



Fresnillo Plc
 28 Grosvenor Street
 London W1K 4QR
 United Kingdom
www.fresnilloplc.com

14 July 2010

Production Report

for the three months ended 30 June 2010

Overview

- Second quarter (9.6moz) and first half (19.1moz) silver production each achieved record levels when compared to same periods of previous years.
- Quarterly attributable gold production achieved a new record at 91,254 ounces, an increase of 33.9% over the corresponding period last year.
- Attributable gold production at Soledad & Dipolos continued ramping-up to 16,298 ounces.
- Construction of the Saucito development project and the expansion of Ciénega milling capacity are progressing according to schedule.
- Cost reduction efforts and efficiency initiatives remain firmly on track.

Jaime Lomelín, Chief Executive Officer, said:

“We have accomplished another quarter of stable silver production and promising exploration results. Quarterly gold production has reached a new record level once again, thanks to the efficient ramping-up of production at Soledad-Dipolos. Our exploration programme remains firmly on track and we continued working hard over the quarter on the development of the Saucito project and on the expansion of milling capacity at Ciénega. Although we are pleased with these outcomes, which bear out our solid experience in developing and operating mines, we will continue improving performance at the mines. We remain committed to managing costs and delivering on our growth programme.”

Total Production - Attributable

	2Q 10	2Q 09	% change	1Q 10	YTD 10	YTD 09	% change
Silver prod'n (kOz)	9,615	9,587	0.3	9,492	19,107	18,805	1.6
Silverstream prod'n (kOz)	989	867	14.1	827	1,816	1,759	3.2
Total Silver production (kOz)	10,604	10,454	1.4	10,319	20,923	20,564	1.7
Gold prod'n (Oz)	91,254	68,166	33.9	85,097	176,351	132,894	32.7
Lead prod'n (t)	4,654	4,226	10.1	4,489	9,144	8,446	8.3
Zinc prod'n (t)	5,784	4,842	19.5	5,040	10,825	10,199	6.1

As expected, quarterly attributable silver production across the group remained broadly stable recording a modest increase on the previous period. However, the increase was sufficient to ensure second quarter and first half silver production each achieved record levels when compared to corresponding periods of previous years.

In accordance with the Silverstream contract, Fresnillo accrued 989,000 silver ounces over the second quarter of the previous year, an increase of 14.1% due to an abnormally high silver ore grade. We expect the average ore grade for the full year to be in line with last year.

Attributable gold production in the second quarter, as in the first quarter, received a significant boost from the start-up of commercial production at Soledad–Dipolos. As a result, record levels of gold production were achieved. Second quarter gold production increased by 7.2% when compared to the previous quarter due to the continued ramp-up at Soledad–Dipolos and to a lesser extent, higher ore grades at Ciénega.

Regarding the Group’s by-products, quarterly lead and zinc production increased by 10.1% and 19.5% respectively compared to the same period of the previous year mainly as a result of higher throughput and better ore grades at the Fresnillo mine.

The Company is well on track to achieve full year 2010 production targets. We expect to produce approximately 38moz of silver and with the contribution of Soledad–Dipolos we expect to produce approximately 340,000oz attributable gold.

Fresnillo mine production

	2Q 10	2Q 09	% change	1Q 10	YTD 10	YTD 09	% change
Silver prod'n (kOz)	9,022	9,044	-0.2	8,799	17,820	17,544	1.6
Gold prod'n (Oz)	5,890	6,497	-9.3	5,598	11,488	12,577	-8.7
Lead prod'n (t)	3,057	2,648	15.4	2,779	5,836	5,031	16.0
Zinc prod'n (t)	3,301	2,760	19.6	2,713	6,014	5,873	2.4

As expected, the quarterly silver production at the Fresnillo mine remained stable when compared to the previous quarter and the corresponding period of 2009. Quarterly gold production decreased by 9.3% compared to the second quarter of last year with a minimal economic impact, mainly as a result of lower ore grades, while it increased by 5.2% over the first quarter of 2010 due to higher volumes of ore milled.

Production figures do not include production from the development ore at Saucito which was processed at the Fresnillo mill. In the second quarter of 2010, 208,112 oz silver, 830 oz gold and 38 tonnes of lead were extracted from the Saucito project, all of which are included in the total production figures but not in the Fresnillo mine figures.

As part of the ongoing cost reduction initiatives and efficiency projects, the operation of the sewage water treatment plant at Fresnillo contributed to lowering our production costs. More importantly it enabled Fresnillo plc to reduce fresh water consumption during the first half of 2010 to approximately 658,000m³ in a region where water is a scarce resource. Additionally, the local community benefited from the elimination of sewage water, thus avoiding a potential source of contamination.

The sinking of the San Carlos shaft reached 360 metres of a planned total of 560 metres, which when completed by third quarter of 2011, will reduce haulage costs at the Fresnillo mine.

Ciénega mine production

	2Q 10	2Q 09	% change	1Q 10	YTD 10	YTD 09	% change
Gold prod'n (Oz)	28,564	24,475	16.7	27,208	55,772	47,625	17.1
Silver prod'n (kOz)	310	432	-28.2	366	676	751	-10.0
Lead prod'n (t)	1,559	1,569	-0.6	1,669	3,228	3,360	-3.9
Zinc prod'n (t)	2,483	2,072	19.8	2,328	4,811	4,284	12.3

Quarterly gold production increased by 16.7% compared to the corresponding period in 2009 as a result of higher volumes of ore milled and improved ore grades. The increased ore throughput was achieved by the timely preparation of new stopes, maintenance improvements and the implementation of Six Sigma quality control methodology. Similarly, quarterly gold production increased by 5.0% over the first quarter of 2010 as a result of the aforementioned development activities at the mine, which allowed the extraction of minerals from veins with higher ore grades.

Quarterly silver production declined by 28.2% and 15.2% when compared to the corresponding period of 2009 and the previous quarter respectively due to lower silver ore grades. Nevertheless, the favourable economic effect of the increased gold production was more than two times the adverse effect of the lower silver production.

At Ciénega, the shaft sinking to gain access to deeper ore reserves remained on track during the quarter, reaching 214.5 metres out of a planned total 300 metres. This US\$13.3 million project will be concluded in the second half of 2011 and is expected to reduce costs.

Herradura mine production - Attributable

	2Q 10	2Q 09	% change	1Q 10	YTD 10	YTD 09	% change
Gold prod'n (Oz)	39,672	36,916	7.5	39,897	79,569	71,428	11.4
Silver prod'n (kOz)	67	44	52.3	55	122	87	40.2

Attributable gold production in the second quarter increased by 7.5% compared to the corresponding period in 2009 due to higher volumes of ore deposited at the leaching pads.

Silver production in the second quarter increased by 52.3% and 20.9% when compared to the corresponding period in 2009 and the first quarter of 2010 respectively as a result of higher silver ore grades.

The construction of the eighth leaching pad at Herradura progressed well over the period.

Soledad-Dipolos mine production - Attributable

	2Q 10	2Q 09	% change	1Q 10	YTD 10	YTD 09	% change
Gold prod'n (Oz)	16,298	-	N/A	11,226	27,524	-	N/A
Silver prod'n (kOz)	8	-	N/A	3	11	-	N/A

As anticipated, the open pit mine continued ramping-up in the second quarter and gold production reached 16,298 ounces. This increase was achieved through higher volumes of ore deposited, better recovery by controlling solution quality and optimising the size of the ore through better blasting practices.

Construction of the second leaching pad at Soledad-Dipolos remained on track.

Update on exploration

During the second quarter of 2010, drilling was carried out at the Saucito, Noche Buena, San Ramón (Ciénega), Minera Juanicipio (56% Fresnillo Plc), Orisyvo and San Julián projects. New resource estimates are in progress at Noche Buena. Positive results have been obtained at each of these 6 properties, with particularly good results at Saucito and Orisyvo, where new extensions of mineralization were discovered in the period. Presently the company has 40 exploration drill rigs operating around our mines and projects. Further details regarding the exploration projects and prospect will be provided in the interim report that will be released on the 3rd of August.

- **Juanicipio**

The Juanicipio Joint Venture (56% Fresnillo plc and 44% MAG Silver) appointed SRK Consulting to conduct an audit of Juanicipio's total resources, which confirmed the indicated and inferred resources estimated by the company. With this new level of certainty, Juanicipio has appointed AMC Mining Consultants (Canada) Ltd. to undertake a prefeasibility study for the development of a stand alone underground silver mine. The prefeasibility study is expected to be completed by the end of calendar 2010.

Update on development projects

- **Ciénega**

The expansion of Ciénega's milling capacity from 755,000 to 930,000 tonnes per year is on track to become operational in the first half of 2011 and is expected to increase gold production and reduce unit costs. In the second quarter of 2010, engineering and activities to clear the required area for the expansion continued and development of the foundations for the milling and flotation areas began. Orders for main equipment were placed and the contractors were selected.

- **Saucito**

Construction of the Saucito project is proceeding according to schedule. Orders of all equipment and contracts have been placed. Several components for the concentrator were received in June and additional key equipment is expected to arrive in July and August. The mine has already advanced 24,035 metres of ramps and development workings.

The Saucito shaft is fully operational while sinking of the Jarillas shaft reached 208 metres depth out of a total 645 metres.

There will be a conference call for analysts and investors on Wednesday 14 July at 9.00am BST (London time). The dial in details are as follows:

Participants' dial in number: +44 (0)1452 541 076

Conference ID: 8657 6584

A replay of the conference call will be available for one week on the following number:

Dial in number: +44 (0)1452 550 000

Conference ID: 8657 6584

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

Fresnillo plc

Tel: +44 (0)20 7399 2470

London Office

Octavio Alvidrez, 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; one development project - Saucito; and five advanced exploration prospects – Noche Buena, San Juan, San Julián, Orysivo and Juanicipio as well as a number of other long term exploration prospects and, in total, has mining concessions covering approximately 1.75 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.