projects include process safety, underground mining, surface mining and tailings and water storage. Our workforce faces risks such as fire, explosion, electrocution and carbon monoxide poisoning, as well as risks specific to each mine site and development project. These include rockfalls caused by geological conditions, cyanide contamination, explosion, becoming trapped, electrocution, insect bites, falls, heavy or light equipment collisions involving machinery or personnel and accidents occurring while personnel are being transported. These risks have the potential to cause death, illness or injury, damage to the environment, and disruption to communities. A poor safety record or serious accidents could have a long-term impact on morale and on our reputation and productivity. We are saddened to report that two fatalities were recorded during 2024, and that we experienced increases in accidents related to: • Rockfall/terrain failure. • Loss of vehicle/equipment control. • Team-vehicle-person interaction. • Accident in transport of staff. • Contact with electric power. • Becoming trapped. • Contact with hazardous substances.

Factors contributing to risk
Frequent transportation of our people to remote business units is an ongoing feature of our operations. In many cases, these units have poor accessibility by road. Failure to comply with safety programmes, measures and audits or with the findings of inspections. High turnover of workforce, including contractors.

Controls, mitigating actions and outlook
1. Nothing is more important than the safety and wellbeing of our employees, contractors and communities. Our objective is first and foremost to have zero fatalities. We believe all incidents and injuries are preventable, so our focus is on identifying, managing and, where possible, eliminating risks. We constantly seek to improve our safety and health risk management procedures, with focus on the early identification of risks and the prevention of fatalities. 2. We are raising awareness of the risks generated by our operational activities. This includes quarterly meetings on the main safety risks at each mining unit, projects and exploration sites, overseen by the Executive Committee. 3. Continuing the implementation of the <i>"I Care, We Care"</i> programme in all our operations, including strengthening the programme's five lines of action. 4. We are reinforcing the four pillars of our "Safety and Occupational Health" strategy: a. Safety and health risk management: workers at all levels are able to identify hazards and controls, so that all jobs are carried out safely.

- b. Leadership: all employees and contractors are health and safety leaders and we demonstrate our commitment through each individual's responsible behaviour.
- c. Contractor management: our contractors are an integral part of our safety team and culture, and we work together to improve.
- d. Reporting, research and learning from our accidents: we share good practices and learn from our mistakes.

5. We have implemented technical and safety standards and procedures for slope geotechnical, tailings management, underground mining and process safety.

6. We are advancing the automation of hazardous processes.

7. The critical controls that reduce risk in the business units are periodically updated and improved through inspections and performance evaluations, which are carried out by the safety team, external auditors such as 'Real Safety' and even by government authorities such as the Ministry of Labour and PROFEPA.

Link to strategy	Risk appetite
3-4	Low

Risk owner	Risk oversight
- Safety - Human Resources	HSECR Committee

Behaviour	Risk rating (relative position)
Stable	2024: High (10) 2023: High (8)

Licence to operate (community relations)

Risk description
At both a local and global level, the mining industry's stakeholders have high expectations relating to social and environmental performance. These expectations go beyond the responsible management of negative impacts to include continuous engagement and contribution to stakeholder development. Failure to adequately address these expectations increases the risk of opposition to mining projects and operations. Negative sentiment towards mining or specifically towards Fresnillo plc could have an impact on our reputation and acceptability in the regions where we have a presence. We monitor the following risks: • Negative perception of the Company's social and environmental performance. • Failure to identify and address legitimate concerns and expectations of the community and of society at large. • Insufficient or ineffective engagement and communication. • Failure to contribute purposefully to community development.
Factors contributing to risk
Higher expectations and scrutiny of social and environmental performance. Rising expectations on shared benefits regarding land agreements. Perceived competition on access to natural resources, notably water. Significant reduction in government spending on community infrastructure, development programmes and services. Anti-mining activism fuelling opposition to mining. Community concerns about insecurity, access to water and the environmental impact of the operations of the business units.
Controls, mitigating actions and outlook
1. We hold regular meetings with key community stakeholders to communicate about the company, and its social and environmental practices. 2. An internet listening module was implemented, which makes it possible to capture concerns from the community, whose cases can even remain anonymous, thus expanding coverage in sectors where technology makes it easier to find questions about the organization and offer care in the same way that cases presented in person. 3. We closely monitor threat and social opportunities associated with our operations through constant and direct contact with the leaders of each business unit, social studies, and media monitoring complaints and claims process. 4. Governance over the complaints process is improving every year. Complaints are received, assessed and managed, involving line managers, while dissatisfied stakeholders are kept informed of the status of each case, until satisfactory closure agreements are reached.

5. We deploy social programmes in the communities near the business units, such as support for schools, clinics and health, supply of medicines, nutrition and food, maintenance of roads and bridges, water supply, etc.

LINK TO STRATEGY	RISK APPETITE
1 – 2 – 3 – 4	Low

Risk owner	Risk oversight
- Community Relations - Human Resources	HSECR Committee

BEHAVIOUR	RISK RATING (RELATIVE POSITION)
Stable	2024: Medium (11) 2023: Medium (11)

Exploration (new ore resources)

Risk description
We are highly dependent on the success of the exploration programme to meet our strategic value-creation targets and our long-term production and reserves goals. Maintaining a reasonable investment in exploration, even when metals prices are low, has been our policy through the years. While continuous investment has always been a hallmark of our exploration strategy, replenishing exploited reserves and increasing our total amount of resources could be a challenge in the future. The growing level of insecurity, a more challenging land access scenario, and delays in obtaining government permits detailed previously, translates into a longer timeframe to deliver new discoveries and improve the category of resources. In addition, difficulties in obtaining new mineral concessions could hamper the exploration in new target areas.

Factors contributing to risk
In Mexico, the new mining law establishes that exploration activities in new concessions will be carried out only by the Mexican Geological Services assigned to the Ministry of Economy. New concessions would be granted through a bidding process following exploration orders submitted to the Service. However, pre-existing concessions may continue to be explored by their holders and may be commercialised upon authorisation by the federal Ministry of Economy. Fresnillo plc's concessions will allow the company to continue its brownfield and greenfield exploration programmes, at least in the medium term. Access to new concessions will be difficult. This year, we have seen that the exploration programme has been complicated and delayed mainly for the following reasons: • Restrictions on new mining concessions. • Delays in procedures regarding access to land. • Presence of organised crime (insecurity) in the regions where we have projects and exploration camps. • Delays and failures to obtain permits and licenses from government authorities. • Increased exploration costs. • In Chile, risk factors include lack of water in the Atacama Desert in the north and possibility of conflict with forestry or agricultural interests in the south, overall higher costs compared to those in Mexico, seasonal restrictions to exploration in the High Andes, scarcity of open grounds for staking, poor infrastructure in remote zones, presence of anti-mining communities or NGOs, and strong competition for mining claims and staff. • In Peru, the main risk factors include the long lead time required to obtain social permits (emphasizing the need for strong community relations teams and programs), delays in obtaining government permits, poor infrastructure in mountainous regions, the presence of anti-mining communities or NGO's and the possibility of invasion of illegal miners.

Controls, mitigating actions and outlook
1. Increasing regional exploration drilling programmes to intensify efforts in the districts with high potential.

2. For local exploration, aggressive drilling programmes to upgrade the resources category and convert inferred resources into reserves.
3. A team of highly trained and motivated geologists, including both employees and long-term contractors.
4. Advisory technical reviews by international third-party experts and routine use of up-to-date and integrated GIS databases, cutting edge geophysical and geochemical techniques, large to small scale hyperspectral methods, remote sensing imagery and analytical software for identifying favourable regions to be field checked by the team.
5. Maintain a pipeline of drill-ready high priority projects.

Link to strategy	Risk appetite
1	Medium

Risk owner	Risk oversight
• Exploration • Projects • Legal	• The Board • The Investment Committee

BEHAVIOUR	RISK RATING (RELATIVE POSITION)
Stable	2024: Medium (12) 2023: Medium (12)

13

Climate change

Risk description
The mining industry is highly exposed and sensitive to climate change: - Societal responses to the transition to a low-carbon economy include stricter regulations to reduce emissions, a transformation of the global energy system, changes in behavioural and consumption choices, and emerging technologies. - Our operations and projects are expected to face severe physical risks from extreme weather events, such as high temperatures, drought and extreme rainfall from more frequent and intense hurricanes in the Pacific Ocean. These potential natural disasters can affect the health and safety of our people, damage access roads and mine infrastructure, disrupt operations and affect our neighbouring communities. The most significant risk we currently face relates to compliance with all provisions and requirements of international agreements to reduce pollution and greenhouse gas emissions and regulatory disclosure standards in both Mexico and the UK. In addition, the mining industry is also expected to face chronic risks in a few years, such as rising temperatures, which may increase our demand for water, or a decrease in annual rainfall, which is certain to exacerbate water stress in the regions where we operate. The former risks may also intensify competition for access to water resources, increasing the risks to the social licence to operate.

Factors contributing to risk
Burning fossil fuels: Adds greenhouse gases to the atmosphere, which increases the greenhouse effect and global warming. Deforestation in areas where we have operations and projects: Intentional logging, which adds greenhouse gases to the atmosphere. Increased temperatures in desert areas where we operate: Can worsen air quality and have effects on respiratory and cardiovascular health. Changes in weather patterns: Can worsen air quality and cause respiratory and cardiovascular effects. Forest fires near units where we have operations or projects: Generate smoke and other air pollutants harmful to health. Oil and gas extraction: Main source of CO₂ pollution. Increasing livestock farming: Cows and sheep produce large amounts of methane when they digest their food.

Controls, mitigating actions and outlook
1. Understanding our exposure on each asset through assessment programmes, such as our critical risk assessment and asset integrity assurance programme, and climate change resilience assessments with support from external consultants such as PWC, Marsh, Zurich. 2. Having business resilience plans and emergency response plans, training and annual exercises to prepare for a natural disaster, including established communication plans and coordination with local, regional and state agencies. 3. Using the latest generation of climate analysis (weather forecasts, climate outlooks, modelling and disaster projections) to obtain quantitative information on short-, medium- and long-term physical climate risks.

4. Applying protection principles rather than a compliance-based approach across our operations. Foster proactive relationships with international civil society organisations, governments and environmental departments to support protective legislation.

5. Actively supporting and reporting on our practices in relation to the commitments in the International Council on Mining and Metals statement on water management.

Link to strategy	Risk appetite
1 – 2 – 3 – 4	Low

Risk owner	Risk oversight
- ESG Department - Legal Department	HSECR Committee

Behaviour	Risk rating (relative position)
Stable	2024: Medium (13) 2023: Medium (13)

Tailings dams (*overflow or collapse of tailings deposits*)

Risk description
Ensuring the stability of our tailings storage facilities (TSFs) during their entire lifecycles is central to our operations. A failure, collapse or overtopping of any of our TSFs could result in fatalities, damage to the environment, regulatory violations, reputational damage and disruption to the quality of life of neighbouring communities as well as our operations. Before constructing a dam, we conduct a series of studies to confirm the suitability of the area. These studies include geotechnical, geological, geophysical, hydrological, hydrogeological, and seismic analyses. Before construction begins, the Ministry of Environment and Natural Resources (SEMARNAT), through the Federal Office for Environmental Protection (PROFEPA), conducts several assessments. Most of our operative facilities were designed and constructed under local and national controls and standards; following investigation, re-design, and construction process over the last 4 years they also comply with Fresnillo's new tailings policy and guidelines. Our understanding of historic facilities' conditions is not as mature as that of the operative facilities but is a work in progress. As such, those facilities remain on care and maintenance status (non-operative). Having permits, licences and certifications from the government to be able to operate TSFs is a risk due to the time involved in these procedures and the legal complications. Planning new TSFs with the necessary time and to international standards is also a risk, due to the limitations of the land around our mines and the costs and time involved in constructing them. If we don't manage these in a timely manner, we run the risk of disrupting the operation.

Factors contributing to risk
The climate in recent years has become harsher in the regions where we operate, i.e. more severe and prolonged rainfall, more intense air that takes away the geomembrane liners, snowfall, and frost that complicates the operation, etc.

Controls, mitigating actions and outlook
1. The Global Industry Standard on Tailings Management (GISTM) was published in 2020 and is considered to be best practice. We understand the value and importance it brings to our industry, and we continually review and assess the impact of compliance. Taking GISTM into account, we have updated our risk assessment methods with a focus on more detailed risk identification, failure modes, and controls to avoid catastrophic failures. 2. We launched a new tailings policy in 2023, based on the industry's best practices, reinforcing our commitment to the safety and health of our workforce, communities, and the environment. Each year, internal audit and external auditors specialised in tailings dams such as "Hawcroft Consulting" and "Knight Piésold Consulting" check our compliance with the policy. 3. Catastrophic failures of TSFs are unacceptable and their potential for failure is evaluated and addressed throughout the life of each facility. We manage our TSFs in a manner that allows the effectiveness of their design, operation, and closure to be monitored at the highest levels of the Company:

- Our TSFs are constantly monitored, and all relevant information is provided to the authorities, regulating bodies, and the communities that could be affected.
- We manage our TSFs using data, modelling, and construction and operating methods validated and recorded by qualified technical teams and reviewed by independent international experts, whose recommendations we implement to strengthen the control environment.
- Risk management includes timely risk identification, control definition, and verification. Controls are based on the consequences of the potential failure of the tailing's facilities.

4. In 2024 we continued several initiatives to align our governance practices with current best practices:

- Updating the inventory of the TSFs and validating the data log.
- Reviewing findings of the Independent Tailings Review Panel (ITRP) and prioritizing recommendations arising from inspections.

External sources of confidence

- Complying with Independent Tailings Review Panel (ITRP) annual review program. This panel is comprised by renowned international experts.
- Periodically we are inspected by the Independent Tailings Review Panel, who issue corrective and preventive recommendations to keep the tailings dams in good condition. In 2024, the Independent Tailings Review Panel visits were made to all Fresnillo plc tailings dams.

Behaviour	Risk rating (relative position)
Stable	2024: Medium (14) 2023: Medium (14)

Risk owner	Risk oversight
• TSF's Department • Safety & Environmental Department	• HSECR Committee • Executive Committee

Link to strategy	Risk appetite
4	Low

Environmental incidents *(cyanide spills and chemical contamination)*

RISK DESCRIPTION
Environmental incidents are an inherent risk in our industry. These incidents include the possible cyanide spills and dust emissions, any of which could have a high impact on our people, communities and businesses. We seek to achieve operational excellence to ensure that our employees and contractors go home safe and healthy, and that there are no adverse impacts on the communities and the environment where we operate. An operating incident that damages the environment could affect both our relationship with local stakeholders and our reputation, reducing the social value we generate. We continue to be alert to the following risks: • Cyanide management risk. • Impact on the environment through erosion/deforestation/forest loss or disturbance of biodiversity because of the operations of the business unit or project activities. • An event involving a leak or spill of cyanide or SO₂, which due to its chemical properties could generate an event of major consequence on the premises of the business unit and / or in the nearby area. Tailings pipelines leading from the plant to the storage deposits are where there is the highest risk of spills, especially at the Fresnillo and Saucito mines. Environmental issues directly related to climate change and tailings storage are considered in our specific principal risks 'Climate Change' and 'Tailings dams'.

FACTORS CONTRIBUTING TO RISK
Climate change in the regions where we operate is beginning to increase the risk of incidents impacting the environment, mainly due to more extreme rainfall. We operate in challenging environments, including forests and agricultural areas in Chihuahua and Durango, and Sonora Desert, where water scarcity is a key problem. Disruptions and lack of supply of critical inputs for the operation. Failure to address the recommendations of external audits, especially those related to the environment.

CONTROLS, MITIGATING ACTIONS AND OUTLOOK
1. We work to raise awareness among employees and contractors, providing training to promote operational excellence. 2. The potential environmental impact of a project is a key consideration when assessing its viability, and we encourage the integration of innovative technology in the project design to mitigate such impacts. 3. We have an environmental management system in place. We have strengthened the regulatory risk pillar of the environmental management system, incorporating monthly updates of environmental regulations. Furthermore, we now regularly monitor the Environmental Authority inspection processes to assure compliance with our environmental commitments and action plans. 4. Each site maintains updated environmental emergency preparedness and detailed closure plans with appropriate financial provisions to ensure physical and chemical stability once operations have ceased.

5. We comply with international best practices as promoted by the International Cyanide Management Institute (ICMI) and the Mexican standard NOM-155SEMARNAT-2007, which establishes environmental requirements for gold and silver leaching systems.

External sources of confidence

Fresnillo and Saucito are ISO 9001 certified; Fresnillo, Saucito, Herradura and Noche Buena are ISO 14001 and ISO 45011 certified.

Our Herradura and Noche Buena leaching operations comply with the Cyanide Code issued by the International Cyanide Code Institute with the respective certification.

Behaviour	Risk rating (relative position)
Stable	2023: Medium (15) 2022: Medium (15)

Risk owner	Risk oversight
Safety & Environmental Department	HSECR Committee

Link to strategy	Risk appetite
4	Low

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the Group and Parent Company financial statements in accordance with applicable United Kingdom law and regulations.

The Directors are required to prepare financial statements for each financial year which present a true and fair view of the financial position of the Company and of the Group and the financial performance and cash flows of the Company and of the Group for that period. The Directors have elected to prepare the Group and Parent Company financial statements in accordance with UK-adopted International Accounting Standards.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and of the Group's financial position and financial performance;
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on a going concern basis unless, having assessed the ability of the Company and the Group to continue as a going concern unless it is appropriate to presume that the Company and/or the Group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable UK law and regulations, the Directors are responsible for the preparation of a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance statement that comply with that law and regulations. In addition, the Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Neither the Company nor the Directors accept any liability to any person in relation to the annual financial report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

Directors' responsibility statement under the UK Corporate Governance Code

In accordance with Provision 27 of the 2018 UK Corporate Governance Code, the Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides information necessary to enable shareholders to assess the Company's position, performance, business model and strategy.

Responsibility statement of the Directors in respect of the annual report and accounts

Each of the Directors confirm that to the best of their knowledge:

- a) the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole; and
- b) the annual report (including the Strategic report encompassed within the 'Overview', 'Strategic report', 'Performance' and 'Governance' sections) includes a fair review of the development and performance of the business, and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

For and on behalf of the Board.

Alberto Tiburcio

Independent Non-executive Director

3 March 2025

Consolidated Income Statement
for the year ended 31 December 2024

	Notes	Year ended 31 December 2024			Year ended 31 December 2023		
		US\$ thousands			US\$ thousands		
		Pre-Silverstream revaluation effect	Silverstream revaluation effect	Total	Pre-Silverstream revaluation effect	Silverstream revaluation effect	Total
Revenues	5	3,496,385		3,496,385	2,705,086		2,705,086
Cost of sales	6	(2,250,112)		(2,250,112)	(2,201,848)		(2,201,848)
Gross profit		1,246,273		1,246,273	503,238		503,238
Administrative expenses		(109,514)		(109,514)	(128,428)		(128,428)
Exploration expenses	7	(163,048)		(163,048)	(182,447)		(182,447)
Selling expenses		(46,154)		(46,154)	(34,023)		(34,023)
Other operating income	9	39,559		39,559	35,324		35,324
Other operating expenses	9	(21,296)		(21,296)	(51,169)		(51,169)
Profit before net finance costs and income tax		945,820		945,820	142,495		142,495
Finance income	10	46,936		46,936	50,623		50,623
Finance costs	10	(73,571)		(73,571)	(88,846)		(88,846)
Revaluation effects of Silverstream contract	14	-	(182,276)	(182,276)	-	7,732	7,732
Foreign exchange gain		6,993		6,993	2,014		2,014
Profit before income tax		926,178	(182,276)	743,902	106,286	7,732	114,018
Corporate income tax	11	(444,870)	54,683	(390,187)	207,367	(2,320)	205,047
Special mining right	11	(127,024)		(127,024)	(30,765)		(30,765)
Income tax	11	(571,894)	54,683	(517,211)	176,602	(2,320)	174,282
Profit for the year		354,284	(127,593)	226,691	282,888	5,412	288,300
Attributable to:							
Equity shareholders of the Company		268,513	(127,593)	140,920	228,497	5,412	233,909
Non-controlling interest		85,771		85,771	54,391		54,391
		354,284	(127,593)	226,691	282,888	5,412	288,300
Earnings per share: (US\$)							
Basic and diluted earnings per Ordinary Share	12			0.191			0.317
Adjusted earnings per share: (US\$)							
Adjusted basic and diluted earnings per Ordinary Share	12	0.364			0.310		

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2024

		Year ended 31 December	
	Notes	2024 US\$ thousands	2023 US\$ thousands
Profit for the year		226,691	288,300
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		(3,366)	(2,318)
Net other comprehensive loss that may be reclassified subsequently to profit or loss:		(3,366)	(2,318)
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in the fair value of cash flow hedges		(201)	452
Total effect of cash flow hedges		(201)	452
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)		35,309	(53,136)
Remeasurement loss on defined benefit plans	22	(199)	(126)
Income tax effect on items that will not be reclassified to profit or loss	11	(10,502)	15,826
Net other comprehensive income/(loss) that will not be reclassified to profit or loss		24,407	(36,984)
Other comprehensive income/(loss), net of tax		21,041	(39,302)
Total comprehensive income for the year, net of tax		247,732	248,998
Attributable to:			
Equity shareholders of the Company		162,022	194,476
Non-controlling interests		85,710	54,522
		247,732	248,998

Consolidated Balance Sheet

As at 31 December 2024

As at 31 December

	Notes	2024 US\$ thousands	2023 US\$ thousands
ASSETS			
Non-current assets			
Property, plant and equipment (PPE)	13	2,538,665	2,860,916
Equity instruments at FVOCI	30 (b)	139,968	107,991
Silverstream contract	14	214,437	446,538
Deferred tax asset	11	466,734	665,302
Inventories	15	69,760	69,760
Other receivables	16	5,264	43,528
Other assets		3,101	4,553
		3,437,929	4,198,588
Current assets			
Inventories	15	412,417	462,973
Trade and other receivables	16	674,211	419,666
Prepayments		13,881	23,178
Income tax recoverable		-	62,740
Derivative financial instruments	30	-	79
Silverstream contract	14	44,204	35,802
Short-term investments	17	187,403	-
Cash and cash equivalents	17	1,110,413	534,580
		2,442,529	1,539,018
Total assets		5,880,458	5,737,606
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Company			
Share capital	18	368,546	368,546
Share premium	18	1,153,817	1,153,817
Capital reserve	18	(526,910)	(526,910)
Hedging reserve	18	(92)	50
Fair value reserve of financial assets at FVOCI	18	66,594	42,591
Foreign currency translation reserve	18	(7,570)	(4,204)
Retained earnings	18	2,800,956	2,737,962
		3,855,341	3,771,852
Non-controlling interests		355,029	295,345
Total equity		4,210,370	4,067,197

Consolidated Balance Sheet

As at 31 December 2024

As at 31 December

	Notes	2024 US\$ thousands	2023 US\$ thousands
Non-current liabilities			
Interest-bearing loans	20	839,507	839,002
Notes payable	30(a)	-	22,726
Lease liabilities	25	7,581	9,777
Provision for mine closure cost	21	233,748	280,467
Pensions and other post-employment benefit plans	22	11,454	13,211
Deferred tax liability	11	209,213	133,202
		1,301,503	1,298,385
Current liabilities			
Trade and other payables	23	223,779	258,105
Notes payable	30 (a)	2,055	72,634
Income tax payable		113,221	21,779
Derivative financial instruments	30	189	-
Lease liabilities	25	4,312	4,813
Provision for mine closure cost	21	11,781	11,849
Employee profit sharing		13,248	2,844
		368,585	372,024
Total liabilities		1,670,088	1,670,409
Total equity and liabilities		5,880,458	5,737,606

These financial statements were approved by the Board of Directors on 3 March 2025 and signed on its behalf by:

Dr Arturo Fernández

Non-executive Director

3 March 2025

Consolidated Statement of Cash Flows for the year ended 31 December 2024

	Notes	Year ended 31 December	
		2024 US\$ thousands	2023 US\$ thousands
Net cash from operating activities	29	1,299,802	425,922
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(370,542)	(483,409)
Proceeds from the sale of property, plant and equipment and other assets		2,563	1,592
Proceeds from the sale of mining concessions	9	10,000	-
Proceeds from Silverstream contract	14	29,957	40,158
Proceeds from the Layback Agreement ¹	2 (c)	-	22,800
Purchase of equity instruments at FVOCI	30 (b)	(1,466)	(2,313)
Disposal of equity instruments at FVOCI	30 (b)	5,098	-
Short-term investments	17	(187,403)	-
Interest received		46,333	51,641
Net cash used in investing activities		(465,460)	(369,531)
Cash flows from financing activities			
Proceeds from notes payable	30(a)	-	22,726
Payment of notes payable	30(a)	(92,361)	(32,965)
Repayment of interest-bearing loans	20	-	(317,879)
Principal element of lease payments	25 (a)	(5,443)	(6,068)
Dividends paid to shareholders of the Company ²	19	(78,156)	(108,351)
Dividends paid to non-controlling interests in subsidiaries	4 (a)	(26,400)	-
Capital contribution ³		-	9,667
Interest paid ^{4,5}		(45,917)	(62,964)
Net cash used in financing activities		(248,277)	(495,834)
Net decrease in cash and cash equivalents during the year		586,065	(439,443)
Effect of exchange rate on cash and cash equivalents		(10,232)	4,963
Cash and cash equivalents at 1 January		534,580	969,060
Cash and cash equivalents at 31 December	17	1,110,413	534,580

¹ Corresponds to the last payment of the Layback Agreement entered with Orla Mining Ltd in December 2020 for the right to expand the Camino Rojo oxide pit onto Fresnillo mineral concession.

² Includes the effect of hedging of dividend payments made in currencies other than US dollar (note 19).

³ Corresponds to capital contributions provided by Minera los Lagartos, S.A. de C.V.

⁴ During the year ended 31 December 2024 there were no amounts capitalised. Total interest during the year ended 31 December 2023 less amounts capitalised totalling US\$2.1 million which is included within the caption Purchase of property, plant and equipment.

⁵ As of 31 December 2024 includes US\$1.2 million related to a commitment fee in respect of undrawn amounts of the syndicated revolving credit facility entered by the Group. No amounts have been drawdown from the credit facility as of 31 December 2024.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2024

	Attributable to the equity holders of the Company									
Notes	Share capital	Share premium	Capital reserve	Hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
US\$ thousands										
Balance at 1 January 2023	368,546	1,153,817	(526,910)	(91)	79,786	(1,886)	2,612,469	3,685,731	231,206	3,916,937
Profit for the year	-	-	-	-	-	-	233,909	233,909	54,391	288,300
Other comprehensive income, net of tax	-	-	-	173	(37,195)	(2,318)	(93)	(39,433)	131	(39,302)
Total comprehensive income for the year	-	-	-	173	(37,195)	(2,318)	233,816	194,476	54,522	248,998
Hedging loss transferred to the carrying value of PPE purchased during the year	-	-	-	(32)	-	-	-	(32)	(50)	(82)
Capital contribution	-	-	-	-	-	-	-	-	9,667	9,667
Dividends declared and paid	19	-	-	-	-	-	(108,323)	(108,323)	-	(108,323)
Balance at 31 December 2023	368,546	1,153,817	(526,910)	50	42,591	(4,204)	2,737,962	3,771,852	295,345	4,067,197
Profit for the year	-	-	-	-	-	-	140,920	140,920	85,771	226,691
Other comprehensive income, net of tax	-	-	-	(95)	24,716	(3,366)	(153)	21,102	(61)	21,041
Total comprehensive income for the year	-	-	-	(95)	24,716	(3,366)	140,767	162,022	85,710	247,732
Hedging loss transferred to the carrying value of PPE purchased during the year	-	-	-	(47)	-	-	-	(47)	(1)	(48)
Transfer of gain on disposal of equity investments at FVOCI to retained earnings (net of tax)	30 (b)	-	-	-	(713)	-	713	-	-	-
Recognition of non-controlling interest	4 (a)	-	-	-	-	-	(375)	(375)	375	-
Dividends declared and paid	19	-	-	-	-	-	(78,111)	(78,111)	(26,400)	(104,511)
Balance at 31 December 2024	368,546	1,153,817	(526,910)	(92)	66,594	(7,570)	2,800,956	3,855,341	355,029	4,210,370

1. Corporate information

Fresnillo plc. ("the Company") is a public limited company and registered in England and Wales with registered number 6344120 and is the holding company for the Fresnillo subsidiaries detailed in note 5 of the Parent Company accounts ('the Group').

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 27.

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorised for issue by the Board of Directors of Fresnillo plc on 3 March 2025.

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. During 2024 99.6% of the production were sold to Peñoles' metallurgical complex, Met-Mex (2023: 99.9% of the production), for smelting and refining. Further information about the Group operating mines and its principal activities is disclosed in note 3.

2. Significant accounting policies

(a) Basis of preparation and consolidation, and statement of compliance

Basis of preparation and statement of compliance

The Group consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards in accordance with the provisions of the Companies Act 2006.

The consolidated financial statements have been prepared on a historical cost basis, except for trade receivables, derivative financial instruments, equity securities and defined benefit pension scheme assets which have been measured at fair value.

The 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 when otherwise indicated.

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 Strategic Review. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review. In addition, note 31 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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 31st December 2026. In addition, they reviewed a more conservative cash flow scenario with reduced silver and gold prices of US\$12.8 and US\$1,057 respectively throughout this period, whilst maintaining current budgeted expenditure while only considering projects approved by the Executive Committee. This resulted in our current cash balances reducing over time but maintaining sufficient liquidity throughout the period.

The Directors have further calculated prices (US\$16.1 and US\$1,325 for silver and gold respectively), which should they prevail to the end of 2026 would result in cash balances decreasing to minimal levels by the end of 2026, without applying mitigations.

Should metal prices remain below the stressed prices above for an extended period, management have identified specific elements of capital and exploration expenditures which could be deferred without adversely affecting production profiles throughout the period. On the other hand, management could amend the mining plans to concentrate on production with a higher margin in order to accelerate cash generation without affecting the integrity of the mine plans. Finally, to maintain a strong liquidity, in January 2024 management acquired a committed revolving credit facility of US\$350 million, which could be used if needed.

After reviewing all of the above considerations, the Directors have a reasonable expectation that management have sufficient flexibility in 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 the annual financial statements.

Basis of consolidation

The consolidated financial statements set out the Group's financial position as of 31 December 2024 and 2023, and the results of operations and cash flows for the years then ended.

Entities that constitute the Group are those enterprises controlled by the Group regardless of the number of shares owned by the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Entities are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Group applies the acquisition method to account for business combinations in accordance with IFRS 3.

All intra-group balances, transactions, income and expenses and profits and losses, including unrealised profits arising from intra-group transactions, have been eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the combination. Any losses of a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, a transaction with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

(b) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2023.

New standards, interpretations and amendments (new standards) adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The Group has evaluated the applicability of Pillar II rules considering that the Parent Company and the main subsidiaries of the Group are tax resident in Mexico, management also assessed the status of the Pillar II legislation in the country, however no laws or regulations have been enacted to the date of this report.

Standards, interpretations and amendments issued but not yet effective

The International Accounting Standards Board (IASB) has issued new standards, interpretation and other 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 except for the new standard IFRS 18-Presentation and Disclosure in Financial Statements; this new standard replaces IAS 1-Presentation of Financial Statements, with a focus on updates to the statement of profit or loss. This new standard is applicable for periods commencing 1 January 2027, early adoption is permitted. The Group is currently assessing the impact of IFRS 18 and plans to adopt the new standard on the required effective date.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, with regard to prior experience, but actual results may differ from the amounts included in the consolidated financial statements. Information about such judgements and estimates is contained in the accounting policies and/or the notes to the consolidated financial statements.

Judgements

Areas of judgement, apart from those involving estimations, that have the most significant effect on the amounts recognised in the consolidated financial statements for the year ended 31 December 2024 are:

Recoverability of Soledad and Dipolos assets:

In 2009, five members of the El Bajío agrarian community in the state of Sonora, who claimed rights over certain surface land in the proximity of the operations of Minera Penmont ('Penmont'), submitted a legal claim before the Unitarian Agrarian Court (Tribunal Unitario Agrario) of Hermosillo, Sonora, to have Penmont vacate an area of this surface land. The land in dispute encompassed a portion of surface area where part of the operations of the Soledad & Dipolos mine are located. The litigation resulted in a definitive court order, with which Penmont complied by vacating 1,824 hectares of land in 2013, resulting in the suspension of operations at Soledad & Dipolos. Whilst the claim and the definitive court order did not affect the Group's legal title over the mining concession or the ore currently held in leaching pads near the mine site, land access at the mine site is required to further exploit the concession at Soledad & Dipolos.

Penmont is the legal and registered owner of the land where the leaching pads are located but has not yet been able to gain physical access to these pads due to opposition by certain local individuals. This land was purchased by Penmont from the Federal Government of Mexico in accordance with legal procedures. The Group has a reasonable expectation that Penmont will eventually regain access to the Soledad & Dipolos assets and process the ore content in the Soledad & Dipolos leaching pads. This expectation considers different scenarios, including but not limited to the different legal proceedings that Minera Penmont has presented in order to regain access to the land, and other proceedings that members of the El Bajío agrarian community have presented seeking the cancellation of Penmont's property deed over this area, which proceedings are pending final resolution. Therefore, the Group continues to recognise property, plant & equipment and inventory related to Soledad & Dipolos, as disclosed in note 13 and note 15, respectively. Due to the fact that it is not yet certain when access may be granted so that the inventory can be processed, this inventory is classified as a non-current asset.

In regard to the inventory, during the first half of the year 2023 the Company identified certain suspected illegal extraction of gold content at its Soledad-Dipolos leaching pads. The Company estimates a loss of approximately 20,000 ounces of gold content and consequently recognised a write off of US\$21.9 million regarding the Soledad-Dipolos gold contents in inventory, which has been presented as other expenses in the Consolidated Income Statement. The Company took relevant actions with the support of diverse authorities to stop the illegal extraction. During the second half of the year, a procedural visit by authorities took place. During the visit of the authorities to the mine site it was confirmed there were no personnel carrying out any illegal mining activities at Soledad & Dipolos leaching pads. The inventory write-off considered both the estimation of recoverable amount of gold existing at the leaching pad, and potential volume of solution being irrigated on the area that is believed to have been leached to date. However, the nature of estimation means that actual outcome may differ from those estimates. During 2024 the Group has not identified further losses of this inventory.

Furthermore, claimants from the El Bajío community also presented claims against occupation agreements they entered into with Penmont, covering land parcels other than the surface land where Soledad & Dipolos is located. Penmont has had no significant mining operations or specific geological interest in the affected parcels and these lands are therefore not considered strategic for Penmont. The Agrarian Court has 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. The case relating to the claims over these land parcels remains subject to final conclusion, as appeals are progressing as expected. However, given that Penmont has not conducted significant mining operations or had specific geological interest in these land parcels, any contingencies (including environmental remediation) relating to such land parcels are not considered material by the Group. There are no material assets recognised in respect of these land parcels at 31 December 2024.

Climate change:

In the climate disclosure in the Strategic Report, the Group set out its assessment of climate risks and opportunities (CROs). The Group recognises that there may be potential financial statement implications in the future in respect of the mitigation and adaptation measures to the physical and transition risks. The potential effect of climate change would be in respect of assets and liabilities that are measured based on an estimate of future cash flows. The Group specifically considered the effect of climate change on the valuation of property, plant and equipment, deferred tax assets, the Silverstream contract, and the provision for mine closure cost. The Group does not have any assets or liabilities for which measurement is directly linked to climate change performance (for example: Sustainability-Linked Bonds).

The main ways in which climate has affected the preparation of the financial statements are:

- The Group has already made certain climate-related strategic decisions, such as to focus on decarbonisation and to increase the use of wind energy. Where decisions have been approved by the Board, the effects were considered in the preparation of these financial statements by way of inclusion in future cash flow projections underpinning the estimation of the recoverable amount of property, plant and equipment and deferred tax assets, as relevant.
- As described in Note 14, the costs inherent in the Silverstream contract are determined based on the provisions of that contract. This reduces the exposure of the valuation of the asset to the effect of any cost implications related to CROs.
- Further information about the potential effect of CROs on the provision for mine closure cost is set out in Note 21.

The Group's strategy consists of mitigation and adaptation measures. To mitigate the impacts by and on climate change the Company relies on renewable electricity, fuel replacement and efficiency opportunities to reduce the carbon footprint. The approach to adaptation measures is based on climate models to produce actionable information for the design, construction, operation and closure of its mining assets, considering climate change. In addition, societal expectations are driving government action that may impose further requirements and cost on companies in the future. Future changes to the Group's climate change strategy, global decarbonisation signposts and regulation may impact the Group's significant judgements and key estimates and result in material changes to financial results and the carrying values of certain assets and liabilities in future reporting periods. However, as at the balance sheet date the Group believes there is no material impact on balance sheet carrying values of assets or liabilities. Although this is an estimate, it is not considered a critical estimate.

Uncertain tax positions:

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and it considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances based on either the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Estimates and assumptions

Significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements include:

Estimated recoverable ore reserves and mineral resources, note 2(e):

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Mineral resources are an identified mineral occurrence with reasonable prospects for eventual economic extraction. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates, in conformity with the Joint Ore Reserves Committee (JORC) code 2012. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable ore reserves and mineral resources is based upon factors such as geological assumptions and judgements made in estimating the size and grade of the ore body, estimates of commodity prices, foreign exchange rates, future capital requirements and production costs.

As additional geological information is produced during the operation of a mine, the economic assumptions used and the estimates of ore reserves and mineral resources may change. Such changes may impact the Group's reported balance sheet and income statement including:

- The carrying value of property, plant and equipment and mining properties may be affected due to changes in the recoverable amount, which consider both ore reserves and mineral resources, refer to note 13;
- Depreciation and amortisation charges in the income statement may change where such charges are determined using the unit-of-production method based on ore reserves, refer to note 13;
- Stripping costs capitalised in the balance sheet, either as part of mine properties or inventory, or charged to profit or loss may change due to changes in stripping ratios, refer to note 13;
- Provisions for mine closure costs may change where changes to the ore reserve and resources estimates affect expectations about when such activities will occur, refer to note 21;
- The recognition and carrying value of deferred income tax assets may change due to changes regarding the existence of such assets and in estimates of the likely recovery of such assets, refer to note 11.

Estimate of recoverable ore on leaching pads, note 15:

In the Group's open pit mines, certain mined ore is placed on leaching pads where a solution is applied to the surface of the heap to dissolve the gold and enable extraction. The determination of the amount of recoverable gold requires estimation with consideration of the quantities of ore placed on the pads, the grade of the ore (based on assay data) and the estimated recovery percentage (based on metallurgical studies and current technology).

The grades of ore placed on pads are regularly compared to the quantities of metal recovered through the leaching process to evaluate the appropriateness of the estimated recovery (metallurgical balancing). The Group monitors the results of the metallurgical balancing process and recovery estimates are refined based on actual results over time and when new information becomes available. Any potential future adjustment would be applicable from the point of re-estimation and would not by itself change the value of inventory and as such no sensitivity included.

Silverstream, note 14:

The valuation of the Silverstream contract as a derivative financial instrument requires estimation by management. The term of the derivative is based on the Sabinas life of mine and the value of this derivative is determined using a number of estimates, including the estimated future silver production which is based on the ore Management considers is possible to extract on the same basis a market participant would consider. For the year ended 31 December 2024, and following consideration of the mine's operational difficulties notified by Penoles in November 2024, Management has re-evaluated the estimation considering only recoverable ore reserves (31 December 2023: ore reserves and a portion of mineral resources considering the expected rate of conversion to reserves). Additionally, in the valuation of the contract Management considers other estimates including future production profile of the Sabinas mine, the estimated recoveries of silver from ore mined, estimates of the future price of silver and the discount rate used to discount future cash flows. Further detail on the inputs that have a significant effect on the fair value of this derivative, and the impact of changes in key assumptions are included in note 14.

Income tax, notes 2 (r) and 11:

The recognition of deferred tax assets, including those arising from un-utilised tax losses, requires management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. Estimated cash flows are not significantly sensitive to reasonable possible changes to key assumptions on which management bases the recoverable value calculations. The carrying value of deferred tax assets is disclosed in note 11.

(d) Foreign currency translation

The Group's consolidated financial statements are presented in US dollars, which is the Parent Company's functional currency. The functional currency for each entity in the Group is determined by the currency of the primary economic environment in which it operates. The determination of functional currency requires management judgement, particularly where there may be more than one currency in which transactions are undertaken and which impact the economic environment in which the entity operates. For all operating entities, this is US dollars.

Transactions denominated in currencies other than the functional currency of the entity are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences that arise are recorded in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated into US dollars using the exchange rate at the date when the fair value is determined.

For entities with functional currencies other than US dollars as at the reporting date, assets and liabilities are translated into the reporting currency of the Group by applying the exchange rate at the balance sheet date and the income statement is translated at the average exchange rate for the year. The resulting difference on exchange is included as a cumulative translation adjustment in other comprehensive income. On disposal of an entity, the deferred cumulative amount recognised in other comprehensive income relating to that operation is recognised in the income statement.

(e) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment, if any. Cost comprises the purchase price and any costs directly attributable to bringing the asset into working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

The cost less the residual value of each item of property, plant and equipment is depreciated over its useful life. Each item's estimated useful life has been assessed with regard to both its own physical life limitations and the present assessment of economically recoverable reserves of the mine property at which the item is located. Estimates of remaining useful lives are made on a regular basis for all mine buildings, machinery and equipment, with annual reassessments for major items. Depreciation is charged to cost of sales on a unit-of-production (UOP) basis for mine buildings and installations, plant and equipment used in the mine production process (except mobile equipment) or on a straight-line basis over the estimated useful life of the individual asset that are not related to the mine production process. Changes in estimates, which mainly affect unit-of-production calculations, are accounted for prospectively. Depreciation commences when assets are available for use. Land is not depreciated.

The average expected useful lives based on actual life of mines are as follows:

	Years
Buildings	6
Plant and equipment	10
Mining properties and development costs ¹	10
Other assets	5

¹ Depreciation of mining properties and development cost are determined using the unit-of-production method.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising at de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year that the asset is de-recognised.

Non-current assets or disposal groups are classified as held for sale when it is expected that the carrying amount of the asset will be recovered principally through sale rather than through continuing use. Assets are not depreciated when classified as held for sale.

Disposal of assets

Gains or losses from the disposal of assets are recognised in the income statement when all significant risks and rewards of ownership are transferred to the customer, usually when title has been passed.

Mining properties and development costs

Payments for mining concessions are expensed during the exploration phase of a prospect and capitalised during the development of the project when incurred.

Purchased rights to ore reserves and mineral resources are recognised as assets at their cost of acquisition or at fair value if purchased as part of a business combination.

Mining concessions, when capitalised, are amortised on a straight-line basis over the period of time in which benefits are expected to be obtained from that specific concession.

Mine development costs are capitalised as part of property, plant and equipment. Mine development activities commence once a feasibility study has been performed for the specific project. When an exploration prospect has entered into the advanced exploration phase and sufficient evidence of the probability of the existence of economically recoverable minerals has been obtained pre-operative expenses relating to mine preparation works are also capitalised as a mine development cost.

The initial cost of a mining property comprises its construction cost, any costs directly attributable to bringing the mining property into operation, the initial estimate of the provision for mine closure cost, and, for qualifying assets, borrowing costs. The Group ceases the capitalisation of borrowing cost when the physical construction of the asset is complete and is ready for its intended use.

Ore generated as part of the development stage may be processed and sold, giving rise to revenue before the commencement of commercial production. Where such processing is necessary to bring mining assets into the condition required for their intended use (for example, in testing the plants at the mining unit in development), revenues from metals recovered from such activities are recognised in profit or loss.

Upon commencement of production, capitalised expenditure is depreciated using the unit-of-production method based on the estimated economically proven and probable reserves to which they relate.

Mining properties and mine development are stated at cost, less accumulated depreciation and impairment in value, if any.

Construction in progress

Assets in the course of construction are capitalised as a separate component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment. The cost of construction in progress is not depreciated.

Subsequent expenditures

All subsequent expenditure on property, plant and equipment is capitalised if it meets the recognition criteria, and the carrying amount of those parts that are replaced, is de-recognised. All other expenditure including repairs and maintenance expenditure is recognised in the income statement as incurred.

Stripping costs

In a surface mine operation, it is necessary to remove overburden and other waste material in order to gain access to the ore bodies (stripping activity). During development and pre-production phases, the stripping activity costs are capitalised as part of the initial cost of development and construction of the mine (the stripping activity asset) and charged as depreciation or depletion to cost of sales, in the income statement, based on the mine's units of production once commercial operations begin.

Removal of waste material normally continues throughout the life of a surface mine. At the time that saleable material begins to be extracted from the surface mine the activity is referred to as production stripping.

Production stripping cost is capitalised only if the following criteria are met:

- It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the Group;
- The Group can identify the component of an ore body for which access has been improved; and
- The costs relating to the improved access to that component can be measured reliably.

If not all of the criteria are met, the production stripping costs are charged to the income statement as operating costs as they are incurred.

Stripping activity costs associated with such development activities are capitalised into existing mining development assets, as mining properties and development cost, within property, plant and equipment, using a measure that considers the volume of waste extracted compared with expected volume, for a given volume of ore production. This measure is known as "component stripping ratio", which is revised annually in accordance with the mine plan. The amount capitalised is subsequently depreciated over the expected useful life of the identified component of the ore body related to the stripping activity asset, by using the units of production method. The identification of components and the expected useful lives of those components are evaluated as new information of reserves and resources is available.

The capitalised stripping activity asset is carried at cost less accumulated depletion/depreciation, less impairment, if any. Cost includes the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. The costs associated with incidental operations are excluded from the cost of the stripping activity asset.

(f) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. At each reporting date, an assessment is made to determine whether there are any indicators of impairment. If there are indicators of impairment, an exercise is undertaken to determine whether carrying values are in excess of their recoverable amount. Such reviews are undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of those from other assets or groups of assets, and then the review is undertaken at the cash generating unit level.

If the carrying amount of an asset or its cash generating unit exceeds the recoverable amount, a provision is recorded to reflect the asset at the recoverable amount in the balance sheet. Impairment losses are recognised in the income statement.

The recoverable amount of an asset

The recoverable amount of an asset is the greater of its value in use and fair value less costs of disposal. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The cash flows used to determine the recoverable amount of mining assets are based on the mine plan for each mine. The mine plan is determined based on the estimated and economically proven and probable reserves, as well as certain other resources that are assessed as highly likely to be converted into reserves. Fair value less cost of disposal is based on an estimate of the amount that the Group may obtain in an orderly sale transaction between market participants. For an asset that does not generate cash inflows largely independently of those from other assets, or groups of assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. The Group's cash generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Reversal of impairment

An assessment is made each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to the recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in previous years. Such impairment loss reversal is recognised in the income statement.

(g) Financial assets and liabilities

Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost.
- those to be measured subsequently at FVOCI, and.
- those to be measured subsequently at fair value through profit or loss.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Classification

The Group holds the following financial assets:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired..

The Group's financial assets at amortised cost include receivables (other than trade receivables which are measured at fair value through profit and loss).

Equity instruments designated as fair value through other comprehensive income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

The Group's trade receivables and derivative financial instruments, including the Silverstream contract, are classified as fair value through profit or loss.

De-recognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables (other than trade receivables which are measured at FVPL), the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities

The Group classifies its financial liabilities as follows:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Measurement

For purposes of subsequent measurement, financial liabilities held by the Group are classified as financial liabilities as amortised cost.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(h) Inventories

Finished goods, work in progress and ore stockpile inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method based on cost of production which excludes borrowing costs.

For this purpose, the costs of production include:

- personnel expenses, which include employee profit sharing;
- materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- the depreciation of property, plant and equipment used in the extraction and processing of ore; and
- related production overheads (based on normal operating capacity).

Work in progress inventory comprises ore in leaching pads as processing is required to extract benefit from the ore. The recovery of gold is achieved through the heap leaching process. The leaching process may take months to obtain the expected metal recovery and mainly depends on the continuity of the leaching process. When the ore in leaching pads is in active leaching, it is classified as current. When the leaching process has stopped and not expected to restart within twelve months, ore in the leaching pads affected is classified as non-current.

Operating materials and spare parts are valued at the lower of cost or net realisable value. An allowance for obsolete and slow-moving inventories is determined by reference to specific items of stock. A regular review is undertaken by management to determine the extent of such an allowance.

Net realisable value is the estimated selling price in the ordinary course of business less any further costs expected to be incurred to completion and disposal.

(i) Short-term investments

Where the Group invests in short-term instruments with a maturity higher than three months and which are either not readily convertible into known amounts of cash or are subject to risk of changes in value that are not insignificant, these instruments are classified as short-term investments.

(j) Cash and cash equivalents

For the purposes of the balance sheet, cash and cash equivalents comprise cash at bank, cash on hand and short-term deposits held with banks that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Short-term deposits earn interest at the respective short-term deposit rates between one day and three months.

(k) Provisions

Mine closure cost

A provision for mine closure cost is made in respect of the estimated future costs of closure, restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) based on a mine closure plan, in the accounting period when the related environmental disturbance occurs. The provision is discounted and the unwinding of the discount is included within finance costs. At the time of establishing the provision, a corresponding asset is capitalised where it gives rise to a future economic benefit and is depreciated over future production considering proven and probable reserves from the mine to which it relates. The provision is reviewed on an annual basis by the Group for changes in cost estimates, discount rates or life of operations based on the estimated mine production which includes ore reserves and a certain amount of mineral resources. Changes to estimated future costs are recognised in the balance sheet by adjusting the mine closure cost liability and the related asset originally recognised. If, for mature mines, the revised mine assets net of mine closure cost provisions exceed the recoverable value, the portion of the increase is charged directly as an expense. For closed sites, changes to estimated costs are recognised immediately in profit or loss.

(l) Employee benefits

The Group operates the following plans for its employees based on Mexico:

Defined benefit pension plan

This funded plan is based on each employee's earnings and years of service. This plan was open to all employees in Mexico until it was closed to new entrants on 1 July 2007. The plan is denominated in Mexican Pesos. For members as at 30 June 2007, benefits were frozen at that date subject to indexation with reference to the Mexican National Consumer Price Index (NCPI).

The present value of defined benefit obligations under the plan is determined using the projected unit credit actuarial valuation method and prepared by an external actuarial firm as at each year-end balance sheet date. The discount rate is the yield on bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Actuarial gains or losses are recognised in OCI and permanently excluded from profit or loss.

Past service costs are recognised when the plan amendment or curtailment occurs and when the entity recognises related restructuring costs or termination benefits.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Net interest cost is recognised within finance cost and return on plan assets (other than amounts reflected in net interest cost) is recognised in OCI and permanently excluded from profit or loss.

Defined contribution pension plan

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. The contributions are based on the employee's salary.

This plan started on 1 July 2007 and it is voluntary for all employees to join this scheme.

Seniority premium for voluntary separation

This unfunded plan corresponds to an additional payment over the legal seniority premium equivalent to approximately 12 days of salary per year for those unionised workers who have more than 15 years of service. Non-unionised employees with more than 15 years of service have the right to a payment equivalent to 12 days for each year of service. For both cases, the payment is based on the legal current minimum salary.

The cost of providing benefits for the seniority premium for voluntary separation is determined using the projected unit credit actuarial valuation method and prepared by an external actuarial firm as at each year-end balance sheet date. Actuarial gains or losses are recognised as income or expense in the period in which they occur.

Other

Benefits for death and disability are covered through insurance policies.

Termination payments for involuntary retirement (dismissals) are charged to the income statement, when incurred.

(m) Employee profit sharing

In accordance with the Mexican legislation, companies in Mexico are subject to pay for employee profit sharing ('PTU') equivalent to ten percent of the taxable income of each fiscal year capped to three months of salary or average of the profit sharing paid in the last three years.

PTU is calculated based on the services rendered by employees during the year, considering their most recent salaries. The liability is recognised as it accrues and is charged to the income statement as personnel expenses. PTU, paid in each fiscal year, is deductible for income tax purposes.

(n) Leases

Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments that are not linked to price changes due to changes in a market rate or the value of an index and are linked to future performance or use of an underlying asset are not included in the measurement of the lease liability. Such costs are recognized in profit and loss as incurred.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment.

(o) Revenue from contracts with customers

Revenue is recognised when control of goods or services transfers to the customers based on the performance obligations settle in the contracts with customers.

Sale of goods

Revenue associated with the sale of concentrates, doré, slag, precipitates and activated carbon (the products) is recognised when control of the asset sold is transferred to the customers. Indicators of control transferring include an unconditional obligation to pay, legal title, physical possession, transfer of risk and rewards and customers' acceptance. This generally occurs when the goods are delivered to the customer's smelter or refinery agreed with the buyer; at which point the buyer controls the goods.

The revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received in the expected month of settlement and the Group's estimate of metal quantities based on assay data, and a corresponding trade receivable is recognised. Any future changes that occur before settlement are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15.

Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss up from initial recognition and until the date of settlement. These subsequent changes in fair value are recognised in revenue but separately from revenue from contracts with customers.

Invoiced revenues to our customers for products other than refined silver and gold, are derived from the value of metal content which is determined by commodity market prices and adjusted for the treatment and refining charges to be incurred by the metallurgical complex of our customers. Refining and treatment charges represent an element of the cost that will be incurred by our customers in processing the products further to extract the metal content for onward sale to its customers (See note 5(c)).

(p) Exploration expenses

Exploration activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration expenses are charged to the income statement as incurred and are recorded in the following captions:

Cost of sales: costs relating to in-mine exploration, that ensure continuous extraction quality and extend mine life, and

Exploration expenses:

- Costs incurred in geographical proximity to existing mines in order to replenish or increase reserves, and
- Costs incurred in regional exploration with the objective of locating new ore deposits, which are identified by project, in areas where the Group carries out exploration activity. Currently the Group carries out exploration activities in Mexico and Latin America.
- Costs incurred are charged to the income statement until there is sufficient probability of the existence of economically recoverable minerals and a feasibility study has been performed for the specific project from which time further expenses are capitalised as exploration costs on balance sheet as Property, plant and equipment.

(q) Selling expenses

The Group recognises in selling expenses a levy in respect of the Extraordinary Mining Right as sales of gold and silver are recognised. The Extraordinary Mining Right consists of a 0.5% rate, applicable to the owners of mining titles. The payment must be calculated over the total sales of all mining concessions. The payment of this mining right must be remitted no later than the last business day of March of the following year and can be credited against corporate income tax. In November 2024 the Mexican Federal Executive proposed a change in the Federal Rights Law increasing the rate of the Extraordinary Mining Right from 0.5% to 1.0%. This amendment was enacted in December 2024 and applies for the fiscal year commencing 1 January 2025 onwards.

The Group also recognises in selling expenses a discovery premium royalty equivalent to 1% of the value of the mineral extracted and sold during the year from certain mining titles granted by the Mexican Geological Survey (SGM) in the San Julian mine. The premium is settled to SGM on a quarterly basis.

(r) Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country in which the Group operates.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred income tax asset relating to deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in other comprehensive income is recognised in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Mining Rights

The Special Mining Right is considered an income tax under IFRS and states that the owners of mining titles and concessions are subject to pay an annual mining right of 7.5% of the profit derived from the extractive activities (note 11 (e)). The Group recognises deferred tax assets and liabilities on temporary differences arising in the determination of the Special Mining Right (See note 11).

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(s) Derivative financial instruments and hedging

The Group uses derivatives to reduce certain market risks derived from changes in foreign exchange which impact its financial and business transactions.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The full fair value of a derivative is classified as non-current asset or liability if the remaining maturity of the item is more than 12 months.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the income statement as finance income or finance cost respectively.

Derivatives are valued using valuation approaches and methodologies (such as Black Scholes and Net Present Value) applicable to the specific type of derivative instrument. The fair value of forward currency and commodity contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles, European foreign exchange and commodity options are valued using the Black Scholes model. The Silverstream contract is valued using a Net Present Value valuation approach.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet the criteria for hedge accounting are accounted for as cash flow hedges.

For derivatives that are designated and qualify as cash flow hedges, the effective portion of changes in the fair value of derivative instruments is recorded as in other comprehensive income and are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. For gains or losses related to the hedging of foreign exchange risk these are included, in the line item in which the hedged costs are reflected. Where the hedged item is the cost of a non-financial asset or liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. The ineffective portion of changes in the fair value of cash flow hedges is recognised directly as finance costs, in the income statement of the related period.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss recognised directly in other comprehensive income from the period that the hedge was effective remains separately in other comprehensive income until the forecast transaction occurs, when it is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

When hedging with options, the Group designates only the intrinsic value movement of the hedging option within the hedge relationship. The time value of the option contracts is therefore excluded from the hedge designation. In such cases, changes in the time value of options are initially recognised in OCI as a cost of hedging. Where the hedged item is transaction related, amounts initially recognised in OCI related to the 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.

When hedging with forward contracts, the forward element is included in the designation of the financial instrument. Therefore, there is no cost of hedging in relation to forward contracts.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes 12 or more months to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(u) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost are disclosed in note 30(b).

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:

In the principal market for the asset or liability, or;

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 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 based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Further information on fair values is described in note 30.

(v) Dividend distribution

Dividends on the Company's ordinary shares are recognised when they have been appropriately authorised and are no longer at the Company's discretion. Accordingly, interim dividends are recognised when they are paid and final dividends are recognised when they are declared following approval by shareholders at the Company's Annual General Meeting.

3. Segment reporting

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

At 31 December 2024, the Group has seven reportable operating segments 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 silver-gold mine;

The Herradura mine, located in the state of Sonora, a surface gold mine;

The Noche Buena mine, located in state of Sonora, a surface gold mine;

The San Julian mine, located on the border of Chihuahua / Durango states, an underground silver-gold mine, and

The Juanicipio mine, in the State of Zacatecas, an underground silver mine.

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

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 consolidated income statement, 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 consolidated income statement. Administrative expenses, Exploration expenses, Selling expenses, and Other income and expenses not related to production activities included in the consolidated income statement are not allocated to operating segments. Also, the Group's financing (including finance cost and finance income) and income taxes are managed on a Group basis and 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.

In 2024 99.6% of revenue was derived from customers based in Mexico (2023: 99.9% of revenue was derived from customers based in Mexico)

Operating segments

The following tables present revenue and profit information regarding the Group's operating segments for the year ended 31 December 2024 and 2023, respectively. Revenues for the year ended 31 December 2024 and 2023 include those derived from contracts with customers and other revenues, as shown in note 5.

Year ended 31 December 2024										
US\$ thousands	Fresnillo	Herradura	Cienega	Saucito	Noche Buena	San Julian	Juanicipio	Other ¹	Adjustments and eliminations	Total
Revenues:										
Third party ¹	499,519	883,571	222,455	764,708	42,923	455,995	627,214	-	-	3,496,385
Inter-segment	36,409	-	-	-	-	-	152	50,839	(87,400)	-
Segment revenues	535,928	883,571	222,455	764,708	42,923	455,995	627,366	50,839	(87,400)	3,496,385
Segment profit ²	277,333	323,696	92,898	405,077	4,348	253,494	475,113	49,102	(2,662)	1,878,399
Depreciation and amortisation in cost of sales										(619,779)
Employee profit sharing in cost of sales										(12,347)
Gross profit as per the income statement										1,246,273
Capital expenditure ³	90,335	55,049	17,111	97,270	-	49,429	59,263	2,085		370,542

¹ During 2024 all segment revenues were derived from Met-Mex, except in Juanicipio which includes sales of iron concentrate to another external customers of US\$14.7 million.

² The Group's CODM primarily uses this measure to monitor the operating results directly related to the production of its business units separately to make decisions about resource allocation and performance assessment. Segment profit excluding foreign exchange hedging gains, depreciation and amortisation and employee profit sharing.

³ Capital expenditure represents the cash outflow in respect of additions to property, plant and equipment, excluding additions relating to changes in the mine closure provision. Significant additions include expansions of tailings dam at Saucito, Fresnillo, Juanicipio and San Julian, mining works at San Julian, Fresnillo and Saucito and stripping cost and construction of leaching pads at Herradura mine.

⁴ Other inter-segment revenue corresponds to leasing services provided by Minera Bermejil, S.A. de C.V.; capital expenditure mainly corresponds to Minera Bermejil, S. de R.L. de C.V.

Year ended 31 December 2023										
US\$ thousands	Fresnillo	Herradura	Cienega	Saucito	Noche Buena	San Julian	Juanicipio ⁴	Other ⁵	Adjustments and eliminations	Total
Revenues:										
Third party ¹	422,963	708,242	162,013	590,269	84,210	385,469	351,920	-	-	2,705,086
Inter-segment	4,254	-	-	-	-	-	90,368	52,287	(146,909)	-
Segment revenues	427,217	708,242	162,013	590,269	84,210	385,469	442,288	52,287	(146,909)	2,705,086
Segment profit ²	156,849	157,233	18,926	185,995	5,632	158,663	271,558	33,602	14,312	1,002,770
Depreciation and amortisation in cost of sales										(497,303)
Employee profit sharing in cost of sales										(2,229)
Gross profit as per the income statement										503,238
Capital expenditure ³	97,809	56,923	43,841	125,052	52	74,824	82,167	2,741	-	483,409

¹ During 2023 all segment revenues were derived from Met-Mex, except in Juanicipio which includes sales to another external customer of US\$0.6 million.

² The Group's CODM primarily uses this measure to monitor the operating results directly related to the production of its business units separately to make decisions about resource allocation and performance assessment. Segment profit excluding foreign exchange hedging gains, depreciation and amortisation and employee profit sharing. Segment profit for Fresnillo and Saucito considers the sales and the corresponding processing cost of the ore from Juanicipio.

³ Capital expenditure represents the cash outflow including interest capitalised in respect of additions to property, plant and equipment, excluding additions relating to changes in the mine closure provision. Significant additions include stripping cost at Herradura mine and the construction of tailing dams at San Julian and Saucito mines.

⁴ Some of the ore production of Juanicipio mine has been processed through Fresnillo and Saucito facilities.

⁵ Other inter-segment revenue corresponds to leasing services provided by Minera Bermejil, S.A. de C.V.; capital expenditure mainly corresponds to Minera Bermejil, S. de R.L. de C.V.

4. Group information

The list of the Company's subsidiaries included in the consolidated financial statements and its principal activities are shown in Note 5 on the Parent Company's separate financial statements. The country of incorporation or registration is also their principal place of business.

(a) Material partly-owned subsidiaries

The table below shows the detail of non-wholly owned subsidiaries of the Group that have non-controlling interests:

	Portion of ownership interest held by non-controlling interest		Profit (loss) allocated to non-controlling interest		Accumulated non-controlling interest	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Minera Juanicipio, S. A. de C.V.	44%	44%	90,616	35,853	266,153	195,991
Equipos Chaparral, S. A. de C.V.	44%	44%	(10,891)	18,311	86,443	97,377
Other subsidiaries with non-controlling interests not considered to be material ¹	-	-	6,046	227	2,433	1,977

¹ In October 2024 the Group entered into an exploration joint venture in Chile through its subsidiary Minera Capricornio, SCM (Capricornio) and Sociedad Quimica y Minera de Chile, S.A. de C.V. (SQM), a Chilean mining company. The agreement considers a transfer of 25% ownership which represent a net share of US\$0.4 million.

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. Figures are presented in thousands of US dollars unless otherwise indicated.

Summarised income statement for the year ended 31 December 2024 and 2023

	Minera Juanicipio, S. A. de C.V.		Equipos Chaparral, S. A. de C.V.	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Revenue	627,366	442,288	-	-
Profit/(loss) before income tax	366,541	102,447	(21,698)	45,412
Income tax charge	160,595	20,962	3,054	3,797
Profit/(loss) for the year	205,946	81,485	(24,752)	41,615
Other comprehensive (loss)/gain	(30)	31	90	8
Total comprehensive income/(loss)	205,946	81,516	(24,842)	41,623
Attributable to non-controlling interests	90,629	35,867	(10,930)	18,314
Dividends paid to non-controlling interests	(26,400)	-	-	-

Summarised statement of financial position as at 31 December 2024 and 2023

	Minera Juanicipio, S. A. de C.V.		Equipos Chaparral, S. A. de C.V.	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Current				
Assets	161,736	120,396	29,462	34,990
Liabilities	(82,572)	(197,260)	(7,919)	(35,708)
Total current net assets/(liabilities)	79,164	(76,864)	21,596	(718)
Non-current				
Assets	730,074	776,156	174,871	222,030
Liabilities	(204,266)	(253,858)	(6)	-
Total non-current net assets	525,808	522,298	174,865	222,030
Net assets	604,972	445,434	196,461	221,312
Attributable to:				
Equity holders of parent	338,819	249,443	110,018	123,935
Non-controlling interest	266,153	195,991	86,443	97,377

Summarised cash flow information for the year ended 31 December 2024 and 2023

	Minera Juanicipio, S. A. de C.V.		Equipos Chaparral, S. A. de C.V.	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Operating	354,895	133,299	17,521	(33,126)
Investing	(40,104)	(48,936)	692	340
Financing	(297,489)	(57,448)	(24,485)	509
Net increase/(decrease) in cash and cash equivalents	17,302	26,915	(6,272)	(32,277)

5. Revenues

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

(a) Revenues by source

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Revenues from contracts with customers	3,503,662	2,706,292
Revenues from other sources:		
Provisional pricing adjustment on products sold	(7,277)	(1,206)
	3,496,385	2,705,086

(b) Revenues by product sold

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Lead concentrates (containing silver, gold, lead and by-products)	1,652,909	1,320,155
Doré and slag (containing gold, silver and by-products)	753,747	708,036
Zinc concentrates (containing zinc, silver and by-products)	380,169	290,138
Precipitates (containing gold and silver)	522,077	301,707
Activated carbon (containing gold, silver and by-products)	172,747	84,416
Iron concentrates (containing silver, gold, lead and by-products)	14,736	634
	3,496,385	2,705,086

(c) Value of metal content in products sold

Invoiced revenues are derived from the value of metal content which is determined by commodity market prices and adjusted for the treatment and refining charges to be incurred by the metallurgical complex of our customer. The value of the metal content of the products sold, before treatment and refining charges is considered as an alternative performance measure for the Group. The Group considers this a useful additional measure to help understand underlying factors driving revenue in terms of volumes sold and realised prices. The value of production sold by metal is as follows:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Silver	1,673,901	1,319,423
Gold	1,514,702	1,177,386
Zinc	311,557	250,782
Lead	139,789	121,483
Value of metal content in products sold	3,639,949	2,869,074
Refining and treatment charges ¹	(143,564)	(163,988)
Total revenues ²	3,496,385	2,705,086

¹ The methodology to determine the refining and treatment charges takes into account industry benchmark charges and adjustments to reflect ore composition and transport costs (refer to note 27(b)).

² Includes provisional price adjustments which represent changes in the fair value of trade receivables resulting in a loss of US\$7.2 million (2023: loss of US\$1.2 million). For further detail, refer to note 2(o).

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

	Year ended 31 December	
	2024 US\$ per ounce	2023 US\$ per ounce
Gold	2,453.58	1,957.72
Silver	28.78	23.64

6. Cost of sales

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Depreciation and amortisation	619,779	497,303
Contractors	351,474	393,997
Operating materials	304,946	292,450
Maintenance and repairs	289,475	299,924
Energy	249,517	256,507
Personnel expenses (note 8(a))	230,312	210,583
Mine equipment leased ¹	59,156	69,754
Mining concession rights and contributions	27,192	23,045
Surveillance	21,705	23,983
Insurance	12,727	12,056
IT services	10,785	11,464
Freight	7,607	9,365
Other	29,672	23,154
Cost of production	2,214,347	2,123,585
Unabsorbed production costs ²	-	25,920
Gain on foreign currency hedges	-	(232)
Change in work in progress and finished goods (ore inventories)	35,765	52,575
	2,250,112	2,201,848

¹ Corresponds to mine equipment leased to contractors, the lease payments are based on a variable rate linked to the usage of the assets.

² During 2023 corresponds to fixed cost at Juanicipio and pyrites plant of US\$3.9 million and US\$1.7 million respectively, non-productive cost for the temporary stoppage of activities in Penmont US\$11.9 million and non-productive fixed mine cost incurred in Noche Buena resulting from finalisation of mining activities US\$4.0 million. During 2024 there were no unabsorbed productions cost.

7. Exploration expenses

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Contractors	101,514	122,973
Mining concession rights and contributions	30,437	28,777
Personnel expenses (note 8(a))	15,461	13,315
Assays	5,746	8,950
Administrative services	1,406	2,057
Rentals	869	570
Other	7,615	5,805
	163,048	182,447

These exploration expenses were mainly incurred in the operating mines located in Mexico; the Guanajuato and Orisyvo projects; and the Tajitos prospect. Exploration expenses of US\$17.6 million (2023: US\$14.1 million) were incurred in the year on projects located in Peru and Chile.

Cash flows relating to exploration activities are as follows:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Operating cash outflows related to exploration activities	162,837	182,359

8. Personnel expenses

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Salaries and wages	108,800	109,470
Statutory healthcare and housing contributions	48,214	42,393
Bonuses	36,547	34,099
Other benefits	29,704	28,414
Employees' profit sharing	13,609	2,390
Post-employment benefits	9,684	12,799
Vacations and vacations bonus	8,727	6,541
Legal contributions	5,625	6,104
Training	1,923	2,532
Other	4,625	5,313
	267,458	250,055

(a) Personnel expenses are reflected in the following line items:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Cost of sales (note 6) ¹	230,312	215,952
Administrative expenses	21,685	20,788
Exploration expenses (note 7)	15,461	13,315
	267,458	250,055

¹ During 2023 includes amounts recognised as unabsorbed production cost amounting to US\$5.4 million. During 2024 there were no unabsorbed productions cost.

(b) The monthly average number of employees during the year was as follows:

	Year ended 31 December	
	2024 No.	2023 No.
Mining	3,572	3,497
Plant	1,040	1,091
Exploration	101	270
Maintenance	1,261	1,327
Administration and other	1,266	1,118
Total	7,240	7,303

9. Other operating income and expenses

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Other income:		
Gain on sale of mining concessions ¹	24,149	-
Reversal of accruals ²	-	25,793
Recovery of personnel expenses	-	4,156
Insurance claims recovered	6,302	-
Gain on sale of property, plant and equipment and other assets	1,004	882
Selling of sundry materials and scrap	1,549	-
Change in mine closure cost provision ³	1,222	-
Indemnities from suppliers	599	-
Rentals	543	35
Other	4,191	4,458
	39,559	35,324

	Year ended 31 December	
	2024	2023
	US\$ thousands	US\$ thousands
Other expenses:		
Write-off of inventories (note 2 (c))	-	21,861
Cost subject to insurance claims	-	8,349
Allowance for obsolete and slow-moving inventories	6,165	1,221
Donations	4,517	1,685
Maintenance ⁴	3,554	3,477
Indemnities to suppliers	2,151	-
Write-off of PPE assets ⁵	1,704	1,920
Change in mine closure cost provision ³	1,214	3,226
Environmental activities ⁶	599	3,963
Consumption tax expensed	709	943
Other	683	4,524
	21,296	51,169

1. In July 2024, the Group entered into a contract to assign the rights and obligations of certain mining concessions to Coeur Mexicana, S.A. de C.V., subsidiary of Coeur Mining Inc. The total consideration amounted US\$25 million. The settlement considers three payments: US\$10.0 million that was paid upon ratification of the contract, US\$10.0 million that will be paid no later than 30 June 2025, US\$5.0 million that will be paid no later than 30 June 2026.

2 The Group has reversed the accrued energy costs recognised since July 2020, following the favourable ruling in favour of its related parties Termoelectrica Peñoles, S.A. de C.V. and Edifica de Coahuila, S.A. de C.V, filed against the Mexican Government regarding an increase of energy supply costs required to be recharged to its customers.

3 Relates to changes in estimates after the completion of mining activities.

4 Costs relating to the rehabilitation of the facilities of Compañía Minera las Torres, S.A. de C.V. (a closed mine).

5 In 2024 and 2023 mainly correspond to mobile equipment damaged.

6 Main activities were related to improvement in tailing dams in Cienega (2023: Main activities were related to improvement in tailing dams in Fresnillo and Cienega).

10. Finance income and finance costs

	Year ended 31 December	
	2024	2023
	US\$ thousands	US\$ thousands
Finance income:		
Interest on short-term deposits and investments	42,210	47,592
Interest on tax receivables	3,117	2,479
Other	1,609	552
	46,936	50,623

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Finance costs:		
Interest on interest-bearing loans and notes payables	43,845	60,741
Unwinding of discount on provisions (note 21)	24,997	22,578
Interest on lease liabilities (note 25(a))	1,574	1,220
Other	3,155	4,307
	73,571	88,846

11. Income tax expense

a) Major components of income tax expense:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Consolidated income statement:		
Corporate income tax		
Current:		
Income tax charge	187,027	80,769
Amounts (over) / under provided in previous years	(158)	4,235
	186,869	85,004
Deferred:		
Origination and reversal of temporary differences	258,001	(292,371)
Revaluation effects of Silverstream contract	(54,683)	2,320
	203,318	(290,051)
Corporate income tax	390,187	(205,047)
Special mining right		
Current:		
Special mining right charge (note 11 (e))	66,469	22,708
Amounts (over)/under provided in previous years	(238)	1,686
	66,231	24,394
Deferred:		
Origination and reversal of temporary differences	60,793	6,371
Special mining right	127,024	30,765
Income tax expense reported in the income statement	517,211	(174,282)

	Year ended 31 December	
	2024	2023
	US\$ thousands	US\$ thousands
Consolidated statement of comprehensive income:		
Deferred income tax (charge)/credit related to items recognised directly in other comprehensive income:		
Changes in fair value of cash flow hedges	60	(135)
Changes in fair value of equity investments at FVOCI	(10,593)	15,941
Remeasurement losses on defined benefit plans	31	20
Income tax effect reported in other comprehensive income	(10,502)	15,826

(b) Reconciliation of the income tax expense at the Group's statutory income rate to income tax expense at the Group's effective income tax rate:

	Year ended 31 December	
	2024	2023
	US\$ thousands	US\$ thousands
Accounting profit before income tax	743,902	114,018
Tax at the Group's statutory corporate income tax rate 30.0%	223,170	34,205
Exchange rate effect on tax value of assets and liabilities ¹	300,243	(214,521)
Expenses not deductible for tax purposes	7,122	14,277
Inflationary uplift of the tax base of assets and liabilities	(55,170)	(54,763)
Special mining right deductible for corporate income tax	(38,107)	(9,230)
Non-taxable/non-deductible foreign exchange effects	(18,601)	16,689
Update of tax values ²	(13,468)	-
Incentive for Northern Border Zone	(12,921)	1,760
Deferred tax asset not recognised	6,392	11,688
Inflationary uplift of tax losses	(4,701)	(5,361)
Current income tax (over)/underprovided in previous years	(1,977)	2,137
Inflationary uplift on tax refunds	(935)	(744)
Other	(861)	(1,184)
Corporate income tax at the effective tax rate of 52.5% (2023: (179.8%))	390,187	(205,047)
Special mining right	127,024	30,765
Tax at the effective income tax rate of 69.5% (2023: (152.9%))	517,211	(174,282)

¹ Mainly derived from the tax value of property, plant and equipment.

² Correspond to the update of tax values of Juanicipio's property, plant and equipment for assets expensed during 2021 to 2023.

The most significant item increasing the effect of effective tax rate is the exchange rate effect on the tax value of assets and liabilities partially offset by the inflationary uplift of the tax base of assets and liabilities and the deduction of the Special Mining Right. The future effects of inflation and exchange rate will depend on future market conditions.

(c) Movements in deferred income tax liabilities and assets:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Opening net asset/(liability)	532,100	232,568
Income statement (charge) / credit arising on corporate income tax	(203,318)	290,051
Income statement charge arising on special mining right	(60,793)	(6,371)
Exchange difference	34	26
Net charge related to items directly charged to other comprehensive income	(10,502)	15,826
Closing net asset	257,521	532,100

The amounts of deferred income tax assets and liabilities as at 31 December 2024 and 2023, considering the nature of the related temporary differences, are as follows:

	Consolidated balance sheet		Consolidated income statement	
	2024 US\$ thousands	2023 US\$ thousands	2024 US\$ thousands	2023 US\$ thousands
Related party receivables	(352,650)	(181,236)	171,414	22,439
Other receivables	(11,656)	(6,233)	5,423	2,259
Inventories	148,629	152,378	3,749	(36,995)
Prepayments	(2,939)	(3,499)	(560)	1,076
Derivative financial instruments including Silverstream contract	(71,833)	(138,171)	(66,278)	(9,852)
Property, plant and equipment arising from corporate income tax	300,222	366,694	66,472	(224,453)
Exploration expenses and operating liabilities	90,201	107,711	17,510	(16,446)
Other payables and provisions	73,659	87,705	14,046	(13,543)
Losses carried forward	90,124	141,091	50,999	(23,402)
Post-employment benefits	1,821	2,100	310	(576)
Deductible profit sharing	3,974	852	(3,121)	2,243
Special mining right deductible for corporate income tax	39,886	7,445	(32,441)	3,293
Equity investments at FVOCI	(10,017)	1,368	792	(2,364)
Other	7,580	(17,416)	(24,996)	6,270
Net deferred tax asset related to corporate income tax	307,001	520,789		
Deferred tax credit related to corporate income tax			203,319	(290,051)
Related party receivables arising from special mining right	(99,487)	(44,963)	54,524	5,422
Inventories arising from special mining right	41,664	37,124	(4,540)	(8,439)
Property plant and equipment arising from special mining right	(22,444)	(11,689)	10,756	19,576
Other	30,787	30,839	52	(10,188)
Net deferred tax liability related to special mining rights	(49,480)	11,311		
Deferred tax credit			264,111	(283,680)
Reflected in the statement of financial position as follows:				
Deferred tax assets	466,734	665,302		
Deferred tax liabilities	(209,213)	(133,202)		

Net deferred tax asset	257,521	532,100
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Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to the same fiscal authority. Under Mexican tax legislation, tax losses cannot be offset against taxable profits from other legal entities within the same group.

Based on management's internal forecast, a deferred tax asset of US\$79.6 million (2023: US\$141.1 million) has been recognised in respect of tax losses amounting to US\$265.3 million (2023: US\$470.3 million). If not utilised, US\$7.8 million (2023: US\$7.1 million) will expire within five years and US\$292.6 million (2023: US\$463.2 million) will expire between six and ten years. Of the total deferred tax asset related to losses, US\$21.7 million (2023: US\$69.4 million) is covered by the existence of taxable temporary differences, the remaining US\$57.9 million (2023: US\$71.7 million) corresponds to Fresnillo plc which maintained a deferred net asset position. Management has considered the taxable profit generated in the current year of US\$15.8 million and based on a consideration of this, combined with future financial and tax projections, Management considers that there is evidence that sufficient taxable profits will be available against which these unused tax losses can be utilised. Management has performed a sensitivity assessment on key inputs of the deferred tax asset assessment, such as interest income or finance expense. Management concluded that there are no reasonably possible changes to these key inputs that could result in the deferred tax asset recognised in respect of tax losses not being recoverable.

The Group has also performed an assessment of the recoverability of tax losses from mining entities based on financial projections that are consistent with the Group's impairment assessment (refer to note 13), together with relevant tax projections which consider the amount and timing of certain tax deductions. Based on those assumptions, the Group expects to fully utilise its recognised losses.

The Group has further tax losses and other similar attributes carried forward for companies out of Mexico of US\$119.7 million (2023: US\$112.3 million) on which no deferred tax is recognised due to insufficient certainty regarding the availability of appropriate future taxable profits. Based on the applicable tax legislation the tax losses are not subject to expiry.

(d) Unrecognised deferred tax on investments in subsidiaries

The Group has not recognised all of the deferred tax liability in respect of distributable reserves of its subsidiaries because it controls them and only part of the temporary differences is expected to reverse in the foreseeable future. The temporary differences for which a deferred tax liability has not been recognised aggregate to US\$1,139.3 million (2023: US\$1,015.0 million).

(e) Corporate Income Tax ('Impuesto Sobre la Renta' or 'ISR') and Special Mining Right ("SMR")

The Group's principal operating subsidiaries are Mexican residents for taxation purposes. The rate of current corporate income tax is 30%.

On 30 December 2018, the Decree of tax incentives for the northern border region of Mexico was published in the Official Gazette, which provided a reduction of income tax by a third and also a reduction of 50% of the value added tax rate, for taxpayers that produce income from business activities carried out within the northern border region. The tax incentives were applicable since 1 January 2019 and remained in force until 31 December 2020. On 30 December 2020 an extension of the Decree was published in the Official Gazette which remains in force until 31 December 2024. On 24 December 2024 a further extension of the Decree was published in the Official Gazette which remains in force until 31 December 2025. Some of the Group companies which produce income from business activities carried out within Caborca, Sonora, which is considered for purposes of the Decree as northern border region, applied for this Decree tax incentives before the Mexican tax authorities, and were granted authorization for income tax and value added tax purposes.

The special mining right "SMR" states that the owners of mining titles and concessions are subject to pay an annual mining right of 7.5% of the profit derived from the extractive activities and is considered as income tax under IFRS. The 7.5% tax applies to a base of income before interest, annual inflation adjustment, taxes paid on the regular activity, depreciation and amortization, as defined by the new ISR. This SMR can be credited against the corporate income tax of the same fiscal year and its payment must be remitted no later than the last business day of March of the following year.

In November 2024 the Mexican Federal Executive proposed a change in the Federal Rights Law increasing the rate of the SMR from 7.5% to 8.5%. This amendment was enacted in December 2024 and applies for the fiscal year commencing 1 January 2025 onwards. The change in rate resulted in an increase in the deferred tax liability of US\$13.6 million.

12. Earnings per share

Earnings per share ('EPS') is calculated by dividing profit for the year 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 31 December 2024 and 2023, earnings per share have been calculated as follows:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Earnings:		
Profit attributable to equity holders of the Company	140,920	233,909
Adjusted profit attributable to equity holders of the Company	268,513	228,497
Adjusted profit is profit as disclosed in the Consolidated Income Statement adjusted to exclude revaluation effects of the Silverstream contract of US\$240.3 million loss (US\$168.2 million net of tax) (2023: US\$7.7 million gain (US\$5.4 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.		
	2024 thousands	2023 thousands
Number of shares:		
Weighted average number of Ordinary Shares in issue	736,894	736,894
	2024 US\$	2023 US\$
Earnings per share:		
Basic and diluted earnings per share	0.191	0.317
Adjusted basic and diluted earnings per Ordinary Share	0.364	0.310

13. Property, plant and equipment

	Year ended 31 December 2024 ¹					
	Land and buildings	Plant and equipment ²	Mining properties and development costs	Other assets ³	Construction in progress	Total
US\$ thousands						
Cost						
At 1 January 2024	435,884	3,132,445	3,240,706	453,048	285,473	7,547,556
Additions	40,627	32,215	144,041	(51,426)	136,565	302,022
Disposals ⁴	(70)	(27,069)	(4,148)	(6,318)	-	(37,605)
Transfers and other movements	2,154	100,488	50,058	(275)	(152,425)	-
At 31 December 2024	478,595	3,238,079	3,430,657	395,029	269,613	7,811,973
Accumulated depreciation						
At 1 January 2024	(246,713)	(1,991,095)	(2,185,700)	(263,132)	-	(4,686,640)
Depreciation for the year ⁵	(35,483)	(265,219)	(281,539)	(40,119)	-	(622,360)
Disposals ⁵	68	25,513	4,082	6,029	-	35,692

At 31 December 2024	(282,128)	(2,230,801)	(2,463,157)	(297,222)	-	(5,273,308)
Net book amount at 31 December 2024	196,467	1,007,278	967,500	97,807	269,613	2,538,665

1 Amounts include Right-of-use assets as described in note 25.

2 The amount of Property, plant and equipment related to Soledad & Dipolos at 31 December 2024 is US\$30.4 million and reflects capitalised mining works and the amount recognised in the cost of Property plant and equipment related to estimated remediation and closure activities.

3 From the additions in "other assets" category US(\$42.7) million corresponds to the reassessment of mine closure rehabilitations costs, see note 21.

4 From the total net amount of disposals, US\$1.4 million correspond to a write off of assets as disclosed in note 9.

5 Depreciation for the year includes US\$620.9 million recognised as an expense in the income statement and US\$1.2 million capitalised as part of construction in progress.

	Year ended 31 December 2023 ³					
	Land and buildings	Plant and equipment ⁴	Mining properties and development costs	Other assets ²	Construction in progress	Total
	US\$ thousands					
Cost						
At 1 January 2023	412,984	2,828,920	3,001,661	377,813	461,490	7,082,868
Additions	903	103,835	5,428	37,839	358,579	506,584
Disposals ⁵	(308)	(26,480)	(2,763)	(12,345)	-	(41,896)
Transfers and other movements	22,305	226,170	236,380	49,741	(534,596)	-
At 31 December 2023	435,884	3,132,445	3,240,706	453,048	285,473	7,547,556
Accumulated depreciation						
At 1 January 2023	(222,166)	(1,810,484)	(1,947,868)	(239,786)	-	(4,220,304)
Depreciation for the year ¹	(24,837)	(205,238)	(240,595)	(30,276)	-	(500,946)
Disposals ⁵	290	24,627	2,763	6,930	-	34,610
At 31 December 2023	(246,713)	(1,991,095)	(2,185,700)	(263,132)	-	(4,686,640)
Net book amount at 31 December 2023	189,171	1,141,350	1,055,006	189,916	285,473	2,860,916

1 Amounts include Right-of-use assets as described in note 25.

2 The amount of Property, plant and equipment related to Soledad & Dipolos at 31 December 2023 is US\$37.2 million and reflects capitalised mining works and the amount recognised in the cost of Property plant and equipment related to estimated remediation and closure activities.

3 From the additions in "other assets" category US\$28.1 million corresponds to the reassessment of mine closure rehabilitations costs, see note 21.

4 From the total net amount of disposals, US\$1.9 million correspond to a write off of assets as disclosed in note 9.

5 Depreciation for the year includes US\$498.5 million recognised as an expense in the income statement and US\$2.5 million capitalised as part of construction in progress.

The table below details construction in progress by operating mine and development projects

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Fresnillo	60,674	73,761
Saucito	81,712	94,092
Juanicipio	48,846	29,028
Cienega	13,843	13,432
San Julian	15,820	56,938
Herradura	48,422	13,307
Other ¹	296	4,915
	269,613	285,473

¹ Mainly corresponds to Minera Bermejal, S.A. de C.V. (2023: Minera Bermejal, S.A. de C.V.).

During the year ended 31 December 2024 there were no capitalised borrowing costs. During the year ended 31 December 2023, the Group capitalised US\$2.1 million of borrowing costs paid within construction in progress. Borrowing costs were capitalised at the rate of 5.02%.

Sensitivity analysis

As disclosed in note 2(f) management performs at each reporting date an assessment to determine whether there are any indicators of impairment. As at 31 December 2024, the carrying amounts of mining assets is supported by their recoverable values.

The key assumptions on which management bases the recoverable value calculations of the mining assets are commodity prices, future capital requirements, production costs, reserves and resources volumes (reflected in production volumes) and discount rate.

The models are most sensitive to changes in commodity price assumptions, operating costs and production volumes.

Other than as disclosed below, management has considered no reasonably possible change in any other key assumption above would cause the carrying value of any of its mining assets to exceed its recoverable amount.

In the absence of any changes to any of the other key assumptions, a change in the below assumptions would have the following impact as at 31 December 2024:

- A decrease of 10% in gold and 15 % silver prices would result in an impairment charge of US\$54.3 million.
- An increase of 10% in operating costs would result in an impairment charge of US\$8.1 million.
- A decrease of 5% in the forecasted volume of gold and silver produced would result in an impairment charge of US\$8.0 million.

14. Silverstream contract

On 31 December 2007, the Group entered into an agreement with Peñoles through which the Group is entitled to receive the proceeds received by the Peñoles Group in respect of the refined silver sold from the Sabinas Mine ('Sabinas'), a base-metals mine owned and operated by the Peñoles Group. The agreement required an upfront payment of US\$350 million by Fresnillo. In addition, a per ounce cash payment of US\$2.00 in years one to five and US\$5.00 thereafter (subject to an inflationary adjustment that commenced from 31 December 2013) is payable to Peñoles. The cash payment to Peñoles per ounce of silver for the year ended 31 December 2024 was US\$5.74 per ounce (2023: \$5.65 per ounce). Under the contract, the Group has the option to receive a net cash settlement from Peñoles attributable to the silver produced and sold from Sabinas, to take delivery of an equivalent amount of refined silver or to receive settlement in the form of both cash and silver. If, by 31 December 2032, the amount of silver produced by Sabinas is less than 60 million ounces, a further payment is due from Peñoles to the Group of US\$1 per ounce of shortfall.

In November 2024, the Group received notification from Peñoles, that its Sabinas mine is experiencing operational difficulties impacting silver production. The Group has started evaluating the implications of the operational difficulties in the Silverstream contract and has updated its estimates of future mine production and the risks attached. The main changes have been applied in the expected future silver production and adjusting the discount rate to capture a higher operational risk. The expected Sabinas' life of mine has been significantly reduced as a result on the change in estimation of the ore to be mined, which now represents only reserves and no longer includes a portion of resources.

The Silverstream contract represents a derivative financial instrument which has been recorded at FVPL and classified within non-current and current assets as appropriate. The term of the derivative is based on Sabinas' life of mine which is currently 10 years considering ore reserves. Changes in the contract's fair value, other than those represented by the realisation of the asset through the receipt of either cash or refined silver, are charged or credited to the income statement. In the year ended 31 December 2024 total proceeds received in cash were US\$30.0 million (2023: US\$40.2 million) of which, US\$5.0 million was in respect of proceeds receivable as at 31 December 2023 (2023: US\$8.3 million in respect of proceeds receivable as at 31 December 2022). Cash received in respect of the year of US\$24.9 million (2023: US\$31.8 million) corresponds to 1.4 million ounces of payable silver (2023: 2.29 million ounces). As at 31 December 2024, a further US\$16.5 million (2023: US\$5.1 million) of cash receivable corresponding to 713,061 ounces of silver is due (2023: 278,342 ounces).

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

	2024 US\$ thousands	2023 US\$ thousands
Balance at 1 January	482,340	511,474
Cash received in respect of the year	(24,907)	(31,816)
Cash receivable	(16,515)	(5,050)
Remeasurement gains recognised in profit and loss	(182,276)	7,732
Balance at 31 December	258,641	482,340
Less – Current portion	44,204	35,802
Non-current portion	214,437	446,538

The US\$182.3 million unrealised loss recorded in the income statement (31 December 2023: US\$7.7 million gain) resulted mainly from the change in the criteria of not consider remaining resources, to an update in the reserves production plan and an increase in the spread applied to the discount rate, these factors were partially mitigated with an increase in the forward and long term silver prices, and the amortization effect.

Significant assumptions used in the valuation of the Silverstream contract are as follows:

- Forecasted volumes (millions of ounces/moz)
 - Silver to be produced and sold over the life of mine 29.0 moz (2023: 82.8 moz)
 - Average annual silver to be produced and sold 2.9 moz (2023: 3.5 moz)
- Weighted average discount rate 20.1% (2023: 9.79%)
- Future silver prices (US\$ per ounce)

Year ended 31 December	Year 1	Year 2	Year 3	Year 4	Year 5	Long-term
2024	29.70	31.36	32.74	33.31	33.77	24.5
2023	24.41	25.44	26.43	26.64	26.85	19.58

The fair value of the Silverstream contract is determined using a valuation model including unobservable inputs (Level 3). This derivative has a term of 10 years and the valuation model utilises several 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 price 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 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, 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 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 operational mine plan, with certain amendments to reflect a basis that a market participant would consider, that is provided to the Company by Peñoles. The inputs assume no interruption in production over the life of the Silverstream contract and production levels based on the most recent information available.

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 fair value of the Silverstream contract is significantly sensitive to a reasonably possible change in future silver price, the discount rate used to discount future cash flows and total recoverable reserves over the life of mine. The sensitivity of these key inputs is as follows:

Year ended 31 December	Commodity price		Discount rate		Volumes produced	
	Increase/ (decrease) in silver price	Effect on profit before tax: increase/ (decrease) US\$ thousands	Basis point increase/ (decrease) in interest rate	Effect on profit before tax: increase/ (decrease) US\$ thousands	Increase/ (decrease) in reserves and resources	Effect on profit before tax: increase/ (decrease) US\$ thousands
2024	15%	47,906	-	-	25%	64,660
	(15%)	(47,906)	(75)	3,677	(25%)	(64,660)
2023	10%	63,222	-	-	10%	48,141
	(10%)	(63,222)	(75)	27,473	(10%)	(48,141)

Management considers that an appropriate sensitivity for volumes produced and sold is on the total recoverable reserve quantities over the contract term rather than annual production volumes over the mine life.

The significant unobservable inputs are not interrelated. The Sabinas mine is a polymetallic mine that contains copper, lead and zinc as well as silver, which is produced as a by-product. Therefore, changes to base metals prices (rather than the price of silver) are most relevant to the Sabinas mine production plans and the overall economic assessment of the mine.

The effects on profit before tax and equity of reasonably possible changes to the inflation rates and the US dollar exchange rate compared to the Mexican peso on the Silverstream contract are not material. The Group's exposure to reasonably possible changes in other currencies is not material.

15. Inventories

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Finished goods ¹	36,766	34,212
Work in progress ²	274,936	314,802
Ore stockpile ³	6,281	4,779
Operating materials and spare parts	177,043	185,624
	495,026	539,417
Allowance for obsolete and slow-moving inventories	(12,849)	(6,684)
Balance as 31 December	482,177	532,733
Less - Current portion	412,417	462,973
Non-current portion ⁴	69,760	69,760

1 Finished goods include metals contained in concentrates and doré bars on hand or in transit to a smelter or refinery.

2 Work in progress includes metals contained in ores on leaching pads for an amount of US\$253.5 million (2023: US\$292.7 million) and in stockpiles US\$21.4 million (2023: US\$22.1 million) that will be processed in dynamic leaching plants (note 2(c)).

3 Ore stockpile includes ore mineral obtained at Juanicipio.

4 Non-current inventories relate to ore in leaching pads where the leaching process has stopped and is not expected to restart within twelve months. As at 31 December 2024 and 2023 non-current inventories corresponds to Soledad & Dipolos mine unit (note 2 (c)).

Concentrates are a product containing sulphides with variable content of precious and base metals and are sold to smelters and/or refineries. Doré is an alloy containing a variable mixture of gold and silver that is delivered in bar form to refineries. Activated carbon is a product containing variable mixture of gold and silver that is delivered in small particles.

The amount of inventories recognised as an expense in the year was US\$2,254 million (2023: US\$2,201.8 million). During 2024 and 2023, there was no adjustment to net realisable value allowance against work-in-progress inventory. The adjustment to the allowance for obsolete and slow-moving inventory recognised as an expense was US\$6.2 million (2023: US\$1.2 million).

16. Trade and other receivables

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Trade receivables from related parties (note 27)	548,760	306,668
Value Added Tax receivable	89,441	93,010
Other receivables from related parties (note 27a)	17,339	11,509
Other receivables from contractors	-	2,662
Other trade receivables	2,079	174
Other receivables	16,885	8,658
	674,504	422,681
Expected credit loss of 'Other receivables'	(293)	(353)
Trade and other receivables classified as current assets	674,211	419,666
Other receivables classified as non-current assets:	-	-
Other receivable	5,264	773
Value Added Tax receivable	-	42,755
Trade and other receivables classified as non-current assets	5,264	43,528
Total trade and other receivables	679,475	463,194

Trade receivables are shown net of any corresponding advances, are non-interest bearing and generally have payment terms of 46 to 60 days.

The total receivables denominated in US dollars were US\$584 million (2023: US\$316.3 million), and in Mexican pesos US\$95.4 million (2023: US\$147.6 million)

Balances corresponding to Value Added Tax receivables and US\$2.3 million within Other receivables (2023: US\$6.2 million) are not financial assets.

As of 31 December for each year presented, except for 'other receivables' in the table above, all trade and other receivables were neither past due nor credit-impaired. The amount past due and considered as credit-impaired as of 31 December 2024 is US\$0.3 million (2023: US\$0.4 million). Trade receivables from related parties and other receivables from related parties (see note 14) are classified as financial assets at FVTPL and are therefore not considered in the expected credit loss analysis. In determining the recoverability of receivables, the Group performs a risk analysis considering the type and age of the outstanding receivable and the credit worthiness of the counterparty, see note 31(b).

17. Cash and cash equivalents and short-term investments

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

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Cash at bank and on hand	2,194	3,556
Short-term deposits	1,108,219	531,024
Cash and cash equivalents	1,110,413	534,580

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 three 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 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Short-term investments	187,403	-

Short-term investments are made for fixed periods longer than three months and earn interest at fixed rates without an option for early withdrawal. As at 31 December 2024 short-term investments are held in fixed-term bank deposits of US\$187.4 million (31 December 2023: US\$ nil).

18. Equity

Share capital and share premium

Authorised share capital of the Company is as follows:

Class of share	Number	As at 31 December	
		2024	2023
		Amount	Amount
Ordinary Shares each of US\$0.50	1,000,000,000	\$500,000,000	\$500,000,000
Sterling Deferred Ordinary Shares each of £1.00	50,000	£50,000	£50,000

Issued share capital of the Company is as follows:

	Ordinary Shares		Sterling Deferred Ordinary Shares	
	Number	US\$	Number	£
At 1 January 2023	736,893,589	\$368,545,586	50,000	£50,000
At 31 December 2023	736,893,589	\$368,545,586	50,000	£50,000
At 31 December 2024	736,893,589	\$368,545,586	50,000	£50,000

As at 31 December 2024 and 2023, all issued shares with a par value of US\$0.50 each are fully paid. The rights and obligations attached to these shares are governed by law and the Company's Articles of Association. Ordinary shareholders are entitled to receive notice and to attend and speak at any general meeting of the Company. There are no restrictions on the transfer of the Ordinary shares.

The Sterling Deferred Ordinary Shares only entitle the shareholder on winding up or on a return of capital to payment of the amount paid up after repayment to Ordinary Shareholders. The Sterling Deferred Ordinary Shares do not entitle the holder to payment of any dividend, or to receive notice or to attend and speak at any general meeting of the Company. The Company may also at its option redeem the Sterling Deferred Ordinary Shares at a price of £1.00 or, as custodian, purchase or cancel the Sterling Deferred Ordinary Shares or require the holder to transfer the Sterling Deferred Ordinary Shares. Except at the option of the Company, the Sterling Deferred Ordinary Shares are not transferrable.

Reserves

Share premium

This reserve records the consideration premium for shares issued at a value that exceeds their nominal value.

Capital reserve

The capital reserve arose as a consequence of the Pre-IPO Reorganisation as a result of using the pooling of interest method.

Hedging reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge, net of tax. When the hedged transaction occurs, the gain or the loss is transferred out of equity to the income statement or the value of other assets.

Cost of hedging reserve

The changes in the time value of option contracts are accumulated in the costs of hedging reserve. These deferred costs of hedging are either reclassified to profit or loss or recognised as a basis adjustment to non-financial assets or liabilities upon maturity of the hedged item, or, in the case of a hedge item that realises over time, amortised on a systematic and rational basis over the life of the hedged item.

Fair value reserve of financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in note 2(g). These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial information of entities with a functional currency different to that of the presentational currency of the Group.

Retained earnings

This reserve records the accumulated results of the Group, less any distributions and dividends paid.

19. Dividends declared and paid

The dividends declared and paid during the years ended 31 December 2024 and 2023 are as follows:

	US cents per Ordinary Share	Amount US\$ thousands
Year ended 31 December 2024		
Final dividend for 2023 declared and paid during the year ¹	4.2	30,950
Interim dividend for 2024 declared and paid during the year ²	6.4	47,161
	10.6	78,111
Year ended 31 December 2023		
Final dividend for 2022 declared and paid during the year ³	13.3	98,007
Interim dividend for 2023 declared and paid during the year ⁴	1.4	10,317
	14.7	108,324

¹ This dividend was approved by the Shareholders on 21 May 2024 and paid on 29 May 2024

² This dividend was approved by the Board of Directors on 29 July 2024 and paid on 17 September 2024

³ This dividend was approved by the Shareholders on 23 May 2023 and paid on 26 May 2023

⁴ This dividend was approved by the Board of Directors on 31 July 2023 and paid on 14 September 2023

A reconciliation between dividend declared, dividends affected to retained earnings and dividend presented in the cash flow statements is as follows:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Dividends declared	78,111	108,324
Foreign exchange effect	-	(1)
Dividends recognised in retained earnings	78,111	108,323
Foreign exchange and hedging effect	45	28
Dividends paid	78,156	108,351

The directors have proposed a final dividend of US\$26.1 cents per share, which is subject to approval at the annual general meeting and is not recognised as a liability as at 31 December 2024. Dividends paid from the profits generated from 1 January 2014 to residents in Mexico and to non-resident shareholders may be subject to an additional tax of up to 10%, which will be withheld by the Group.

20. Interest-bearing loans

Senior Notes

On 13 November 2013, the Group completed its offering of US\$800 million aggregate principal amount of 5.500% Senior Notes due November 2023 (the 5.500% Notes). On 29 September 2020, the Group repurchased certain of its 5.500% Notes that had a carrying value of US\$482.1 million for a consideration of US\$543.0 million.

On 2 October 2020, the Group completed its offering of US\$850 million aggregate principal amount of 4.250% Senior Notes due 2050 in the Euronext Dublin. The proceeds were partially used to finance the repurchase mentioned above.

On 13 November 2023, the Company paid the outstanding amount of the 5.500% Notes at its maturity date including due interest for a total of US\$326.6 million.

Movements in the year in the debt recognised in the balance sheet are as follows:

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Opening balance	839,002	1,158,557
Payments of 5.500% Notes	-	(317,879)
Accrued interest	38,093	53,919
Interest paid ¹	(37,986)	(56,371)
Amortisation of discount and transaction costs	398	776
Closing balance	839,507	839,002

¹ Interest was payable semi-annually on 13 May and 13 November for 5.500% senior notes and is payable semi-annually on 2 April and 2 October for 4.250% senior notes.

The Group has the following restrictions derived from the issuance of all outstanding Senior Notes:

Change of control:

Should the rating of the senior notes be downgraded as a result of a change of control (defined as the sale or transfer of 35% or more of the common shares; the transfer of all or substantially all the assets of the Group; starting a dissolution or liquidation process; or the loss of the majority in the board of directors) the Group is obligated to repurchase the notes at an equivalent price of 101% of their nominal value plus the interest earned at the repurchase date, if requested to do so by any creditor.

Pledge on assets:

The Group shall not pledge or allow a pledge on any property that may have a material impact on business performance (key assets). Nevertheless, the Group may pledge the aforementioned properties provided that the repayment of the Notes keeps the same level of priority as the pledge on those assets.

21. Provision for mine closure cost

The provision represents the discounted values of the risk-adjusted estimated cost to decommission and rehabilitate the mines at the estimated date of depletion of mine deposits. Uncertainties in estimating these costs include potential changes in regulatory requirements, decommissioning, dismantling and reclamation alternatives, timing; the effects of climate change, and the discount, foreign exchange and inflation rates applied. Closure provisions are typically based on conceptual level studies that are refreshed at least every three years. As these studies are renewed, they incorporate greater consideration of forecast climate conditions at closure.

The Group has performed separate calculations of the provision by currency, discounting at corresponding rates. As at 31 December 2024, the discount rates used in the calculation of the parts of the provision that relate to Mexican pesos range from 9.84% to 10.50% (2023: range from 9.87% to 11.19%). The range for the current year parts that relate to US dollars range from 3.69% to 4.00% (2023: range from 3.70% to 4.68%).

Mexican regulations regarding the decommissioning and rehabilitation of mines are limited and less developed in comparison to regulations in many other jurisdictions. It is the Group's intention to rehabilitate the mines beyond the requirements of Mexican law, and estimated costs reflect this level of expense. The Group intends to fully rehabilitate the affected areas at the end of the lives of the mines.

The provision is expected to become payable at the end of the production life of each mine, based on the estimation of reserves and resources, which ranges from 1 to 22 years from 31 December 2024 (2 to 21 years from 31 December 2023). As at 31 December 2024 the weighted average term of the provision is 12 years (2023: 10 years).

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Opening balance	292,316	247,207
Decrease to existing provision	(4,072)	(2,111)
Effect of changes in discount rate	(28,736)	1,436
Unwinding of discount rate	24,997	22,578
Payments	(3,093)	(4,376)
Foreign exchange	(35,883)	27,582
Closing balance	245,529	292,316
Less - Current portion	11,781	11,849
Non-current portion	233,748	280,467

The provision is sensitive to a reasonably possible change in discount rates, exchange rate US Dollar compared to Mexican peso, change in future costs, and change on the expected life of mine (years). The sensitivity of these key inputs is as follows:

	Discount rate	Foreign currency		Estimated costs		Change in LOM		
	Basis point increase/ (decrease) in interest rate	Effect on provision: increase/ (decrease) US\$ thousands	Strengthening/ (weakening) of US dollar	Effect on provision: increase/ (decrease) US\$ thousands	Increase/ (decrease) in estimated costs	Effect on provision: increase/ (decrease) US\$ thousands	Increase/ (decrease) in years	Effect on provision: increase/ (decrease) US\$ thousands
Year ended 31 December								
2024	50	8,783	10%	(19,030)	5%	12,991	2	(9,751)
	(50)	(11,708)	(5%)	11,017	(5%)	(12,991)	(2)	11,764
2023	50	11,710	10%	(21,990)	5%	14,616	2	(10,061)
	(50)	(24,205)	(5%)	12,731	(5%)	(14,616)	(2)	10,044

Change on the provision would be principally offset by a change to the value of the associated asset unless the asset is fully depreciated, in which case the change in estimate is recognised directly within the income statement.

22. Pensions and other post-employment benefit plans

The Group has a defined contribution plan and a defined benefit plan.

The defined contribution plan was established as from 1 July 2007 and consists of periodic contributions made by each Mexican non-unionised worker and contributions made by the Group to the fund matching workers' contributions, capped at 8% of the employee's annual salary.

The defined benefit plan provides pension benefits based on each worker's earnings and years of services provided by personnel hired up to 30 June 2007 as well as statutory seniority premiums for both unionised and non-unionised workers.

The overall investment policy and strategy for the Group's defined benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits and statutory seniority premiums for non-unionised workers as they fall due while also mitigating the various risks of the plan. However, the portion of the plan related to statutory seniority premiums for unionised workers is not funded. The investment strategies for the plan are generally managed under local laws and regulations. The actual asset allocation is determined by current and expected economic and market conditions and in consideration of specific asset class risk in the risk profile. Within this framework, the Group ensures that the trustees consider how the asset investment strategy correlates with the maturity profile of the plan liabilities and the respective potential impact on the funded status of the plan, including potential short-term liquidity requirements.

Death and disability benefits are covered through insurance policies.

The following tables provide information relating to changes in the defined benefit obligation and the fair value of plan assets:

	Pension cost charge to income statement						Remeasurement gains/(losses) in OCI					Balance at
	Balance at 1 January 2024	Service cost	Net interest	Foreign exchange	Sub-total Foreign exchange	Recognised Benefits paid	Return on plan assets (excluding amounts included in net interest)	Actuarial changes arising from changes in financial assumptions	Sub-total included in OCI ¹	Contributions by employer	Defined benefit decrease due to personnel transfer	31 December 2024
												US\$ thousands
Defined benefit obligation	(32,671)	222	(2,664)	5,713	3,271	1,458		(672)	(672)		(496)	(29,110)
Fair value of plan assets	19,460		1,486	(3,252)	(1,766)	(1,120)	474		474	256	352	17,656
Net benefit liability	(13,211)	222	(1,178)	2,461	1,505	338	474	(672)	(198)	256	(144)	(11,454)

	Pension cost charge to income statement						Remeasurement gains/(losses) in OCI					
	Balance at January 1 2023	Service cost	Net interest	Foreign exchange	Sub-total recognised in the year	Benefits paid	Return on plan assets (excluding amounts included in net interest)	Actuarial changes arising from changes in financial assumptions	Sub-total included in OCI ¹	Contributions by employer	Defined benefit decrease due to personnel transfer	Balance at 31 December 2023
												US\$ thousands
Defined benefit obligation	(26,014)	(1,797)	(2,559)	(3,952)	(8,308)	2,133		(457)	(457)		(25)	(32,671)
Fair value of plan assets	16,552		1,871	2,527	4,398	(2,133)	331		331	332	(20)	19,460
Net benefit liability	(9,462)	(1,797)	(688)	(1,425)	(3,910)	-	331	(457)	(126)	332	(45)	(13,211)

Of the total defined benefit obligation, US\$12.1 million (2023: US\$13.9 million) relates to statutory seniority premiums for unionised workers which are not funded. The expected contributions to the plan for the next annual reporting period are nil. The principal assumptions used in determining pension and other post-employment benefit obligations for the Group's plans are shown below:

	As at 31 December	
	2024 %	2023 %
Discount rate	10.14	10.08
Future salary increases (National Consumer Price Index)	5.25	5.25

The life expectancy of current and future pensioners, men and women aged 65 and older will live on average for a further 22.5 and 23.7 years respectively (2023: 23.2 years for men and 26.0 for women). The weighted average duration of the defined benefit obligation is 7.8 years (2023: 8.7 years).

The fair values of the plan assets were as follows:

	As at 31 December	
	2024 US\$ thousands	2022 US\$ thousands
State owned companies	279	337
Mutual funds (fixed rates)	17,377	19,123
	17,656	19,460

As at 31 December 2024 and 2023, all the funds were invested in quoted debt instruments.

The pension plan has not invested in any of the Group's own financial instruments nor in properties or assets used by the Group.

A quantitative sensitivity analysis for significant assumptions as at 31 December 2024 is as shown below:

Assumptions	Discount rate		Future salary increases (NCPI)		Life expectancy of pensioners
	0.5%	0.5%	0.5%	0.5%	+ 1
Sensitivity Level	Increase	Decrease	increase	decrease	Increase
Year ended 31 December 2024					
(Decrease)/increase to the net defined benefit obligation (US\$ thousands)	(1,026)	1,101	270	(260)	167
Year ended 31 December 2023					
(Decrease)/increase to the net defined benefit obligation (US\$ thousands)	(1,152)	1,243	215	(226)	289

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The pension plan is not sensitive to future changes in salaries other than in respect of inflation.

23. Trade and other payables

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Trade payables	110,891	118,110
Other payables to related parties (note 27(a))	39,203	56,434
Accrued expenses	38,188	54,749
Other taxes and contributions	35,497	28,812
	223,779	258,105

Trade payables are mainly for the acquisition of materials, supplies and contractor services. These payables do not accrue interest and no guarantees have been granted. The fair value of trade and other payables approximate their book values.

Balances corresponding to Accrued expenses and Other taxes and contributions are not financial liabilities.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 31.

24. Commitments

A summary of capital expenditure commitments by operating mines and development project is as follows:

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Saucito	28,030	30,761
Fresnillo	20,324	26,503
San Julian	4,785	14,655
Juanicipio	21,776	12,246
Herradura	16,167	6,610
Cienega	2,603	2,984
Noche Buena	-	206
Other ¹	657	4,040

	94,342	98,005
1 Mainly corresponds to Minera el Bermejal, S. de R.L. de C.V.		

25. Leases

(a) The Group as lessee

The Group leases various offices, buildings, plant and equipment and IT equipment. The resulting lease liability is as follows:

	As at	
	31 December 2024 US\$ thousands	31 December 2023 US\$ thousands
IT equipment	5,925	10,387
Plant and equipment	3,123	3,501
Buildings	2,845	702
Total lease liability	11,893	14,590
Less - Current portion	4,312	4,813
Non-current portion	7,581	9,777

The total cash outflow for leases for the year ended 31 December 2024, except short term and low value leases, amounts to US\$7.0 million (2023: US\$7.3 million), including finance costs of US\$1.6 million (2023: US\$1.2 million). The table below details right-of-use assets included as property plant and equipment in note 13.

	Year ended 31 December 2024			
	Buildings	Computer equipment	Plant and Equipment	Total
	US\$ thousands			
Cost				
At 1 January 2024	5,035	19,279	4,056	28,370
Additions	942	1,329	83	2,354
Disposals	(70)	(4,820)	-	(4,890)
At 31 December 2024	5,907	15,788	4,139	25,834
Accumulated depreciation				
At 1 January 2024	(3,034)	(11,155)	(801)	(14,990)
Depreciation for the year	(763)	(3,926)	(589)	(5,278)
Disposals	68	4,780	-	4,848
At 31 December 2024	(3,729)	(10,301)	(1,390)	(15,420)
Net book amount at 31 December 2024	2,178	5,487	2,749	10,414

Year ended 31 December 2023				
	Buildings	Computer equipment	Plant and Equipment	Total
US\$ thousands				
Cost				
At 1 January 2023	4,620	21,284	3,933	29,837
Additions	723	4,286	123	5,132
Disposals	(308)	(6,291)	-	(6,599)
At 31 December 2023	5,035	19,279	4,056	28,370
Accumulated depreciation				
At 1 January 2023	(2,585)	(12,394)	(234)	(15,213)
Depreciation for the year	(739)	(4,880)	(567)	(6,186)
Disposals	290	6,119	-	6,409
At 31 December 2023	(3,034)	(11,155)	(801)	(14,990)
Net book amount at 31 December 2023	2,001	8,124	3,255	13,380

Amounts recognised in profit and loss for the year, additional to depreciation of right-of-use assets, included US\$1.6 million (2023: US\$1.2 million) relating to interest expense, US\$62.1 million (2023: US\$73.7 million) on relating variable lease payments (note 6) of which US\$2.9 million (2023: US\$4.2 million) were capitalised as a part of stripping cost, US\$0.3 million (2023: US\$0.9 million) relating to short-term leases and US\$2.7 million (2023: US\$2.9 million) relating to low-value assets.

(b) The Group as a lessor

Operating leases, in which the Group is the lessor, relate to mobile equipment owned by the Group with lease terms of between 12 to 36 months. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the equipment at the expiry of the lease period. The Group's leases as a lessor are not material.

26. Contingencies

As of 31 December 2024, the Group has the following contingencies:

- The Group is subject to various laws and regulations which, if not observed, could give rise to penalties.
- Tax periods remain open to review by the Mexican tax authorities (SAT, by its Spanish acronym) in respect of income taxes for five years following the date of the filing of corporate income tax returns, during which time the authorities have the right to raise additional tax assessments including penalties and interest. Under certain circumstances, the reviews may cover longer periods. As such, there is a risk that transactions, and in particular related party transactions, that have not been challenged in the past by the authorities, may be challenged by them in the future.

It is not practical to determine the amount of any potential claims or the likelihood of any unfavourable outcome arising from this or any future inspections that may be initiated. However, management believes that its interpretation of the relevant legislation is appropriate and that the Group has complied with all regulations and paid or accrued all taxes and withholding taxes that are applicable.

- On 8 May 2008, the Company and Peñoles entered into the Separation Agreement (the 'Separation Agreement'). This agreement relates to the separation of the Group and the Peñoles Group and governs certain aspects of the relationship between the Fresnillo Group and the Peñoles Group following the initial public offering in May 2008 ('Admission'). The Separation Agreement provides for cross-indemnities between the Company and Peñoles so that, in the case of Peñoles, it is held harmless against losses, claims and liabilities (including tax liabilities) properly attributable to the precious metals business of the Group and, in the case of the Company, it is held harmless by Peñoles against losses, claims and liabilities which are not properly attributable to the precious metals business. Save for any liability arising in connection with tax, the aggregate liability of either party under the indemnities shall not exceed US\$250 million in aggregate.

- In 2011, following a flooding in the Saucito mine, Group filed an insurance claim in respect of the damage caused (and in respect of business interruption). This insurance claim was rejected by the insurance provider. In early 2018, after the matter had been taken to mutually agreed arbitration, the insurance claim was declared valid; however, there is disagreement about the appropriate amount to be paid. In October 2018 the Group received US\$13.6 million in respect of the insurance claim, however this does not constitute a final settlement and management continues to pursue a higher insurance payment. Due to the fact that negotiations are on-going and there is uncertainty regarding the timing and amount involved in reaching a final settlement with the insurer, it is currently not practicable to determine the total amount expected to be recovered.
- On 4 July 2024, the SAT issued the tax assessment ruling regarding the 2016 tax audit of Comercializadora de Metales Fresnillo where it confirmed its findings on the tax treatment of the Silverstream premium payment amounting to US\$16.8 million, which includes the effect of time value of the money, penalties and surcharges. The Company filed an administrative appeal on 30 August 2024 to challenge the SAT assessment.

Regarding the 2017 tax audit of Comercializadora de Metales Fresnillo, findings were shared by the SAT on 21 March 2024, which mainly relate to the tax treatment of the Silverstream transaction. The Company responded on 19 April 2024 and began a Conclusive Agreement procedure before the Mexican tax ombudsman (PRODECON).

The tax audit in respect of the Silverstream transaction for the year 2018 is ongoing, however management expects the SAT to also challenge the tax treatment of the Silverstream premium payment as in the case of the 2016 and 2017 tax audits. On 6 November 2024, the SAT initiated an audit of the income tax computation of Comercializadora de Metales Fresnillo for the year 2019. It is not practical to determine the amount of any potential claims or the likelihood of any unfavourable outcome arising from this or any future inspections that may be initiated.

The Directors and their external tax advisors consider management's interpretation of the relevant legislation and assessment of taxation to be appropriate, that the Group has complied with all regulations and paid or accrued all taxes and withholdings that are applicable and that it is probable that the Group's tax position will be sustained.

- It is probable that interest income will be earned on the Group's outstanding income and value added tax receivable balances; however, there is no certainty that this interest will be realised until the underlying balance is recovered. Due to that uncertainty, it is also not practicable to estimate the amount of interest income earned but not recovered to date.

27. Related party balances and transactions

The Group had the following related party transactions during the years ended 31 December 2024 and 2023 and balances as at 31 December 2024 and 2023.

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 balances

	Accounts receivable		Accounts payable	
	As at 31 December		As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands	2024 US\$ thousands	2023 US\$ thousands
Trade:				
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	548,760	306,668	6,622	5,840
Other:				
Industrias Peñoles, S.A.B. de C.V. ¹	16,516	5,050	-	-
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	322	261	1,791	739
Servicios Administrativos Peñoles, S.A. de C.V.	-	-	6,420	24,486
Servicios Especializados Peñoles, S.A. de C.V.	-	-	10,374	7,147
Fuentes de Energía Peñoles, S.A. de C.V.	-	-	6,373	6,239
Termoeléctrica Peñoles, S. de R.L. de C.V.	-	-	439	3,362
Peñoles Tecnología, S.A. de C.V.	-	-	1,640	1,261
Eólica de Coahuila S.A. de C.V.	-	-	2,693	2,986
Minera Capela, S.A. de C.V.	-	-	2	9

Grupo Nacional Provincial, S.A. B. de C.V. ²	357	5,715	-	-
Other	144	483	2,849	4,365
Sub-total	566,099	318,177	39,203	56,434
Less-current portion	566,099	318,177	39,203	56,434
Non-current portion	-	-	-	-

¹ This balance corresponds to the cash receivable related to the Silverstream contract, see note 14.

² This balance corresponds to excess payments to the defined contribution plan which will be refunded.

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

Other balances with related parties:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
<i>Silverstream contract:</i>		
Industrias Peñoles, S.A.B. de C.V.	258,641	482,340

The Silverstream contract can be settled in either silver or cash. Details of the Silverstream contract are provided in note 14.

(b) Principal transactions with affiliates, including Industrias Peñoles S.A.B de C.V., the Company's parent, are as follows:

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Income:		
<i>Sales:</i>		
Metalúrgica Met-Mex Peñoles, S.A. de C.V. ¹	3,481,650	2,704,452
<i>Insurance recovery</i>		
Grupo Nacional Provincial, S.A. B. de C.V.	8,317	241
<i>Other income</i>	4,678	4,012
Total income	3,494,645	2,708,705

¹ Invoiced revenues are derived from the value of metal content which is determined by commodity market prices and adjusted for the treatment and refining charges to be incurred by the metallurgical complex (refer to note 5(c)).

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Expenses:		
<i>Administrative services:</i>		
Servicios Administrativos Peñoles, S.A. de C.V. ²	52,352	56,636
Servicios Especializados Peñoles, S.A. de C.V. ³	18,738	26,626
Peñoles Tecnología, S.A. de C.V.	4,970	5,343
	76,060	88,605
<i>Energy:</i>		
Termoeléctrica Peñoles, S. de R.L. de C.V.	7,295	28,454
Fuentes de Energía Peñoles, S.A. de C.V.	35,711	15,945
Eólica de Coahuila S.A. de C.V.	46,057	33,563
	89,063	77,962
<i>Operating materials and spare parts:</i>		
Wideco Inc	5,315	5,383
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	55,525	35,551
	60,840	40,934
<i>Equipment repair and administrative services:</i>		
Serviminas, S.A. de C.V.	2,760	10,068
<i>Insurance premiums:</i>		
Grupo Nacional Provincial, S.A. B. de C.V.	21,068	18,909
<i>Other expenses:</i>	2,755	3,960
Total expenses	252,546	240,438

² Includes US\$0.9 million (2023: US\$0.6 million) corresponding to expenses reimbursed.

³ Includes US\$8.5 million (2023: US\$9.6 million) relating to engineering costs that were capitalised.

(c) Compensation of key management personnel of the Group

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

	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Salaries and bonuses	6,044	3,412
Post-employment benefits	395	290
Other benefits	342	435
Total compensation paid in respect of key management personnel	6,781	4,137

	As at 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Accumulated accrued defined benefit pension entitlement	4,325	5,035

This compensation includes amounts paid to directors disclosed in the Directors' Remuneration Report.

The accumulated accrued defined pension entitlement represents benefits accrued at the time the benefits were frozen. There are no further benefits accruing under the defined benefit scheme in respect of current services.

28. Auditor's remuneration

Fees due by the Group to its auditor during the year ended 31 December 2024 and 2023 are as follows:

Class of services	Year ended 31 December	
	2024 US\$ thousands	2023 US\$ thousands
Fees payable to the Group's auditor for the audit of the Group's annual accounts	2,048	1,616
Fees payable to the Group's auditor and its associates for other services as follows:		
The audit of the Company's subsidiaries pursuant to legislation	975	650
Audit-related assurance services ¹	748	773
Total	3,771	3,039

¹ Includes US\$0.6 million (2023: US\$0.6 million) for the limited review of the Half Yearly financial report, US\$0.2 (2023: US\$0.1 million) for the Mexican tax audit opinions and US\$0.1 million (2023: US\$0.1 million) for the limited assurance services over certain GHG's KPIs.

29. Notes to the consolidated statement of cash flows

	Notes	2024 US\$ thousands	2023 US\$ thousands
Reconciliation of profit for the year to net cash generated from operating activities			
Profit for the year		226,691	288,300
Adjustments to reconcile profit for the period to net cash inflows from operating activities:			
Depreciation and amortisation	13	620,867	498,469
Employee profit sharing	8	13,609	2,390
Deferred income tax expense/(credit)	11	264,111	(283,680)
Current income tax expense	11	253,100	109,398
Write-off of assets	9	1,704	1,920
Gain on the sale of property, plant and equipment and other assets		(1,004)	(882)
Net finance costs		25,131	36,974
Foreign exchange loss/(gain)		(2,200)	(1,142)
Difference between pension contributions paid and amounts recognised in the income statement		(63)	2,061
Non-cash movement on derivatives		(301)	(2)
Changes in fair value of Silverstream	14	182,276	(7,732)
Change in mine closure cost provision	9	8	3,226
Gain in sale of mining concessions	9	(24,149)	-
Other		-	38
			117

Working capital adjustments

Increase in trade and other receivables	(196,196)	(45,597)
Decrease in prepayments and other assets	10,741	10,396
Decrease in inventories	50,556	54,631
(Decrease)/increase in trade and other payables	(28,016)	1,196
Cash generated from operations	1,396,865	669,964
Income tax paid ¹	(94,957)	(233,060)
Employee profit sharing paid	(2,106)	(10,982)
Net cash from operating activities	1,299,802	425,922

1 Income tax paid includes US\$72.1 million corresponding to corporate income tax (2023: US\$187.0 million) and US\$22.9 million corresponding to special mining right (2023: US\$46.0 million), for further information refer to note 11.

30. Financial instruments

(a) Fair value category

As at 31 December 2024

US\$ thousands

	Amortized cost	Fair value through OCI	Fair value (hedging instruments)	Fair value through profit or loss
Financial assets:				
Trade and other receivables ¹	8,542	-	-	565,276
Equity instruments at FVOCI	-	139,968	-	-
Silverstream contract (note 14)	-	-	-	258,641
Financial liabilities:		Amortized cost	Fair value (hedging instruments)	Fair value through profit or loss
Interest-bearing loans (note 20)		839,507	-	-
Notes payable ²		2,055	-	-
Trade and other payables (note 23)		2,150,094	-	-
Derivative financial instruments		-	189	-

As at 31 December 2023

US\$ thousands

	Amortized cost	Fair value through OCI	Fair value (hedging instruments)	Fair value through profit or loss
Financial assets:				
Trade and other receivables ¹	9,894	-	-	311,718
Equity instruments at FVOCI	-	107,991	-	-
Silverstream contract (note 14)	-	-	-	482,340
Derivative financial instruments	-	-	79	-
Financial liabilities:		Amortized cost	Fair value (hedging instruments)	Fair value through profit or loss
Interest-bearing loans (note 20)		839,002	-	-
Notes payable ²		95,360	-	-
Trade and other payables (note 23)		174,544	-	-

1 Trade and other receivables and embedded derivative within sales contracts are presented net in Trade and other receivables in the balance sheet.

2 Corresponds to interest-bearing notes payable received from Minera los Lagartos, S.A. de C.V. which holds a non-controlling interest in Juanicipio project. The notes are denominated in US Dollars and bear interest at a of 6.76% (2023: 6.72% to 7.36%) with a maturity of six months. (2023: nine to eighteen months US\$72.6 million short-term and US\$22.7 million long-term.). During the year there were no proceeds and payments from these Notes amounted to US\$92.4 million (2023: proceeds amounted to US\$22.7 million, and payments amounted to US\$33.0 million). Interest paid amounted to US\$5.0 million (2023: US\$7.6 million).

(b) Fair value measurement

The value of financial assets and liabilities other than those measured at fair value are as follows:

	Carrying amount		As at 31 December	
			Fair value	
	2024 US\$ thousands	2023 US\$ thousands	2024 US\$ thousands	2023 US\$ thousands
Financial assets:				
Trade and other receivables	8,542	9,894	8,542	9,894
Financial liabilities:				
Interest-bearing loans ¹ (note 20)	839,507	839,002	605,396	645,745
Trade and other payables	150,094	174,544	150,094	174,544
Notes payable	2,055	95,360	2,055	95,324

¹ Interest-bearing loans are categorised in Level 1 of the fair value hierarchy.

The financial assets and liabilities measured at fair value are categorised into the fair value hierarchy as at 31 December as follows:

	As of 31 December 2024			
	Fair value measure using			
	Quoted prices in active markets Level 1 US\$ thousands	Significant observable Level 2 US\$ thousands	Significant unobservable Level 3 US\$ thousands	Total US\$ thousands
Financial assets:				
Trade receivables	-	-	548,760	548,760
Other receivables from related parties ¹	-	-	16,516	16,516
Derivative financial instruments:				
Option and forward foreign exchange contracts	-	-	-	-
Silverstream contract	-	-	258,641	258,641
Other financial assets:				
Equity instruments at FVOCI	139,968	-	-	139,968
	139,968	-	823,917	963,885

¹ This balance corresponds to the cash receivable related to the Silverstream contract, see note 14.

As of 31 December 2023

	Fair value measure using			
	Quoted prices in active markets Level 1	Significant observable Level 2	Significant unobservable Level 3	Total
	US\$ thousands	US\$ thousands	US\$ thousands	US\$ thousands
Financial assets:				
Trade receivables	-	-	306,668	306,668
Other receivables from related parties ¹	-	-	5,050	5,050
Derivative financial instruments:				
Option and forward foreign exchange contracts	-	79	-	79
Silverstream contract	-	-	482,340	482,340
Other financial assets:				
Equity instruments at FVOCI	107,991	-	-	107,991
	107,991	79	794,058	902,128

¹ This balance corresponds to the cash receivable related to the Silverstream contract, see note 14.

There have been no 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 14) is shown below:

	2024 US\$ thousands	2023 US\$ thousands
Balance at 1 January:	306,668	275,844
Sales	3,503,662	2,706,292
Cash collection	(3,254,312)	(2,674,262)
Changes in fair value	32,638	27,034
Realised embedded derivatives during the year	(39,896)	(28,240)
Balance at 31 December	548,760	306,668

The fair value of financial assets and liabilities is included at reflects the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

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 foreign currency forward (Level 2) 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

Further information relating to the valuation techniques used to estimate the fair value of the Silverstream contract as well as the sensitivity of the valuation to the key inputs are disclosed in note 14.

Equity investments:

The fair value of equity investments is derived from quoted market prices in active markets (Level 1). These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature. As of 31 December 2024, approximately 90.4% of the investments correspond to 9,314,877 shares (2023: 9,314,877 shares) of Mag Silver, Corp. for an amount of US\$126.5 million (2023: US\$96.9 million) and 7.3% of Endeavor Silver Corp. represented by 2,800,000 (2023: 2,800,000 shares) shares for an amount of US\$10.3 million (2023: US\$5.5 million). These equity investments are listed on the Toronto stock Exchange. The prices per share as 31 December 2024 were US\$13.58 (2023: US\$10.41) and US\$3.66 (2023: US\$1.96), respectively.

In August 2024 the Group purchased 500,000 shares of Osisko Mining Inc., a Canadian exploration company, for a total consideration of US\$1.5 million. In October 2024 the Group disposed its equity investment of 1,500,000 shares in Osisko Mining Inc. The shares sold had a fair value of US\$5.1 million and the Group realised a gain of US\$1.0 million which had already been included in OCI. This gain has been transferred to retained earnings, net of tax of US\$0.3 million.

Interest-bearing loans

The fair value of the Group's interest-bearing loan is derived from quoted market prices in active markets (Level 1).

Trade receivables:

Sales of concentrates, precipitates doré bars and activated carbon 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 (see note 2 (o)). This price exposure is considered to be an embedded derivative and therefore the entire related trade receivable is measured at fair value.

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.

31. Financial risk management

Overview

The Group's principal financial assets and liabilities, other than derivatives, comprise trade and other receivables, cash, equity instruments at FVOCI, interest-bearing loans, notes payable and trade payables.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk, including foreign currency, commodity price, interest rate and equity price risks
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for assessing and managing risk. Further quantitative disclosures are included throughout the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Fresnillo Audit Committee has responsibility for overseeing how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) Market risk

Market risk is the risk that changes in market factors, such as foreign exchange rates, commodity prices or interest rates will affect the Group's income or the value of its financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

In the following tables, the effect on equity excludes the changes in retained earnings as a direct result of changes in profit before tax.

Foreign currency risk

The Group has financial instruments that are denominated in Mexican peso and other foreign currencies which are exposed to foreign currency risk. Transactions in currencies other than the US dollar include the purchase of services, fixed assets, spare parts and the payment of dividends. As a result, the Group has financial assets and liabilities denominated in currencies other than functional currency and holds cash and cash equivalents in Mexican peso.

In order to manage the Group's exposure to foreign currency risk on expenditure denominated in currencies other than the US dollar, the Group has entered into certain forward and option derivative contracts.

The following table demonstrates the sensitivity of cash and cash equivalents, trade and other receivables, trade and other payables and derivatives financial instruments (excluding Silverstream which impact is disclosed in note 14) to a reasonably possible change in the US dollar exchange rate compared to the Mexican peso, reflecting the impact on the Group's profit before tax and equity, with all other variables held constant. It is assumed that the same percentage change in exchange rates is applied to all applicable periods for the purposes of calculating the sensitivity with relation to derivative financial instruments.

Year ended 31 December	Strengthening/ (weakening) of US dollar	Effect on profit before tax: increase/ (decrease) US\$ thousands	Effect on equity: increase/ (decrease) US\$ thousands
2024	10%	955	(582)
	(5%)	(2,228)	582
2023	10%	(1,504)	(275)
	(5%)	871	276

The Group's exposure to reasonably possible changes in other currencies is not material.

Commodity risk

The Group has exposure to changes in metals prices (specifically silver, gold, lead and zinc) which have a significant effect on the Group's results. These prices are subject to global economic conditions and industry-related cycles.

The table below reflects the aggregate sensitivity of financial assets and liabilities (excluding Silverstream which impact is disclosed in note 14) to a reasonably possible change in commodities prices, reflecting the impact on the Group's profit before tax with all other variables held constant.

The sensitivity shown in the table below relates to changes in fair value of commodity derivatives financial instruments contracts (excluding Silverstream) and embedded derivatives in sales.

Year ended 31 December	Increase/(decrease) in commodity prices				Effect on profit before tax: increase/(decrease) US\$ thousands	Effect on equity: increase/(decrease) US\$ thousands
	Gold	Silver	Zinc	Lead		
2024	10%	15%	10%	10%	38,509	-
	(10%)	(15%)	(10%)	(10%)	(38,509)	-
2023	10%	10%	10%	10%	26,375	-
	(10%)	(10%)	(10%)	(10%)	(26,375)	-

Interest rate risk

The Group is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments, principally relating to the cash balances and the Silverstream contract held at the balance sheet date as explained in note 14. Interest-bearing loans and notes payable are at a fixed rate, therefore the possibility of a change in interest rate only impacts its fair value but not its carrying amount. Therefore, interest-bearing loans, notes payable and loans from related parties are excluded from the table below.

The following table demonstrates the sensitivity of financial assets and financial liabilities (excluding Silverstream which impact is disclosed in note 14) to a reasonably possible change in interest rate applied to a full year from the balance sheet date. There is no impact on the Group's equity other than the equivalent change in retained earnings.

Year ended 31 December	Basis point increase/(decrease) in interest rate	Effect on profit before tax: increase/(decrease) US\$ thousands
2024 ¹	-	-
	(50)	(6,556)
2023 ¹	-	-
	(75)	(3,307)

The sensitivity shown in the table above primarily relates to the full year of interest on cash balances held as at the year end.

¹ Based on actual market conditions management considers an increase in interest rates is likely remote.

Equity price risk

The Group has exposure to changes in the price of equity instruments that it holds as equity investments at FVOCI.

The following table demonstrates the sensitivity of equity investments at FVOCI to a reasonably possible change in market price of these equity instruments, reflecting the effect on the Group's profit before tax and equity:

Year ended 31 December	Increase/ (decrease) in equity price	Effect on profit before tax: increase/ (decrease) (US\$ thousands)	Effect on equity: increase/ (decrease) US\$ thousands
2024	80%	-	111,958
	(20%)	-	(27,989)
2023	40%	-	43,196
	(45%)	-	(48,596)

(b) Credit risk

Exposure to credit risk arises as a result of transactions in the Group's ordinary course of business and is applicable to trade and other receivables, cash and cash equivalents, the Silverstream contract and derivative financial instruments.

The Group's policies are aimed at minimising losses as a result of counterparties' failure to honour their obligations. Individual exposures are monitored with customers subject to credit limits to ensure that the Group's exposure to bad debts is not significant. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counter party. The Group's financial assets are with counterparties with what the Group considers to have an appropriate credit rating. As disclosed in note 27, the counterparties to a significant proportion of these financial assets are related parties. At each balance sheet date, the Group's financial assets were neither credit-impaired nor past due, other than 'Other receivables' as disclosed in note 16. The Group's policies are aimed at minimising losses from foreign currency hedging contracts. The Company's foreign currency hedging contracts are entered into with large financial institutions with strong credit ratings.

The Group has a high concentration of trade receivables with one counterparty Met-Mex Peñoles, the Group's principal customer throughout 2024 and 2023. A further concentration of credit risk arises from the Silverstream contract. Both Met-Mex and the counterparty to the Silverstream contract are subsidiaries in the Peñoles group which currently owns 75 per cent of the shares of the Company and is considered by management to be of appropriate credit rating.

The Group's surplus funds are managed by Servicios Administrativos Fresnillo, S.A. de C.V., which manages cash and cash equivalents, including short-term investments investing in several financial institutions. Accordingly, on an ongoing basis the Group deposits surplus funds with a range of financial institutions, depending on market conditions. In order to minimise exposure to credit risk, the Group only deposits surplus funds with financial institutions with a credit rating of MX-1 (Moody's) and mxA-1+ (Standard and Poor's) and above. As at 31 December 2024, the Group had concentrations of credit risk as 22 percent of surplus funds were deposited with one financial institution of which the total investment was held in short term deposits.

The maximum credit exposure at the reporting date of each category of financial asset above is the carrying value as detailed in the relevant notes. See note 17 for the maximum credit exposure to cash and cash equivalents and short-term investments, note 16 for other receivables and note 27 for related party trade and other receivables. The maximum credit exposure with relation to the Silverstream contract is the value of the derivative as at 31 December 2024, being US\$200.6 million (2023: US\$482.3 million).

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors its risk of a shortage of funds using projected cash flows from operations and by monitoring the maturity of both its financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	US\$ thousands				
	Within 1 year	2-3 years	3-5 years	> 5 years	Total
As at 31 December 2024					
Interest-bearing loans	37,986	75,973	75,973	1,647,713	1,837,645
Trade and other payables	,150,094	-	-	-	150,094
Notes payable	2,055	-	-	-	2,055
Lease liabilities	4,994	6,092	2,604	-	13,691
As at 31 December 2023					
Interest-bearing loans	37,986	75,973	75,973	1,685,699	1,875,631
Trade and other payables	180,565	-	-	-	180,565
Notes payable	72,634	22,726	-	-	95,360
Lease liabilities	5,944	7,502	2,829	494	16,769

The payments for financial derivative instruments are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding estimated inflows based on the contractual terms:

	US\$ thousands				
	Within 1 year	2-3 years	3-5 years	> 5 years	Total
As at 31 December 2024					
Inflows	13,191	-	-	-	13,191
Outflows	(12,403)	-	-	-	(12,403)
Net	788	-	-	-	788

	US\$ thousands				
	Within 1 year	2-3 years	3-5 years	> 5 years	Total
As at 31 December 2023					
Inflows	5,777	-	-	-	5,777
Outflows	(5,587)	-	-	-	(5,587)
Net	190	-	-	-	190

The above liquidity tables include expected inflows and outflows from currency option contracts which the Group expects to be exercised during 2025 as at 31 December 2024 and during 2024 as at 31 December 2023, either by the Group or counterparty.

Management considers that the Group has adequate current assets and forecast cash from operations to manage liquidity risks arising from current liabilities and non-current liabilities.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios that support its business and maximise shareholder value. Management considers capital to consist of equity and interest-bearing loans, excluding net unrealised gains or losses on revaluation of derivatives financial instruments and equity instruments at FVOCI. Refer to notes 18, 20 and 30 respectively for a quantitative summary of these items.

In order to ensure an appropriate return for shareholders' capital invested in the Group, management thoroughly evaluates all material projects and potential acquisitions and approves them at its Executive Committee before submission to the Board for ultimate approval, where applicable. The Group's dividend policy is based on the profitability of the business and underlying growth in earnings of the Group, as well as its capital requirements and cash flows, including cash flows from the Silverstream.

One of the Group's metrics of capital is cash and other liquid assets which in 2024 and 2023 consisted of only cash and cash equivalents, which details are disclosed in note 17.

In January 2024 the Group entered into a syndicated revolving credit facility ("the facility") with a term from January 2024 to January 2029. The maximum amount available under the facility is US\$350.0 million. The facility is unsecured and has an interest rate on drawn amounts of SOFR plus an interest margin of 1.15%. The terms of this facility include financial covenants related to leverage and interest cover ratios. No amounts have been drawn from the facility to date.