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**Fresnillo plc (“Fresnillo” or “the Company”)
Operations Review for the Fourth Quarter 2008**

Overview

- 2008 full year silver attributable production achieved record levels at 34.8 million ounces.
- Attributable gold production was in line with expectations at 263,600 gold ounces, with record annual gold production achieved in Herradura.
- Pre-stripping activities were commenced during December at Soledad and Dipolos; engineering and construction work remains on schedule.
- Drilling programme at Fresnillo II continued to record high silver and gold values and resulted in the discovery of new two veins, Mezquite and Madroño. Construction of shafts and service ramps is progressing as planned.
- Further positive exploration results were achieved at the San Julián and Orisyvo projects.
- Further consolidation of the Herradura district resulting from acquisition of the Noche Buena gold project by the Fresnillo/Newmont joint venture.
- Focus on cost reduction initiatives and operating efficiencies eased pressure on cash costs.

Outlook for 2009

- Production levels are expected to be in line with those for 2008, both for silver and gold.
- Grades at Fresnillo and Herradura are expected to continue at 2008 levels during 2009. Grades at Ciénega for 2009 should stabilise at those levels seen in Q4 08.
- Further investments in operating efficiencies, together with ongoing cost control initiatives, will help to protect margins.
- Construction at Soledad and Dipolos will conclude by end 2009 and production remains on track to commence in early 2010.
- The first stage of the Fresnillo II pre-feasibility study is expected to be concluded at the end of March 2009 and the exploration and development activities will continue as planned.

Jaime Lomelín, Chief Executive Officer, said:

“2008 was a milestone year for Fresnillo plc. Our operating discipline and proven mining experience ensured that we achieved our production targets. During the year, our engineering and construction programmes in the advanced projects remained on

schedule with highly encouraging exploration results. Despite the impact of the global financial crisis, Fresnillo plc benefits from a solid financial structure that will support ongoing exploration, investment in cost control initiatives and operating efficiencies. However, our focus will be on committed capex and advanced exploration projects. We are in a strong position to pursue acquisition opportunities of high quality assets to boost our rate of growth. The management remains confident of adding significant value for stakeholders in the years to come; Fresnillo's world class assets are excellent examples of the effectiveness of the Company's strategy."

Total Production

Fresnillo plc attributable production

	FY 2008	FY 2007	4Q 08	4Q 07	3Q 08
Silver prod'n (koz)	34,849	34,683	8,490	8,702	8,921
Gold prod'n (koz)	264	280	63	70	61
Lead prod'n (kt)	18	17	4	5	4
Zinc prod'n (kt)	23	22	5	6	5

Total silver production for the full year 2008 reached an all time high for Fresnillo plc at 34.8 million ounces. The slight decrease, in quarterly silver production when compared with the fourth quarter 2007, was due to an expected decrease in ore grade at Ciénega and lower ore milled at Fresnillo which is explained below.

Total gold production decreased by 5.9% in 2008 compared to the previous year. Production at Ciénega was affected by the declining lower ore grades, although we believe these have now stabilised during the quarter. Quarterly gold production increased by 4.2% compared to the third quarter of 2008 due to higher recovery and ore deposited at Herradura, as well as higher ore grades and recovery at Fresnillo. With respect to lead and zinc production, increases of 3.6% and 2.7% respectively were achieved in 2008 when compared to 2007 as a result of the higher ore grades and recoveries at Ciénega.

Fresnillo mine production

	FY 2008	FY 2007	4Q 08	4Q 07	3Q 08
Silver (koz)	33,776	33,521	8,245	8,348	8,662
Gold (koz)	24	26	7	6	5
Lead (kt)	9	9	2	2	2
Zinc (kt)	11	12	3	3	2

Record silver production at the Fresnillo mine was achieved in 2008 while quarterly production remained stable when compared to the fourth quarter of 2007. However, quarterly production decreased by 4.8% compared to the third quarter due to lower ore milled caused by a one day illegal stoppage by the mineworkers union and holidays in December. Silver grades remained stable during the fourth quarter of 2008 at 494g/t against grades of 492g/t for the same period in 2007.

Ciénega mine production

	FY 2008	FY 2007	4Q 08	4Q 07	3Q 08
Silver (koz)	950	1,022	219	333	223
Gold (koz)	117	144	25	36	36
Lead (kt)	9	8	2	2	2
Zinc (kt)	11	10	2	3	3

As mentioned in previous reports, gold production at Ciénega decreased against the comparative periods mainly due to lower ore grade and dilution. Annual silver production was also affected by a decrease in ore grade compared to last year and to the December 2007 quarter. The Company expects the end of year ore grades of 4.7 g/t gold to remain steady over 2009. In order to stabilise the declining grade the Company is preparing new stopes and controlling the dilution. In addition, the Company is taking

actions to mitigate the adverse affect in the declining ore grade, such as increasing the ore milled and increasing the recovery rate. Full year lead and zinc production increased by 14.5% and 17.4% respectively compared to 2007 as a result of higher recoveries and ore grades.

Herradura mine production

Fresnillo plc attributable production

	FY 2008	FY 2007	4Q 08	4Q 07	3Q 08
Silver (koz)	124	140	26	21	36
Gold (koz)	123	110	31	29	28

Record annual gold production was achieved at the Herradura mine as a result of a 25.2% increase in ore deposited from the Centauro pit on the leaching pads. On a quarterly basis, production was up by 12.8% compared to the previous quarter due to higher recoveries. Ore grades at Herradura are expected to remain stable at 0.7g/t gold over 2009.

Cost update

Fresnillo plc anticipates significant decreases in the prices of some key inputs, such as explosives, steel balls and reagents during 2009, which will benefit the Company's production costs. Notwithstanding our solid financial position, Fresnillo plc continues with its cost control programme which is expected to help preserve margins even in the current macroeconomic environment. This programme includes the operational efficiency measures detailed below as well as ongoing initiatives such as reducing administrative expenses, ongoing negotiations with suppliers and optimising consumption of inputs.

In addition, given the magnitude of the global financial crisis, the Mexican Government is putting in place a series of measures aimed at mitigating the adverse effects on industrial production. Specifically, electricity rates will be reduced between 7 to 20 per cent. As energy is one of the key components of the Company's production costs, these initiatives will further support our efforts to protect our profitability levels.

Operational efficiency measures

Several steps have been taken to manage costs more effectively and enhance operating performance.

The construction of a sewage water treatment plant at Fresnillo, which is expected to lower the cost of water and bring environmental benefits to the community, is on schedule. The contractor was selected and construction has started. The Company expects to finish this project in the third quarter of 2009.

The contract to sink the shaft a further 300 metres at Ciénega has been signed which will give further access to new ore zones. In addition, the engineering to the leaching circuit to improve recovery rates remains on track and it is expected that this project will increase gold and silver recoveries by an estimated 2.2% and 0.8% respectively. Further, a Knelson gravimetric concentrator was purchased and the engineering was concluded in order to achieve an additional 0.3% in gold recovery.

At Herradura, the engineering for the 7th leaching pad has been completed, the contractor was selected and construction activities began in January 2009. This will both replace depleted pads as well as provide additional capacity for expected production increases.

The engineering of the San Carlos shaft at Fresnillo mine was concluded. The design of the concrete head frame was also completed and its construction will begin in March 2009. The mine cross cuts were completed at the first three levels in accordance with the Company's programme and the raise boring machine was purchased and will be onsite in February 2009. This project, which will reduce haulage costs, is expected to take 3 years to complete.

Update on exploration

At the Fresnillo II silver-gold project, 18,691 metres of diamond drilling were completed in the fourth quarter of 2008 for a year to date total of 74,891 metres. Of this total, 78% was drilled on 100% owned Fresnillo plc property given the extensive network of veins. In January 2008, the intensive exploration activities resulted in the discovery of the Mezquite and Madroño veins. Recently, the Jarillas ramp intersected the Mezquite vein, with grades of 1,647 gms/tonne of silver and 3.0 gms/tonne of gold over 1.8 metres width (on land which is 100 % owned by Fresnillo plc).

Total ore resources, including measured, indicated and inferred, at all three operating mines increased further to the figures as at 30 June 2008. Final audited figures will be released with the Company's Preliminary Results.

At the San Julián silver-gold project 3,782 metres of diamond drilling were completed in the last quarter of 2008 for a full year total of 35,019 metres. Twelve holes intersected economic gold-silver values on the Maria Antonieta, San Atanasio, San Julián and the newly discovered Ramal del Oro veins. A new hole on the disseminated silver deposit extends this mineralization for an additional 100 metres to the south and potential remains open along strike.

At the Orisyvo gold project 705 metres of diamond drilling were completed in the fourth quarter of 2008 for a year total of 17,099 metres. Results were received for 3 holes that further extended the Central zone 100 metres to the north. Sites for the 2009 drill campaign were also prepared.

Acquisition of Noche Buena

The acquisition of the Noche Buena gold project at the Herradura District was successfully concluded and will be part of Minera Penmont which is owned 56% by Fresnillo and 44% by Newmont Mining Corporation.

The price paid for Noche Buena was US\$25 million in cash, with a further US\$5 million to be paid once commercial production commences, and a 1.5% net smelter return will be payable on all production sold whenever the monthly average gold price is US\$800 per ounce or higher.

Penmont has designed the exploration programme of this disseminated gold deposit for 2009 to confirm resources of approximately 600,000 ounces of gold. This acquisition is consistent with Fresnillo plc's strategy of consolidating mining districts.

Update on development projects

Soledad and Dipolos

Activities aimed at protecting the local environment were completed within the first 160 hectares in order to initiate construction of Soledad and Dipolos. After securing the permits, construction started in December. The electricity infrastructure, installation of pipes and the construction of the provisional pond were also concluded. Engineering of the leaching pad is approximately 85% complete and the Company has placed a number of orders for the required construction materials. As the engineering and construction work is on schedule, management remains confident that Soledad and Dipolos will start production as planned in the first quarter of 2010.

Fresnillo II

Construction activities at Fresnillo II are progressing well. The Saucito shaft has reached a depth of 560 metres, close to the final target of 582 metres. The Fatima service ramp for the Saucito vein reached 2,551 metres in length while the Jarillas

ramp, that will connect the Saucito and Jarillas veins, is 1,473 metres in length, and in line with the Company's plans.

Construction of the Jarillas shaft has recently started, and the target for the first stage of construction is 546 metres. The 47 metres concrete head frame has been completed. The construction of the Jarillas North ramp has reached 110 metres in length and will be used as service ramp to the Jarillas shaft, to explore and confirm ground conditions of the Jarillas and Santa Natalia veins. The service ramps in this project are also used for exploration activities.

Engineering work for the first stage of the Fresnillo II pre feasibility study, which includes a 2,500 t/day mill capacity and a tailings pond, is expected to be concluded by the end of March 2009. The quotations for the SAG mill and ball mills remain in negotiation with several suppliers.

Outlook

Whilst we remain positive on the evolution of precious metals prices, the global economic slowdown will represent a challenge to the mining industry in 2009. Containing costs and improving performance will continue to be the priority for Fresnillo plc. The Company expects 2009 production at each mine to be as follows:

- Fresnillo: in line with 2008 production
- Ciénega: in line with 2008 production
- Herradura: approximately 6% increase over 2008 production

Our position of financial strength will enable us to focus our exploration activities on those districts with the best potential which follows our strategy of consolidating districts. However, we continue to review capex and early stage exploration programmes. In addition, we are seeing a number of potential acquisition opportunities in both early stage and more advanced projects. We will actively consider these, whilst strictly maintaining both our financial return as well as strategic criteria to establish whether it makes sense to pursue them.

Given all these factors, we are confident that the Company is well positioned to consolidate its position as the world's leading primary silver producer and Mexico's second largest gold producer, whilst delivering value for shareholders both in the short and long term.

There will be a conference call for analysts and investors on Wednesday 14 January at 10.30am GMT (UK time). Dial in details are as follows:

Participants' dial in number: + 44 (0) 1452 561 263

Access Code: FRESNILLO

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

Dial in number: + 44 (0) 1452 55 00 00

Access Code: 80860456#

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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 - Fresnillo II, Soledad & Dipolos; and three exploration prospects - San Juan, San Julián, Orysivo, as well as a number of other long term exploration prospects and, in total, has mining concessions covering approximately 1.3 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, within the next ten years 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.