



Fresnillo Plc
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17 July 2008

**Production Report and Interim Management Statement
for the six months to 30 June 2008**

Overview

- Silver and gold production was stable and fully in line with Company expectations at 17.5 million ounces and 140,000 ounces, respectively, for the six months to 30 June.
- Development projects Fresnillo II, and Soledad and Dipolos remain on schedule. Construction of the shaft at El Saucito (Fresnillo II) has reached a depth of 530 metres with 600 metres being the final target, and Phase I of the service ramp is complete. The drilling programme to delineate the mineralisation at both projects is well ahead of schedule.
- Drilling at San Julian, Orisyvo and San Juan is on track and has resulted in the extension of the gold mineralisation.
- Average silver and gold prices for the first half of the year reached historical records of US\$17.40 per ounce and US\$911.40 per ounce, respectively.
- Management remains confident of achieving its 2008 production target levels.

Jaime Lomelín, Chief Executive Officer, commented:

“The performance of the Company during the first half of the year was driven by stable production, strong metal prices, and our strategy of offsetting rising costs by enhancing the efficiency of our operations. Regarding growth, we are focusing our efforts on our strategic projects; Fresnillo II and Soledad and Dipolos, and on increasing the mineral reserves at our current operating mines. We are pleased to report that the results from our exploration activities have been very encouraging and the construction of the necessary infrastructure is in line with the plans outlined at the time Fresnillo plc was listed”.

Total Production

Fresnillo plc attributable production

	2008 H1	2007 H1	2008 JUNQ	2007 JUNQ	2008 MARQ
Silver prod'n (kOz)	17,437	17,425	8,989	9,002	8,448
Silver sold (kOz)	16,295	15,946	8,398	8,058	7,898
Gold prod'n (kOz)	140	145	69	69	71
Gold sold (kOz)	132	129	63	65	68
Lead prod'n (kt)	9	9	5	4	5
Lead sold (kt)	8	8	4	4	4
Zinc prod'n (kt)	12	11	6	6	6
Zinc sold (kt)	10	10	5	5	5

Silver production for the first six months of the year remained stable when compared to the same period last year despite a brief slowdown at Fresnillo I in early January which was politically driven during the local union leader elections. Gold production of 140,000 ounces was achieved mainly due to the increase in ore mined at Herradura which compensated for lower ore grades. Lead and zinc production rose 9.2% and 8.5% respectively year on year due to higher ore grades and recoveries at Ciénega.

On a quarterly basis, silver production was stable during the second quarter in comparison with the same period last year and increased by 6.4% from the levels achieved in the first quarter 2008 due to higher production at Fresnillo I.

Silver production from the Sabinas polymetallic mine owned and operated by Peñoles – which accrues to the Company under the silverstream contract - was as expected according to the mine plan at 1.5 million ounces for the first six months of the year.

Fresnillo mine production

	2008 H1	2007 H1	2008 JUNQ	2007 JUNQ	2008 MARQ
Silver (kOz)	16,869	16,906	8,739	8,746	8,130
Gold (kOz)	12	15	6	8	6
Lead (kt)	5	5	2	3	2
Zinc (kt)	6	7	3	3	3

Silver production at this underground mine was stable year on year and when compared with the June quarter 2007. It is worth mentioning that in January a temporary slowdown by workers affected production at Fresnillo. However the lost silver production was recovered over the June quarter as the mining method was changed in part from cut and fill to the more productive longhole drilling mining method at the San Carlos vein. This resulted in achieving a 7.5% increase in silver production in the June quarter when compared with the first quarter of the year.

Ciénega mine production

	2008 H1	2007 H1	2008 JUNQ	2007 JUNQ	2008 MARQ
Silver (kOz)	507	427	220	224	287
Gold (kOz)	64	73	31	33	33
Lead (kt)	5	4	2	2	2
Zinc (kt)	6	5	3	2	3

Gold production at this underground mine decreased 12.3% year on year due to lower ore grade. Comparing the June quarter 2008 to the June quarter 2007 and March quarter 2008, gold production decreased 5.8% and 6.4% respectively, primarily because of the lower ore grades and recoveries. During 2007, the high ore grade Altamira stope was nearing depletion. However we are preparing new stopes to mitigate against the loss of high grade production from Altamira. In contrast, increased lead and zinc higher ore grades and recoveries have driven production up 28.1% and +32.3% up year on year.

Silver production during the first half of 2008 increased +18.7% due to higher ore grade and recovery in comparison with the same period last year.

Herradura mine production

Fresnillo plc attributable production

	2008 H1	2007 H1	2008 JUNQ	2007 JUNQ	2008 MARQ
Silver (kOz)	61	92	29	32	31
Gold (kOz)	64	57	33	29	31

Gold production at this open pit mine achieved record production, up 12.5% year on year. Gold production in the June quarter was 3.7% higher than that of the March quarter. Higher production resulted from adding new equipment which allowed higher extraction from the Centauro pit and deposited 21.4% more ore on the leach pads.

Update on development projects and exploration

Nine diamond drill rigs, out of 24 currently in operation in our exploration projects in Mexico, are working at Fresnillo II, the advanced silver-gold project. Metallurgical tests are being undertaken to determine the characteristics of the mineral and drilling has successfully defined silver mineralisation on the east extension of the Jarillas vein (100% Fresnillo) and the central portion of the Valdecañas vein (56% Fresnillo).

Drilling activities have been executed more rapidly than initially planned. This was particularly notable at Soledad and Dipolos, located near the Herradura mine, where two contractors are employed and four reverse circulation rigs have closed the drill-pattern. This work confirmed continuity of gold values and a low stripping ratio.

Diamond drilling continues at the San Julian, Orisyvo and San Juan gold-silver prospects, averaging 6,000 metres per month using six rigs. At San Julian, drilling is delineating a near-surface ore body on the Todos Santos vein. At Orisyvo, gold mineralisation has been extended 100 metres down-dip, and at San Juan the gold mineralisation has been extended an additional 1000 metres along strike.

Mining and development work is on schedule at Fresnillo II. The Saucito-Jarillas service ramp has reached 3,000 metres length and the Saucito shaft has now reached 530 metres depth with 600 metres being the final target.

Engineering work at Fresnillo II is progressing well for both the Valdecañas ramp, which will facilitate the access to the Valdecañas vein in order to evaluate the reserves, and the Jarillas-Valdecañas shaft. Both the ramp and the shaft will initially be used to evaluate reserves and in the future for extracting the mineral.

Cost reduction initiatives

As cost inflation is an issue the global mining industry faces, Fresnillo plc is focused on offsetting rising costs by enhancing the efficiency of our operations. The Company is advancing the engineering phase and the economic valuation for two projects aimed at reducing costs at the Fresnillo I mine. The San Carlos shaft would provide access to the western portion of the San Carlos Vein thus reducing haulage costs and a new water treatment plant would enable the use of sewage water from the city of Fresnillo.

This report corresponds to Fresnillo plc's first Interim Management Statement for the purposes of the UK Listing Authority's Disclosure and Transparency Rules. There have been no material events or transactions of the Company since the Initial Public Offering and subsequent listing on the London Stock Exchange on 9 May 2008. Interim results for the half year to 30 June 2008 will be announced on 19 August 2008.

There will be a conference call for analysts and investors on Thursday 17 July, at 9 am BST (London time). Dial in details are as follows:

Participants' dial in number +44 (0) 1452 541 077
Access code 56325142

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 56325142

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

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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 Julian, 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.