



Fresnillo Plc
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Production Report
for the three months ended 30 June 2009

Overview

- Record quarterly attributable silver production of 9.6 million ounces, up 6.7% Year on Year.
- Stable attributable gold production of 68,000 ounces for the quarter as expected, with Herradura achieving new record production.
- Management remains confident of achieving its full year 2009 production target levels.
- Soledad and Dipolos is on track for start up in Q1 2010. Engineering is complete, construction is ahead of schedule and personnel have been hired and trained.
- Construction of the Saucito project is on track and the drilling programme has increased resources. A pre-feasibility study will be presented to the Board on 5 August.
- Lower costs, mainly due to a favourable exchange rate and lower input costs on some items. The trend in input costs is expected to continue over the remainder of the year.
- The annual wage negotiation was successfully concluded at Ciénega mine, completing all negotiations with the Unions for the year 2009.

Jaime Lomelín, Chief Executive Officer, said:

“I am very pleased with our record silver production for the quarter and the stabilisation of our gold production. The production of all metals was in line with the Company’s budget, and the drilling and exploration programmes are, in most cases, delivering encouraging results. At the Soledad and Dipolos project, we are well ahead of our development schedule and at Saucito we expect to deliver the pre-feasibility study for Board approval on 5 August. Despite the current economic climate, volatile commodities prices and several challenges presented during this year, the Company has met its production, development and exploration targets for the period. This excellent result is further evidence of the management’s experience, dedication and ability to face economic cycles and adversities.”

Total Production

Fresnillo plc attributable production

	2Q 09	2Q 08	1Q 09	YTD 09	YTD 08
Silver prod'n (kOz)	9,587	8,989	9,218	18,805	17,438
Gold prod'n (kOz)	68	69	65	133	139
Lead prod'n (kt)	4	5	4	8	9
Zinc prod'n (kt)	5	6	5	10	12

Quarterly attributable silver production increased by 6.7% and 4.0% respectively when compared to the second quarter 2008 and to the first quarter 2009, which is a record for the quarter. The higher quarterly production was a result of an increase in ore milled at the Fresnillo due to a more efficient maintenance programme, and higher ore grades at Ciénega and Herradura. In May, additional ore extracted from the development works at Saucito were processed at the Fresnillo mill, which contributed approximately 67,000 silver ounces.

Total attributable silver production for the first half 2009 increased by 7.8% when compared to the same period of 2008 creating a new half-year silver production record.

The second quarter 2009 gold production was steady when compared with the second quarter 2008. Quarterly attributable gold production increased by 5.3% when compared to the first quarter 2009 as a result of higher ore grade at Ciénega and an increase in ore deposited and better recoveries at Herradura. Gold production at Ciénega has now stabilised at around 24,000 ounces per quarter for the last nine months, confirming the successful control of the ore grade.

Total attributable gold production for the first half of 2009 decreased by 4.6% when compared with the first six months of 2008.

Regarding the Group's by-products, quarterly lead and zinc production decreased mainly due to the lower ore grades and recoveries.

Production of all metals is in line with the Company's expectations.

Fresnillo mine production

	2Q 09	2Q 08	1Q 09	YTD 09	YTD 08
Silver prod'n (kOz)	9,111	8,739	8,856	17,967	16,869
Gold prod'n (kOz)	7	6	7	14	12
Lead prod'n (kt)	3	2	2	5	5
Zinc prod'n (kt)	3	3	3	6	6

Silver production for the second quarter 2009 at the Fresnillo mine increased by 4.3% compared to the second quarter 2008 and increased by 2.9% when compared with the first quarter 2009. This increase in silver production in the second quarter was as a result of the ore extracted from development works at Saucito as well as increased volumes of ore from the Fresnillo mine both processed in the Fresnillo mill. The ongoing preparation of new stopes at the Fresnillo mine continues to increase productivity and control grade. We will continue to process ore from Saucito as it accumulates from the development work.

Silver production for the first half of 2009 at the Fresnillo mine increased by 6.5% against the first half of 2008.

Ciénega mine production

	2Q 09	2Q 08	1Q 09	YTD 09	YTD 08
Silver prod'n (kOz)	432	220	319	751	507

Gold prod'n (kOz)	24	31	23	48	64
Lead prod'n (kt)	2	2	2	3	5
Zinc prod'n (kt)	2	3	2	4	6

Gold production for the second quarter 2009 decreased by 21.1% when compared with the second quarter 2008 because of an expected decline in grades. Gold production increased by 5.7% when compared with the first quarter 2009 due to a slightly higher ore grade obtained at the production stopes during April. Gold production at Ciénega has stabilised at around 24,000 ounces per quarter for the last nine months, confirming the successful ore grade control. As was stated in the March quarter production report, the Company has put in place successful initiatives to maintain gold production levels, which are discussed in the cost reduction initiatives and efficiency projects section below.

Gold production for the first half of 2009 decreased by 25.8% when compared to the same period last year.

Silver production at Ciénega has increased significantly over the quarter and over the half when compared to the same periods last year. Specifically, quarterly production increased by 96.3% and 35.7% when compared to second quarter 2008 and first quarter 2009 respectively due to higher silver ore grades. Similarly, half year production was 48.0% higher in comparison with the same period last year due to higher silver ore grade and, to a lesser extent, better recovery and higher volumes of ore milled.

Herradura mine production

Fresnillo plc attributable production

	2Q 09	2Q 08	1Q 09	YTD 09	YTD 08
Silver prod'n (kOz)	44	30	43	87	61
Gold prod'n (kOz)	37	32	35	71	63

Quarterly gold production was up by 15.4% and 7.0% when compared to the second quarter 2008 and to the previous quarter, respectively, due to better recovery and the increase in the volume of ore deposited on the leach pads from the new Centauro pit areas.

Attributable gold production at the Herradura mine reached record levels at 71,428 gold ounces for the first half; up 12.5% against the first half of 2008.

The second quarter 2009 silver production increased by 48.3% when compared with the same period last year and increased by 3.0% when compared with the first quarter 2009. This was due to higher ore grade, higher recovery rates and a higher volume of ore deposited.

Silver production for the first six months in 2009 increased by 42.1% when compared to the same period last year.

Cost update

The Company's costs in U.S. dollars for both the second quarter 2009 and for the first half of 2009 were lower than the corresponding periods in 2008 as a result of the combination of two factors. Firstly, the Mexican Peso / US Dollar exchange rate was significantly higher than the prevailing exchange rate for the same periods last year. As a result, Mexican peso denominated costs were lower when converted to U.S. dollars. Secondly, the prices of a number of inputs such as steel and explosives have begun to decline over recent months. The Company expects that further decreases in input prices will take place as the year progresses. Both effects are partially mitigated by the higher consumption of some inputs such as explosives and milling steel used for the development activities and increased ore milled at the operating mines.

As previously disclosed, electricity prices have stabilised at lower levels than those budgeted by the Company for the first half of the year. The Mexican Government lowered electricity prices by between 7% and 20% in order to help mitigate the adverse

effects of the economic crisis. However, the unit price increased by 31% when compared to the first six months of the previous year as a result of the termination of the contract between Fresnillo plc and Termoeléctrica Peñoles, which allowed the Fresnillo and Ciénega mines to acquire electricity at a lower rate than the market price during the first half of 2008. During the second quarter 2009 the unit price remained steady when compared to the the first quarter 2009 (USc 6.82 per kwh in the second quarter vs USc 7.02 per kwh in the first quarter). However, when compared with the second quarter when Fresnillo plc had the beneficial electricity contract in place, the unit price for electricity was 21.7% higher.

Cost reduction initiatives and efficiency projects

The construction of the sewage water treatment plant at Fresnillo has remained on track over the quarter and will be concluded in the third quarter 2009. This project will further reduce the Company's costs and, at the same time, it will help promote good relationships with the community by preserving underground water levels.

At Fresnillo, the construction of the San Carlos shaft is on schedule and has reached a depth of 135 metres. This project will enable access to the most productive areas in the future and will reduce haulage costs. Three of a total of seven cross-cuts were finished during the quarter and the construction of the concrete headframe will begin during the third quarter 2009. This project is expected to be concluded by the end of 2011.

The optimisation of the leaching circuit at Ciénega, which will increase gold and silver recoveries by 2.2% and 0.8% respectively, is progressing according to schedule and it is expected to commence operation in the fourth quarter. An additional 0.3% gold recovery will be provided through the Knelson gravimetric concentrator, which will be concluded during the third quarter. The project to sink the shaft at Cienega's a further 300 metres in order to have access to deeper ore reserves remains on track and it is expected to be concluded in the second quarter 2010.

At Herradura, the expansion of the beneficiation plant to increase flow from 1,200 m³ to 1,600 m³ per hour, and the construction of the seventh leaching pad will be concluded by year end. Both projects are advancing according to the Company's plan and will ensure stable production at the mine.

Update on exploration

During the second quarter, the Company undertook ongoing exploration through 20 surface diamond rigs and one reverse circulation rig which was aimed at increasing and verifying resources at our projects and prospects. The exploration programme is on schedule and in line with the Company's budget.

In the second quarter, 11,542 metres were drilled for a year to date total of 17,458 metres at the Saucito development project in the Fresnillo District. New resources have been inferred on the Mezquite vein, whilst some resources were proven up to the indicated category on the east of the Jarillas vein. Updated resource figures will be calculated at the end of the financial year.

At the Juanicipio joint venture exploration project (56 % Fresnillo Plc/44 % Mag Silver), which is also located at the Fresnillo District, 4,214 metres were drilled on the Valdecañas and Juanicipio veins. Deeper drilling will continue in this area during the next months.

At San Julian (in Chihuahua), 14,064 metres were drilled to further explore the JM disseminated silver deposit and adjacent gold-silver bearing veins. Environmental permits for an exploration ramp were obtained and construction of the portal has been initiated.

At Orisyvo, three diamond drill holes were completed at this disseminated gold project. Additionally, six holes were drilled partially through the mineralized section due to difficult ground conditions.

At the San Juan and Noche Buena projects drill stations were prepared in order to continue exploring these areas during the second half of the year.

Update on development projects

Soledad and Dipolos

The engineering of the Soledad and Dipolos project was completed over the quarter, and the construction of the administrative offices, warehouses, and other adjacent buildings is advancing according to the Company's programme. The construction of the first stage of the leaching pads has begun, and all the equipment for the Merrill-Crowe plant has been received and is already in place, including the deoxygenation tank, the clarifying filter and the furnaces. Management remains confident of concluding the construction on time in order to start operations at Soledad and Dipolos during the first quarter of 2010. The personnel for this project have been hired and trained in the simulator and at the Herradura mine and beneficiation plant.

Saucito

Construction and engineering at Saucito remains on track during the June quarter. The construction of the ramps, raised bore holes and cross-cuts at this project continue to advance and mining works have reached a total of 9,662 metres. Diagrams of the milling and flotation process and infrastructure have been completed in order to continue advancing the engineering of the Saucito project.

At the Saucito shaft, mining works have been concluded and the instalment of the production and services hoists and crushers have started. The construction of the hoist room and the instalment of a service hoist were completed at the Jarillas shaft.

Due to the long lead times for delivery, the Company has placed the order for the SAG mill and ball mills for this project.

Ore from Saucito continued to be processed at the Fresnillo mill during the June quarter and achieved higher recoveries than in the pilot test, yielding 67,000 silver ounces.

A pre-feasibility study will be delivered for approval during the next Board meeting on 5 August.

Related parties-Met-Mex, Peñoles

As previously disclosed, Peñoles officially declared force majeure at the Met-Mex metallurgical complex with respect to the doré, precipitates and lead concentrates purchase agreements during the first week of March 2009. The Company's ability to negotiate some shipments of lead concentrate and precipitates with other refineries, as well as the efforts made by Met-Mex to process the remaining inventories after lifting the force majeure in May 2009, resulted in no material financial impact.

Union relationships

In the first half of 2009, the Company successfully concluded the annual wage negotiations with each of the local mining unions, with the final negotiation at Ciénega occurring in the June quarter. The conditions agreed for the year in the three operating mines were a 6% wage increase, a 1% fringe benefits increase and a one-off bonus payment of 1% of salary.

There will be a conference call for analysts and investors on Thursday 16 July at 9.00am BST (London time). Dial in details are as follows:

Participants' dial in number: + 44 (0) 1452 561 371

Access Code: 19979271

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

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

Access Code: 19979271#

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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 three producing mines, all of them in Mexico - Fresnillo, Ciénega and Herradura; two development projects - Saucito, Soledad & Dipolos; and three exploration prospects - San Juan, San Julian, Orsivo, 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 mining development and reserves replacement, and a low cost of production, being in the lowest quartile of the cost curve for both silver and gold.

Fresnillo intends to maintain its position as the world's largest primary silver producer with the aim of approximately doubling production, on a silver equivalent ounce basis by 2018 and increasing its gold production.

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.