



Fresnillo plc
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30 July 2024

Fresnillo plc interim results for the six months to 30 June 2024

Octavio Alvi6rez, Chief Executive Officer, commented:

"I am pleased to report an increase in profitability over the period, driven by a steady production performance combined with careful cost management and higher gold and silver prices. As a result, we are able to confirm an increase in dividends to our shareholders in line with our policy.

"We remain confident in the outlook. We are on track to meet full year production guidance and we are committed to managing our operations efficiently without compromising on the safety of our people or on continued investment into our longer term growth pipeline."

First half highlights

Financial highlights (1H24/1H23 comparisons)

- Adjusted Revenues^[1] of US\$1,560.2m, up 9.0%; mainly due to higher gold and silver prices, and increased volumes of silver, zinc and lead sold, partly offset by a decreased volume of gold sold.
- Revenues of US\$1,488.3m, up 10.8%.
- Adjusted production costs^[2] of US\$844.2m, up 9.1% over 1H23 primarily due to longer haulage distances and deeper mines which increased maintenance costs, contractors and diesel consumption - mainly at Herradura and Fresnillo; the revaluation of the Mexican peso vs. the US dollar; cost inflation; and the higher volumes of ore processed at some of our mines.
- Cost of sales of US\$1,095.9m, up 3.3% mainly as a result of the higher adjusted production costs and increased depreciation, partly mitigated by the positive effect of the variation in change in inventories.
- Gross profit and EBITDA^[3] of US\$392.4m and US\$544.2m, up 38.8% and 55.1%, respectively.
- Exploration expenses of US\$77.2m, down 20.3% as exploration spend was front-loaded in 1H23.
- Profit from continuing operations before net finance costs and income tax and profit before

- Profit from continuing operations before net finance costs and income tax and profit before income tax of US\$235.2m and US\$277.8m, up 189.7% and 480.4%, respectively.
- Profit for the period of US\$117.7m, up 31.2% from US\$89.7m.
- Basic and diluted EPS from continuing operations of US\$10.7 cents per share, up 21.6%.
- Adjusted EPS^[4] of US\$4.4 cents per share, down 57.7% vs. 1H23.
- Cash generated from operations, before changes in working capital, of US\$547.9m, up 69.7%.
- Free cash flow^[5] of US\$187.4m in 1H24 (US\$18.7m in 1H23).
- Strong balance sheet with cash and other liquid funds as at 30 June 2024 of US\$691.0m (31 December 2023: \$889.7m); net debt/EBITDA of 0.17x⁶ (31 December 2023: 0.46x).
- Interim dividend of 6.40 US cents per share, totaling US\$47.2m (1H23: US\$10.3m).

Operational highlights (1H24/1H23 comparisons)

As disclosed in the 2Q24 production report on 24 July 2024:

- First half attributable silver production of 28.2 moz (including Silverstream), broadly unchanged vs. 1H23.
- First half attributable gold production of 270.9 koz, down 16.8% vs. 1H23.
- Ongoing focus on safety, cost control and productivity.

Highlights for 1H24

US\$ million unless stated	H1 24	H1 23	% change
Silver production (koz) *	28,169	28,018	0.5
Gold production (oz)	270,872	325,415	(16.8)
Total revenues	1,488.3	1,343.3	10.8
Adjusted revenues ¹	1,560.2	1,430.8	9.0
Cost of Sales	1,095.9	1,060.6	3.3
Gross profit	392.4	282.7	38.8
Adjusted production costs ²	844.2	773.9	9.1
Exploration expenses	77.2	96.9	20.3
EBITDA ³	544.2	351.0	55.0
Profit for the period	117.7	89.7	31.2
Cash generated by operations before changes in working capital	547.9	322.9	69.7
Basic and Diluted EPS (US\$) ⁴	0.107	0.088	21.6
Basic and Diluted EPS, excluding post-tax Silverstream revaluation effects (US\$)	0.044	0.104	(57.7)
Dividend per ordinary share (US\$)	0.064	0.014	357.1

* Silver production includes volumes realised under the Silverstream contract

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

² 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 The weighted average number of shares for H1 2024 and H1 2023 was 736.9m. See Note 8 in the Interim Consolidated Financial Statements.

Commentary on the Group's results

Operating results

First half attributable silver production of 28.2 moz (including Silverstream) broadly unchanged vs. 1H23 with the higher ore grade and increased volume of ore processed at San Julián Veins, Saucito and Ciénega, and the increased contribution from Juanicipio, offset by the lower production from San Julián DOB and the decreased volume of ore processed and lower ore grade at Fresnillo.

First half gold production of 270.9 koz, down 16.8% vs. 1H23 mainly due to lower ore grade and decreased volume of ore processed at Herradura and the mine closure plan at Noche Buena, partly offset by the increase in volume of ore processed and higher ore grade at San Julián Veins and Ciénega, and higher ore grade at Fresnillo.

First half attributable by-product lead and zinc production up 16.3% and 11.3% vs. 1H23 respectively, mainly due to increased volume of ore processed and higher ore grades at Saucito and Juanicipio, partly offset by the decreased contribution from San Julián DOB.

Our safety indicators improved in 1H24, with the Total Recordable Injury Frequency Rate (TRIFR) and the Lost-time Injury Frequency Rate (LTIFR) decreasing to 7.87 (12.08 in FY 2023) and 5.36 (7.40 in FY 2023) in 1H24, respectively. Though we welcome this performance, we must continue to work hard to ensure the safety of our people across all our operations. To that end, we are sad to report of a fatal incident earlier this year resulting in the tragic loss of one of our colleagues. We continue reinforcing the mechanisms of our 'I Care, We Care' philosophy across our business to instill a true culture of safety, while enhancing leadership practices and improving safety management tools across all our operations.

Financial results

Total revenue increased by 10.8% to US\$1,488.3 million in 1H24, mainly due to the higher gold and silver prices and increased volumes of silver, zinc and lead sold, partly offset by the decrease in gold ounces sold.

The average realised silver price increased 18.5% from US\$23.3 per ounce in 1H23 to US\$27.6 per ounce in 1H24, while the average realised gold price rose 11.4%, from US\$1,948.9 per ounce in 1H23 to US\$2,171.9 per ounce in 1H24. The average realised lead by-product price increased to US\$96.1 cents per pound, up 2.5% vs 1H23, while the average realised zinc by-product price remained at US\$122.4 cents per pound.

Adjusted production costs^[6] increased by 9.1% to US\$844.2 million in 1H24. The US\$70.3 million increase resulted mainly from: i) longer haulage distances and deeper mines which increased maintenance and contractor costs and diesel consumption, mainly at Herradura and Fresnillo (+US\$50.0 million); ii) the adverse effect of the 6.1% average revaluation of the Mexican peso vs. the US dollar (+US\$30.8 million); iii) underlying cost inflation (1.7%) excluding the revaluation of the Mexican peso vs. US dollar (+US\$18.8 million); iv) higher volume of ore processed at some of the mines (+US\$26.7 million); and v) others (+US\$4.9 million). These adverse effects were mitigated by efficiencies and economies of scale achieved mainly at Saucito, Juanicipio, Ciénega and San Julián veins (-US\$60.9 million).

The higher depreciation, primarily of the asset base at San Julián DOB as it approaches the end of its life, and the additional asset base at Juanicipio also contributed to the increase in cost of sales.

These adverse effects were mitigated by the favourable effects of the variation in the change in inventories, and the non-occurrence of unproductive costs in 1H24 vs. the negative effect in 1H23 mainly related to fixed costs incurred during the temporary illegal stoppage at Herradura and Noche Buena.

The factors mentioned above resulted in a 3.3% increase in cost of sales compared with 1H23.

The increase in revenues more than offset the rise in cost of sales, resulting in a 38.8% increase in gross profit to US\$392.4 million in 1H24.

Exploration expenses of US\$77.2 million for 1H24 decreased 20.3% from the US\$96.9 million in 1H23 as the exploration programme was accelerated at both brownfield and greenfield projects in the latter period.

In 1H24, net other operating expense of US\$4.8 million was recognised in the income statement. This compared favourably to the net other operating expense of US\$33.5 million registered in 1H23, mainly driven by the identification of certain suspected illegal extraction of gold ounces from the Soledad-Dipolos leaching pads.

Driven by an increase in gross profit, EBITDA increased by 55.1%, with EBITDA margin rising from 26.1% in 1H23 to 36.6% in 1H24. Similarly, profit from continuing operations before net finance costs and income tax increased from US\$81.2 million in 1H23 to US\$235.2 million in 1H24.

The total Silverstream effect recorded in the 1H24 income statement was a gain of US\$66.5 million (US\$21.5 million amortisation profit and US\$45.0 million revaluation gain), which compared favourably to the net loss of US\$17.0 million registered in 1H23. The positive revaluation was mainly driven by the increase in the forward silver price curve, while the negative revaluation in 1H23 was mainly driven by a reduction in reserves and resources at the Sabinas mine.

The increase in profit from continuing operations, together with the total Silverstream gain, boosted profit from continuing operations before income tax from US\$47.9 million in 1H23 to US\$277.8 million in 1H24.

Income tax expense for the period was US\$89.5 million, compared to the US\$19.5 million income tax credit in 1H23. The effective tax rate, excluding the special mining rights, was 32.2% (1H23: -40.7%), which was slightly above the 30% statutory tax rate. This variance resulted from the differences between the tax and the accounting treatment. In 1H24 the main reason was related to the effect of the 8.8% devaluation of the Mexican peso/US dollar spot exchange rate on the tax value of assets and liabilities; which was mitigated by the effect of the inflation rate (Mexican Consumer Price Index) that impacted the inflationary uplift of the tax base for assets and liabilities and the effect of the devaluation of the Mexican peso on the dollar denominated net monetary position.

Mining rights for the first half of 2024 was US\$70.6 million compared to mining rights income of US\$22.3 million recognised in 1H23. The reasons for the tax rate in mining rights were the same as the ones affecting income tax.

Profit for the period increased from US\$89.7 million in 1H23 to US\$117.7 in 1H24, a 31.2% increase half-on-half as a result of the factors described above. Profit due to non-controlling interests was US\$39.0 million reflecting the profit generated at Juanicipio, where MAG Silver owns 44% of the outstanding shares. Accordingly, the profit attributable to equity shareholders of the Group was US\$78.6 million, a 21.5% increase half-on-half.

Excluding the effects of the Silverstream contract, profit for the year decreased from US\$101.6 million to US\$71.2 million, a 29.9% decrease.

Cash generated by operations before changes in working capital increased by 69.7% to US\$547.9 million, mainly as a result of the higher profit from continuing operations generated in the year.

Capital expenditure in 1H24 totalled US\$170.3 million, a 25.2% decrease over 1H23. Investments during the period included mine development and stripping, purchase of in-mine equipment, construction of a leaching pad at Herradura, the deepening of the San Carlos and Jarillas shafts and investments in tailings dams.

Other uses of funds during the period were income tax, special mining rights and profit sharing paid of US\$71.4 million (US\$192.8 million in 1H23), repayments of loans by minority shareholders of US\$43.3 million (capital contribution and loans granted by minority shareholders US\$25.0 million in 1H23), and dividends paid of US\$31.0 million (US\$98.0 million in 1H23).

Fresnillo plc continued to maintain a solid financial position during the period with cash and cash equivalents of US\$691.0 million as of 30 June 2024, increasing 29.3% versus 31 December 2023 and decreasing 22.3% versus 30 June 2023 following the repayment of the outstanding 5.5% Senior Notes due in November 2023. Taking into account the cash and cash equivalents of US\$691.0 million and the US\$839.2 million outstanding Senior Notes, Fresnillo plc's net debt is US\$148.2 million as at 30 June 2024. This compares to the net debt position of US\$304.4 million as at 31 December 2023. Considering these variations, the balance sheet at 30 June 2024 remains strong, with a net debt / EBITDA ratio of 0.17x^[7]

Creation of the Business Development executive role and appointment of new Business Development Vice President

Fresnillo is pleased to announce the creation of a new executive role for its development and growth: Vice President of Business Development. This new executive role will be part of the Executive Committee (ExCo), together with Octavio Alvidrez (Chief Executive Officer), Mario Arreguín (Chief Financial Officer), Guillermo Gastelum (Vice President of Exploration), Tomás Iturriaga (Chief Operating Officer Central) and Daniel Diez (Chief Operating Officer North). The Company is transferring Marcelo Ramos, who held the role of Vice President of Business Development at Baluarte Minero (part of Peñoles), to Fresnillo plc with effect from 30 July 2024. Mr Ramos has more than 20 years of international metals and mining sector experience across different commodities such as gold and base metals, primarily leading M&A across different regions including North America, South America, Australia and Asia. Prior to working in Peñoles, he was Vice President of Business Development of Oceana Gold Corporation in Colorado US. Mr Ramos has a Bachelor degree of Industrial Engineering from the Universidade Federal do Rio de Janeiro, and an MBA from the Alliance Manchester Business School.

Interim Dividend

The Board of Directors has declared an interim dividend of 6.40 US cents per Ordinary Share totalling US\$47.2 million, which will be paid on 17 September 2024 to shareholders on the register on 9 August 2024. The dividend will be paid in UK pounds sterling unless shareholders elect to be paid in US dollars. This interim dividend is higher than the previous period due to the increase in profit in 1H24, and remains in line with the Group's dividend policy. This decision was made after a comprehensive review of the Group's financial situation, assuring that the Group is well placed to meet its current and future financial requirements, including its development and exploration projects.

As previously disclosed, the corporate income tax reform introduced in Mexico in 2014 created a withholding tax obligation of 10% (including to foreign nationals). The 2024 interim dividend will be subject to this withholding obligation.

Outlook

2024 guidance remains unchanged. Attributable silver production expected to be in the range of 55.0 to 62.0 moz (including Silverstream) while attributable gold production is expected to be in the range of 580 to 630 koz. Expressed in silver equivalent ounces^[8], production is expected to be 101 -112 million ounces.

Exploration expenses for 2024 has been slightly decreased and are expected to be c. US\$170 million.

Capex for 2024 has been reviewed from US\$440 million to US\$410 million.

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://www.lsegissuerservices.com/spark/Fresnillo/events/adf8b940-c38c-424b-8655-05cf79b9bfa4>

Event registration: <https://registrations.events/direct/LON563350>

For further information, please visit our website: www.fresnilloplc.com or contact:

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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, Noche Buena² and San Julián (Veins and Disseminated Ore Body) 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 has a strong and long tradition of exploring, mining, a proven track record of mine development, reserve replacement, and production costs in the lowest quartile of the cost curve for silver. Fresnillo plc's goal is to maintain the Group's position as the world's largest primary silver company and Mexico's largest gold producer.

¹ Operations at Soledad-Dipolos are currently suspended.

² Mineral extraction concluded in May 2023, however leaching of gold content inventories at the leaching pads continues.

FORWARD LOOKING STATEMENTS

Information contained in this announcement may include 'forward-looking statements'. All statements other than statements of historical facts included herein, including, without limitation, those regarding the Fresnillo Group's intentions, beliefs or current expectations concerning, amongst other things, the Fresnillo Group's results of operations, financial position, liquidity, prospects, growth, strategies and the silver and gold industries are forward-looking statements. Such forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Fresnillo Group's operations, financial position and liquidity, and the development of the markets and the industry in which the Fresnillo Group operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the results of operations, financial position and liquidity, and the development of the markets and the industry in which the Fresnillo Group operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations (including the US dollar and Mexican Peso exchanges rates), the Fresnillo Group's ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, changes in its business strategy and political and economic uncertainty.

H1 2024 Operational Review

Production

Production	H1 2024	H1 2023	% change
Silver (koz)	27,155	26,472	2.6
Silverstream prod'n (koz)	1,014	1,546	(34.4)
Total Silver prod'n (koz)	28,169	28,018	0.5
Gold (oz)	270,872	325,415	(16.8)
Lead (t)	31,830	27,363	16.3
Zinc (t)	55,397	49,788	11.3

First half attributable silver production of 28.2 moz (including Silverstream) broadly unchanged vs. 1H23 with the higher ore grade and increased volume of ore processed at San Julián Veins, Saucito and Ciénega, and the increased contribution from Juanicipio, offset by the lower production from San Julián DOB and the decreased volume of ore processed and lower ore grade at Fresnillo.

First half gold production of 270.9 koz, down 16.8% vs. 1H23 mainly due to lower ore grade and decreased volume of ore processed at Herradura and the mine closure plan at Noche Buena, partly offset by the increase in volume of ore processed and higher ore grade at San Julián Veins and Ciénega, and higher ore grade at Fresnillo.

First half attributable by-product lead and zinc production up 16.3% and 11.3% vs. 1H23 respectively, mainly due to increased volume of ore processed and higher ore grades at Saucito and Juanicipio, partly offset by the decreased contribution from San Julián DOB.

Fresnillo mine production

	H1 2024	H1 2023	% change
Ore Processed (t)	1,211,992	1,336,142	(9.3)
Production			
Silver (koz)	5,259	6,789	(22.5)
Gold (oz)	23,155	19,747	17.3
Lead (t)	12,625	10,972	15.1
Zinc (t)	22,928	22,790	0.6
Ore Grades			
Silver (g/t)	151	177	(14.7)
Gold (g/t)	0.80	0.64	25.0
Lead (%)	1.21	0.96	26.0
Zinc (%)	2.59	2.27	14.1

First half silver production decreased 22.5% vs. 1H23 mainly driven by the higher proportion of volumes extracted from the western areas of the mine with lower silver ore grade but higher gold and base metal contents. The decrease in volumes of ore processed was explained by: i) lower availability of ore to feed the beneficiation plant as ore was hauled via ramps while the two sections of the deepened San Carlos shaft are connected; ii) poor ground conditions in some areas which required additional ground support adding to the mining cycle time; and iii) narrower veins than anticipated in the mine plan. The lower ore grade was mainly due to: i) delays in development; ii) the narrower veins with high silver content, and iii) variations with the geological model.

Orders for additional in-mine equipment, fit for narrower veins, have been placed, while additional bolting equipment arrived on site at the beginning of June and will contribute to a more expeditious preparation of new stopes.

Mine development rates remained broadly stable half on half at an average of 3,109m per month in 1H24 (1H23: 3,197m per month).

First half by-product gold production increased 17.3% vs. 1H23 primarily driven by the higher ore grade, partially offset by the decreased volume of ore processed.

Silver ore grade in 2024 is expected to be in the range of 160 to 180 g/t, while the gold ore grade is estimated to be between 0.70 to 0.80 g/t.

The commissioning of the San Carlos shaft has been delayed to 2H24 as the installation of the cables to connect the two sections of the shaft will be concluded in 3Q24. This project is expected to support a reduction in haulage costs.

Saucito mine production

	H1 2024	H1 2023	% change
Ore Processed (t)	1,174,570	1,034,921	13.5
Production			
Silver (koz)	6,811	5,811	17.2
Gold (oz)	37,658	40,080	(6.0)
Lead (t)	10,566	8,251	28.1
Zinc (t)	15,603	12,993	20.1
Ore Grades			
Silver (g/t)	203	197	3.0
Gold (g/t)	1.29	1.52	(15.1)
Lead (%)	1.05	0.95	10.5
Zinc (%)	1.72	1.65	4.2

First half silver production increased by 17.2% vs. 1H23, primarily due to the higher ore grade, and increased volume of ore processed driven by the increased productivity and availability of equipment.

First half by-product gold production decreased 6.0% vs. 1H23, primarily due to the lower ore grade, partially mitigated by the higher volume of ore processed.

Full year 2023 silver ore grade is expected to be in the range of 210-220 g/t, while the gold ore grade is estimated to be between 1.10-1.30 g/t.

PYRITES PLANT

	H1 2024*	H1 2023*	% change
Pyrite Concentrates Processed (t)	76,421	67,243	13.6
Production			
Silver (koz)	846	307	175.6
Gold (oz)	1,339	764	75.3
Ore Grades			
Silver (g/t)	539	207	160.4
Gold (g/t)	2.19	1.59	37.7

* Includes concentrates of Fe from Saucito and Fresnillo.

Juanicipio - Attributable

	H1 2024	H1 2023*	% change
Ore Processed (t)	370,875	335,855	10.4
Production			
Silver (koz)	5,280	4,214	25.3
Gold (oz)	10,744	9,351	14.9
Lead (t)	4,741	2,718	74.4
Zinc (t)	8,510	4,309	97.5
Ore Grades			
Silver (g/t)	488	448	8.9
Gold (g/t)	1.26	1.18	6.8
Lead (%)	1.46	0.94	55.3
Zinc (%)	2.74	1.74	57.5

* Includes ore processed as part of the initial tests during the commissioning of the Juanicipio plant and ore processed at the Fresnillo and Saucito beneficiation plants.

Attributable first half silver and gold production increased significantly vs. 1H23 as commissioning of the flotation plant concluded in 1Q23 and it was fully ramped up by 3Q23.

The silver ore grade for 2024 has been reviewed and is expected to be in the range of 420-460 g/t.

Ciénega mine production

	H1 2024	H1 2023	% change
Ore Processed (t)	519,542	501,401	3.6
Production			
Gold (oz)	20,668	17,434	18.5
Silver (koz)	2,581	1,991	29.6
Lead (t)	1,634	1,504	8.6
Zinc (t)	1,644	1,921	(14.4)
Ore Grades			
Gold (g/t)	1.34	1.18	13.6
Silver (g/t)	179	144	24.3
Lead (%)	0.48	0.47	2.1
Zinc (%)	0.59	0.72	(18.1)

First half gold and silver production increased 18.5% and 29.6% vs. 1H23 due to the higher ore grade at the Jessica Transversal and Taspana Sur areas and, to a lesser extent, increased dilution control at the Virgen and Virginias areas. The increased volume of ore processed was driven by the contribution from the Taspana area and the timely preparation of stopes.

The gold and silver ore grades for 2024 are estimated to be in the ranges of 1.1-1.3 g/t and 160-180 g/t respectively.

San Julián mine production

	H1 2024	H1 2023	% change
Ore Processed Veins (t)	592,646	558,257	6.1
Ore Processed DOB(t)	960,227	1,050,158	(8.6)
Total production at San Julián			
Gold (oz)	25,428	22,292	14.1
Silver (koz)	6,156	7,008	(12.2)
Production Veins			
Gold (oz)	24,326	20,464	18.9
Silver (koz)	4,061	2,480	63.8
Production DOB			
Gold (oz)	1,102	1,828	(39.7)
Silver (koz)	2,096	4,528	(53.7)
Lead (t)	2,264	3,917	(42.2)
Zinc (t)	6,713	7,775	(13.7)
Ore Grades Veins			
Gold (g/t)	1.35	1.20	12.7
Silver (g/t)	234	152	53.8
Ore Grades DOB			
Gold (g/t)	0.06	0.09	(33.3)
Silver (g/t)	81	156	(48.1)
Lead (%)	0.32	0.48	(33.3)
Zinc (%)	0.95	0.99	(4.0)

San Julián Veins

First half silver and gold production increased vs. 1H23 mainly due to the higher ore grades at the San Antonio, La Dura and Eliza veins, and the increased volume of ore processed.

Silver and gold ore grades were reviewed, and through an optimised mine sequence, are expected to be in the ranges of 200-220 g/t and 1.20-1.40 g/t, respectively.

San Julián Disseminated Ore Body

First half silver production decreased vs. 1H23 as a result of the gradual decrease in production at this mine, with mining activities expected to conclude in 3Q24.

We expect the 2024 silver ore grade to be around 70g/t.

Herradura mine production

	H1 2024	H1 2023	% change
Ore Processed (t)	10,451,639	11,705,553	(10.7)
Total Volume Hauled (t)	49,234,362	50,669,525	(2.8)
Production			
Gold (oz)	141,686	189,869	(25.4)
Silver (koz)	219	344	(36.3)
Ore Grades			
Gold (g/t)	0.63	0.74	(14.9)
Silver (g/t)	1.18	1.55	(23.9)

Half year gold production decreased 25.4% vs. 1H23 primarily due to the lower ore grade. This was due to heavy rain, which delayed access to higher grade oxidised ore areas. As a result, the mine plan was changed and a greater proportion of sulphide ore was deposited on the leaching pads and processed, impacting both ore grade and recovery rates.

Gold production was also affected by the lower volume of ore processed in 1H24, albeit in accordance with the mine plan.

The gold ore grade in 2024 is expected to be in the range of 0.60-0.70 g/t.

Noche Buena mine production

First half gold production totalled 10,452 ounces. As previously announced, mining activities concluded in May 2023, and the closure plan continues as expected.

Below we provide an update on other projects which are expected to contribute to our medium and long term growth. These projects have not yet been approved by the Board and are subject to ongoing internal review. However, certain minor works and exploration activities might be in progress in preparation for Board approval and as such, are included within the 2024 approved capex and exploration budget.

Advanced exploration projects

Rodeo

Rodeo is an open pit, heap leaching gold project located in central Durango state. 1.2 million ounces of gold occur in a volcanic rock-hosted disseminated ore body showing thorough oxidation down to depths exceeding 200 metres. Good metallurgical recoveries have been obtained from ores coming from a projected low strip ratio open pit. During 1H24 negotiations for land access with local communities yielded positive results, having reached preliminary agreements which are being formalised through contracts. It is expected that exploration will resume in 2H24; the drilling programme will be focused in increasing the resources in the main pit area and in obtaining samples

programme that is focused on increasing the resources in the main pit area and in obtaining samples for detailed metallurgical test work. Nearby disseminated gold showings will be drill-tested as well. Updates of the mineral resource estimation and preliminary economic assessment will follow. Other studies in progress include the evaluation of alternatives for road access and water and energy supply, preliminary engineering of the projected open pit and processing facilities, and minor adjustments to the district-reaching community engagement programme in place.

Orisyvo

Orisyvo is a world-class, high-sulphidation epithermal, disseminated gold deposit located in the Sierra Madre mountains of Chihuahua state, hosting open-pit constrained total resources of 9.6 million ounces of gold. The project is in the pre-feasibility stage aiming at the development of an underground operation and associated infrastructure, which includes mineral processing and tailings storage facilities. Good progress was attained during 1H24, with studies focusing on the optimisation of the expected capital expenditure, operating costs, and metallurgical recoveries through the evaluation of state-of-the-art technologies, which have delivered promising results. The land acquisition strategy and the evaluation of road access and water and energy supply options is progressing as scheduled. Results of the pre-feasibility studies are expected in 2H24.

Simultaneously, a region-wide community and local government engagement programme focused in several initiatives on educational, health, environmental care and entrepreneurship topics suggested by local stakeholders continues to operate, in preparation for the required indigenous consultation processes.

Tajitos

Tajitos is a low strip ratio open-pit, heap-leach, disseminated gold project located in the Herradura Corridor of northwestern Sonora state. In 1H24, 10,524 metres of core and reverse circulation drilling were completed in the main resource area, including 2,948 metres of PQ diameter holes designed for metallurgical investigations on columns. Additional gold recovery studies were completed in mineralised rocks coming from surface and from historical core available, both giving encouraging results. It is expected that the full evaluation of the main resource area will be completed in 2H24, to be followed by the update of the mineral resources and the preliminary economic assessment. Drilling has started in the western, underexplored sector of the project, delivering interesting gold-bearing intervals worth following-up.

Environmental studies associated with the potential development of this project have started, and a community relations programme is ongoing in the region surrounding the project, including the Caborca municipality.

Guanajuato

Guanajuato is a historic, world-class gold and silver epithermal vein field stretching more than 40 kilometres along the central Mexican state of Guanajuato. 40,759 metres of core drilling were completed during 1H24 on two areas: (i) the historic, central part of the project, which includes the Torres, Peregrina, and San Gregorio areas, and (ii) the emerging southern area where a significant discovery of silver-rich veins has been made. Focus has been on the latter, since a preliminary conceptual study showed good economic potential for its development. Step-out drilling, metallurgical investigations, environmental permitting, and community engagement are the main ongoing activities in this project.

Exploration

Exploration drilling meterage completed by Fresnillo plc during 1H24 amounted to 391,301 metres, 86% of which was devoted to brownfields targets. The focus of the mine exploration teams continues to be infill drilling to: (i) improve the certainty of reserves for short and medium-term mine planning; and (ii) upgrade the resources category from inferred to indicated, to foster reserve replenishment. Brownfields exploration is also carried out by the Exploration Division, devoting 62% of its drilling metres of the period to the evaluation of targets around the Fresnillo and San Julián districts and to the Tajitos and Central Guanajuato projects.

Greenfield exploration in Mexico includes resuming drilling in 2H24 at Lucerito and Candameña,

where detailed technical and logistical preparation is ongoing. Drilling is also scheduled for this period at Capricornio and Pencahue in Chile. In Peru, regional community engagement plans are advancing at Supaypacha, Santo Domingo and Chiclayo, aiming at drill-testing several high exploration potential targets in 2025.

Evaluation of Fresnillo properties in Mexico, Peru, and Chile is advancing to continue strengthening and optimising our portfolio, in compliance with our strategic long term view of consolidating districts.

In the first six months, US\$77.0 million of exploration expenses were recorded in the income statement, a decrease of 20.5% over 1H23. Total risk capital budgeted in exploration for the full year 2024 was reviewed and decreased to approximately US\$175 million (including US\$5 million capitalised).

Related party transactions

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

Sustainability performance

Our Purpose to "Contribute to the wellbeing of people through the sustainable mining of silver and gold" underscores the importance of integrating responsible business practices deeply into our business model and considering factors that affect our stakeholders at every critical decision-making level.

Ethics

As a Company, we hold ourselves to the highest ethical standards and believe that our actions and behaviour should always reflect our corporate values: Confidence, Responsibility and Respect, Integrity and Loyalty (CRIL).

We launched this period's Ethics and Integrity Training Programme, focusing on high-risk areas like procurement, contract management, and project management. It covers topics such as Anti-bribery and Corruption, Conflict of interest, Harassment and Fraud prevention, the Whistleblowing mechanism, and Regulatory compliance. The annual programme also contemplates in person sessions in the second half of the year.

The Behaviour Commissioners continue to handle cases related to the Harassment Prevention Programme across our mining units. Additionally, we've increased the participation of Commission members by integrating more union representatives in all operating units. We also expect to issue an updated version of the Harassment Prevention Protocol, incorporating experiences and lessons learnt since its 2020 original issuance.

In other aspects of our Compliance Programme, we have made significant strides in key areas. We successfully implemented a new software to automate and optimise the third-party due diligence process, followed by comprehensive staff training, resulting in improved response times and decision-making. Additionally, we meticulously documented the processes, roles, and responsibilities of key personnel and are closely monitoring regulatory compliance in critical infrastructure and activities. Meanwhile, we continue to develop the cybersecurity governance framework, ensuring robust protection and management of our digital assets.

People

Our workforce is vital to achieve our organisational purpose. Our goal is to cultivate an inclusive culture where diversity is valued, and all employees feel respected and empowered to reach their full potential.

We have continued to increase the participation of women in our workforce. The percentage of unionised and non-unionised women reached 14.38% (13.86% in 2023) while our overall total workforce, including contractors, reached 12.36% (11.88% in 2023). We expect to maintain this upward trend and make progress in both of our gender targets by 2025: 12% of women in our

workforce and 8% women in managerial roles. Finally, we continue our commitment with workforce transparency, through our annual submission to the Workforce Disclosure Initiative survey, now housed at the Thomson Reuters Foundation.

Table 1. Workforce composition

	As at June 30, 2024	As at December 31, 2023	% Change
Unionised employees	5,638	5,680	-0.74
Non-unionised employees	1,593	1,580	0.82
Total unionised and non-unionised employees	7,231	7,260	-0.40
<i>Unionised and non-unionised women (%)</i>	<i>14.38</i>	<i>13.86</i>	-
Contractors	11,834	12,516	-5.45
Total workforce	19,065	19,776	-3.60
<i>Total women (%)</i>	<i>12.36</i>	<i>11.88</i>	-

We aim to attract, develop, and retain top talent, ensuring long-term engagement with our workforce. We promote leadership development programmes and actively collaborate with unions to foster trust through ongoing dialogue. During the period, as part of the **attract** component of our strategy, we received Earth Sciences residents across all our business units, as well as the continuation of our dual professional internship training programme in partnership with the National Polytechnic Institute (IPN), Zacatecas Campus. As part of the **develop** component of our strategy, we also launched the inaugural Effective Supervision Diploma for the maintenance personnel of our Fresnillo unit, to develop both technical and soft competencies that equip them to lead their teams effectively. We expect to extend this programme to all other units within the Company.

Table 2. Turnover

	As at June 30, 2024	As at June 30, 2023
<i>Voluntary turnover (%)</i>	<i>4.02</i>	<i>5.10</i>
<i>Total turnover (%)</i>	<i>6.53</i>	<i>12.36</i>

Safety

Safety is a fundamental value at Fresnillo. We prioritise our workforce's wellbeing by embodying a profound love for life through the daily practice of our 'I Care, We Care' philosophy. With prevention at the heart of our strategy, our target is to eliminate fatal accidents, minimise exposure to risk, avoid harm to people and damage to assets.

From 2018 to June 2024, we have achieved a 62% decrease in Total Recordable Injury Frequency Rates (TRIFR), and a 38% decrease in Lost Time Injury Frequency Rates (LTIFR) per million hours worked. Our performance results to the first half of the year show a decrease as well compared to the previous reporting period: a 7.87 TRIFR (12.08 in 2023) and a 5.36 LTIFR (7.40 in 2023). Despite these favourable results, it is with deep sorrow that we inform of the tragic loss of one of our colleagues earlier in the year.

Table 3. TRIFR and LTIFR performance*

	As at June 30, 2024	As at December 31, 2023	% Change
Total Recordable Injury Frequency Rates (TRIFR)	7.87	12.08	-34.85
Lost Time Injury Frequency Rates (LTIFR)	5.36	7.40	-27.57

* Frequencies for every 1,000,000 hours worked

Recognising that behavioural change is a key element to the success of our safety journey, the Company is actively dedicating significant time and resources to foster a disciplined application of controls, enhance leadership qualities, and improve accountability processes at every level of the organisation. Since the last quarter of 2023, and throughout 2024, we've implemented the following actions, contributing considerably to the period's performance:

- Matured the 'I Care, We Care' Operational Committee focusing on building, empowering, and leading safe operations as the ideal way to do business and ensure the wellbeing of our people.
- Initiated a programme to develop technical and safety management standards with the participation of multidisciplinary teams, including safety personnel.
- Implemented a communication strategy to support the integration and positioning of our 'I Care, We Care' philosophy into daily operations, and as a core business identity.
- Started quality verification of leadership practices (Coaching Mode), piloted the quality verification of the Hazard Identification and Risk Assessment (IPER) mechanism (Coaching Mode) and accident investigation quality evaluations (desktop and field evaluations).
- Launched the 'Safety Leadership Survey' to assess the perception on the field of our safety strategy among mid-level managers and business partners. Results will be used to foster initiatives that continue contributing to maturing our safety culture.
- Strengthened the accountability processes for leadership roles (executive and managerial levels), including business partners, through field support and performance evaluations.
- Expanded the top critical risks from 5 to 10 in all our business units and advanced the performance standard evaluations for the initial top 5, updating the risk portfolio as part of the 'Learning Environment' strategic line.
- Improved the analysis of preventive reporting with a detailed drill-down approach for deeper insights and effective direction of efforts.
- Updated and launched the version 2.0 of the HSECR Suite software, considering feedback from multiple teams across different sites, part of the continuous improvement for leadership practices and safety management tools at all command levels.
- Progressed in forming permanent emergency brigades in each mining unit and in their training programmes as well. The purpose is to establish best practices, even above legal requirements.

We strive to achieve our aspirational goal of zero harm by continuously reinforcing, renewing, and improving the management processes and mechanisms of our 'I Care, We Care' philosophy. This approach demonstrates our commitment to safe operations, fosters a mature preventive safety culture, and ensures the wellbeing of our workers.

Health

Our foremost commitment is to safeguard the wellbeing of our people by ensuring a safe and healthy work environment.

In recent years, our health strategy has expanded beyond occupational health programmes, defining five lines of action to ensure a healthier, safer, and more productive workplace for all our employees: 1) Health Surveillance, 2) Integral Wellbeing, 3) Industrial Care, 4) Development and Innovation, and 5) Emergency Preparedness.

We aim to pre-emptively identify and manage the health risks to which our workforce is exposed. Thus, industrial hygiene and ergonomics were introduced to the 'I Care, We Care' Operational Committee and three initiatives of the 2024-2025 action plan have begun deployment, including ergonomic stairs in haulage trucks at Penmont, comprehensive temperature control programme at Fresnillo and active breaks for the prevention of musculoskeletal injuries at Ciénega. While our health teams primarily focus on prevention, emergency response remains a core competency, with 50 workers currently undergoing their First Aid Technician training.

Preventive care and the promotion of healthier lifestyles can limit certain chronic diseases and enhance overall wellness and fitness for work. Consequently, we continue to address both physical and mental health, promoting nutrition, sports, and healthy lifestyle habits. During the period, we pursued the 'Fit Challenge', with 1,010 employees enrolled, and sports tournaments, featuring over 80 football, basketball, volleyball, and baseball teams.

We continue working towards the 'Safe and Healthy Workplace Environments' certification of all our business units by the Mexican Institute of Social Security (IMSS), a voluntary programme to implement strategies and measures to improve health, safety, and wellbeing of workers, as well as productivity and quality in the workplace. During this period, we achieved the recertification of Herradura and Fresnillo mining units.

Finally, we obtained the 'Exceptional Enterprises' award for our initiative 'I Care, We Care in Health', in recognition of the commitment to our workforce and value creation, by the Institute for the Promotion of Quality (IFC).

Environment

We optimise resource use to curb our impacts and are accountable for our environmental footprint. We are also committed to implementing effective measures to safeguard biodiversity and ensure that it is not adversely affected by our operations.

To pursue these ambitions and achieve operational efficiency, we launched a project in Ciénega to repurpose auxiliary treated wastewater discharges for mine services, thereby reducing mine water consumption. Additionally, we continued with the mine water substitution project at the Fresnillo District, considerably increasing Saucito's share of municipal treated wastewater consumption. Finally, we initiated a new project in Herradura's maintenance department to treat the oil skimmer pond with bacteria, aiming to reduce contaminated soil.

We have considerably increased our renewable electricity consumption from 53% in 2023 to over 70% in the first half of the period, closing the gap to our goal of 75% by 2030. We also initiated a formal process of energy consumption forecasting aligned to our Strategic Plan base case.

During the period, we have conducted remediation activities, such as species relocation and reforestation campaigns. We also held annual environmental fairs across our mining units in commemoration of the World Environment Day, World Water Day, and World Recycling Day. These events included conferences, recycling campaigns, reforestation, and clean-up activities, among others, organised in collaboration with volunteers from our workforce, communities and business partners. These experiences help instil an environmentally conscious culture across our Company.

Tailings Storage Facilities

We implement best governance and engineering practices to manage our Tailings Storage Facilities (TSFs) to fulfil our goal of protecting local communities and the environment by managing waste responsibly.

During the first half of the year, relevant activities have been carried out in tailings management. The implementation of the Tailings Management System continued to progress, completing the Dam Safety Review (DSR) and Dam Breach Analysis (DBA) for Herradura's TSF.

In the Fresnillo mine, the original design of the San Carlos TSF was optimised to extend its useful life. In San Julián, the completion of the TSF's Phase 3 construction was finalised, including reinforcement of the containment berm, meeting international best practices standards, such as the guideline of the Mining Association of Canada (MAC), the International Commission on Large Dams (ICOLD) and the Canadian Dam Association (CDA).

Community Relations

Our community strategy encompasses all phases of the mining lifecycle. Recognising the strategic importance of going beyond our social license to operate, we aim to earn and maintain community trust through accountability, meaningful engagement, and support for their key concerns. By working collaboratively, we ensure that we develop and grow together.

During the period, we have implemented the 'Employing to Understand' programme, whose objective

During the period, we have implemented the Exploring to Understand programme, whose objective is to create social ambassadors from each mining unit to build stronger relationships with the communities where we operate, as well as the 'Social Challenges in Mining' sensitisation workshops for our business partners, to build Human Rights and behavioural awareness. We also have strengthened ties with the communitarian committees we have become a part of, seeking to consolidate high impact projects.

Aligned with the UN Sustainable Development Goals, we continue to build a robust portfolio of social investments through strategic alliances with civil society and the three tiers of government. We focus specifically on four pillars of action: 1) Quality Education, 2) Good Health and Wellbeing, 3) Clean Water and Sanitation, and 4) Decent Work and Economic Growth.

1. Sustainable Development Goal 3: Good Health and Wellbeing

During the period, we continued providing medical appointments to communities across our mining sites. Additionally, we carried out the Community Health Weeks in partnership with the UNAM Foundation and local health authorities in Ciénega, San Julián and the Fresnillo District, benefitting over 4,000 people with dental care, ophthalmology, physical therapy, and general medical appointments.

We have continued the Leaders on the Horizon programme with FutbolMas to foster community development through sports, promoting peace, resilience, and social engagement. During this period, we held its second edition in Herradura, featuring training workshops for adults and youths to become sports leaders and benefit children in their communities. Similarly, in Guanajuato Centro, we organised a socio-sports league involving community parents, to strengthen social cohesion. In the Fresnillo District, we also begun renovating the Fresnillo Sports Unit to promote sports, wellbeing, and community interaction. Additionally, efforts are underway to establish a basketball academy at 'El Nacional,' along with ongoing efforts on the baseball academy, tennis club, and the Santos-Fresnillo football academy in both the Fresnillo District and Herradura. Finally, we conducted workshops in communities near Juanicipio on vocational guidance, school bullying, and mental health.

2. Sustainable Development Goal 6: Clean Water and Sanitation

We have continued to strengthen alliances with civil society and the government, successfully rehabilitating the 15 de Septiembre community water well through a tripartite collaboration between Herradura, the municipal government, and the community. Additionally, through the San Julián community committee, in partnership with AC FORMAC and the support of the Chihuahua state government, work continues to consolidate the community's collective water system. In Saucito, we are assisting local authorities in securing a new well to replace the current one. We also participate in the Ciénega de Nuestra Señora water committee, driving an infrastructure project that anticipates significant financial contributions from the state government.

3. Sustainable Development Goal 4: Quality Education

In partnership with the Zacatecas and Sonora education ministries and INNOVEC, the 'PREST MATH' programme was launched to enhance math skills among primary school children in Fresnillo and Herradura communities, with plans to expand it to San Julián. The 'Picando Letras' programme continues in Herradura, Juanicipio, Saucito, and Ciénega, promoting reading activities in local schools and implementing the 'Tools for Peacebuilding' module to reduce stress among children and youth in violent environments. Finally, we resumed the Larousse Books programme, focused on subjects that support learning at school.

We continue to sponsor teams for the 'FIRST Robotics' competition at the Laguna Regional FIRST, supporting a total of six teams. This year, two of them received awards and both competed in the World Championship in Houston, Texas, one of them achieving the 'Spirit Award'. Moreover, the 'LaSalle Excellence Scholarship' Programme has evolved to increase the campuses we have collaboration agreements with, aiming to allow the top students of our FIRST teams to benefit from a full undergraduate scholarship in their home states. During this period, we also saw the graduation of two students from this programme, originating from neighbouring communities to Herradura and

Cienega.

4. Sustainable Development Goal 8: Decent Work and Economic Growth

We continue to strengthen partnerships with NGOs, civil associations, and different tiers of government and have standardised the process for entrepreneurial project promotion in our communities. In the Fresnillo District, partnering with the Rural Development Education Brigade 46 and the municipal DIF, we continued deploying programmes aimed at developing skills for entrepreneurs, and in collaboration with Pro Empleo, we seek to consolidate at least one enterprise from each of our mines by the second half of the year.

FINANCIAL REVIEW

The interim consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the IASB and as adopted by the UK. All comparisons refer to the first halves of 2024 and 2023, unless otherwise noted. The financial information and half year on half year variations are presented in US dollars, except where indicated. Management recommends reading this section in conjunction with the Interim Financial Statements and their accompanying Notes.

INCOME STATEMENT

	1H 2024 US\$ million	1H 2023 US\$ million	Amount Change US\$ million	Change %
Adjusted revenue ^[9]	1,560.2	1,430.8	129.5	9.0
Total revenue	1,488.3	1,343.3	144.9	10.8
Cost of sales	1,095.9	1,060.6	35.3	3.3
Gross profit	392.4	282.7	109.7	38.8
Exploration expenses	77.2	96.9	(19.7)	(20.3)
Operating profit	235.2	81.2	154.0	189.7
EBITDA ^[10]	544.2	351.0	193.2	55.1
Income tax expense including special mining rights	160.1	(41.8)	201.9	N/A
Profit for the period	117.7	89.7	28.0	31.2
Profit for the period, excluding post-tax Silverstream effects	71.2	101.6	(30.4)	(29.9)
Basic and diluted earnings per share (US\$/share) ⁵	0.107	0.088	0.019	21.6
Basic and diluted earnings per share, excluding post-tax Silverstream effects (US\$/share)	0.044	0.104	(0.060)	(57.7)

The Group's financial results are largely determined by the performance of our operations. However, there are other factors such as a number of macroeconomic variables, that lie beyond our control and which affect financial results. These include:

METALS PRICES

The average realised silver price increased 18.5% from US\$23.3 per ounce in 1H23 to US\$27.6 per ounce in 1H24, while the average realised gold price rose 11.5%, from US\$1,948.9 per ounce in 1H23 to US\$2,171.9 per ounce in 1H24. The average realised lead by-product price increased to

US\$96.1 cents per pound, up 2.5% vs 1H23, while the average realised zinc by-product price remained stable at US\$122.4 cents per pound.

MX\$/US\$ EXCHANGE RATE

The Mexican peso/US dollar spot exchange rate at 30 June 2024 was \$18.38 per US dollar, compared to the exchange rate at 31 December 2023 of \$16.89 per US dollar. The 8.8% spot devaluation had a negative effect on deferred taxes and mining rights.

The average spot Mexican peso/US dollar exchange rate decreased from \$18.21 per US dollar in 1H23 to \$17.10 per US dollar in 1H24. As a result, there was an adverse effect of US\$30.8 million on the Group's costs denominated in Mexican pesos (approximately 45% of total costs) when converted to US dollars.

COST INFLATION

In 1H24, cost inflation (increase in unit price) considering Fresnillo plc's basket of goods and services was 6.5% (including the adverse effect of the average revaluation of the Mexican peso vs. US dollar). Underlying cost inflation (cost inflation excluding the revaluation of the Mexican peso vs. US dollar) was 1.7%. The main components of our cost inflation (including the effect of the revaluation of the Mexican peso vs. US dollar) basket are listed below:

Labour

Unionised employees 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 14.1%.

Energy

Electricity

The weighted average cost of electricity in US dollars decreased 19.1% from US\$10.50 cents per kw in 1H23 to US\$8.50 cents per kw in the same period of 2024, reflecting a decrease in the average generating cost of the Comisión Federal de Electricidad (CFE), the national utility.

Diesel

The weighted average cost of diesel in US dollars increased 14.6% to 117.97 US cents per litre in 1H24, compared to 102.97 US cents per litre in 1H23. This resulted primarily from the revaluation of the Mexican peso vs. US dollar and the decrease in the subsidy granted by the Mexican Government through the tax that is applied to diesel and gasoline in Mexico.

Operating materials

	Half on half change in unit price %
Lubricants	6.3
Tyres	2.3
Other reagents	(1.6)
Steel balls for milling	(4.7)
Explosives	(5.0)
Steel for drilling	(5.4)
Sodium cyanide	(20.8)
Weighted average of all operating materials	(5.0)

Unit prices of the majority of key operating materials significantly decreased in US dollar terms, except for lubricants and tyres. As a result, the weighted average unit prices of all operating materials over the half decreased by 5.0%.

Contractors

Agreements are signed individually with each contractor company and include specific terms and conditions that cover not only labour but also operating materials, equipment and maintenance.

conditions that cover not only labour, but also operating materials, equipment and maintenance, amongst others. Contractor costs are mainly denominated in Mexican pesos and are an important component of our total production costs. In 1H24, increases per unit (i.e. per metre developed/ per tonne hauled) granted to contractors, resulted in a weighted average increase of 7.2% in US dollars, after considering the revaluation of the Mexican peso vs. US dollar.

Maintenance

Unit prices of spare parts for maintenance increased by 8.0% on average in US dollar terms.

Other costs

Other cost components include freight which increased by an estimated 16.1% in US dollars, while insurance costs decreased by 1.5% in US dollars. The remaining cost inflation components experienced average inflation of 18.7% in US dollars over 1H23.

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 REVENUE¹

	1H 2024 US\$ million	1H 2023 US\$ million	Amount US\$ million	Change %
Adjusted revenue ^[11]	1,560.2	1,430.8	129.5	9.0
Treatment and refining charges	(72.0)	(87.4)	15.5	(17.7)
Total revenue	1,488.3	1,343.3	144.9	10.8

Adjusted revenue increased by US\$129.5 million mainly due to the higher gold and silver prices and increased volumes of silver, zinc and lead sold, partly offset by the decrease in gold ounces sold. Total revenue increased by 10.8% to US\$1,488.3 million in 1H24.

ADJUSTED REVENUE¹¹ BY METAL

	1H 2024		1H 2023					
	US\$ million	%	US\$ million	%	Volume Variance US\$ million	Price Variance US\$ million	Total net change US\$ million	%
Gold	580.3	37.2	625.0	43.7	(128.1)	83.3	(44.7)	(7.2)
Silver	774.0	49.6	632.4	44.2	37.7	103.8	141.6	22.4
Lead	67.7	4.3	55.1	3.9	11.1	1.5	12.6	22.9
Zinc	138.2	8.9	118.2	8.3	20.1	(0.1)	20.0	16.9
Total adjusted revenue	1,560.2	100	1,430.8	100	(59.2)	188.6	129.5	9.0

The higher volume of silver sold was primarily driven by the increased contribution of Juanicipio, and the higher ore grade and increased volume of ore processed at San Julián Veins, Saucito and Ciénega. The decrease in gold volumes sold were primarily due to the lower ore grade and decreased volume of ore processed at Herradura and the mine closure plan at Noche Buena (for further detail, see 1H24 Operational Review).

Changes in the contribution by metal were the result of the relative changes in metal prices and volumes produced. The increased volumes of silver sold at higher prices boosted silver contribution from 44.2% in 1H23 to 49.6% in 1H24, while gold decreased its contribution to total adjusted revenues from 43.7% in 1H23 to 37.2% in 1H24. Zinc and lead contribution to total adjusted revenues increased slightly primarily driven by the higher volumes sold.

ADJUSTED REVENUE BY MINE

The contribution by metal and by mine to Adjusted revenue is expected to change further in the

the contribution by metal and by mine to Adjusted revenues is expected to change further in the future, as precious metals prices fluctuate.

	1H 2024		1H 2023	
	(US\$ million)	%	(US\$ million)	%
Saucito	327.0	21.0	252.7	17.7
Juanicipio	309.0	19.8	215.5	15.1
Herradura	305.4	19.6	379.7	26.5
Fresnillo	260.6	16.7	243.4	17.0
San Julián (Veins)	159.1	10.2	96.0	6.7
Ciénega	113.4	7.3	80.6	5.6
San Julián (DOB)	65.0	4.1	114.1	8.0
Noche Buena	20.7	1.3	48.8	3.4
Total	1,560.2	100	1,430.8	100

VOLUMES OF METAL SOLD

	1H 2024	% contribution of each mine	1H 2023	% contribution of each mine	% change
Silver (koz)					
Juanicipio	8,267	28.9%	6,879	25.4%	20.2
Saucito	5,551	19.4%	5,099	18.8%	8.9
Fresnillo	4,644	16.2%	6,042	22.3%	(23.1)
San Julián (Veins)	3,910	13.7%	2,415	8.9%	61.9
Ciénega	2,346	8.2%	1,797	6.6%	30.6
San Julián (DOB)	1,663	5.8%	3,776	14.0%	(56.0)
Pyrites Plant at Saucito	1,437	5.0%	698	2.6%	105.9
Pyrites Plant at Fresnillo	595	2.1%	67	2.6%	788.1
Herradura	211	0.7%	350	1.3%	(39.7)
Noche Buena	2	0.0%	3	0.0%	(33.3)
Total silver (koz)	28,626	100%	27,126	100%	5.5
Gold (oz)					
Herradura	134,998	52.0%	191,073	59.4%	(29.3)
Saucito	33,349	12.8%	36,083	11.2%	(7.6)
San Julián (Veins)	23,619	9.1%	20,183	6.3%	17.0
Ciénega	19,193	7.4%	16,187	5.0%	18.6
Fresnillo	18,741	7.2%	15,918	5.0%	17.7
Juanicipio	16,095	6.2%	14,791	4.6%	8.8
Noche Buena	9,065	3.5%	24,742	7.7%	(63.4)
Pyrites Plant at Saucito	3,353	1.3%	1,595	0.5%	110.2
Pyrites plant at Fresnillo	658	0.3%	160	0.0%	311.3
San Julián (DOB)	492	0.2%	893	0.3%	(44.9)
Total gold (oz)	259,563	100%	321,625	100%	(19.3)
Lead (t)					
Fresnillo	11,146	34.9%	9,829	36.9%	13.4
Saucito	9,589	30.0%	7,443	27.9%	28.8
Juanicipio	7,698	24.1%	4,379	16.4%	75.8
San Julián (DOB)	2,027	6.3%	3,626	13.6%	(44.1)

Ciénega	1,508	4.7%	1,392	5.2%	8.3
Total lead (t)	31,968	100%	26,669	100%	19.9
Zinc (t)					
Fresnillo	18,827	36.8%	18,753	42.8%	0.4
Saucito	13,132	25.6%	10,726	24.5%	22.4
Juanicipio	12,286	24.0%	6,291	14.4%	95.3
San Julián (DOB)	5,612	11.0%	6,371	14.6%	(11.9)
Ciénega	1,357	2.6%	1,636	3.7%	(17.1)
Total zinc (t)	51,214	100%	43,777	100%	17.0

TREATMENT AND REFINING CHARGES

Similar to previous years, the 2024 treatment and refining charges^[12] (TRCs) per tonne and per ounce are currently being negotiated with Met-Mex (Peñoles' smelter and refinery) in accordance with international benchmarks and will apply retrospectively from January 2024. We expect these negotiations to conclude in 2H24.

Treatment charges per tonne of lead concentrate and silver refining charges decreased in dollar terms by 10.5% and 31.5%, respectively. Treatment charges per tonne of zinc concentrate increased by 4.9% half-on-half. This factors, combined with the higher volumes of lead and zinc concentrates shipped from our mines to Met-Mex, resulted in a 17.7% decrease in treatment and refining charges set out in the income statement in absolute terms when compared to 1H23.

COST OF SALES

	1H 2024 US\$ million	1H 2023 US\$ million	Amount US\$ million	Change %
Adjusted production costs ^[13]	844.2	773.9	70.3	9.1
Depreciation	304.2	236.3	67.9	28.7
Profit sharing	6.0	2.9	3.1	106.9
Hedging	0.0	(0.1)	0.1	(100.0)
Change in inventories	(58.5)	26.3	(84.8)	N/A
Unproductive costs ^[14]	0.0	21.5	(21.5)	(100.0)
Cost of sales	1,095.9	1,060.6	35.3	3.3

Cost of sales increased 3.3% to US\$1,095.9 million in 1H24. The US\$35.3 million increase is explained by the following combination of factors:

- An increase in Adjusted production costs (+US\$70.3 million). This was primarily due to: i) longer haulage distances and deeper mines which increased maintenance and contractors costs and diesel consumption, mainly at Herradura and Fresnillo (+US\$50.0 million); ii) the adverse effect of the 6.1% average revaluation of the Mexican peso vs. the US dollar (+US\$30.8 million); iii) underlying cost inflation (1.7%) excluding the revaluation of the Mexican peso vs. US dollar (+US\$18.8 million) - these two factors combined resulted in a cost inflation in US dollars of 6.5%, which increased adjusted production cost by US\$49.6 million; iv) higher volume of ore processed at some of the mines (+US\$26.7 million); and v) others (+US\$4.9 million). These adverse effects were mitigated by efficiencies and economies of scale achieved mainly at Saucito, Juanicipio, Ciénega and San Julián veins (-US\$60.9 million).
- Depreciation (+US\$67.9 million). This is mainly due to the increased depreciation of the asset base at San Julián DOB as it approaches the end of its life, and the depreciation of the additional asset base at Juanicipio.
- Profit sharing (+US\$3.1 million) due to higher profits at some of the operating mines.

These negative effects were mitigated by:

- The variation in the change in inventories had a positive effect of US\$84.8 million versus 1H23 primarily due to an increase in the weighted average cost of inventories on the leaching pads at Herradura, whereas in 1H23, an increase in the number of gold ounces (30.7 thousand ounces) estimated on the leaching pads reduced the weighted average cost of inventory at Herradura (see notes 2c and 5 to the financial statements),
- The non-occurrence of unproductive costs in 1H24 vs. the negative effect in 1H23 of the unproductive costs (US\$21.5 million) mainly related to fixed costs incurred during the temporary illegal stoppage at Herradura and Noche Buena.

COST PER TONNE, CASH COST PER OUNCE AND ALL-IN SUSTAINING COST (AISC)

Cost per tonne is a key indicator to measure the effects of changes in production costs and cost control performance at each mine. This indicator is calculated as total production costs, plus ordinary mining rights, less depreciation, profit sharing and exchange rate hedging effects, divided by total tonnage processed. We have included cost per tonne hauled/moved as we believe it is a useful indicator to thoroughly analyse cost performance for the open pit mines.

Cost per tonne		1H 2024	1H 2023	% change
Fresnillo	US\$/tonne milled	114.68	91.69	25.1
Saucito	US\$/tonne milled	139.87	137.67	1.6
Juanicipio	US\$/tonne milled	119.72	123.97	(3.4)
San Julián (Veins)	US\$/tonne milled	108.19	107.32	0.8
San Julián (DOB)	US\$/tonne milled	46.86	49.50	(5.3)
Ciénega	US\$/tonne milled	128.83	141.45	(8.9)
Herradura	US\$/tonne deposited	26.47	19.41	36.3
Herradura	US\$/tonne hauled	6.02	4.86	23.8
Noche Buena	US\$/tonne deposited	N/A	10.19	N/A
Noche Buena	US\$/tonne hauled	N/A	3.04	N/A

Fresnillo: Cost per tonne increased 25.1% to US\$114.7 in 1H24, driven mainly by the increase in maintenance, personnel and contractor costs, and additionally by the adverse effect of the 6.1% revaluation of the Mexican peso vs the US dollar, the lower volume of ore processed, and the underlying cost inflation.

Saucito: Cost per tonne remained broadly stable at US\$139.9, as the adverse effects of the 6.1% revaluation of the Mexican peso vs the US dollar and the underlying cost inflation together with the increase in the volume of by products with high gold and silver contents purchased from Met-Mex (smelting and refining company). These were offset by the higher volumes of ore processed and the decrease in the use of development and infrastructure contractor.

Juanicipio: Cost per tonne decreased as efficiencies were achieved due to the economies of scale.

San Julián Veins: Cost per tonne remained broadly stable at US\$108.2, as the adverse effects of the 6.1% revaluation of the Mexican peso vs the US dollar and the underlying cost inflation were offset by the decrease in maintenance costs and lower consumption of electricity and the higher volumes of ore processed.

San Julián (DOB): Cost per tonne decreased 5.3% to US\$46.9, mainly driven by the decrease in consumption of steel, reagents and electricity, partly offset by the adverse effect of the 6.1% revaluation of the Mexican peso vs the US dollar and the underlying cost inflation, together with the lower volume of ore processed as this mine approaches the end of its life.

Ciénega: Cost per tonne decreased 8.9% to US\$128.8 mainly driven by lower contractors and maintenance costs as a result of the initiatives to reduce costs at this mine, despite the adverse effect of the 6% revaluation of the Mexican peso/US dollar exchange rate and the underlying cost inflation.

Herradura: Cost per tonne of ore deposited increased by 36.3% to US\$26.47 primarily due to the increase in diesel consumption related to longer haulage distances and deeper pits, the adverse effect of the 6.1% revaluation of the Mexican peso vs the US dollar, cost inflation and lower volumes of ore processed (see H1 2024 Operational Review) .

Noche Buena: There is no comparable figure for 1H24 as mineral extraction concluded in May 2023, however leaching of gold contents inventories at the leaching pads continues.

Cash cost per ounce when compared to the corresponding metal price, is an indicator of the ability of the mine to generate competitive profit margins. Given the polymetallic nature of most of our mines, the methodology to calculate this indicator has been changed from a "by product" to "per equivalent ounce" basis as this is more representative. Cash cost per ounce is now being calculated as the total cash cost (cost of sales plus treatment and refining charges, less depreciation) divided by the silver or gold equivalent ounces sold. 1H 2023 figures have been restated to be comparable to those of 1H 2024.

Cash cost per ounce		1H 2024	1H 2023	% change
Fresnillo	US\$ per eq. silver ounce	16.41	14.70	11.6
Saucito	US\$ per eq. silver ounce	15.02	14.96	0.4
Juanicipio	US\$ per eq. silver ounce	8.33	12.11	(31.2)
San Julián (Veins)	US\$ per eq. silver ounce	11.10	14.54	(23.7)
San Julián (DOB)	US\$ per eq. silver ounce	20.29	12.80	58.5
Ciénega	US\$ per eq. gold ounce	1,395.43	1,827.53	(23.6)
Herradura	US\$ per eq. gold ounce	1,617.99	1,284.57	26.0
Noche Buena	US\$ per eq. gold ounce	N/A	1,574.26	N/A

Fresnillo: Cash cost per silver ounce increased by 11.6% mainly as a result of the higher cost per tonne together with the lower volume of equivalent silver ounces (-8.3%). This was mitigated by the lower treatment and refining charges and higher gold, lead and zinc ore grades.

Saucito: Cash cost per silver ounce remained at US\$15.0 per equivalent silver ounce.

Juanicipio: Cash cost per silver ounce decreased by 31.2% primarily due to the higher ore grades and lower cost per tonne.

San Julián Veins: Cash cost per ounce of silver decreased 23.7% due to the higher gold and silver ore grades.

San Julián (DOB): Cash cost per silver ounce increased to US\$20.3 per equivalent silver ounce driven by the lower silver ore grade (-48.1%).

Ciénega: The decrease in cash cost per gold ounce to US\$1,395.43 per equivalent gold ounce in 1H24 was primarily due to the higher gold (+13.6%) and silver (+24.3%) ore grades and the lower cost per tonne.

Herradura: Cash cost per gold ounce increased to US\$1,617.99 mainly due to the lower gold ore grade and the increase in cost per tonne.

Noche Buena: There is no comparable figure for 1H24 as mineral extraction concluded in May 2023, however leaching of gold contents inventories at the leaching pads continues.

In addition to the traditional cash cost, the Group is reporting All-In Sustaining Cost (AISC).

This cost metric is calculated as traditional cash cost plus on-site general, corporate and administrative costs, community costs related to current operations, capitalised stripping and underground mine development, sustaining capital expenditures and remediation expenses. Similarly to cash cost, AISC is now being calculated using equivalent silver or gold ounces as opposed to deducting the revenues of by products.

approach to assessing the relevance of key processes.

We consider AISC to be a reasonable indicator of a mine's ability to generate free cash flow when compared with the corresponding metal price. We also believe it is a means to monitor not only current production costs, but also sustaining costs as it includes mine development costs incurred to prepare the mine for future production, as well as sustaining capex. 1H 2023 figures have been restated to be comparable to those of 1H 2024.

ALL-IN SUSTAINING COST (AISC)

AISC		1H 2024	1H 2023	% change
Fresnillo	US\$ per eq. silver ounce	23.04	20.33	13.3
Saucito	US\$ per eq. silver ounce	20.52	21.75	(5.7)
Juanicipio	US\$ per eq. silver ounce	11.24	17.04	(34.1)
San Julián (Veins)	US\$ per eq. silver ounce	16.14	24.42	(33.9)
San Julián (DOB)	US\$ per eq. silver ounce	24.69	15.14	63.1
Ciénega	US\$ per eq. gold ounce	1,668.44	2,590.47	(35.6)
Herradura	US\$ per eq. gold ounce	1,914.73	1,503.10	27.4
Noche Buena	US\$ per eq. gold ounce	N/A	1,646.03	N/A

Fresnillo: All-in sustaining cost increased 13.3% over 1H23 primarily due to a higher cash cost and an increase in capitalised mine development per ounce.

Saucito: All-in sustaining cost decreased 5.7% to US\$20.52 per equivalent ounce due to a decrease in capitalised mine development per ounce and a lower sustaining capex.

Juanicipio: All in sustaining cost decreased 34.1% primarily driven by the lower cash cost and a decrease in sustaining capex.

San Julián Veins: All-in sustaining cost decreased to US\$16.14 per ounce due to a lower cash cost and a decrease in sustaining capex.

San Julián DOB: All-in sustaining cost increased to US\$24.69 per ounce driven by the increase in cash cost and higher sustaining capex per ounce.

Ciénega: The decrease in all-in sustaining cost was primarily driven by the lower cash cost, together with decreased sustain capex and lower capitalised mine development per ounce.

Herradura: All-in sustaining cost increased by 27.4% mainly due to the higher cash cost.

Noche Buena: There is no comparable figure for 1H24 as mineral extraction concluded in May 2023, however leaching of gold contents inventories at the leaching pads continues.

GROSS PROFIT

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

Total gross profit, including hedging gains and losses, increased by 38.8% from US\$282.7 million in 1H23 to US\$392.4 million in 1H24.

The US\$109.7 million increase in gross profit was mainly explained by: i) the higher gold, silver and lead prices (+US\$188.6 million); ii) the variation in change of inventories (+US\$84.8 million); iii) the efficiencies and economies of scales achieved at Saucito, Juanicipio, Ciénega and San Julián (Veins) (+US\$60.9 million); iv) the lower treatment and refining charges (+US\$15.5 million); and v)

others (+US\$11.2 million). These positive effects were partly offset by: i) the net effect of the lower ore grades and higher volumes processed (-US\$83.7 million); ii) the increase in depreciation, mainly at San Julián DOB, Juanicipio, Ciénega and Saucito (-US\$67.9 million); iii) the negative effect on costs related to longer haulage distances and deeper mines, which increased consumption of maintenance, contractors and diesel (-US\$50.0 million); iv) the MXP/USD revaluation effect (-US\$30.8 million); and v) underlying cost inflation (-US\$18.8 million).

Juanicipio became the largest contributor to the Group's consolidated gross profit with its contribution increasing from 29.0% in 1H23 to 43.5% in 1H24. Gross profit at Saucito more than doubled; with its percentage share increasing to 21.7%. Fresnillo's share of the Group's total gross profit decreased to 14.1% in 1H24, despite the 22.0% increase in its gross profit. The lower volumes of gold sold at Herradura in 1H24 lowered its gross profit to US\$38.6 million and decreased its contribution to the Group's consolidated gross profit from 31.9% to 9.9% in 1H24. The increased ore grades, together with the initiatives to reduce costs at Ciénega, began to bear fruit and generated a gross profit of US\$11.1 million. Gross profit at Noche Buena and San Julián DOB decreased as production levels continued to decline as they approached the end of their lives. Notwithstanding, Noche Buena generated a net cash flow from operating activities and capex of US\$11.0 million.

CONTRIBUTION BY MINE TO CONSOLIDATED GROSS PROFIT, EXCLUDING HEDGING GAINS AND LOSSES

	1H 2024		1H 2023		Change	
	US\$ million	%	US\$ million	%	US\$ million	%
Juanicipio	170.3	43.5	79.0	29.0	91.3	115.6
Saucito	85.1	21.7	39.8	14.6	45.3	113.8
Fresnillo	55.0	14.1	45.1	16.6	9.9	22.0
Herradura	38.6	9.9	86.8	31.9	(48.2)	(55.5)
San Julián	32.2	8.2	36.4	13.4	(4.2)	(11.5)
Ciénega	11.1	2.8	(17.9)	(6.6)	29.0	N/A
Noche Buena	(1.0)	(0.3)	3.0	1.1	(4.0)	N/A
Total for operating mines	391.3	100.0	272.2	100.0	119.1	43.8
Metal hedging and other subsidiaries	1.1		10.5		(9.4)	(89.5)
Total Fresnillo plc	392.4		282.7		109.7	38.8

ADMINISTRATIVE AND CORPORATE EXPENSES

Administrative and corporate expenses remained broadly stable at US\$55.3 million in 1H24.

EXPLORATION EXPENSES

Business unit/project (US\$ million)	Exploration expenses	Exploration expenses	Capitalised expenses	Capitalised expenses
	1H 2024	1H 2023	1H 2024	1H 2023
Ciénega	1.4	4.2	-	-
Fresnillo	9.0	10.1	-	-
Herradura	2.4	2.8	-	-
Saucito	5.7	6.4	-	-
Noche Buena	0.2	0.7	-	-
San Julián	7.3	10.6	-	-
Orisyvo	4.8	2.1	0.2	-
Centaurus Deep	0.3	0.3	-	-
Guanajuato	8.4	9.2	0.2	-

Juanicipio	3.4	3.9	-	-
Others	34.3	46.6	0.1	0.4
Total	77.2	96.9	0.5	0.4

Exploration expenses decreased by 20.3% from US\$96.9 million in 1H23 to US\$77.2 million in 1H24, as spend was front loaded in 1H23. Exploration activities continued to aim at increasing the resource base, converting resources into reserves and improving the confidence of the grade distribution in reserves. In addition, US\$0.5 million was capitalised in 1H24. As a result, risk capital invested in exploration decreased 20.1%, from US\$97.3 million in 1H23 to US\$77.7 million in 1H24. The full year guidance has been reviewed and is now expected to be c. US\$170 million.

EBITDA

	1H 2024			
	US\$	1H 2023	Amount	
	million	US\$ million	US\$ million	Change %
Profit from continuing operations before income tax	277.8	47.9	229.9	480.0
- Finance income	(19.2)	(26.5)	7.3	(27.5)
+ Finance costs	39.1	46.0	(6.9)	(15.0)
+ Revaluation effects of Silverstream contract	(66.4)	17.0	(83.4)	N/A
- Foreign exchange gain (loss), net	3.9	(3.2)	7.1	N/A
- Other operating income	(6.6)	(1.9)	(4.7)	247.4
+ Other operating expense	11.4	35.4	(24.0)	(67.8)
+ Depreciation	304.2	236.3	67.9	28.7
EBITDA	544.2	351.0	193.2	55.0
EBITDA margin	36.6%	26.1%		

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), plus the net Silverstream effects and other operating income plus other operating expenses and depreciation. In 1H24, EBITDA increased 55.0% to US\$544.2 million primarily driven by the higher gross profit and, to a lesser extent, a lower exploration expense. As a result, EBITDA margin expressed as a percentage of revenue increased, from 26.1% in 1H23 to 36.6% in 1H24.

OTHER OPERATING INCOME AND EXPENSE

In 1H24, a net loss of US\$4.8 million was recognised in the income statement mainly related to the write-off of obsolete spare parts inventories. This compared favourably to the net loss of US\$33.5 million registered in 1H23, mainly driven by the identification of certain suspected illegal extraction of gold ounces from the Soledad-Dipolos leaching pads.

SILVERSTREAM EFFECTS

The Silverstream contract is accounted for as a derivative financial instrument carried at fair value. The net Silverstream effect recorded in the 1H24 income statement was a gain of US\$66.5 million (US\$21.5 million amortisation profit and US\$45.0 million revaluation gain), which compared favourably to the net loss of US\$17.0 million registered in 1H23. The positive revaluation in 1H24 was mainly driven by the increase in the forward silver price curve, whilst the negative revaluation in 1H23 was mainly driven by a reduction in reserves and resources at the Sabinas mine.

The Group expects that further unrealised gains or losses related to the valuation of the Silverstream 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 and in notes 10 and 18 to the consolidated financial statements.

NET FINANCE COSTS

Net finance costs remained broadly unchanged at US\$20.0 million in 1H24 (US\$19.5 million in 1H23). Financial expenses in 1H24 included mainly the interest paid on the 4.250% Senior Notes due 2050, net of interest gains on our cash balance.

FOREIGN EXCHANGE

A foreign exchange loss of US\$3.9 million was recorded over the period mainly driven by the effect of the variation of the Mexican peso/US dollar exchange rate on the value of peso-denominated net monetary asset position. This compared negatively to the US\$3.2 million gain registered in 1H23.

TAXATION

Income tax expense for the period was US\$89.5 million, compared to the US\$19.5 million income tax credit in 1H23. The effective tax rate, excluding the special mining rights, was 32.2%, which was above the 30% statutory tax rate. This variance resulted from the differences between the tax and the accounting treatment. In 1H24 the main reason was related to the effect of the 8.8% devaluation of the Mexican peso/US dollar spot exchange rate on the tax value of assets and liabilities; which was mitigated by the effect of the inflation rate (Mexican Consumer Price Index) that impacted the inflationary uplift of the tax base for assets and liabilities and the effect of the devaluation of the Mexican peso on the dollar denominated net monetary position.

The effective tax rate, excluding the special mining rights, was -40.7% in 1H23.

Mining rights for the first half of 2024 was US\$70.6 million compared to mining rights income of US\$22.3 million recognised in 1H23. The reasons for the variation in mining rights were the same as the ones affecting income tax.

PROFIT FOR THE PERIOD

Profit for the period increased from US\$89.7 million in 1H23 to US\$117.7 million in 1H24, a 31.2% increase period-on-period due to the factors described above. Profit due to non-controlling interests was US\$39.0 million, up 56.2%, reflecting the profit generated at Juanicipio, where MAG Silver owns 44% of the outstanding shares. Accordingly, profit attributable to equity shareholders of the Group was US\$78.6 million, a 21.5% increase half-on-half.

Excluding the effects of the Silverstream contract, profit for the year decreased from US\$101.6 million in 1H23 to US\$71.2 million, a 29.9% decrease.

CASH FLOW

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

	1H 2024 US\$ million	1H 2023 US\$ million	Amount US\$ million	Change %
Cash generated by operations before changes in working capital	547.9	322.9	225.0	69.7
(Increase)/decrease in working capital	(76.9)	75.4	(152.3)	N/A
Taxes and employee profit sharing paid	(71.4)	(192.8)	121.4	(63.0)
Net cash from operating activities	399.6	205.5	194.1	94.4
Silverstream contract	13.7	20.2	(6.5)	(32.2)
(Repayment of loans)/Capital contributions and loans granted by minority shareholders	(43.3)	25.0	(68.3)	N/A
Purchase of property, plant and equipment	(170.3)	(227.8)	57.5	(25.2)
Dividends paid to shareholders of the Company	(31.0)	(98.0)	67.0	(68.4)
Financial expenses and foreign exchange effects	(9.6)	1.5	(11.1)	N/A
Net increase/decrease in cash during the period after foreign exchange differences	156.4	(79.4)	235.8	N/A
Cash and cash equivalents at 30 June	691.0	889.7	(198.7)	(22.3)

Cash generated by operations before changes in working capital increased by 69.7% to US\$547.9

million, mainly as a result of the higher profits generated in the period. Working capital increased US\$76.9 million, mainly due to: i) a US\$46.3 million increase in inventories; and ii) a decrease in trade and other payables of US\$30.0 million.

Taxes, mining rights and employee profit sharing paid decreased to US\$71.4 million, down 63.0% vs 1H23, mainly due to: i) the lower final income tax paid in 1H24, net of provisional taxes paid (corresponding to the 2023 tax fiscal year); ii) the decrease in provisional tax payments paid in 1H24; iii) a decrease in mining rights; and iv) lower profit sharing paid.

As a result of the above factors, net cash from operating activities increased 94.4% from US\$205.5 million in 1H23 to US\$399.6 million in 1H24.

The Group received US\$13.7 million related to the proceeds of the Silverstream contract.

Main uses of funds were:

- i) the purchase of property, plant and equipment for a total of US\$170.3 million, a 25.2% decrease over 1H23. Capital expenditures for 1H24 are described below:

PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	1H 2024 US\$ million
Saucito mine	52.0 Mine development, purchase of in-mine equipment, deepening of the Jarillas shaft and tailings dam.
Fresnillo mine	43.0 Mine development and mining works, purchase of in-mine equipment, deepening of the San Carlos shaft and tailings dam.
San Julián Veins and DOB	29.0 Mining works, tailings dam and purchase of in-mine equipment.
Herradura mine	21.9 Stripping, construction of leaching pads and purchase of mine equipment.
Juanicipio mine	16.4 Mine development and equipment
Ciénega mine	7.6 Mining works and purchase of in-mine equipment.
Other	0.4 Minera Bermejil.
Total purchase of property, plant and equipment	170.3

- ii) Repayment of loans granted by minority shareholders US\$43.3 million.

- iii) Dividends paid to shareholders of the Group in 1H24 totalled US\$31.0 million, a 68.4% decrease over 1H23 as a result of the 2023 final dividend of 4.20 cents per share paid in May 2024, in line with our dividend policy.

- iii) Financial expense and foreign exchange effects of US\$9.6 million in 1H24. Financial expenses in 1H24 included the interest paid on the 4.250% Senior Notes due 2050. Interest received during the period totalled US\$19.2 million (US\$27.0 million in 1H23).

The sources and uses of funds described above resulted in a net increase in cash and cash equivalents of US\$156.4 million, which combined with the US\$534.6 million balance at the beginning of the year resulted in cash and cash equivalents of US\$691.0 million at the end of June 2024.

BALANCE SHEET

Fresnillo plc continued to maintain a solid financial position during the period with cash and cash equivalents of US\$691.0 million as of 30 June 2024, increasing 29.3% versus 31 December 2023 and decreasing 22.3% versus 30 June 2023. Taking into account the cash and cash equivalents of US\$691.0 million and the US\$839.2 million outstanding Senior Notes, Fresnillo plc's net debt is US\$148.2 million as of 30 June 2024. This compares with net debt of US\$204.4 million as of 31 December 2023 and US\$236.5 million as of 30 June 2023.

US\$148.2 million as at 30 June 2024. This compares to the net debt position of US\$304.4 million as at 31 December 2023. Considering these variations, the balance sheet at 30 June 2024 remains strong, with a net debt / EBITDA ratio of 0.17x^[15]

Inventories increased 8.7% over the 2023 year-end figure to US\$579.0 million, mainly driven by the increase in the cost per ounce registered in the inventories at Herradura.

Trade and other receivables increased 7.6% to US\$518.9 million mainly as a result of the increased volumes of lead and zinc concentrates sold to Met-Mex and the higher gold and silver prices.

The change in the value of the Silverstream derivative from US\$482.3 million at the end of the 2023 to US\$532.0 million as of 30 June 2024 reflects proceeds of US\$16.8 million in the period (US\$8.6 million in cash and US\$8.2 million in accounts receivables) and the Silverstream revaluation effect in the income statement of US\$66.5 million.

The net book value of property, plant and equipment was US\$2,693.1 million at the end of June, representing a 5.9% decrease when compared to the US\$2,860.9 million at 31 December 2023. The US\$167.8 million decrease was mainly due to increased depreciation.

The Group's total equity was US\$4,167.2 million as of 30 June 2024, a 2.5% increase over 31 December 2023. This was mainly explained by the increase in retained earnings, reflecting the 1H24 profit.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above in the Operational Review, with further detail in the Annual Report 2023. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review.

In addition, the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk were set out in the Annual Report 2023.

In making their assessment of the Group's ability to manage its future cash requirements, the Directors have considered the Company and Group budgets and the cash flow forecasts for the period to 31 December 2025 (the 'going concern period'). The Directors have also considered the cash position at 30 June 2024 (US\$691.0 million). In addition, they reviewed a more conservative cash flow scenario with reduced silver and gold prices of US\$23.7/ounce and US\$1,940/ounce respectively throughout the going concern's period, whilst maintaining current budgeted expenditure while only considering projects approved by the Executive Committee. This resulted in a lower cash position, but still increase the cash balance year on year, maintaining sufficient liquidity throughout the period. Finally, to maintain a strong liquidity, during January 2024, the Company entered into a committed syndicated revolving credit facility (the 'facility') with a maximum amount available of US\$350.0 million. The terms of this facility include financial covenants related to leverage and interest cover ratios and the facility is available for a period of five years.

Under all going concern scenarios modelled, management forecasts compliance with such covenants.

The Directors have further calculated prices (US\$17.0 /ounce and US\$1,349 /ounce for silver and gold respectively), which should prevail to the end of 2025 would result in cash balances decreasing to minimal levels (by the end of 2025) to comply with the leverage covenants that the revolving credit facility requires in order to have available the US\$350 million credit line. In this exercise no mitigations are applied.

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.

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.

DIVIDENDS

The Board of Directors has declared an interim dividend of 6.4 US cents per Ordinary Share totalling US\$47.2 million, which will be paid on 17 September 2024 to shareholders on the register on 9 August 2024. The dividend will be paid in UK pounds sterling unless shareholders elect to be paid in US dollars. This interim dividend is higher than the previous period due to the increase in profit in 1H24, and remains in line with the Group's dividend policy. This decision was made after a comprehensive review of the Group's financial situation, assuring that the Group is well placed to meet its current and future financial requirements, including its development and exploration projects.

As previously disclosed, the corporate income tax reform introduced in Mexico in 2014 created a withholding tax obligation of 10% (including to foreign nationals). The 2024 interim dividend will be subject to this withholding obligation.

MANAGING OUR RISKS AND OPPORTUNITIES WITH RESILIENCE

Effective risk management is an essential part of our culture and strategy. The accurate and timely identification, assessment and management of principal and emerging risks give us a clear understanding of the actions required to achieve our objectives. We have embedded a global risk management framework across Fresnillo plc which aims to always ensure consistency and the application of the appropriate level of oversight.

Key elements of integrated risk management:

- We recognise that risks are inherent to our business: *Only through adequate risk management can internal stakeholders be effectively supported in making key strategic decisions and implementing our strategy.*
- Exposure to risks must be consistent with our risk appetite: *The Board defines and regularly reviews the acceptable level of exposure to emerging and principal risks: Risks are aligned with our risk appetite, taking into consideration the balance between threats and opportunities.*
- We are all responsible for managing risks: *Each business activity carries out risk evaluations to ensure the sound identification, management, monitoring and reporting of risks that could impact the achievement of our goals.*
- Risk is analysed using a consistent framework: *Our risk management methodology is applied to all our operating, projects, exploration activities and support areas, so that we have a comprehensive view of the uncertainties that could affect us in achieving our strategic goals.*
- We are committed to continuous improvement: *Lessons learned, and best practices are incorporated into our procedures to protect and unlock value sustainably.*

I. How we manage risk.

As explained in our 2023 Annual Report, the company ended last year with good progress in risk management, including the implementation of actions that mitigated our most significant risks. In parallel, the Enterprise Risk Management team developed a training program focused on identifying and mitigating the Company's most exposed risks, which was rolled out across the business to increase awareness of our risk culture. During this first half of the year, we continued to improve our risk framework by increasing the use of metrics and scenarios to more accurately articulate the risk appetite and tolerance limits within which we wish to operate.

We maintain a risk register through a robust assessment of the potential principal risks that could affect the Company's performance. This register ensures that principal risks are identified in a thorough and systematic way and that agreed definitions of risk are used.

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.

During the first part of 2024, our risk team focused its efforts on identifying and assessing: *potential action by the government, security, climate change and emerging risks*. For the second part of the year, we will be assessing: *fraud, cybersecurity, access to land and community relations risks*.

II. Key thematic areas to consider in 2024.

The assessment of principal and emerging risks, considers factors internal and external to Fresnillo plc. The uncertainty and disruptions seen in the global business landscape last year continue to intensify the pressure on the risk and control environment. Most organisations continue to suffer from supply chain uncertainties, inflation impacts and geopolitical uncertainties. We identify the key thematic areas and related risks that we need to be aware of. The thematic areas below include both principal and emerging risks. While not an exhaustive list of thematic areas, they can serve as a starting point for assessing the Fresnillo plc risk profile and control environment through 2024:

External Pressures	Operational Challenges	Technology
-Economic & Geopolitical Uncertainty	-Profitability, Inflation and Liquidity	-Cyber Security
-Environmental, Social and Governance (ESG)	-Talent management and retention	-Data Privacy and Governance
-Third-party relations & Supply Chain	-Operational Resilience	-Digital disruption and emerging technology

III. Assessment of Principal Risks for the first half of the year 2024.

It has been necessary to reassess the principal risks outlined in the 2023 Annual Report, rethink their materiality, likelihood, and impact, and reassess related mitigation actions, due to the effects caused by:

- a) The impact of the results of the presidential elections in Mexico have generated uncertainty for investors and volatility in the markets and exchange rate.
- b) Mexico's new mining law, which considers the prohibition of new mining concessions, prohibition for open-pit mines and the restriction of water use in mining operations.
- c) Increased insecurity and organized crime in the regions surrounding our mining operations.
- d) Russia's war with Ukraine and Hamas's war with Israel, and attacks on commercial shipping in the Red Sea by Iranian-backed Houthi rebels, which generate geopolitical instability and supply chain disruptions.
- e) Disruptions to supply chains for critical inputs and rising inflation, leading to increased operating costs; and
- f) Consequences of climate change.

The following is a description of the principal risks with the greatest impact and likelihood of occurrence during the first half of the year 2024:

occurrence during the first half of the year 2024:

Principal risks	Risk description	Factors contributing to risk	Mitigation actions
<p>Potential actions by the government</p> <p>(Political, legal, regulatory and concessions)</p>	<p>Regulatory actions can have an adverse impact on the Company. These could include stricter environmental regulations, forms of procurement or explosives, more challenging permit processes, more onerous tax compliance obligations for us and our contractors, as well as more frequent reviews by tax authorities.</p>	<p>On June 2, general elections were held in Mexico, where a total of 629 federal positions were elected: 500 seats in the Chamber of Deputies, 128 Senate seats, and the Mexican presidency, during which, Claudia Sheinbaum Pardo, was elected as president, representing the same political parties that brought President Andrés Manuel López Obrador to power in 2018.</p>	<p>1. With the news 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 being updated.</p>
	<p>The right of indigenous communities to be consulted regarding mining concessions could potentially affect the granting of new concessions in Mexico.</p> <p>The federal government aims to discourage the generation of energy based on clean sources and to encourage that from fuel oil and coal.</p> <p>We paid special attention to the following aspects:</p> <ul style="list-style-type: none"> •Government actions that negatively impact the mining industry. •Regulatory changes to mining rights and adverse fiscal changes. •Increase in the frequency of the reviews by the tax authorities with special focus on the mining industry. •Inability to obtain necessary water concessions because of government control or private interests. •Failures/delays in obtaining the required environmental permits. 	<p>Regarding the chambers of Congress, the mentioned parties will control the majority of seats in both the Senate (though without a qualified majority) and the House of Deputies (with a qualified majority); additionally, this coalition secured a majority in 27 state legislatures, granting them extensive legislative power at both the federal and state levels.</p> <p>This political landscape is particularly important as these majorities provide the coalition with a virtual "free pass" to approve any initiative or law reform, including constitutional amendments. This implies the potential for significant changes in several areas, including mining, without facing any strong opposition in Congress.</p> <p>As such, it is important to remember that, just over a year after the publication of the decree on reforms to the Mining Law, the National Waters Law, the Ecological Balance Law, and the General Waste Law, these are currently under review by the Supreme Court of Justice of the Nation. This review was provoked by an action of unconstitutionality filed by opposition parliamentary representatives. The mentioned reform was repealed, modified, and added several provisions that substantially affect the mining industry's operations.</p> <p>Among the most relevant provisions of this reform are the mandatory prior consultation with Indigenous communities and original peoples linked to obtaining consent before granting new concessions; the reduction of the validity period of mining concessions; the restriction of mining in protected areas and areas with water stress; and the prohibition of open pit mining, among other measures. These modifications have raised significant concerns in the mining sector, which believes that these new regulations could significantly hinder mining operations in Mexico.</p> <p>However, there is a possibility that the Supreme Court will declare the reform invalid due to violations committed during the legislative process. This possibility has generated expectations in the sector that the court will restore the regulatory framework prior to the reform.</p>	<p>2. Commitment to constant communication with all levels of government.</p> <p>3. Increased monitoring of the processes being implemented at the Ministry of Labour and Economy.</p> <p>4. We remain alert to the changes proposed by the authorities, including energy and mining tax initiatives, so that we can respond in a timely and relevant manner.</p> <p>5. We continue to collaborate with other members of the mining community through the Mexican Mining Chamber to lobby against any new harmful taxes, royalties or regulations. We also support industry lobbying efforts to improve the general public's understanding of the mining industry.</p>

Principal risks	Risk description	Factors contributing to risk	Mitigation actions
	<p>Our employees, contractors and suppliers face the risk of theft, kidnapping, extortion or damage due to insecurity in some of the regions where we operate.</p> <p>The influence and dispute of territories by drug cartels, other</p>	<ul style="list-style-type: none"> • Increased presence of organised crime in the vicinities of mining units, particularly in Fresnillo, Saucito, Juanicipio and Herradura & Noche Buena mines. 	<p>1. Our property security teams closely monitor the security situation, maintaining clear internal communications and coordinating work in areas of greater insecurity.</p> <p>2. We have adopted the following:</p>

Security	<p>territories by drug cartels, other criminal elements and general anarchy in some of the regions where we operate, combined with our exploration activities and projects in certain areas of drug deposit, transfer or cultivation, makes working in these areas a particular risk to us.</p> <p>The Federal Government created the Secretariat of Citizen Security and Protection as part of the comprehensive strategy to reduce insecurity. It also created the National Guard, mostly comprising military personnel, with the aim of combating organised crime and drug cartels. Unfortunately, in most states the state or local police are unprepared and ill-equipped to combat organised crime, have low wages and are sometimes infiltrated by criminal elements.</p> <p>According to information from the Secretariat of Security and Citizen Protection, the National Guard and the Attorney General's Office of the Republic, the presence of organised crime and high-impact crimes (homicide, kidnapping and extortion) increased in 2023, in the states where our business units and projects are located, such as Zacatecas, Guanajuato, and Sonora.</p> <p>The main risks we face are:</p> <ul style="list-style-type: none"> -High-impact robberies. -Theft of assets such as minerals, equipment, instruments, inputs, etc. -Consumption and sale of toxic substances in our mining units. -Homicide, kidnappings, extortions and vandalism. 	<ul style="list-style-type: none"> • <i>A severe increase in the number of high impact crimes (homicide, kidnapping, extortion) in the regions where our mining units are located: Fresnillo, Zacatecas & Caborca, Sonora.</i> • <i>Increase in theft of mobile equipment such as Toyota-type vans in Fresnillo District.</i> • <i>Possible thefts of assets in mining units and/or during their transport.</i> • <i>Roadblocks or blockages on the roads and/or highways near the mining units.</i> 	<ol style="list-style-type: none"> 4. we have adopted the following practices to manage our security risks and prevent and treat possible incidents: 3. Close and constant communication with federal and state security authorities. 4. Regular interactions and meetings with the National Guard. 5. An increase in the number of anti-doping tests at the start of the day in the mining units. 6. Frequent inspections inside the mines to verify that drugs are not consumed and sold. 7. Drug consumption prevention campaigns, with a focus on employees. 8. An increase in logistical controls in order to reduce the potential for theft of mineral concentrate. These controls include the use of 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.

Principal risks	Risk description	Factors contributing to risk	Mitigation actions
<p>Global macroeconomic developments and cost</p> <p><i>(Energy and supply chain disruptions, inflation, productivity and operational cost)</i></p>	<p>Metal price performance for both gold and silver, has not been affected for the time being. Even the price of gold has reached record levels. We see this risk as stable with no threat in the short term.</p> <p>On the other hand, about global macroeconomic development, during the first half of 2024, we saw increases in operating costs and greater inflationary pressures, together with a shortage of critical inputs and equipment. We expect this situation continue during the second part of the year and in 2025.</p> <p>This condition could create an adverse impact on our operations, costs, sales and profits, and potentially on the economic viability of projects.</p>	<ul style="list-style-type: none"> • <i>Increased operating costs due to higher prices for critical inputs such as steel, cyanide, copper, diesel, haulage equipment, oxygen and truck tyres.</i> • <i>The impact of Russia-Ukraine war on supply chains has been global, prolonged, and comprised a series of major shocks to companies' logistical systems.</i> • <i>Disruptions in the value chain of critical inputs for our operations such as spare parts (primarily delivered by land transport from the US and maritime transport from China and Europe).</i> • <i>Disruptions also include reduced availability of maintenance teams/contractors to resolve issues, resulting in delays.</i> 	<ol style="list-style-type: none"> 1. Regarding critical inputs for operations and projects, supplies have been secured for this year through alliances and agreements with suppliers and contractors. 2. We constantly seek to maintain a broad supplier base to ensure a range of options for the purchase of critical inputs and reduce the likelihood of shortages. 3. We focus on cost, efficiency and capital discipline to deliver a competitive total cost of operation and maintenance. 4. We increase cost competitiveness by improving the quality of the supplier and contractor portfolio.

IV. Our Principal Risk matrix.

A consistent assessment of the probability and impact of risk occurrence is fundamental to establishing, prioritising and managing the risk profile of the Company. In common with many organisations and in line with good practice, we use a probability and impact matrix for this purpose.

Relative position		Principal Risk	Risk Appetite*	Risk Level		Risk Velocity**	Main Focus***
				1H'24	v. 2023		
1	1	Potential actions by the government (political, legal, fiscal, labour, regulatory and concessions)	Low	Very High	Stable with attention	High	Strategic, Economic, ESG
2	2	Security	Low	Very High	Stable with attention	High	Operational, ESG
3	3	Global macroeconomic developments & cost (energy and supply chain disruptions, inflation, productivity and operational cost)	Low	High	Stable with attention	High	Economic, Operational
4	4	Impact of metals prices (commodity prices and exchange rates)	High	High	Stable	High	Economic
5	5	Human Resources (attract and retain requisite skilled people/talent crisis)	Medium	High	Stable	Medium	Strategic, Operational
6	6	Cybersecurity	Low	High	Stable with attention	High	Strategic, Operational
7	7	Projects (performance risk)	Medium	High	Stable	Medium	Economic, Operational
8	8	Safety (incidents due to unsafe acts or conditions could lead to injuries or fatalities)	Low	High	Stable	High	Operational, ESG
9	9	Union Relations (labour relations)	Low	High	Stable	Medium	Operational, ESG
10	10	Access to Land (full land rights)	Medium	Medium	Stable with attention	Medium	Strategic, Operational
11	11	Licence to Operate (community relations)	Low	Medium	Stable	Medium	Operational, ESG
12	12	Exploration (new ore resources)	High	Medium	Stable	Low	Operational, Strategic
13	13	Climate change (ESG)	Medium	Medium	Stable	Low	Operational, Strategic, ESG
14	14	Tailings dams (overflow or collapse of tailings deposits)	Low	Medium	Stable	High	Operational, ESG
15	15	Environmental Incidents (cyanide spills and chemical contamination)	Low	Medium	Stable	High	Operational, ESG

*Appetite = Determined by the Board

**Risk Velocity:

High: Impact within 6 months of risk occurring

Medium: Impact between 6 and 12 months of risk occurring

Low: Impact after more than 12 months of risk occurring

***Main Focus:

Strategic - risks arising from uncertainties that may impact our ability to achieve our strategic objectives.

Economic - risks that directly impact financial performance and realisation of future economic benefits.

Operational - risks arising from our business that have the potential to impact people, environment, community and operational performance including our supply chain.

Environment - risks arising from our business that have the potential to impact on air, land, water, ecosystems and human health.

Social - risks arising from our business that have the potential to impact on society, including health and safety.

Governance - risks arising from our workplace culture, business conduct and governance.

ESG - Environmental + Social + Governance.

V. Emerging Risks.

We define an emerging risk as a: "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 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. To strengthen our emerging risks management framework, during 2024 we carried out activities to: a) identify new emerging risks; b) re-assess emerging risks identified in 2022-23; c) deploy effective monitoring mechanisms; d) carry out horizon scanning to consider disruptive scenarios, and e) implement mitigating control actions and enhance our risk awareness culture. This process involved workshops, surveys and meetings with the risk's owners, business unit leaders, support and corporate areas, Executive Committee, as well as suppliers, contractors and stakeholders. We also consulted third party information from global risk reports, academic publications, risk consulting experts and industry benchmarks. Our risk management standards promote communication of up-to-date information on the Company and industry risks, trends and emerging risks.

The emerging risk assessment conducted during the first half of the year concluded that the risks we present in the 2023 annual report are in place, except for the following changes:

- New emerging risks are included:

"Unexpected mine-closure liabilities that have the potential to increase costs". - The process of 'mine closure' becomes an emerging risk with respect to the resources that will need to be allocated to meet the standards required by the corresponding regulations. Costs could be high, and the budget may not be available in a timely manner. It is possible that the federal or state government could increase environmental requirements and procedures to close mines. We have the short-term closures of the Cienega and San Julian mines, so it makes sense to include this new emerging risk.

- The risk of **"Pandemics and infectious diseases"** is removed from the emerging risk matrix as has decreased in probability of occurrence.

VI. Our Emerging Risk matrix.

1H'24	Emerging Risk	Risk Level	ARA '23	Change v. ARA 2023	Reasons for inclusion or increase
1	Geopolitical instability (Linked to Global macroeconomic development Principal Risk)	High	1	Increase	A series of intertwined dynamics are exacerbating volatility in global markets: the Gaza war, Russia's invasion of Ukraine, attacks on commercial shipping in the Red Sea by Iran-backed Houthi rebels, the U.S.-China competition and Presidential elections in many parts of the world, such as the U.S.
2	Water stress and drought (Linked to Climate Change Principal Risk)	High	2	Stable with attention	
3	Technological disruption & the rapid proliferation of Artificial Intelligence (Linked to Cybersecurity Principal Risk)	Medium	4	Stable	
4	Transition to a low-carbon future (decarbonization) (Linked to Climate Change Principal Risk)	Medium	3	Stable	
5	Future of the workforce (Linked to Human Resources Principal Risk)	Medium	5	Stable	

6	Increased expectations of society and investors	Medium	6	Stable	
7	Replacement on depletion of ore reserves <i>(Linked to Exploration Principal Risk)</i>	Medium	7	Stable	
8	Unexpected mine-closure liabilities that have the potential to increase costs	Low	-	New	The process of 'mine closure' becomes an emerging risk with respect to the resources that will need to be allocated to meet the standards required by the corresponding regulations. Costs could be high, and the budget may not be available in a timely manner.

Statement of directors' responsibilities

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

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board IASB and as adopted by UK and gives a true and fair view of the assets, liabilities, financial position and profit and loss account of the Fresnillo Group as required by DTR 4.2.4; and
- the interim management report includes a fair review of the information required by
 - DTR 4.2.7 (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principle risks and uncertainties for the remaining six months of the year); and
 - DTR 4.2.8 (being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period and changes since the last annual report).

The Directors of the Company are:

Alejandro Baillères	Chairman
Arturo Fernández	Non-executive director
Fernando Ruiz	Non-executive director
Eduardo Cepeda	Non-executive director
Charlie Jacobs	Non-executive director
Alberto Tiburcio	Independent non-executive director
Dame Judith Macgregor	Senior Independent non-executive director
Georgina Kessel	Independent non-executive director
Guadalupe de la Vega	Independent non-executive director
Héctor Rangel	Independent non-executive director
Rosa Vázquez	Independent non-executive director
Luz Adriana Ramírez	Independent non-executive director

On behalf of the board of directors of Fresnillo plc

Octavio Alvidrez
Chief Executive Officer

INDEPENDENT REVIEW REPORT TO FRESNILLO PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises Interim Consolidated Income Statement, Interim Consolidated Statement of Comprehensive Income, Interim Consolidated Balance Sheet, Interim Consolidated Statement of Cash Flows and the related notes 1 to 18. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

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

As disclosed in note 2a, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company

using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

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

Ernst & Young LLP

London

30 July 2024

Interim Consolidated Income Statement

		Notes		For the six months ended 30 June			
				2024 (Unaudited)		2023 (Unaudited)	
				(in thousands of US dollars)			
		Pre-Silverstream revaluation effect	Silverstream revaluation effect	Total	Pre-Silverstream revaluation effect	Silverstream revaluation effect	Total
Continuing operations:							
Revenues	4	1,488,252		1,488,252	1,343,333		1,343,333
Cost of sales	5	(1,095,868)		(1,095,868)	(1,060,647)		(1,060,647)
Gross profit		392,384		392,384	282,686		282,686
Administrative expenses		(55,299)		(55,299)	(54,766)		(54,766)
Exploration expenses		(77,203)		(77,203)	(96,862)		(96,862)
Selling expenses		(19,959)		(19,959)	(16,415)		(16,415)
Other operating income		6,640		6,640	1,916		1,916
Other operating expenses		(11,410)		(11,410)	(35,399)		(35,399)
Profit from continuing operations before net finance costs and income tax		235,153		235,153	81,160		81,160
Finance income	6	19,162		19,162	26,473		26,473
Finance costs	6	(39,147)		(39,147)	(46,010)		(46,010)
Revaluation effects of Silverstream contract	10		66,459	66,459		(17,009)	(17,009)

Foreign exchange (gain)/loss		(3,852)		(3,852)		3,241		3,241
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Profit from continuing operations before income tax		211,316	66,459	277,775	64,864	(17,009)		47,855
Corporate income tax	7	(69,576)	(19,938)	(89,514)	14,437	5,103		19,540
Special mining right	7	(70,585)		(70,585)	22,325			22,325
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income tax (expense)/credit	7	(140,161)	(19,938)	(160,099)	36,762	5,103		41,865
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Profit for the period from continuing operations		71,155	46,521	117,676	101,626	(11,906)		89,720
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Attributable to:								
Equity shareholders of the Company		32,125	46,521	78,646	76,632	(11,906)		64,726
Non-controlling interests		39,030		39,030	24,994			24,994
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		71,155	46,521	117,676	101,626	(11,906)		89,720
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Earnings per share: (US\$)								
Basic and diluted earnings per ordinary share from continuing operations	8			0.107				0.088
Adjusted earnings per share: (US\$)								
Adjusted basic and diluted earnings per ordinary share from continuing operations	8	0.044			0.104			

For the six months ended 30 June
2024 2023
(Unaudited) (Unaudited)
(in thousands of US dollars)

117,676

89,720

Other comprehensive income

Foreign currency translation

(3,078)

Net other comprehensive income/(loss) that may be reclassified subsequently to profit or loss

(3,078)

Items that will not be reclassified to profit or loss:	<i>For the six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>(in thousands of US dollars)</i>	
Changes in the fair value of cash flow hedges	(172)	72
<i>Total effect of cash flow hedges</i>	(172)	72
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)	17,593	(43,989)
<i>Income tax effect on items that will not be reclassified to profit or loss</i>	(5,227)	13,175
Net other comprehensive income/(loss) that will not be reclassified to loss or profit	12,194	(30,742)
Other comprehensive income/(loss), net of tax	13,271	(33,820)
Total comprehensive income, net of tax	130,947	55,900
Attributable to:		
Equity shareholders of the Company	91,937	30,935
Non-controlling interests	39,010	24,965
	130,947	55,900

Interim Consolidated Balance Sheet

	Notes	As of 30 June 2024 (Unaudited) (in thousands of US dollars)	As of 31 December 2023 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment (PPE)	9	2,693,148	2,860,916
Equity instruments at FVOCI	18	125,584	107,991
Silverstream contract	10,18	482,588	446,538
Deferred tax asset	7	646,389	665,302
Inventories	11	69,760	69,760
Other receivables	12	494	43,528
Other assets			4,553

Other assets	Notes	As of 30 June 2024 <u>3,994</u> <u>(Unaudited)</u>	As of 31 December 2023 <u>4,198,588</u> <u>(Audited)</u>
(in thousands of US dollars)			
Current assets			
Inventories	11	509,232	462,973
Trade and other receivables	12	472,101	419,666
Income tax recoverable		46,776	62,740
Prepayments		11,586	23,178
Derivative financial instruments	18	-	79
Silverstream contract	10,18	49,385	35,802
Cash and cash equivalents	13	690,970	534,580
		<u>1,780,050</u>	<u>1,539,018</u>
Total assets		<u>5,802,007</u>	<u>5,737,606</u>
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Company			
Share capital			368,546
		368,546	
Share premium			1,153,817
		1,153,817	
Capital reserve			(526,910)
		(526,910)	
Hedging reserve			50
		(63)	
Fair value reserve of financial assets at FVOCI			42,591
		54,906	
Foreign currency translation reserve			(4,204)
		(3,127)	
Retained earnings			2,737,962
		<u>2,785,658</u>	<u></u>
		3,832,827	3,771,852
Non-controlling interests			
		<u>334,356</u>	<u>295,345</u>
Total equity		<u>4,167,183</u>	<u>4,067,197</u>
Non-current liabilities			
Interest-bearing loans		839,200	839,002
Notes payable		-	22,726
Lease liabilities		9,617	9,777
Provision for mine closure cost		271,681	280,467
Provision for pensions and other post-employment benefit plans		13,354	13,211
Deferred tax liability	7	198,144	133,202
		<u>1,331,996</u>	<u>1,298,385</u>

Current liabilities

Trade and other payables		209,990	258,105
Notes payable		51,133	72,634
Income tax payable		20,266	21,779
Derivative financial instruments	18	109	-
Lease liabilities		2,623	4,813
Provision for mine closure cost		11,849	11,849
Employee profit sharing		6,858	2,844
		<u>302,828</u>	<u>372,024</u>
Total liabilities		<u>1,634,824</u>	<u>1,670,409</u>
Total equity and liabilities		<u>5,802,007</u>	<u>5,737,606</u>

Interim Consolidated Statement of Cash Flows

	Notes	For the six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
		(in thousands of US dollars)	
	17	399,574	205,497
Net cash from operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment		(170,278)	(227,752)
Proceeds from the sale of property, plant and equipment and other assets		574	422
Silverstream contract	10	13,677	20,187
Interest received		19,162	27,024
Purchase of equity instruments at FVOCI		-	(2,313)
Net cash used in investing activities		<u>(136,865)</u>	<u>(182,432)</u>
Cash flows from financing activities			
Proceeds from notes payable ¹		-	22,726
Payment of note payable		(43,301)	-
Principal elements of lease payment		(3,306)	(3,878)
Dividends paid to shareholders of the Company ²		(30,978)	(98,033)
Capital contribution ³		-	2,309
Interest paid ^{4, 5}		(24,126)	(29,867)
Net cash used in financing activities		<u>(101,711)</u>	<u>(106,743)</u>
Net increase/(decrease) in cash and cash equivalents during the period		<u>160,998</u>	<u>(83,678)</u>
Effect of exchange rate on cash and cash equivalents		(4,608)	4,302

Cash and cash equivalents at 1 January	13	534,580	969,060
Cash and cash equivalents at 30 June	13	690,970	889,684

¹ 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.

² Includes the effect of hedging of dividend payments made in currencies other than US dollar (note 14).

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

⁴ Total interest during the six months ended 30 June 2023 less amounts capitalised totalling US\$2.0 million which is included within the caption Purchase of property, plant and equipment.

⁵ As of 30 June 2024 includes US\$0.5 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 30 June 2024.

Interim Consolidated Statement of Changes in Equity

									<i>Total attributable to shareholders of Company</i>
	<i>Notes</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Capital reserve (in thousands of US dollars)</i>	<i>Hedging Reserve</i>	<i>Fair value reserve of financial assets at FVOCI (in thousands of US dollars)</i>	<i>Foreign currency translation reserve</i>	<i>Retained earnings</i>	
Balance at 1 January 2023 (Audited)		368,546	1,153,817	(526,910)	(91)	79,786	(1,886)	2,612,469	3,685,644
Profit for the period								64,726	64,726
Other comprehensive income, net of tax		-	-	-	79	(30,792)	(3,078)	-	(33,091)
Total comprehensive income for the period					79	(30,792)	(3,078)	64,726	30,635
Hedging gain transferred to the carrying value of PPE purchased during the period		-	-	-	41	-	-	-	41
Capital contribution		-	-	-	-	-	-	-	-
Dividends paid	14	-	-	-	-	-	-	(98,006)	(98,006)
Balance at 30 June 2023 (Unaudited)		368,546	1,153,817	(526,910)	29	48,994	(4,964)	2,579,189	3,618,332
Balance at 1 January 2024 (Audited)		368,546	1,153,817	(526,910)	50	42,591	(4,204)	2,737,962	3,771,800
Profit for the period								78,646	78,646
Other comprehensive income, net of tax		-	-	-	(101)	12,315	1,077	-	13,301
Total comprehensive income for the period					(101)	12,315	1,077	78,646	91,961
Hedging gain transferred to the carrying value of PPE purchased during the period		-	-	-	(12)	-	-	-	(12)
Dividends paid	14	-	-	-	-	-	-	(30,950)	(30,950)
Balance at 30 June 2024 (Unaudited)		368,546	1,153,817	(526,910)	(63)	54,906	(3,127)	2,785,658	3,832,887

Notes to the Interim Condensed Consolidated Financial Statements

1 Corporate Information

Fresnillo plc ("the Company", together with its subsidiaries, "the Group") is a public limited company registered in England and Wales with the registered number 6344120.

Industrias Peñoles S.A.B. de C.V. ("Peñoles") currently owns 75 percent of the shares of the Company and the ultimate controlling party of the Company is the Baillères family, whose beneficial interest is held through Peñoles. The registered address of Peñoles is Calzada Legaria 549, Mexico City 11250. Copies of Peñoles' accounts can be obtained from www.penoles.com.mx. Further information on related party balances and transactions with Peñoles group companies is disclosed in Note 16.

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 ("interim consolidated financial statements") were authorised for issue by the Board of Directors of Fresnillo plc on 30 July 2024.

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

2 Significant accounting policies

(a) Basis of preparation and statement of compliance

The interim consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board IASB and as adopted by the UK.

These interim consolidated financial statements do not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2023 has been delivered to the Registrar of Companies. The auditor's report in accordance with Chapter 3 of Part 16 of the Companies Act 2006 in relation to those accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under section 498(2) or section 498(3) of the UK Companies Act 2006.

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

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

(b) Basis of consolidation

The interim consolidated financial statements set out the Group's financial position as of 30 June 2024 and 31 December 2023, and its operations and cash flows for the six-month periods ended 30 June 2024 and 30 June 2023.

The basis of consolidation adopted in the preparation of the interim consolidated financial statements is consistent with that applied in the preparation of the consolidated financial statements for the year ended 31 December 2023.

(c) Changes in accounting policies and presentation

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

New standards, amendments and interpretations as 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.

Impact of standards issued but not yet applied by the Group

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

Significant accounting judgments, estimates and assumptions

Significant accounting judgments, estimates and assumptions are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2023..

(d) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above in the Operational Review, with further detail in the Annual Report 2023. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review.

In addition, the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk were set out in the Annual Report 2023.

In making their assessment of the Group's ability to manage its future cash requirements, the Directors have considered the Company and Group budgets and the cash flow forecasts for the period to 31 December 2025 (the 'going concern period'). The Directors have also considered the cash position at 30 June 2024 (US\$ 691.0 million). In addition, they reviewed a more conservative cash flow scenario with reduced silver and gold prices of US\$23.7/ounce and US\$1,940/ounce respectively throughout the going concern's period, whilst maintaining current budgeted expenditure while only considering projects approved by the Executive Committee. This resulted in a lower cash position, but still increase the cash balance year on year, maintaining sufficient liquidity throughout the period. Finally, to maintain a strong liquidity, during January 2024, the Company entered into a committed syndicated revolving credit facility (the 'facility') with a maximum amount available of US\$350.0 million. The terms of this facility include financial covenants related to leverage and interest cover ratios and the facility is available for a period of five years.

Under all going concern scenarios modelled, management forecasts compliance with such covenants.

The Directors have further calculated prices (US\$17.0/ounce and US\$1,349/ounce for silver and gold respectively), which should prevail to the end of 2025 would result in cash balances decreasing to minimal levels (by the end of 2025) to comply with the leverage covenants that the revolving credit facility requires in order to have available the US\$350 million credit line. In this exercise no mitigations are applied.

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

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.

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

The Fresnillo mine, located in the State of Zacatecas, an underground silver mine;
The Saucito mine, located in the State of Zacatecas, an underground silver mine;
The Cienega mine, located in the State of Durango, an underground gold mine;
The Herradura mine, located in the State of Sonora, a surface gold mine;
The Noche Buena mine, located in the 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 Juancipio mine, located in the State of Zacatecas, an underground silver mine.

In the six months ended 30 June 2024 99.8% of revenue was derived from customers based in Mexico (six months ended 30 June 2023: all revenue was derived from customers based in Mexico).

Operating segments

Six months ended 30 June 2024

[illegible]

amortisation										
Employee profit sharing										(5,982)
Gross profit as per the income statement										392,384
Capital expenditure³	42,984	21,915	7,659	51,983	-	28,956	16,363	418		170,278

¹ During 2024 all segment revenues were related to sales to Met-Mex, except in Juanicipio which includes sales to other external customers of US\$5.6 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.

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

Six months ended 30 June 2023

US\$ thousands	Fresnillo	Herradura	Cienega	Saucito	Noche Buena	San Julian	Juanicipio ³	Other ⁴	Adjustments and eliminations	Total
Revenues:										
Third party	221,728	379,509	76,150	308,791	48,436	197,639	111,080	-	-	1,343,333
Inter-Segment	250						75,177	54,031	(129,458)	-
Segment revenues	221,978	379,509	76,150	308,791	48,436	197,639	186,257	54,031	(129,458)	1,343,333
Segment profit¹	91,241	82,283	5,116	92,242	5,047	87,442	104,837	11,040	42,599	521,847
Depreciation and amortisation										(236,310)
Employee profit sharing										(2,851)
Gross profit as per the income statement										282,686
Capital expenditure²	43,470	28,732	23,927	54,120	2	34,348	41,289	1,864		227,752

¹ 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.

² Capital expenditure represents the cash outflow in respect of additions to property, plant and equipment, including stripping cost, mine development and purchase of mine equipment, excluding additions relating to changes in the mine closure provision. Significant additions include striping cost at Herradura mine, mining works at San Julian and Fresnillo and expansions of tailings dam at Saucito and Fresnillo.

³ The ore production of Juanicipio mine has been partially processed through Fresnillo and Saucito facilities while achieving name plate capacity of plant facilities.

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.

4 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

	Six months ended 30 June	
	2024	2023
	(in thousands of US dollars)	
Revenues from contracts with customers	1,491,486	1,351,158
Revenues from other sources		
Provisional pricing adjustment on products sold	(3,234)	(7,825)
	<u>1,488,252</u>	<u>1,343,333</u>

(b) Revenues by product sold

Six months ended 30 June

	<i>Six months ended 30 June 2024</i>	<i>Six months ended 30 June 2023</i>
	<i>(in thousands of US dollars)</i>	<i>(in thousands of US dollars)</i>
Lead concentrates (containing silver, gold, lead and by-products)	743,456	638,354
Doré and slag (containing gold, silver and by-products)	288,355	387,037
Zinc concentrates (containing zinc, silver and by-products)	178,156	141,458
Precipitates (containing gold and silver)	235,540	135,577
Activated carbon (containing gold, silver and by-products)	37,162	40,907
Iron concentrates (containing silver, gold, lead and by-products)	5,583	-
	1,488,252	1,343,333

(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:

	<i>Six months ended 30 June 2024</i>	<i>Six months ended 30 June 2023</i>
	<i>(in thousands of US dollars)</i>	<i>(in thousands of US dollars)</i>
Silver	774,027	632,446
Gold	580,296	625,040
Zinc	67,696	118,163
Lead	138,199	55,111
Value of metal content in products sold	1,560,218	1,430,760
Refining and treatment charges ¹	(71,966)	(87,427)
Total revenues ²	1,488,252	1,343,333

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 16(b).

² Includes provisional price adjustments which represent changes in the fair value of trade receivables resulting in a loss of US\$3.2 million (2023: loss of US\$7.8 million).

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

	<i>Six months ended 30 June 2024</i>	<i>Six months ended 30 June 2023</i>
	<i>(in US dollars per ounce)</i>	<i>(in US dollars per ounce)</i>
Gold ³	2,171.91	1,948.08

Silver⁵

Six months ended 30 June
2024 27.62 2023 23.31
(in US dollars per ounce)

³ For the purpose of the calculation, revenue by content of products sold does not include the results from hedging

5 Cost of sales

	Six months ended 30 June	
	2024	2023
	(in thousands of US dollars)	
Depreciation and amortisation	304,230	236,310
Contractors	184,292	191,241
Operating materials	158,785	139,970
Maintenance and repairs	156,077	139,460
Energy	134,874	127,710
Personnel expenses ¹	123,172	103,936
Mine equipment leased	37,751	32,924
Mining concession rights and contributions	13,447	12,087
Surveillance	11,054	12,147
Insurance	6,618	6,034
IT services	4,064	2,198
Freight	4,044	4,958
Other ²	15,964	4,043
Cost of production	1,154,372	1,013,018
Unabsorbed production costs ³	-	21,481
Loss/(gain) on foreign currency hedges	29	(132)
Change in work in progress and finished goods (ore inventories) ⁴	(58,533)	26,280
Cost of sales	1,095,868	1,060,647

¹ Personnel expenses include employees' profit sharing of US\$6.0 million for the six months ended 30 June 2024 (six months ended 30 June 2023: US\$2.9 million).

² Mainly include buildings cleaning and maintenance services, short-term and low value leases and communications services.

³ 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.

⁴ Refer to 2023 Consolidated Financial Statements for more detail related to change in work in progress inventories for the six months ended 30 June 2023 following a change in estimation.

6 Finance income and finance costs

	Six months ended 30 June	
	2024	2023
	(in thousands of US dollars)	
Finance income:		
Interest on short-term deposits and investments	17,037	24,434
Interest on tax receivables	2,105	1,663
Other	20	376
	19,162	26,473
Finance costs:		
Interest on interest-bearing loans and notes payables	22,904	30,353
Interest on lease liabilities	511	561
Unwinding of discount on provisions	13,210	11,103

Other	2,522	3,993
	<u>39,147</u>	<u>46,010</u>

7 Income tax expense

*Six months ended 30 June
2024 2023
(in thousands of US dollars)*

Current corporate income tax:

Income tax charge	60,355	26,800
Amounts (over)/under provided in previous periods	(158)	4,515
	<u>60,197</u>	<u>31,315</u>

Deferred corporate income tax:

Origination and reversal of temporary differences	9,379	(45,752)
Revaluation effects of Silverstream contract	19,938	(5,103)
	<u>29,317</u>	<u>(50,855)</u>
Corporate income tax	<u>89,514</u>	<u>(19,540)</u>

Current special mining right:

Special mining right charge ¹	21,251	9,655
	<u>21,251</u>	<u>9,655</u>

Deferred special mining right:

Origination and reversal of temporary differences	49,334	(31,980)
Special mining right	<u>70,585</u>	<u>(22,325)</u>
Income tax expense/(credit) as reported in the income statement	<u>160,099</u>	<u>(41,865)</u>

¹ The total mining concession rights paid during the six-month period were US\$16.2 million (2023: US\$14.8 million) and have been recognised in the income statement within cost of sales and exploration expenses.

Tax charged within the six-month period ended 30 June 2024 has been calculated by applying the effective rate of tax which is expected to apply to the Group for the period ended 31 December 2024 using rates substantively enacted by 30 June 2024 as required by IAS 34 Interim Financial Reporting. The effective income tax rate expected for the full financial year was 37.07%, generating an income tax expense of US\$102.9 million. The lower income tax as of 30 June 2024 compared to US\$102.9 million is due to the one-time effect recorded in the period of US\$13.4 million as a result of the update of tax values of Juanicipio's property, plant and equipment for assets expensed during 2021 to 2023, which had an impact on the effective tax rate of (4.85)%

The effective tax rate for corporate income tax for the six months ended 30 June 2024 is 32.23% (six months

ended 30 June 2023: (40.83%)) and 60.42% including the special mining right (six months ended 30 June 2023: (87.48%)). The main factors that increase the effective tax rate for corporate income tax above 30% are the foreign exchange effect on tax value of assets and liabilities 25.16% offset by the uplift of tax values corresponding to fixed assets (9.55)%, the Special Mining Right credit (7.62)% and the incentive for Northern Border Zone (1.66)%. The net deferred tax asset decrease to US\$448.2 million (31 December 2023: net deferred tax asset of US\$520.8 million) primarily due the increase of deferred tax liabilities in respect of provisional sales.

8 Earnings per share

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

The Company has no dilutive potential ordinary shares.

For the six months ended 30 June 2024 and 30 June 2023, earnings per share have been calculated as follows:

	<i>Six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>(in thousands of US dollars)</i>	
Earnings:		
Profit from continuing operations attributable to equity holders of the Company	78,646	64,726
Adjusted profit from continuing operations attributable to equity holders of the Company	32,125	76,632

Adjusted profit is profit as disclosed in the Interim Consolidated Income Statement adjusted to exclude revaluation effects of the Silverstream contract of US\$66.4 million gain (US\$46.5 million net of tax) (2023: US\$17.0 million loss and US\$11.9 million net of tax).

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

	<i>Six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
Number of shares:		
Weighted average number of ordinary shares in issue ('000)	736,894	736,894

	<i>Six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
Earnings per share:		
Basic and diluted earnings per ordinary share from continuing operations (US\$)	0.107	0.088
Adjusted basic and diluted earnings per ordinary share from continuing operations (US\$)	0.044	0.104

9 Property, plant and equipment

The changes in property, plant and equipment, including right-of-use assets, during the six months ended 30 June 2024 are principally additions of US\$135.6 million (six months ended 30 June 2023: US\$250.2 million) and depreciation and amortisation of US\$302.9 million, of which US\$0.7 million was capitalised as a part of the cost of other fixed assets (six months ended 30 June 2023: US\$241.4 million, of which US\$1.3 million was capitalised). Significant additions include expansion of tailings dam at Saucito and San Julian, mining works at San Julian, Fresnillo and Saucito and stripping cost at Herradura mine.

As of 30 June 2024, the Group has contractual commitments related to the construction and acquisition of

property, plant and equipment of US\$78.9 million (30 June 2023: US\$144.9 million).

10 Silverstream contract

On 31 December 2007, the Group entered into an agreement with Peñoles through which it 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 per ounce for the period ended 30 June 2024 was US\$5.74 per ounce (30 June 2023: US\$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 of US\$1.0 per ounce of shortfall.

The Silverstream contract represents a derivative financial instrument which has been recorded at Fair Value Through Profit or Loss (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 21 years. 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 Interim Consolidated Income Statement.

In the six months ended 30 June 2024, total proceeds received in cash were US\$13.7 million (2023: US\$20.2 million) of which, US\$5.0 million was in respect of proceeds receivable as at 31 December 2023 (2022: US\$8.3 million). Cash received in respect of the period of US\$8.6 million (six months ended 30 June 2023: US\$11.8 million) corresponds to 0.73 million ounces of payable silver (six months ended 30 June 2023: 1.16 million ounces). As at 30 June 2024, a further US\$8.2 million (30 June 2023: US\$5.4 million) of cash corresponding to 346,983 ounces of silver is due (30 June 2023: 323,626 ounces).

A reconciliation of the beginning balance to the ending balance as at 30 June 2024 and 31 December 2023 is shown below.

	30 June 2024	31 December 2023
	<i>(in thousands of US dollars)</i>	
Beginning balance	482,340	511,474
Cash received in respect of the period	(8,628)	(31,816)
Cash receivable	(8,198)	(5,050)
Remeasurement gain recognised in profit or loss	66,459	7,732
Ending balance	531,973	482,340
Less - Current portion	49,385	35,802
Non-current portion	482,588	446,538

The US\$66.4 million unrealised earnings recorded in the Interim Consolidated Income Statement (six months ended 30 June 2023: US\$17.0 million loss) resulted mainly from an increase in the forward silver price curve, partially offset by the amortization of payments and the effect of a higher discount rate.

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 82.0 moz (31 December 2023: 82.8 moz)
 - Average annual silver to be produced and sold 3.7 moz (31 December 2023: 3.5 moz)
- Weighted average discount rate 10.30% (31 December 2023: 9.79%)
- Future silver prices (US\$ per ounce)

As at	2H 2024 /2024	2025	2026	2027	2028	Long-term
30 June 2024	29.42	30.69	32.10	32.88	33.33	20.00
31 December 2023	24.41	25.44	26.43	26.64	26.85	10.50

31 DECEMBER 2023	24.41	23.44	20.43	20.04	20.63	19.36
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The fair value of the Silverstream contract is determined using a valuation model including unobservable inputs (Level 3). This derivative has a term of over 24 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 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 and the discount rate used to discount future cash flows. Other inputs into the valuation are future inflation and future foreign exchange rates between the Mexican peso and US dollar.

In line with what a market participant would consider, the model includes the proportion of resources that are expected to be converted into reserves. Out of the 82.0 million ounces included in the model, 45% relates to reserves and 55% relates to resources (which were adjusted by a conversion factor of 50% (2023: 50% respectively)). For purposes of the fair value measurement, those resources are assumed to be mined once reserves are exhausted. This approach has been applied consistently in both 2024 and 2023.

The estimate of the volume of silver that will be produced and sold from the Sabinas mine requires estimates of the recoverable silver reserves and resources, the related production profile based on the Sabinas mine plan and the expected recovery of silver from ore mined. The estimation of these inputs is subject to a range of operating assumptions and may change over time. Estimates of reserves and resources are updated annually by Peñoles, the operator and sole interest holder in the Sabinas mine and provided to the Company. The production profile and estimated payable silver that will be recovered from ore mined is based on the 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 which are consistent with those achieved in recent years.

Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs described above and determines their impact on the total fair value. The 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 volume of silver expected to be produced over the life of mine. The sensitivity of these key inputs is as follows:

As at	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
30 June 2024	20%	136,252	50	(16,925)	10%	53,197
	(15%)	(102,187)	(50)	17,911	(10%)	(53,197)
31 December 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 and resource 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.

11 Inventories

	As at 30 June 2024 (in thousands of US dollars)	As at 31 December 2023
Finished goods ¹	59,967	34,212
Work in progress ²	344,302	314,802
Ore stockpile ³	8,035	4,779

	As at 30 June 2024	As at 31 December 2023
Operating materials and spare parts	176,583	183,624
Inventories at lower of cost and net realisable value	588,887	539,417
Allowance for obsolete and slow-moving inventories	(9,895)	(6,684)
Balance at lower of cost and net realisable value	578,992	532,733
Less - Current portion	509,232	462,973
Non-current portion ⁴	69,760	69,760

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

² Work in progress includes metals contained in ores on leaching pads for an amount of US\$324.3 million (2023: US\$292.7 million) and in stockpiles US\$20.0 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 30 June 2023 and 31 December 2023 non-current inventories corresponds to Soledad & Dipolos mine unit (note 2 (c)).

12 Trade and other receivables

	As at 30 June 2024	As at 31 December 2023
	(in thousands of US dollars)	
Trade receivables from related parties (Note 16) ¹	356,723	306,668
Value Added Tax receivable	95,205	93,010
Other receivables from related parties	9,507	11,509
Other trade receivables ¹	2,395	174
Other receivables	8,641	8,658
	472,471	420,019
Expected credit loss of 'Other receivables'	(370)	(353)
	472,101	419,666
Other receivables classified as non-current assets:		
Other receivables	494	773
Value Added Tax receivable	-	42,755
	494	43,528
	472,595	463,194

¹ Trade receivables from related parties and other trade receivables are valued at fair value based on forward market prices.

Balances corresponding to Value Added Tax receivables and US\$6.8 million within Other receivables (2023: US\$6.2 million) are not financial assets.

13 Cash and cash equivalents

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

measuring objectives.

	<i>As at 30 June 2024 (in thousands of US dollars)</i>	<i>As at 31 December 2023</i>
Cash at bank and on hand	6,088	3,556
Short-term deposits	684,882	531,024
Cash and cash equivalents	690,970	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.

14 Dividends paid

Dividends declared and authorised by the Company are as follows:

	Per share US Cents	Amounts US\$ Million
Six months ended 30 June 2024		
Total dividends paid during the period ¹	4.20	30.9
Six months ended 30 June 2023		
Total dividends paid during the period ²	13.3	98.0

¹ Final dividend for 2023 approved at the Annual General Meeting on 21 May 2024 and paid on 29 May 2024.

² Final dividend for 2022 approved at the Annual General Meeting on 23 May 2023 and paid on 26 May 2023.

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

	<i>Six months ended 30 June</i>	
	<i>2024 US\$ thousands</i>	<i>2023 US\$ thousands</i>
Dividends declared and authorised	30,950	98,006
Foreign exchange effect	-	-
Dividends recognised in retained earnings	30,950	98,006
Foreign exchange and hedging effect	28	27
Dividends paid	30,978	98,033

The directors have declared an interim dividend of US\$6.4 cents per share and is not recognised as a liability as at 30 June 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.

15 Contingencies

The contingencies in the Group's annual consolidated financial statements for the year ended 31 December 2023 as published in the 2023 Annual Report, are still applicable as of 30 June 2024, with the following updates:

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 will file an administrative appeal no later than 29 August 2024 to challenge the SAT assessment.

The tax audits in respect of the Silverstream transaction for the years 2017 and 2018 are ongoing, however management expects the SAT to also challenge the tax treatment of the Silverstream premium payment as in the case of the 2016 tax audit. 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.

16 Related party balances and transactions

The Group had the following related party transactions during the six months ended 30 June 2024 and 30 June 2023 and balances as at 30 June 2024 and 31 December 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 accounts receivable and payable

	<i>Accounts receivable</i>		<i>Accounts payable</i>	
	<i>As at 30</i>	<i>As at 31</i>	<i>As at 30</i>	<i>As at 31</i>
	<i>June 2024</i>	<i>December 2023</i>	<i>June 2024</i>	<i>December 2023</i>
	<i>(in thousands of US dollars)</i>			
<i>Trade:</i>				
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	356,723	306,668	7,179	5,840
<i>Other:</i>				
Industrias Peñoles, S.A.B. de C.V.	8,198	5,050	-	-
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	30	261	306	739
Servicios Administrativos Peñoles, S.A. de C.V.	-	-	7,981	24,486
Servicios Especializados Peñoles, S.A. de C.V.	-	-	5,434	7,147
Fuentes de Energía Peñoles, S.A. de C.V.	-	-	6,405	6,239
Termoeléctrica Peñoles, S. de R.L. de C.V.	-	-	2,833	3,362
Eólica de Coahuila S.A. de C.V.	-	-	2,490	2,986
Minera Capela, S.A. de C.V.	-	-	27	-
Peñoles Tecnología, S.A. de C.V.	-	-	1,132	1,261
Minera Capela, S.A. de C.V.	-	-	-	9
Grupo Nacional Provincial, S.A. B. de C.V.	1,230	5,715	-	-
Other	49	483	2,549	4,365
	<u>366,230</u>	<u>318,177</u>	<u>36,336</u>	<u>56,434</u>

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

Other balances due from related parties:

<i>As at 30 June</i>	<i>As at 31</i>
<i>2024</i>	<i>December 2023</i>
<i>(in thousands of US dollars)</i>	

Silverstream contract:

Industrias Peñoles, S.A.B. de C.V.	<u>531,973</u>	<u>482,340</u>
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The Silverstream contract can be settled in either silver or cash. Details of the Silverstream contract are provided in note 10.

(b) Principal transactions with affiliates are as follows:

<i>Six months ended 30 June</i>
<i>2024</i>
<i>2023</i>
<i>(in thousands of US dollars)</i>

Income:

Six months ended 30 June
2024 2023
(in thousands of US dollars)

Sales¹:

Metalúrgica Met-Mex Peñoles, S.A. de C.V.

1,482,686	1,343,333
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Other income

915	1,180
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Total income

1,483,601	1,344,513
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¹ Figures do not include the effects of hedging as the derivative transactions are not undertaken with related parties.

Six months ended 30 June
2024 2023
(in thousands of US dollars)

Expenses:

Administrative Services:

Servicios Administrativos Peñoles, S.A. de C.V.²

27,798	29,438
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Servicios Especializados Peñoles, S.A. de C.V.³

8,852	8,830
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Peñoles Tecnología, S.A. de C.V.

2,389	4,479
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39,039	42,747
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Energy:

Fuentes de Energía Peñoles, S.A. de C.V.

15,183	4,801
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Termoeléctrica Peñoles, S. de R.L. de C.V.

9,009	14,614
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Eólica de Coahuila, S.A. de C.V.

27,457	13,927
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51,649	33,342
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Operating materials and spare parts:

Wideco Inc

2,720	2,503
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Metalúrgica Met-Mex Peñoles, S.A. de C.V.

29,828	15,613
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32,548	18,116
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Equipment repairs and administrative services:

Serviminas, S.A. de C.V.

576	3,849
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Insurance premiums:

Grupo Nacional Provincial, S.A.B. de C.V.	Six months ended 30 June	
	2024	2023
	(in thousands of US dollars)	
	2,224	1,597
<i>Other expenses</i>	1,354	3,175
Total expenses	127,390	102,826

2 Includes US\$0.5 million (2023: US\$0.3 million) corresponding to expenses reimbursed.

3 Includes US\$4.2 million (2023: US\$6.7 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 who receive remuneration.

	Six months ended 30 June	
	2024	2023
	(in thousands of US dollars)	
Salaries and bonuses	2,015	1,700
Post-employment pension	248	126
Other benefits	148	139
Total compensation paid to key management personnel	2,411	1,965

17 Notes to the consolidated statement of cash flows

	Notes	Six months ended 30 June	
		2024	2023
		(in thousands of US dollars)	
Reconciliation of profit for the period to net cash generated from operating activities			
Profit for the period		117,676	89,720
Adjustments to reconcile profit for the period to net cash inflows from operating activities:			
Depreciation and amortisation		304,781	236,924
Employee profit sharing		6,403	2,935
Deferred income tax expense/(credit)	7	78,651	(82,835)
Current income tax expense	7	81,448	40,970
Loss on the sale of property, plant and equipment		209	841
Net finance costs		14,732	19,529
Foreign exchange gain		9,668	(2,874)
Difference between pension contributions paid and amounts recognised in the income statement		829	731
Non-cash movement on derivatives		-	(2)
Changes in fair value of Silverstream	10	(66,459)	17,009
Operating cash flow before change in working capital		547,938	322,948
Working capital adjustments			
(Increase)/decrease in trade and other receivables		(12,817)	22,791
Decrease in prepayments and other assets		12,154	9,201
(Increase)/decrease in inventories		(46,259)	43,718
Decrease in trade and other payables		(30,022)	(326)
Cash generated from operations		470,994	398,332
Income tax paid ¹		(69,358)	(182,078)

Employee profit sharing paid	Notes	Six months ended 30 June 2023 (10,757)
Net cash from operating activities		2023 399,574 2022 205,497
		(in thousands of US dollars)

¹ Income tax paid includes US\$46.5 million corresponding to corporate income tax (June 2023: US\$135.5 million) and US\$22.9 million corresponding to special mining right (June 2023: US\$46.5 million), for further information refer to note 7.

18 Financial instruments

a. Classification

As at 30 June 2024				
US\$ thousands				
Financial assets:	Amortised cost	Fair value through OCI	Fair value (hedging instruments)	Fair value through profit or loss
Trade and other receivables ¹	6,883	-	-	364,921
Equity instruments at FVOCI	-	125,584	-	-
Silverstream contract	-	-	-	531,973
Financial liabilities:		Amortised Cost	Fair value (hedging instruments)	Fair value through profit or loss
Interest-bearing loans		839,200	-	-
Trade and other payables		126,381	-	-
Notes payable ²		51,133	-	-
Derivative financial instruments		-	109	-

As at 31 December 2023				
US\$ thousands				
Financial assets:	Amortised cost	Fair value through OCI	Fair value (hedging instruments)	Fair value through profit or loss
Trade and other receivables ¹	9,894	-	-	311,718
Equity instruments at FVOCI	-	107,991	-	-
Silverstream contract	-	-	-	482,340
Derivative financial instruments	-	-	79	-
Financial liabilities:		Amortised Cost	Fair value (hedging instruments)	Fair value through profit or loss
Interest-bearing loans		839,002	-	-
Trade and other payables		174,544	-	-
Notes payable ²		95,360	-	-

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 rate that ranges between 6.76% to 7.34% with a maturity of six to twelve months US\$51.1 million short-term (2023: nine to eighteen months US\$72.6 million short-term and US\$22.7 million long-term.). During the year, proceeds and payments from these Notes amounted to US\$nil million and US\$43.3 million respectively (2023: US\$22.7 million and US\$33.0 million). Interest paid amount US\$4.0 million (2023: US\$7.6 million).

b. Fair value measurement

Fair value hierarchy

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

	Carrying amount		Fair value	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	<i>US\$ thousands</i>			
Financial assets:				
Trade and other receivables	6,883	9,894	6,883	9,894
Financial liabilities:				
Interest-bearing loans ¹	839,200	839,002		645,745
Trade and other payables	126,381	174,544	51,133	174,544
Notes payable	51,133	95,360	126,381	95,324

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

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

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

	As of 30 June 2024			
	Quoted prices in active markets (Level 1)	Significant observable (Level 2)	Significant unobservable (Level 3)	Total
	<i>US\$ thousands</i>			
Financial assets:				
Trade receivables	-	-	356,723	356,723
Other receivables from related parties ¹	-	-	8,198	8,198
Silverstream contract (Note 10)	-	-	531,973	531,973
Other financial assets:				
Equity instruments at FVOCI	125,584	-	-	125,584
	125,584	-	896,894	1,022,478
Financial liabilities:				
Derivative financial instruments:				
Option and forward foreign exchange contracts	-	109	-	109
	-	109	-	109

¹ This balance corresponds to the cash receivable related to the Silverstream contract, see note 10.

	As of 31 December 2023			
	Quoted prices in active markets (Level 1)	Significant observable (Level 2)	Significant unobservable (Level 3)	Total

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 10.

There have been no significant transfers between Level 1 and Level 2 of the fair value hierarchy, and no transfers into or 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 and the related receivable with the contract (which is disclosed in Note 10) is shown below:

	2024	2023
	US\$ thousands	
Balance at 1 January	307,302	275,844
Sales	1,491,486	1,351,158
Cash collection	(1,436,436)	(1,351,089)
Changes in fair value	5,556	(4,969)
Realised embedded derivatives during the year	(8,790)	(2,856)
Balance at 30 June	359,118	268,088

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.

Valuation techniques

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

Option commodity contracts

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

Option and forward foreign exchange contracts

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

Silverstream contract

For further information relating to the valuation techniques were 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 10.

Equity investments

The fair value of equity investments is derived from quoted market prices in active markets.

Interest-bearing loans

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

Trade receivables

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

c. 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, including loans from related parties, as disclosed in the balance sheet, excluding net unrealised gains or losses on revaluation of cash flow hedges and debt instruments. In order to ensure an appropriate return for shareholder's 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 as at 30 June 2024 and 2023 consisted of only cash and cash equivalents.

[\[1\]](#) Adjusted revenues are the revenues shown in the income statement adjusted to add back treatment and refining charges and the effects of metals prices hedging. The Company considers this is a useful additional measure to help understand underlying factors driving revenue in terms of volumes sold and realised prices.

[\[2\]](#) 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.

[\[4\]](#) Adjusted earnings per share (EPS) is profit as disclosed in the Interim Consolidated Income Statement adjusted to exclude the revaluation effects of the Silverstream contract, divided by the average ordinary number of shares in issue in the period.

[\[5\]](#) Free cash flow calculated as net cash flow after the effect of foreign exchange on cash, less dividend payments.

^u Net Debt/EBITDA is calculated as debt at 30 June 2024 less Cash and cash equivalents at 30 June 2024 divided by the EBITDA generated in the last 12 months.

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

[7] Net debt is calculated as debt at 30 June 2024 less Cash and other liquid funds at 30 June 2023 divided by the EBITDA generated in the last 12 months

[8] Au:Ag ratio of 80:1

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

[10] 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), plus revaluation effects of the Silverstream contract and other operating income plus other operating expenses and depreciation.

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

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

[13] 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.

[14] Unproductive costs primarily include unabsorbed production costs such as non-productive cost for the temporary illegal stoppage at Herradura, fixed costs incurred at Juanicipio and pyrites plant, and fixed mine costs at Noche Buena as a result of the end of its mine life.

[15] Net debt is calculated as debt at 30 June 2023 less Cash and other liquid funds at 30 June 2023 divided by the EBITDA generated in the last 12 months.



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