

# Fresnillo plc RBC Silver Conference



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## Agenda

- ➔ Introduction
- ➔ YTD Highlights
- ➔ Operations and Development Projects
- ➔ Financial Highlights
- ➔ Conclusions
- ➔ Q&A



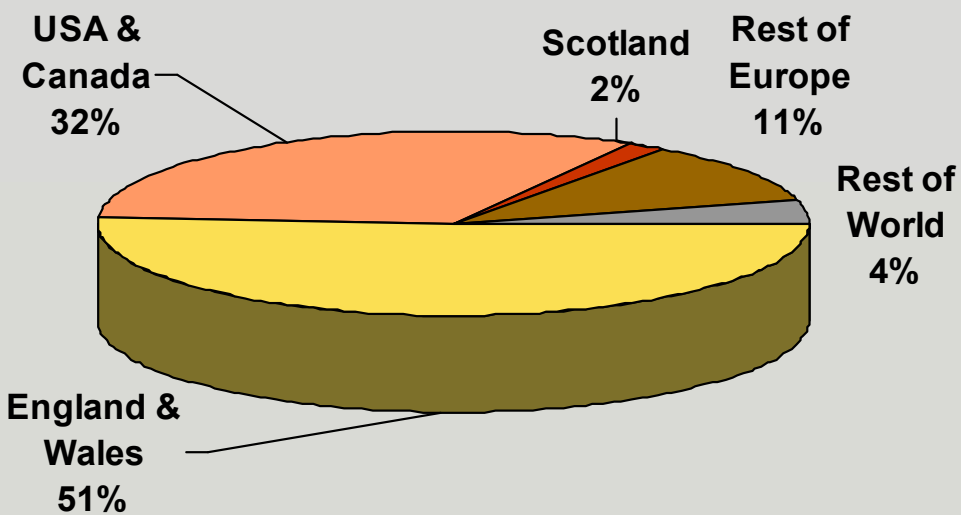
## Introduction

Aim to produce 65m oz of silver and over 400k oz of gold by 2018

- Fresnillo, the world's largest primary silver producer and Mexico's second largest gold producer
- Highly experienced management team with proven track record in exploration, development, construction and operation
- Four operating mines (2009 silver & gold production of 38m oz and 277k oz)
- Double digit reserve life at all mines
- Attributable reserves of 374m oz silver & 4.3m gold (Dec 09)
- Total attributable resources of 1,289m oz silver & 13.9m oz gold (Dec 09)
- 1.75 million hectares of exploration and mining claims: largest in Mexico
- Lowest quartile of cash cost curve for silver and gold



- ➔ Listed on London Stock Exchange  
“FRES” : FTSE 100 Company
- ➔ Recent share price: \$25.29<sup>1</sup>
- ➔ Market Capitalization: \$18.1 B
- ➔ Shares Outstanding: 717 mm



FRESNILLO plc  
LEADERSHIP. QUALITY. SUSTAINABLE GROWTH.

### Fresnillo plc Holdings<sup>2</sup>

1	BlackRock Inc	INT
2	First Eagle Investment Management	US
3	Legal & General Investment Mgmt Ltd	UK
4	T. Rowe Price Associates Inc	US
5	AGF Investments Inc	CA
6	Norges Bank Investment Management	NO
7	State Street Global Advisors	INT
8	Franklin Resources Inc	US
9	Investec Asset Management	UK
10	AXA Financial SA	INT
11	GAMCO Investors Inc	US
12	Ameriprise Financial Inc (Group)	INT
13	Legg Mason Inc	INT
14	Scottish Widows Investment Partnership	SC
15	The Vanguard Group Inc	INT
16	FIL Limited/FMR LLC	INT
17	Global X Management Company LLC	US
18	Evergreen Investment Management Co	US

<sup>1</sup> December 8, 2010

<sup>2</sup> November 30, 2010



## YTD Highlights – Investing in our future

### → Operations

- Record Q3 attributable silver and gold production of 9.9 m oz and 91.8k oz respectively
- Soledad-Dipolos at full capacity

### → Projects

- Saucito construction on track; start up in 1H11
- Ciénega expansion advancing according to plan
- San Julián and Orisyvo scoping studies and Nochebuena and Juanicipio prefeasibility studies all to be concluded before the end of 2010

### → Exploration

- A budget increase of US\$ 33.6 million was approved for 2H10 to total US\$ 119.2 million. 40 drill rigs completed 550 holes in 1H10 (158km), total expenses of US\$ 33.4 million
- Positive results obtained at all properties, especially at Orisyvo and Saucito



## Operations - Maximising the potential of existing operations

Fresnillo–Underground



Ciénega–Underground



Herradura–Open pit



Soledad & Dipolos–Open pit



### YTD 2010 Attributable production Vs. TYD 2009

Silver:	26.9 m oz	↑ 0.6%	0.9 m oz	↓ -19.2%	0.2 m oz	↑ 39.8%	0.0 m oz
Gold:	17.6 k oz	↓ -5.5%	84.2 k oz	↑ 14.1%	118.5 k oz	↑ 16.1%	42.9 k oz

### H1 2010 Adjusted Revenue<sup>1</sup> (US\$ million) by main products

Silver:	296.8	10.9	3.9	0.4
Gold:	10.3	60.1	163.8	57.1
Other:	<u>19.4</u>	<u>13.6</u>	<u>-</u>	<u>-</u>
	326.5	84.6	167.6	57.5
Contribution Adj. Rev.	52%	13%	26%	9%

### By-product Cash Costs<sup>2</sup> Vs. H1 2009 (US\$/oz)

H1 2010	3.58	↓ -3.3%	185	↓ -35.1%	325	↓ -3.6%	308
H2 2009	3.70		284		337		-

<sup>1</sup> Revenue as disclosed in the income statement adjusted to exclude hedging effects and treatment and refining charges

<sup>2</sup> Calculated as Total Cash Cost (cost of sales plus treatment and refining charge less depreciation) less revenues from by-products divided by the silver or gold ounces sold



## H1 2010 Financial Highlights – A sterling performance

- Outstanding metal prices
  - average realized silver price US\$17.93 per oz, up 28.8
  - average realized gold price US\$1,171.9 per oz, up 27.4%
- Revenue<sup>1</sup> of US\$605.7m, up 59.9%
- EBITDA up 92.7% to US\$392.0m, margins increased to 64.7% from 53.7%
- Net profit up 89% to US\$258.9m
- Cash generated by operations before changes in working capital US\$419.9m, up 79.2%.
- Earnings per share 30.8 US cents
- Interim dividend 9.2 US cents per share
- Net cash at the end of the period of US\$ 389.8m and no debt

<sup>1</sup> Revenue as disclosed in the income statement adjusted to exclude hedging effects and treatment and refining charges





## On track to produce 65m oz of silver and over 400k oz of gold by 2018

### → Soledad & Dipolos

- Commencement of commercial production in January 2010
- Contributing 15.6% of the attributable gold production
- Expanding to 130 k ounces by H1 2012

### → Ciénega

- Expanding milling capacity from 755,000 to 930,000 tonnes per year by H1 2011
- Securing a production target of 110,000 gold ounces per year

### → Saucito

- Project on track, scheduled for completion in H1 2011 starting at 4.7 m oz ramping up to 9.0 m oz of silver
- Capacity of 330,000 tonnes of ore per year, gradually ramping up to 990,000 tonnes per year by 2014

### Estimated project delivery programme

Project	2010	2011	2012	2013	2014
Soledad - Dipolos	Production	Expansion	Expanded Production		
Ciénega	Expansion	Expanded Production			
Saucito	Construction	Production		Expansion	Expanded Production
Noche Buena	Pre - Feasibility	Construction	Production		
San Julian	M & I Resources	Pre - Feasibility	Reserve Definition	Construction	Production
Orisyvo	M & I Resources				



## Fresnillo District



### → **Minera Saucito**

- Positive drilling results on the Jarillas West and Santa Natalia Southeast veins
- Saucito shaft commissioned and fully operational
- Jarillas shaft at 208 m depth of 630 m
- All equipment for the mill has been purchased and construction contracts signed
- Mine development on track, 24km of underground mining works completed

### → **Minera Juanicipio (56%)**

- A prefeasibility study for the development of a stand alone operation expected to be concluded by Dec 2010



## Herradura and Ciénega Districts

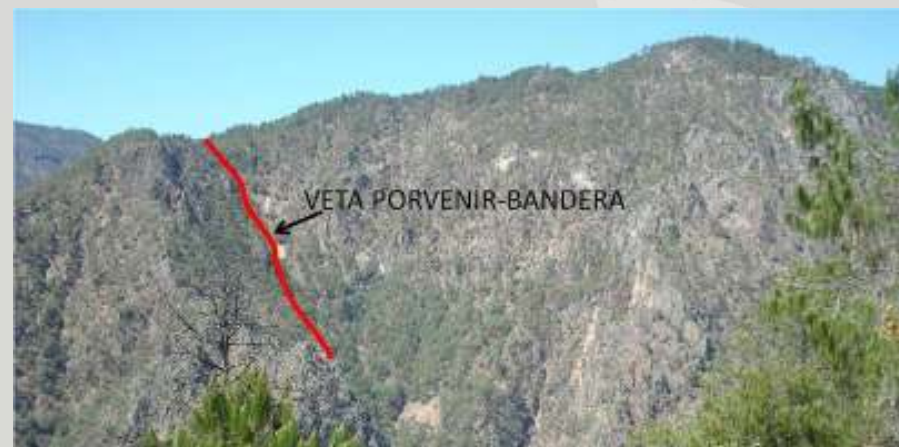
### ➔ Noche Buena

- ➔ Located 24 km from Herradura mine
- ➔ In-house resource calculation 627k oz gold with grade 0.45 g/t and low stripping ratio
- ➔ Drilling and engineering studies continue
- ➔ Prefeasibility study will be concluded in 2010
- ➔ All the surface land required has been secured



### ➔ San Ramón

- ➔ Located 10 km west of the Ciénega mine
- ➔ Three gold–silver veins in exploration
- ➔ Infill diamond drilling to upgrade inferred to indicated resources
- ➔ Construction of exploration ramp commenced
- ➔ New targets identified in mapping
- ➔ Potential to expand the Ciénega operation





## Advanced Exploration Prospects – To become new operating districts



### → Orisyvo

- Large porphyry related gold system
- Drilling extended the upper north and west oxide gold deposits and the deeper central sulphide zone
- Exploration potential is open to the north and east
- Construction of a 1.5 km exploration adit was approved to obtain samples and verify ground conditions
- Scoping study for mine design to be concluded in 2010



### → San Julián

- Disseminated silver-lead-zinc system with several epithermal silver-gold veins
- Economic gold-silver drilling intersections on the San Atanasio, La Dura, Ruth and Tecolotes veins
- The San Julian exploration ramp reached 850 m towards the silver deposit
- The San Roberto exploration adit was advanced 470 m towards the gold veins
- Scoping study to be concluded in 2010



## Creating value through leadership, quality and sustainable growth

- Focus on health and safety performance
- Maintaining positive and productive relations with the labour force and communities where we operate
- Commitment to growth and the development of further world-class assets
- We continue to focus on cost control and on remaining in the lowest quartile among our peers
- On track to deliver robust operational performance in the second half of the year



## 2010 Outlook

- Silver production expected to be in line with 2009 (38 m oz)
- Gold production expected to be 340,00 oz reflecting Soledad-Dipolos start-up
- Saucito construction and Ciénega's expansion on track, with planned start up in H1 2011
- Record Fresnillo's exploration budget, US\$119.2 million with 40 drill rigs in operation
- Continued focus on improvement in health and safety performance
- We are confident that Fresnillo plc is well placed to deliver strong financial results by the end of the year with the potential to make 2010 one of the most outstanding years in Fresnillo plc's history