



13 April 2011

**Interim Management Statement and Production Report
 for the three months ended 31 March 2011**

Overview

- Record gold production for a 1st quarter, up 13.3% to 96,407 ounces compared to 1Q 2010.
- Quarterly attributable silver production of 10.1 million ounces, including the Silverstream, decreased by 2.2% when compared to 1Q 2010.
- Saucito commissioned on 21st February with first commercial production on 1st April.
- Soledad-Dipolos expansion to produce 130,000 total gold ounces per year concluded over the quarter
- The sinking of the San Carlos shaft at the Fresnillo mine is expected to be concluded by 2H 2011.
- The expansion of Ciénega’s milling capacity from 755,000 to 930,000 tonnes per year will be concluded in 2Q 2011 and the sinking of the shaft to become operational in 2H 2011.

Jaime Lomelín, Chief Executive Officer, said:

“We are delighted with our operational achievements over the quarter. Saucito was successfully commissioned and commercial production has begun; the expansion at Soledad-Dipolos was successfully concluded which has contributed to the Company’s gold production; and we continued to work on optimising the Fresnillo, Herradura and Ciénega mines which will stabilise production and reduce costs.

The next step in our gold growth strategy is to develop the Noche Buena gold mine where construction commenced in March. As we continue to improve our operational, safety and environmental performance, we are on track to achieve our target of producing 44 million ounces of silver, including Silverstream, in 2011.”

Total Production - Attributable

	1Q 11	1Q 10	% change	4Q 10
Silver prod'n (koz)	9,083	9,492	-4.3	9,596
Silverstream (koz)	1,010	827	22.1	908
Total silver prod'n (koz)	10,093	10,319	-2.2	10,503
Gold prod'n (Oz)	96,407	85,097	13.3	100,822
Lead prod'n (t)	5,245	4,489	16.8	5,036
Zinc prod'n (t)	5,864	5,040	16.3	5,805

Quarterly total silver production (including Silverstream) remained in line with the same period last year (-2.2%). However quarterly attributable silver production decreased by 4.3% when compared to the first quarter of 2010, mainly as a result of the expected slightly lower ore grades at the Fresnillo mine. We are currently taking

measures to increase the volume of ore processed to compensate the lower ore grade in order to stabilise the silver production at this mine.

Attributable gold production increased by 13.3% compared with the same period of last year due to the expanded capacity and improved recovery at Soledad-Dipolos. Higher ore deposited at Herradura's leaching pads also contributed to the increased gold production. However, attributable gold production decreased by 4.4% when compared to the previous period as a result of the extraordinary recovery rates obtained at Herradura during the last quarter of 2010 and a return to normal levels in the first quarter of 2011.

Quarterly lead and zinc productions increased by 16.8% and 16.3%, respectively, over 1Q 2010 as a result of higher ore grades and tonnage milled at the Fresnillo mine and improved recovery and higher ore milled at Ciénega.

Fresnillo mine production

	1Q 11	1Q 10	% change	4Q 10
Silver (kOz)	8,532	8,799	-3.0	9,037
Gold (Oz)	6,134	5,598	9.6	7,401
Lead (t)	3,365	2,779	21.1	3,348
Zinc (t)	3,221	2,713	18.7	3,097

Quarterly silver production at the Fresnillo mine decreased by -3.0% when compared to the first quarter of 2010, and by 5.6% when compared to the previous quarter due to the expected slight decline in silver ore grades. However, the average silver ore grade at this mine is in line with the Company's expectations for the year.

In this period, the sinking of the San Carlos shaft has reached 512 metres of a planned total of 560 metres and the installation of the hoist was completed. This project, which will reduce haulage costs, remains on track to become operational in 2H 2011.

Ciénega mine production

	1Q 11	1Q 10	% change	4Q 10
Gold (Oz)	26,956	27,208	-0.9	29,155
Silver (kOz)	275	366	-24.9	275
Lead (t)	1,822	1,669	9.2	1,628
Zinc (t)	2,598	2,328	11.6	2,668

Quarterly gold production was relatively unchanged when compared with the first quarter of last year. However, it decreased by 7.5% when compared to the previous quarter due to the lower gold ore grades. Similarly to the Fresnillo mine, the decrease in ore grade at Ciénega was also expected. Notwithstanding, the mine continues working through several efficiency projects to stabilise gold production at 110,000 gold ounces per year.

The project to sink the shaft to gain access to deeper ore reserves remains on track. Mining works and crusher installation continue advancing to be concluded in 2H 2011.

The expansion of Ciénega's milling capacity from 755,000 to 930,000 tonnes per year is progressing according to schedule and will be concluded by 1H 2011.

Herradura mine production - Attributable

	1Q 11	1Q 10	% change	4Q 10
Gold (Oz)	41,974	39,897	5.2	44,462
Silver (kOz)	76	55	38.2	65

Attributable gold and silver production for the first three months of 2011 increased by 5.2% and 38.2% respectively when compared to the same period of 2010 as a result of increased ore deposited at the leaching pads. This increase has been achieved gradually since the last year through additional trucks and loaders.

A decrease of 5.6% in attributable gold production was recorded when compared to the previous quarter as a result of the extraordinary recovery rates during the last quarter of 2010 and a return to normal levels in the first quarter of 2011.

The construction of the diesel dispatch center was successfully concluded, while the construction of the ninth leaching pad and the initiative to automate the assay process at the laboratory will become operational in 2H 2011.

The system to add lime evenly to the mineral before depositing it in the pads was commissioned. This project will reduce sodium cyanide consumption during the following months, thus improving recovery rates and reducing costs.

Soledad-Dipolos mine production - Attributable

	1Q 11	1Q 10	% change	4Q 10
Gold (Oz)	20,511	11,226	82.7	18,469
Silver (kOz)	14	3	366.7	11

Quarterly attributable gold production increased by 82.7% when compared to the same quarter of 2010 mainly as a result of the expanded capacity at this mine. The expansion comprised additional equipment available at the pit to move more mineral and waste material, and increased capacity at the Merrill Crowe plant to process higher volumes of solution. An increase of 11.1% in quarterly attributable gold production was achieved when compared to the previous quarter as a result of the increased ore deposited and higher ore grades.

The expansion to produce 130,000 total gold ounces per year was concluded. The construction of the leaching pads continued according to schedule and will give further support to the continuity of operations at the expanded capacity.

Update on development projects

Saucito

Construction of the Saucito mine was concluded and its commissioning started in February 21st. Commercial production was declared in the 1st of April 2011, however 187,024 silver ounces, 831 gold ounces, 59 tonnes of lead and 45 tonnes of zinc were recovered as a result of the initial tests during the commissioning of this new mine in the first quarter of this year. This production figures are included in the Group's total production figures.

The sinking of the Jarillas shaft, which will reduce hoisting costs at the Saucito mine, reached 459 metres depth out of the total 645 metres planned and will be in operation in late 2012.

Noche Buena

The construction of the Noche Buena mine began in March. All the permits are in place, major equipment was purchased and construction contracts have been signed

Update on exploration

At the Noche Buena gold project, attributable resources increased from 470,000 to 640,000 gold ounces.

Resources at the Centauro Deep project were increased by drilling several veins containing ore grades ranging from 3-10 g/t of gold.

Furthermore, positive results were obtained at the San Julián project, where a disseminated silver mineralisation was drilled (22 metres with 150g/t of silver) located 500 metres north of the JM disseminated ore body. Exploration programme at this project also resulted in the extension of the San Julián vein and the discovery of the new Santa Sofia vein.

Infill drilling at the Orisyvo project upgraded the resources category within the pit design in both, oxide and sulphide material, while metallurgical research continues in progress. An additional 20 rigs continue to operate at Guanajuato; Las Casas, San Ramón and Manzanillas (Ciénega District); Lucerito (Durango); Tocayos and Juanicipio projects (Zacatecas).

The final report of Juanicipio's pre-feasibility study is expected to be received before the end of April 2011.

There will be a conference call for analysts and investors on Wednesday 13 April 2011 at 8.30am BST (London time). The dial in details are as follows:

Participants' dial in number: +44 (0) 1452 551 367

Access code: 57958663

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

Fresnillo plc

Tel: +44 (0)20 7399 2470

London Office

Arturo Espínola, Head of Investor
Relations

Mexico City Office

Tel: +52 55 52 79 3203

Gabriela Mayor

Brunswick Group

Tel: +44 (0)20 7404 5959

Carole Cable

David Litterick

About Fresnillo plc

Fresnillo Plc is the world's largest primary silver producer and Mexico's second largest gold producer, listed on the London Stock Exchange under the symbol FRES.

Fresnillo has four producing mines, all of them in Mexico - Fresnillo, Ciénega, Herradura and Soledad-Dipolos; two development projects - Saucito and Noche Buena; and four advanced exploration prospects - San Juan, San Julián, Orisyvo and Juanicipio as well as a number of other long term exploration prospects and, in total, has mining concessions covering approximately 2.05 million hectares in Mexico.

Fresnillo has a strong and long tradition of mining, a proven track record of mine development, reserve replacement, and production costs in the lowest quartile of the cost curve for both silver and gold.

Fresnillo's goal is to maintain the Group's position as the world's largest primary silver company, producing 65 million ounces of silver and over 400,000 ounces of gold by 2018.

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.