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Interim Management Statement and Production Report for the three months ended 31 March 2012

Overview

- Noche Buena commenced first commercial gold production within time and budget in March.
- Quarterly attributable gold production above expectations and an increase of 26.3% to 121,792 ounces compared with 1Q 2011.
- Quarterly attributable silver production of 9.8 million ounces, including the Silverstream, on target with a small decrease of 2.9% when compared with 1Q 2011.
- Construction of the dynamic leaching plant at Herradura remains on track to become operational in 2013.
- Good progress of exploration programme and development workings at San Julián, Orisyvo and Centauro Deep.
- Entered into an association agreement with Canadian listed miner, Ores Minerals to explore and develop as one large project each company's adjacent mineral concessions in Coneto, Durango.

Jaime Lomelín, Chief Executive Officer, said:

“The strong operational performance that Fresnillo enjoyed in 2011 has continued into 2012. We have delivered another strong quarter of production with gold beating our expectations, up more than 26%, and silver production in line. As operators, we continually manage and adjust our operations to ensure our production profile is optimised to extract the maximum value from our portfolio. In the case of our gold production, we optimised our mine plan in order to take advantage of the high gold prices.

The highlight of the quarter has been the completion and commissioning of our new gold mine at Noche Buena in the Herradura district. We are particularly pleased that this was accomplished on time and within budget. Commercial production began in March and the mine will produce around 42,000 attributable ounces of gold per year once it reaches its full capacity which we expect to occur by the end of this year. This will significantly increase the proportion of gold production within our portfolio. We believe this is another strong example of the company delivering on its growth ambitions and represents a step forward to consolidate Fresnillo's position as a significant gold producer in its own right.”

Total Production - Attributable

	1Q 12	1Q 11	% change	4Q 11
Silver prod'n (koz)	8,769	9,083	-3.5	9,258
Silverstream (koz)	1,027	1,010	1.7	1,088
Total silver prod'n (koz)	9,796	10,093	-2.9	10,346
Gold prod'n (Oz)	121,792	96,407	26.3	122,621

Lead prod'n (t)	6,265	5,245	19.4	5,501
Zinc prod'n (t)	6,925	5,864	18.1	5,932

Quarterly total silver production (including Silverstream) was in line with the Group's expectations. The anticipated natural decline in silver grades at the Fresnillo mine was compensated by the ramp-up of production at Saucito, thus limiting the adverse effect in silver production when comparing to the first and fourth quarters of 2011.

Quarterly attributable gold production increased by 26.3% compared with the same period of 2011 mainly due to increased throughput at Saucito, Ciénega and Herradura. In addition, commercial production at Noche Buena commenced in March, further benefiting quarterly attributable gold production. Gold production remained stable compared to the fourth quarter of 2011.

Quarterly by-product lead and zinc production increased by 19.4% and 18.1%, respectively, over the first quarter of 2011 as a result of higher ore grades, recovery rates and tonnage milled at the Fresnillo mine and increased volumes of ore milled at Saucito.

Fresnillo mine production

	1Q 12	1Q 11	% change	4Q 11
Silver (kOz)	6,748	8,532	-20.9	7,014
Gold (Oz)	8,731	6,134	42.3	7,678
Lead (t)	4,277	3,365	27.1	3,475
Zinc (t)	4,125	3,221	28.1	3,076

Quarterly silver production at the Fresnillo mine fell by 20.9% when compared to the first quarter of the previous year due to the natural and expected decline in silver ore grades from 445 g/t to 335 g/t. This decline was mitigated by the increased volumes of ore processed at the Fresnillo mill as access to long hole stopes was regained following backfilling activities carried out in 2011 to reinforce safety conditions. On a sequential basis, quarterly silver production declined 3.8% from the fourth quarter of 2011 due to lower ore grades, in line with the forecast of 330-340 g/t for 2012 as a whole.

The increase in quarterly by-product lead and zinc production over the first quarter of 2011 was explained by higher volumes of ore milled, ore grades and improved recovery rates.

Engineering work to expand the milling capacity from 8,000 to 10,000 tonnes per day began in the quarter with site selection and general layout already defined. This project, combined with additional mine development will maintain annual silver production within a range of 26 to 28 million ounces.

Saucito mine production*

	1Q 12	1Q 11	% change	4Q 11
Silver (kOz)	1,494	187	>100.0	1,651
Gold (Oz)	11,358	831	>100.0	11,662
Lead (t)	485	59	>100.0	517
Zinc (t)	349	45	>100.0	349

* 1Q11 figures: ore processed as a result of the initial tests during the commissioning of Saucito.

As expected, the Saucito concentrator milled 2,500 tonnes per day and silver and gold production was in line with the Group's outlook. Notwithstanding, quarterly silver, gold and lead production decreased when compared to the fourth quarter of 2011 which was higher due to the higher throughput from the ore stockpile as we commenced ramp up. The stockpile has run down and Saucito continues to ramp up the mine to full capacity of 3,000 tonnes per day which is expected by the end of 2012.

The construction of the Jarillas shaft progressed well over the period and remains on track to be concluded in late 2012. This new shaft will have a capacity of 5,000 tonnes per day and will reduce haulage and hoisting costs of Saucito.

Ciénega mine production

	1Q 12	1Q 11	% change	4Q 11
Gold (Oz)	31,546	26,956	17.0	31,157
Silver (kOz)	466	275	69.5	532
Lead (t)	1,503	1,822	-17.5	1,509
Zinc (t)	2,451	2,598	-5.7	2,508

Quarterly gold production increased by 17.0% over the first quarter of 2011 due to higher volumes of ore processed after completion of the expansion of milling capacity to 930,000 tonnes per year in June 2011. Quarterly silver production increased significantly over the same period in 2011 as a result of higher ore grades and throughput. However, lower volumes of ore hauled and milled from the San Ramón satellite mine affected quarterly silver production at Ciénega when compared to the previous quarter. This was because we managed production at Ciénega to extract the most value out of the mine and optimise production. To capitalise on current gold prices we prioritised ore throughput from the Ciénega mine which has higher gold content than that from San Ramón, which has a higher silver content. As a result we changed the production balance at Cienega and therefore saw a slight decrease in silver production at Ciénega for the quarter when compared with the fourth quarter of 2011.

Quarterly lead and zinc production decreased compared to the same quarter of 2011 as a result of lower ore grades.

Herradura mine production - Attributable

	1Q 12	1Q 11	% change	4Q 11
Gold (Oz)	46,722	41,974	11.3	48,804
Silver (kOz)	49	76	-35.5	49

Attributable gold production for the first three months of 2012 increased by 11.3% over the same period in 2011 due to improved recovery rates and increased ore deposited.

However, the expected lower ore grades caused quarterly attributable gold production to decrease by 4.3% compared to the previous quarter. This decline in the ore grade is in line with our decision to process lower grade ore which is profitable at current gold prices and thus managing the mine to extract maximum value and optimise production.

The exploration programme and mine development at the Centauro Deep project is progressing according to schedule.

In the first quarter, we evaluated an expansion of the Centauro pit under alternative price scenarios. Results were encouraging enough to relocate the site of the dynamic leaching plant project to accommodate an eventual expansion. Additional drilling will provide further information to confirm the viability of the project.

Soledad-Dipolos mine production - Attributable

	1Q 12	1Q 11	% change	4Q 11
Gold (Oz)	21,209	20,511	3.4	23,321
Silver (kOz)	12	14	-14.3	11

Quarterly attributable gold production was slightly higher compared to the same quarter of 2011 as a result of increased volumes of ore deposited and improved recovery rates. As at Herradura, the decision to treat lower grade ore affected quarterly attributable gold production when compared to the fourth quarter of 2011.

Noche Buena mine production - Attributable

	1Q 12	1Q 11	% change	4Q 11
Gold (Oz)	2,227	-	-	-

Silver (kOz)	1	-	-	-
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The construction of the Noche Buena gold mine was successfully concluded on time and within the US\$63 million budget. Commercial production commenced in March with 2,227 gold ounces produced. Commercial ramp up at Noche Buena is progressing as planned as we look to produce around 42,000 attributable ounces of gold a year at full capacity.

Update on development projects

- ***Dynamic leaching plant at Herradura***

The construction of the dynamic leaching plant at Herradura remained on track to become operational in 2013. This US\$106.8 million project is expected to process high grade ore from the Herradura and Soledad-Dipolos pits, which will increase gold production by an average of 51,000 ounces per year over the 2013-2020 period. Due to the possible expansion of the Centauro pit, the site for the new leaching plant will be relocated without significant delays and additional costs.

Update on exploration

Exploration drilling continued in the first quarter of 2012 with 52 surface drill rigs at the Herradura, Noche Buena, Ciénega and Fresnillo mines, and the San Julián, Orisyvo, Juanicipio, Lucerito, Candameña, Tajitos, Guanajuato, Cebadillas, Yesca, and Amata projects. Deep gold mineralization was extended at both Herradura and Noche Buena. Interesting gold-silver values were intersected in new areas on the Shalom and Minas veins at San Julián, and the Huilota veins in Guanajuato. Exploration cross cuts to obtain metallurgical samples continue on schedule at San Julián and Orisyvo.

Several targets for additional study have been identified on our claims in the Mesa Central and Herradura Corridor gold belts, and are in the process of being evaluated.

In February Fresnillo signed an association agreement with Orex Minerals Inc (“Orex”), a Canadian exploration company listed on the TSX Venture exchange, the US OTC Pink Sheets and the Frankfurt Exchange. In accordance with the agreement, Fresnillo will invest a minimum of US\$2 million during the first year of exploration and will have the option to spend an additional US\$2 million per year on exploration for each of the following two years. The agreement will enable Orex and Fresnillo to explore and develop each company’s respective mineral concessions in the Coneto gold-silver mining district in Durango, Mexico, together under one large exploration project. The combined concessions of Orex and Fresnillo total over 17,600 hectares.

In return for the initial investment of US\$6 million over three years Fresnillo will acquire a 55% stake in the association, and may increase its participation after the initial three years to 70% by investing an additional US\$21 million or completing a prefeasibility study. As part of the arrangement, Fresnillo invested US\$2 million in Orex shares, including warrants, at a fixed price of CAN \$0.80 per share.

Safety Performance

As reported in the Preliminary Announcement, one fatality occurred in January at the Fresnillo mine. A supervisor’s failure to follow safety procedures resulted in the regrettable loss of a contractor’s life. The Group continues to reinforce safety procedures and programmes and as a result, the accident rate has decreased in the first quarter of the year. We continue to work diligently on a behavioural change programme and implementing a broad awareness campaign across all mine units and contractors. Fresnillo plc remains committed to improve its safety performance and achieve its zero fatal accidents target.

There will be a conference call for analysts and investors on Wednesday 18 April 2012 at 09.00am BST (London time). The dial in details are as follows:

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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 seven operating mines, all of them in Mexico - Fresnillo, Saucito, Ciénega, San Ramón, Herradura, Soledad-Dipolos and Noche Buena; one development project – a dynamic leaching plant to treat high grade gold ore from the Herradura and Soledad-Dipolos mine; and five advanced exploration prospects – San Julián, Centauro Deep, Juanicipio, Orsivo and Las Casas as well as a number of other long term exploration prospects. In total, has mining concessions covering approximately 2.1 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 500,000 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

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