Resource Company Report: Fresnillo plc

Report Date	August 12, 2026	**Company Type**	Senior Silver & Gold Producer (Mexico)
Company Name	Fresnillo plc	**Stock Symbol**	FNLPF (OTC) / FRES (LSE)
2026 Silver Guidance	42.0 – 46.5 moz attributable	**2026 Gold Guidance**	500 – 550 koz attributable
H1 2026 Silver Production	22.0 moz (–11.4% YoY)	**H1 2026 Gold Production**	290,885 oz (–7.3% YoY)
H1 2026 EBITDA	US$2.35 billion (+113%)	**CEO**	Octavio Alvídrez
Primary Assets	Fresnillo, Saucito, Juanicipio, San Julián, Ciénega, Herradura	**H1 2026 Revenues**	US$3.38 billion (+75%)

1. Company Overview & Investment Thesis

Fresnillo plc (LSE: FRES; OTC: FNLPF) is the world's leading primary silver producer and a major gold producer, with a portfolio of underground and open-pit mines in Mexico (Fresnillo, Saucito, Juanicipio, San Julián, Ciénega, Herradura and related operations). 2026 attributable production guidance remains 42.0–46.5 million ounces of silver and 500–550 thousand ounces of gold (plus lead and zinc by-products). H1 2026 silver production was 22.0 moz (–11.4% YoY, partly reflecting the end of the Silverstream contribution and lower grades at certain mines); gold production was 290,885 oz (–7.3% YoY). Strong precious-metal prices drove exceptional financial results: H1 revenues of US$3.38 billion (+75%), EBITDA of US$2.35 billion (+113%) and profit of US$1.46 billion. CEO is Octavio Alvídrez.

Investment Thesis: Fresnillo offers senior-scale primary silver and gold production from a portfolio of high-quality Mexican assets, exceptional leverage to elevated precious-metal prices, and a long track record of shareholder returns. H1 2026 financial performance was record-setting on the back of higher prices despite lower metal volumes. Key risks include grade and volume variability at mature underground mines, cost inflation (including peso strength), operational challenges at certain assets, and jurisdictional exposure concentrated in Mexico. Relative to pure juniors, FNLPF ranks substantially lower risk; residual operational and cost pressures keep it above the lowest-risk senior tier.

2. Mining and Development Projects

Fresnillo's producing assets are concentrated in Mexico and include the Fresnillo District underground mines, Juanicipio, San Julián, Ciénega and the Herradura open-pit gold complex.

2.1 Fresnillo District & Juanicipio (Primary Silver)

Location / Operator	Zacatecas / Fresnillo District, Mexico – Fresnillo, Saucito, Juanicipio (JV) underground silver-gold mines
Metals Produced	Silver (primary), gold, lead and zinc by-products
Status	Operating; solid sequential performance; grade and volume variability at Saucito and other mines being managed through mine planning and ground support
Production / AISC / Key Metrics	H1 2026 attributable silver 22.0 moz; Juanicipio, Saucito and Fresnillo are the largest silver contributors. Mine-level AISC (eq. Ag oz) elevated YoY (e.g., Fresnillo US$32.87, Saucito US$29.32, Juanicipio US$15.82 in H1) due to higher costs and sustaining capex
Contribution / Notes	Core of Fresnillo's primary silver production and cash-flow generation
Outlook	Delivery of full-year silver guidance; continued operational discipline and cost control

2.2 Herradura, San Julián, Ciénega & Other

Location / Operator	Sonora (Herradura open-pit gold); Durango / Chihuahua (San Julián Veins); Durango (Ciénega) – Fresnillo-operated
Metals Produced	Gold (Herradura primary); silver-gold (San Julián, Ciénega)
Status	Operating; Herradura gold production lower YoY as anticipated in guidance; sequential gold recovery in Q2
Production / AISC / Key Metrics	2026 gold guidance 500–550 koz. H1 gold 290,885 oz. Herradura AISC (eq. Au) US$1,791/oz in H1; Ciénega AISC improved YoY
Contribution / Notes	Herradura is the principal gold contributor; San Julián and Ciénega add silver-gold diversification
Outlook	Full-year delivery of gold guidance; continued optimisation at open-pit and underground operations

3. Exploration & Development Activity

Near-term focus is delivery of the reaffirmed 2026 production guidance across silver, gold, lead and zinc, continued operational discipline and cost control, and selective growth and exploration investment. The company has advanced strategic investments (including Probe Gold and a more recent project interest) while maintaining a strong dividend policy. Success metrics are production and cost delivery, free cash flow, and sustained shareholder returns.

4. Management and Board of Directors

Management

Name	Title	Notes	Experience / Focus
Octavio Alvídrez	Chief Executive Officer	Leadership	Overall strategy, operations, cost discipline and capital allocation
Operations / finance team	Support functions	Support	Mine performance, financial reporting and shareholder returns

Board of Directors

Name / Group	Role	Key Background
Board (collective)	Governance	Oversight of strategy, capital allocation, dividends, growth investments and risk
Independent directors	Oversight	Mining, finance and capital-markets experience

5. Financial Information

Fresnillo reported exceptional H1 2026 financial results driven by higher precious-metal prices. Revenues rose 74.7% to US$3.38 billion; adjusted revenues were US$3.41 billion (+72%). Gross profit more than doubled to US$2.36 billion and EBITDA reached US$2.35 billion (+113%). Profit for the period was US$1.46 billion. Adjusted production costs increased 20.5% (peso strength, inflation, maintenance and haulage). The company continues to return capital via dividends in line with its long-standing policy and has made selective strategic investments. 2026 production guidance remains unchanged.

Production / Financial Summary

Line Item	Amount / Notes
2026 Silver Guidance (attributable)	42.0 – 46.5 moz
2026 Gold Guidance (attributable)	500 – 550 koz
H1 2026 Silver Production	22.0 moz (–11.4% YoY)
H1 2026 Gold Production	290,885 oz (–7.3% YoY)
H1 2026 Revenues	US$3.38 billion (+74.7%)
H1 2026 EBITDA	US$2.35 billion (+113%)
H1 2026 Profit	US$1.46 billion

Corporate Summary

Item	Value / Notes
Primary listings	LSE (FRES); OTC (FNLPF)
CEO	Octavio Alvídrez
Primary jurisdiction	Mexico (Fresnillo District, Herradura, etc.)
Strategy	Operational discipline, cost control, dividends, selective growth

6. Company Valuation

Fresnillo trades as a senior primary silver and gold producer with exceptional financial leverage to elevated precious-metal prices. Valuation is commonly framed on free-cash-flow and EBITDA multiples, silver and gold production scale, AISC positioning by mine, and peer comparisons within the senior precious-metals space.

Discounted NPV discussion: A practical framework values the Fresnillo District, Juanicipio, Herradura and other operations on expected long-term production, costs and metal prices, incorporates by-product credits, and adjusts for net cash and capital-return capacity. Key sensitivities are silver and gold prices, grade and volume delivery versus guidance, and cost inflation (including currency effects). Delivery of 2026 guidance, sustained free cash flow and continued dividends are the primary near- to medium-term valuation catalysts.

Merger & Acquisition Activity

Fresnillo has made selective strategic investments (including Probe Gold and a more recent project interest) while remaining focused on operational excellence and dividends rather than large-scale transformational M&A.; No formal public takeover offer for Fresnillo has been announced. As the leading primary silver producer with a strong balance sheet and Mexican asset base, it remains a potential strategic interest for larger precious-metals companies, while management continues to execute independently on its current strategy.

7. Risks

- Silver and gold price volatility.
- Grade and volume variability at mature underground mines (Saucito, Fresnillo, etc.).
- Cost inflation, including Mexican peso strength and labour/contractor costs.
- Operational and ground-condition challenges at certain assets.
- Jurisdictional concentration in Mexico.
- Sustaining capital and development requirements to maintain production.
- Ability to sustain elevated free cash flow and dividends if metal prices weaken.

8. Comparative Risk Analysis

On a relative-risk scale of 1 to 7 (1 = lowest risk, 7 = highest risk) versus other senior silver and gold producers, Fresnillo plc is ranked **3**. The ranking reflects lower-to-moderate risk within the senior peer set: large-scale primary silver and gold production, a portfolio of established Mexican mines, exceptional H1 2026 financial results driven by metal prices, and a long-standing dividend policy. Positive factors include the quality and scale of the Fresnillo District and Juanicipio, diversified gold contribution from Herradura, and balance-sheet strength. Offsetting factors are grade/volume pressures at mature underground mines, elevated mine-level AISC in H1, and jurisdictional concentration. Relative to pure juniors, FNLPF ranks substantially lower risk; residual operational and cost pressures keep the ranking modestly above the lowest senior tier. The net result is a risk ranking of 3.

Sources: Company 2Q26 Production Report (22 July 2026), Interim Results for the six months to 30 June 2026 (4 August 2026), and market data as of mid-August 2026.