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17 August 2009

Fresnillo plc interim results for the six months to 30 June 2009

Financial highlights

- Realised silver price US$13.92 per oz, down 21.9%.
- Revenue US$378.9m, down 10.7% and adjusted revenue US$426.0m, down 13.7%.
- Lower cost per tonne at all three operating mines, helped by;
    - cost efficiency measures,
    - 30% devaluation of the Mexican peso against the US dollar,
    - increases in ore milled at Fresnillo and Cienega and ore deposited at Herradura.
- Total EBITDA US$203.4m, down 4.1%.
- EBITDA margins up to 53.7 % from 50.0% .
- Attributable profit of US$121.1m, down 14.1%.
- Cash generated by operations before changes in working capital US$234.3m, down 7.2%.
- Earnings per share 16.9 US cents.
- Interim dividend 5.25 US cents per share.

Operational highlights

- Record attributable silver production of 18.8 million ounces.
- Attributable gold production of 133,000 ounces; record gold production at Herradura.
- Silver volumes sold increased by 4.7%, while gold volumes sold remained flat.
- Silver in total resources at operating mines up 1.0% to 678.1 million ounces.
- Development at Soledad and Dipolos on track to start up in Q1 2010.
- Pre-feasibility study for Saucito development approved by Fresnillo plc board.

Highlights for H1 2009

US$ million unless stated	H1 2009	H1 2008	% change
Silver Production (koz) – Attributable	18,805	17,437	7.8
Gold Production (oz) - Attributable	132,894	139,341	(4.6)
Total Revenue	378.9	424.2	(10.7)
Adjusted Revenue*	426.0	493.8	(13.7)
EBITDA**	203.4	212.1	(4.1)
Attributable Profit	121.1	141.0	(14.1)
Cash generated by operations before changes in working capital	234.3	252.6	(7.2)
Basic and Diluted EPS (US$)***	0.169	0.215	(21.4)
Dividend per ordinary share (US$)	0.0525	0.059	

* Adjusted Revenue is revenue as disclosed in the income statement adjusted to exclude hedging effects and treatment and refining charges.
** Earnings before interest, taxes, depreciation and amortisation (EBITDA) is calculated as gross profit plus depreciation less administrative and exploration expenses.
*** The weighted average number of shares H1 2009 was 717,160,159 (H1 2008: 656,131,000). See Note 10 in the Consolidated Financial Statements.

Jaime Lomelin, Chief Executive Officer of Fresnillo Plc, said:

"The first half of 2009 has been challenging for all natural resources companies, with the prices of many commodities including silver suffering significant falls when compared with H1 2008. Although this has clearly had an impact on our financial results, we are nevertheless pleased with the operational progress, including record silver production and reductions in costs across our operations.

"We remain positive about the second half of 2009, reiterate our production targets for the full year and remain confident of achieving our budget for the year whilst maintaining our current profit margins.

"Looking forward, our two growth projects are well underway with production at Soledad and Dipolos expected in Q1 2010 and Board approval to develop Saucito. This strong growth pipeline coupled with our focus on operational priorities and the expansion of the resource base leaves Fresnillo plc ideally placed to benefit from the next phase of our development."

Commentary on the Group's results

In the first half of the year, the economic climate around the world continued to be challenging and resulted in significantly lower commodity prices, when compared with H1 2008, which have impacted the global mining industry. Most relevant for the Fresnillo Group has been the decline in the price of silver which fell by almost 22% compared to the first half last year. As a result, total revenues declined 10.7% to US$378.9m with adjusted revenue down 13.7% to US$426.0m.

The Fresnillo Group delivered excellent operational results marked by record levels of silver production as well as record gold production from the Herradura mine. Our production and exploration targets were met as a result of the Company's efforts to maximise the potential at the operating mines and the ongoing exploration activities aimed at strengthening the resource base.

While a number of input costs were higher in the half when compared with H1 2008, the 30% devaluation of the Mexican peso against the US dollar meant that costs in Mexican pesos, in which approximately 65% of total production costs are denominated, were significantly reduced when converted to US dollars. The increase in ore milled at Fresnillo and Cienega and ore deposited at Herradura also contributed to a decrease in cost per tonne at all three operating mines. The trend in cost inflation has reversed from H2 2008 to H1 2009 as prices of some inputs such as steel and explosives have started to decline.

The combination of the excellent operational results and lower cost per tonne has enabled the Fresnillo Group to grow EBITDA margins from 50.0% in H1 2008 to 53.7% in H1 2009. However, the depressed commodity prices, in particular the lower silver price, outweighed the benefits of lower costs and higher production, pushing EBITDA down 4.1% to US$203.4m. The gold price remained stable half on half while zinc and lead prices were not immune to the weak economic environment and their market prices reacted accordingly, decreasing by 41.8% and 49.0% respectively half on half.

Consolidated gross profit, excluding hedging for H1 2009, was 20.4% lower compared with H1 2008, mainly due to the 21.9% decrease in the average realised silver price. Other adverse factors included lower gold grades at Ciénega mine, lower by-product zinc and lead prices, and higher adjusted total production costs and depreciation. However, they were partially offset by the benefit we received from the devaluation of the Mexican peso, higher production volumes at Herradura and Fresnillo, and lower treatment charges.

The effective tax rate for the first six months ended 30 June 2009 was 23.8%. This is lower than the Mexican statutory rate of 28%, due primarily to the revaluation of the Mexican peso over the period from 31 December 2008 to 30 June 2009 and certain other adjustments. The overall tax charge was US$42.8 million which is marginally lower (-1.6%) compared with H1 2008.

Net profit for the period totaled US$137.1 million, a decrease of 13.3%. Profit attributable to equity shareholders of the Group decreased by 14.1% to US$121.1 million in H1 2009. The decrease in profits due to the lower silver price was the primary driver of lower cash generated by operations, from US$252.6m in H1 2008 to US$234.3m in H1 2009.

Growth

Exploration continues to be a vital part of our growth strategy and during H1 2009 Fresnillo plc focused its exploration activities on its development projects and prospects and obtained very encouraging exploration results. Silver contained in total resources at our operating mines increased by 1.0% to 678.1 million ounces while levels of gold remained at similar levels. At Saucito, new resources were inferred at the Mezquite vein and additional resources at the Jarillas vein were elevated to the indicated category.

Our two growth projects are progressing well and are fundamental drivers of creating value. Soledad and Dipolos is on track to begin production in Q1 2010 and is expected to produce at a peak rate of 100,000 ounces of gold per year. The Saucito pre-feasibility study was approved by the Board on 5 August 2009 and management expects it to be a world class silver mine with operations scheduled to begin by 2011. The expected production levels during the first year of operation are approximately 4.7 million ounces of silver and 22,500 ounces of gold gradually ramping up to approximately 9.0 million ounces of silver and 45,000 ounces of gold from the third year of operations onwards.

Outlook

We believe that the outlook for silver remains positive due to its dual role linked either to industrial production as more than 50% of its total demand comes from industrial applications or as an investment vehicle and inflation hedge closely correlated to gold. Although there are signs we have passed the worst part of the economic turmoil, we remain cautious as we still have to see clearer signs of an economic recovery.

Despite the uncertain economic climate and volatile commodities prices, Fresnillo plc continues to focus on increasing productivity, reducing costs, expanding the resource and reserve base, and strengthening our growth pipeline. This will create ongoing and sustainable value to all our stakeholders through economic cycles in the years to come.

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 - Saucito, 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 1.75 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 silver production and increasing its gold production 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.

Operational Review

Production

Total attributable silver production for the first half of the year increased by 7.8% when compared to the same period of 2008 – a new half year record. Higher silver ore grades were mined at Ciénega, and at Herradura there were higher tonnages of ore deposited on the leach pads and higher recovery rates. At Fresnillo, higher throughput was achieved as well as the processing of ore from the development works at Saucito.

Production	H1 2009	H1 2008	% change
Silver (kOz) - attributable	18,805	17,437	7.8
Gold (Oz) - attributable	132,894	139,341	(4.6)
Lead (t)	8,446	9,302	(9.2)
Zinc (t)	10,199	12,290	(17.0)

As expected, lower gold ore grade at Ciénega has affected total attributable gold production, which decreased by 4.6% when compared to the first six months of 2008. Gold production at Ciénega has now stabilised at around 24,000 ounces per quarter for the past nine months, confirming the better control of the ore grade due to more production stopes and dilution control. Herradura experienced higher recovery and higher volumes of ore deposited.

Production of lead and zinc, by—products from the Group's operations, decreased by 9.2% and 17.0% respectively when compared with the first half of last year, due to the lower ore grades and recoveries at Ciénega.

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

Fresnillo mine production

Production	H1 2009	H1 2008	% change
Silver (kOz)	17,967	16,869	6.5
Gold (Oz)	13,841	11,681	18.5
Lead (t)	5,086	4,610	10.3
Zinc (t)	5,915	6,326	(6.5)

The silver production increase at the Fresnillo mine as compared with the first half of 2008 is comprised of 674,000 silver ounces produced at the mine with a further 424,000 silver ounces from the Saucito development works. Further ore from Saucito will be processed at the Fresnillo mill in batches as ore extracted from development works at the Jarillas and Mezquite veins is accumulated. The preparation of new stopes at Fresnillo has led to higher operational flexibility and better grade control.

Ciénega mine production

Production	H1 2009	H1 2008	% change
Silver (kOz)	751	507	48.1
Gold (Oz)	47,625	64,181	(25.8)
Lead (t)	3,360	4,693	(28.4)
Zinc (t)	4,284	5,965	(28.2)

Gold production for the first half of 2009 decreased by 25.8% when compared with the same period last year due to the expected lower gold ore grades. However, gold production at Ciénega has stabilised at around 24,000 ounces per quarter for the past nine months, confirming better ore grade control.

Herradura mine production

Production	H1 2009	H1 2008	% change
Silver (kOz) - attributable	87	61	42.6
Gold (Oz) - attributable	71,428	63,479	12.5

Attributable gold production at the Herradura mine reached record levels at 71,428 ounces. The 12.5% increase against the first half of 2008 results from the additional volume of ore deposited from new Centauro pit areas on the leaching pads.

Silver production for the first six months of 2009 increased by 42.6% when compared with the same period last year as a result of higher ore deposited and improved ore grade and recovery.

In-Mine exploration

Total ore resources including measured, indicated and inferred increased over the period. Silver content increased by 1.0% while gold content was maintained at similar levels. These resources have been calculated by our in-house experts and have not been audited by a third party as this process is performed at year-end for the annual reserve and resource statement for all operating mines, development projects and exploration prospects.

The metal content of total resources at the Fresnillo mine increased by 3.9% for silver and 19% for gold confirming the promising potential on the West trend.

Ciénega achieved an increase in precious metals content in total reserves with gold increasing by 7.0% while silver was maintained at similar levels.

At Ciénega, the Rosario and Las Casas veins were tested through 24 holes totalling 6,946 metres. Two blind veins carrying gold and silver values were discovered in the footwall of these structures, located 650 metres from the mine workings. At the San Ramon prospect, which is located 15 kilometres west of Ciénega, 22 holes totalling 5,081 metres were drilled to test the Porvenir vein. Nine holes intersected economic gold-silver grades of more than 1 to 5 metres in width. Assay results are pending on four holes.

The gold content of total reserves at Herradura decreased by 1.0%. At the Centauro Deep Target, which is located below the main pit at the Herradura mine (56% Fresnillo Plc, 44% Newmont), eight diamond drill holes totalling 2,929 metres were completed. Six of the holes intersected veins at depths between 600 and 800 metres below surface, while gold ore grades of around 2 grams per tonne to 7 grams per tonne were obtained over widths of three to ten metres. Drilling and metallurgical work will continue in order to estimate a resource for possible underground mining.

Cost reduction and efficiency projects

Fresnillo

The construction of the sewage water treatment plant at Fresnillo remains on track and will be concluded in the third quarter of 2009. The total investment of US$4.3 million will result in a capacity of 150 litres per second. The sewage water treatment plant will reduce the Company's costs and at the same time will promote good relationships with the local community by preserving the aquifers.

The construction of the San Carlos shaft is on schedule, having reached a depth of 135 metres. The project will enable access to additional productive areas and will reduce haulage from 5,300 metres to 1,600 metres within the Fresnillo mine, leading to significant cost reductions. Three of a total of seven cross-cuts were finished during the first six months of the year and the construction of the concrete headframe will begin during the third quarter of 2009. This project is expected to be concluded by the end of 2011.

Ciénega

The optimisation of the leaching circuit at Ciénega, which is planned to increase gold and silver recoveries by 2.2% and 0.8% respectively, is progressing according to schedule. An additional 0.3% gold recovery is expected to be achieved through the Knelson gravimetric concentrator. These two projects will be concluded by the end of 2009.

The project to sink the shaft at Ciénega a further 300 metres to gain access to deeper ore reserves remains on track and it is expected to be concluded in the second quarter of 2010.

Herradura

The expansion of the beneficiation plant which will increase flow from 1,200 m^3 to 1,600 m^3 per hour, and the construction of the seventh leaching pad, will be concluded by the year end. Both projects are advancing according to the Company's plan and are designed to ensure stable production at the Herradura mine.

Growth Projects

Soledad and Dipolos

The engineering of the Soledad and Dipolos project was completed during the first half of 2009, 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 deoxigenation tank, the clarifying filter and the furnaces. Management remains confident of concluding construction on time to start operations at Soledad and Dipolos during the first quarter of 2010. The personnel for this project have already been hired and are being trained in the simulator recently installed at Herradura.

Saucito

Construction and engineering at Saucito remains on track. The construction of the ramps, raise bore holes and cross-cuts at this project continue to advance and mining works have achieved a total of 8,859 metres. Plans for the milling and flotation process and infrastructure have been completed in order to continue the development 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.

A pre-feasibility study for the first stage of the Saucito project was approved by the Fresnillo plc board of directors on 5 August 2009. A summary of the study is as follows:

The Saucito project is located 8 kilometres southwest of the Fresnillo mine. The geology includes a system of veins containing silver, lead and zinc. The only veins considered within the pre-feasibility study for the first stage of the project were Saucito and Jarillas and does not include Mezquite, Madroño, Santa Natalia and Valdecañas East and West as they need to be further explored.

The pre-feasibility study envisages a milling capacity of 990,000 tonnes per year. It will consist of an underground mining operation and a flotation plant. It is anticipated that in 2011, the first year of operation, capacity will reach 330,000 tonnes per year, gradually ramping up to 990,000 tonnes per year by 2014.

The expected production levels during the first year of operation are approximately 4.7 million ounces of silver and 22,500 ounces of gold gradually ramping up to approximately 9.0 million ounces of silver and 45,000 ounces of gold from the third year of operations onwards.

The capital cost of the project, to be financed from our cash reserves is expected to be US$309 million of which US$50 million was spent in 2008, with the remainder to be invested in the years to 2011.

A conservative approach has been taken in the assumptions underlying the pre-feasibility study as it takes into account the total resources for Saucito and Jarillas veins at the end of 2008 and average metals prices of US$11.50 per ounce of silver and US$800.00 per ounce of gold.

Exploration

A priority of the Fresnillo Group is the investment in brownfield and greenfield exploration. Such a strategy enables the company to expand its reserves and resources base which are the drivers for the continuous growth of the Group.

During the first half, the Company undertook ongoing exploration using 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 accordance with the Company’s budget.

In the period under review, 24 diamond drill holes totalling 17,458 metres were completed at the Saucito development project. New resources have been inferred on the Mezquite vein, while some resources were elevated to the indicated category on the east of the Jarillas vein. Economic silver values were also obtained on the east extensions of the Santa Natalia, Valdecañas East and Jarillas veins where potential is still open. Updated resource figures will be estimated at the end of the financial year.

At the Juanicipio exploration project (56 % Fresnillo Plc, 44 % MAG Silver Corporation), 13 holes totalling 9,619 metres were drilled on the Valdecañas and Juanicipio veins. Four of the holes intersected economic silver-gold-lead-zinc values in the central part of the Valdecañas shoot and will increase the indicated resources in the year-end estimate, while two holes drilled on the Juanicipio vein encountered interesting gold-silver values. Deeper drilling will continue in this area during the coming months.

At the San Julian silver gold prospect in Chihuahua, 34 holes totalling 17,465 metres were drilled to explore further the John Marshall disseminated silver deposit and adjacent gold-silver bearing veins. Encouraging results have been obtained along a total of 500 metres strike and low grade values along an additional 200 metres. Environmental permits for an exploration ramp were obtained and construction of the portal and its development has been initiated.

At the Orisyvo gold prospect in Chihuahua, three diamond drill holes were completed at this disseminated gold project. In addition, six holes were drilled partially through the mineralized section without reaching its planned length due to difficult ground conditions. The North Oxide deposit was extended 80 metres to the south by two holes averaging a 90 metre intersection with a gold ore grade of 1.4 grams per tonne. The Sulfide Core deposit was extended 70 metres by a hole that assayed 14 grams per tonne gold over a width of 13 metres with potential open to its North. Metallurgical test work is in progress on both types of mineralisation.

At the San Juan gold silver prospect in Durango and the Noche Buena gold prospect in Sonora, project drill stations were prepared in order to continue exploring these areas during the second half of the year.

At the India gold silver project in Durango (Fresnillo plc and Northair Mines Ltd joint venture) eight diamond drill holes were drilled, obtaining negative results. However, geological and geochemical studies will continue in the district to determine if other targets merit testing.

Health and safety, human resources, environment and community relations

During the six months to 30 June 2009, no fatal accidents occurred. Furthermore, the Group's injury frequency rate index decreased from 1.52 in the first half of 2008 to 1.28 in the first half 2009 and the lost work days ratio was reduced from 0.77 in 2008 to 0.64 in 2009. Both decreases in these key indicators were achieved as a result of intensive employee training, which included the use of equipment simulators and compliance with the safety programmes and procedures in place at all our operating mines.

Unionised personnel increased by 188 due to the hiring of new personnel mainly for the Soledad and Dipolos project.

In accordance with our commitment towards our personnel and the local communities in which we operate, the Company advanced the construction of 21 houses at Ciénega, which will be delivered to unionized workers in August.

The Company continued re-locating plant species at the Saucito and Soledad and Dipolos projects. Ongoing programmes in sports, education and health have contributed to improved relations with local communities.

Activities aimed at obtaining the certification by year-end in accordance to the Code of the International Cyanide Management Institute are progressing as planned at Herradura while the Certification process at Ciénega remains on track to be completed next year.

In the first half of 2009, the Company successfully concluded the annual wage negotiations with each of the local mining unions for all three operating mines.

Financial Review

The interim condensed consolidated financial statements of Fresnillo plc for the first half of 2009 and 2008 have been prepared in accordance with IAS 34 “Interim Financial Statements”. The financial information is presented in US dollars, and all values in this commentary are expressed in millions except where indicated. Management recommends reading this section in conjunction with the Financial Statements and their accompanying Notes.

Commentary on financial performance

The solid operating results were offset by the significant fall in the price of silver when compared with H1 2008, affecting the Company’s sales and profit levels. As a result, adjusted revenues, consolidated gross profit, EBITDA and the attributable profit for the period decreased by 13.7%, 19.5%, 4.1% and 14.1% respectively when compared to the first six months of 2008.

The devaluation in the average Mexican peso/US dollar exchange rate mitigated the fall in the price of silver by reducing costs denominated in Mexican pesos when converted to US dollars at a higher exchange rate.

Management has focused its efforts towards containing the cost per tonne, reducing administrative expenses and balancing the exploration expenses between a reduced budget and prioritisation of projects. Cost per tonne was reduced in each of the operating mines over the period as a result of the higher volumes and the favourable exchange rate. However this was partially offset by an increase of approximately 8% in peso denominated labour costs, higher dollar unit prices of mining inputs, increases in development and mining works and increases in energy prices.

Income Statement

Income Statement Key Line Items
Six months ended 30 June 2009
(in millions of US$)

	H1 2009	H1 2008	% change
Adjusted Revenue*	426.0	493.8	(13.7)
Treatment & Refining charges	35.1	47.2	(25.6)
Hedging	12.0	22.4	(46.4)
Total Revenues	378.9	424.2	(10.7)
Cost of sales	158.8	150.5	5.5
Gross Profit	220.1	273.7	(19.6)
EBITDA**	203.4	212.1	(4.1)
Profit before income tax	179.9	201.6	(10.8)
Income tax expense	42.8	43.5	(1.6)
Profit for the period	137.1	158.1	(13.3)
Attributable profit	121.1	141.0	(14.1)
Basic and diluted Earnings per share (usd/share) ***	0.169	0.215	(21.4)

* Adjusted revenue is revenue as disclosed in the income statement adjusted to exclude hedging effects and treatment and refining charges.

**Earnings before interest, taxes, depreciation and amortisation (EBITDA) is calculated as gross profit plus depreciation less administrative and exploration expenses.

*** The weighed average number of shares was 717,160,159 (H1 2008: 656,131,000). See Note 10 in the Consolidated Financial Statements.

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Prices, inflation and exchange rates

The average realised silver price during H1 2009 decreased by 21.9% compared to the same period last year (from US$17.83 per ounce in H1 2008 to US$13.92 per ounce in H1 2009 per ounce). This represented the most significant adverse effect in our income statement for the period. The average realised gold price remained stable at US$920.23 per ounce, while the realised average prices of our by-products zinc and lead decreased by 41.8% and 49.0% respectively.

The average Mexican peso/US dollar exchange rate for H1 2009 was 13.86 pesos per US dollar, compared with 10.62 pesos per US dollar during the same period last year. This 30.5% devaluation represented an important benefit in our income statement expressed in US dollars as the Group’s costs denominated in Mexican pesos (approximately 65% of total production costs) benefited from the higher exchange rate when converted to US Dollars.

The Mexican peso / US dollar spot exchange rate at 30 June 2009 was 13.20 Mexican pesos per US dollar, 2.51% lower than the prevailing exchange rate at the beginning of the period (13.54 Mexican peso/US dollar), generating a foreign exchange gain over our net peso position. Furthermore, the US dollar/UK pounds sterling exchange rate improved in our favour by 12.2% over the half (US $1.65/UK pounds sterling compared with US $1.47/UK pounds sterling), generating a foreign exchange gain from our cash position in UK pounds sterling.

Revenues

Volumes of metal in products sold
Six months ended 30 June

	H1 2009	H1 2008	% change
SILVER			
Fresnillo	16,276	15,776	3.2
Ciénega	681	459	48.4
Herradura	154	108	42.6
Total (kOz)	17,111	16,343	4.7
GOLD			
Fresnillo	11	10	10.0
Ciénega	44	59	(25.4)
Herradura	126	112	12.5
Total k(Oz)	181	181	-
LEAD			
Fresnillo	4,262	4,025	5.9
Ciénega	2,883	4,066	(29.1)
Total (MT)	7,145	8,091	(11.7)
ZINC			
Fresnillo	4,871	5,096	(4.4)
Ciénega	3,514	4,982	(29.5)
Total (MT)	8,385	10,078	(16.8)

Adjusted Revenues* by metal
(US$millions)

	H1 2009		H1 2008		Volume	Price	Total	%
Silver	238.1	56%	291.3	59%	14.1	(67.3)	(53.2)	(18.3)
Gold	166.2	39%	167.3	34%	(0.2)	(0.9)	(1.1)	(0.7)
Lead	10.2	2%	19.9	4%	(2.5)	(7.2)	(9.7)	(48.7)
Zinc	11.5	3%	15.3	3%	(2.6)	(1.2)	(3.8)	(24.8)
Total Revenues	426.0	100%	493.8	100%	8.8	(76.6)	(67.8)	(13.7)

* Adjusted revenue is revenue as disclosed in the income statement adjusted to exclude hedging effects and treatment and refining charges.

Silver and gold sales accounted for 95% of the Fresnillo's total adjusted revenues. In H1 2009, silver contained in products sold increased by 4.7%, whilst gold sold remained steady in comparison to H1 2008. Notwithstanding the higher silver volume sold, silver sales in US dollars decreased by US$67.30 million due to the effect of the significant fall in the silver price.

Treatment and refining charges, which are deducted from adjusted revenues, were 25.6% lower than those incurred during the same period last year. These charges, which are set in accordance with international benchmarks based on lead and zinc prices, further decreased from the effect of the downward metal price adjustment (escalator) as the price of lead and zinc declined.

In 2007, the Company unwound the precious metals derivative financial instruments put in place to hedge risks related to the silver and gold price fluctuations. However, International Accounting Standard 39 (IAS 39) requires that the cumulative losses recognised in equity at the date of termination be deferred and then recycled through the income statement at the time of the occurrence of the hedged transaction to which they related. The US$12.4 million losses reclassified to the income statement in H1 2009 were smaller than those in H1 2008 (US$22.4 million), thus resulting in 46.4% lower hedging losses. Hedging gains of US$0.9 million were also recognised in revenue relating to the maturity of derivative instruments entered into in 2008 to mitigate the risk associated with the sale of lead and zinc by-products.

Cost of sales

Cost of sales increased by 5.5% when compared to H1 2008, while total production costs, which is the cost of sales minus the change in work in progress, increased by 6.8%. The rise in total production costs is explained as follows:

- The Group's depreciation increased by US$9.5 million mainly due to the purchase of high-volume trucks and loaders at Herradura and of in-mine equipment at Fresnillo, including a raise borer machine.
- Hedging losses of US$3.66 million, which resulted from forward sales of US$24.5 million at an average exchange rate of $11.17 pesos per US dollar. Most of these forward sales were implemented between May-June 2008 when the spot exchange rate was approximately 10.85 Mexican pesos/US dollar. The purpose of these forward sales was to ensure that the Company would be able to meet its commitments denominated in Mexican pesos should the US dollar weaken.
- Adjusted production costs, which is calculated as the total cost of production less hedging, depreciation and profit sharing, decreased by 3.4% over the period. The main factor driving this decrease was the 30.5% devaluation of the Mexican peso/US dollar exchange rate, which compensated for the higher unit prices of operating materials, the increase in consumption of some inputs and additional personnel hired to support the higher volumes of ore milled and the additional mine development.

Cost per tonne, calculated as total production costs less depreciation, profit sharing and hedging divided by total tonnage milled or deposited, is a key indicator continuously monitored by management to measure cost control performance at each business unit and the Group as a whole. Cost per tonne for H1 2009 was lower compared to H1 2008 and H2 2008 at all mines.

Cost per tonne milled decreased across the Fresnillo Group as a result of the favourable impact of the higher exchange rate used to convert costs denominated in Mexican pesos to US dollars. This favourable effect was partially offset by an increase of approximately 8% in peso denominated labour costs, higher dollar unit prices of mining inputs, increases in development and mining works and increases in energy prices.

Mine	Cost per tonne	H1 2009	H1 2008	% change H1 2009 vs H1 2008	H2 2008	% change H1 2009 vs H2 2008
Fresnillo	US$/tonne milled	34.97	37.90	(7.7%)	44.40	(21.2%)
Ciénega	US$/tonne milled	57.12	58.88	(3.0%)	68.03	(16.0%)
Herradura	US$/tonne deposited	4.68	5.88	(20.4%)	5.89	(20.5%)

Some of our operating materials reached their highest unit cost levels in H2 2008 but we are now looking at lower levels, which we believe is an indication of a downward trend. Nevertheless, H1 2009 input unit prices were generally higher than those prevailing in H1 2008. Furthermore, some other operating materials such as large size tyres and sodium cyanide have continued to increase. The following table outlines the unit cost changes for our most important operating materials.

Input costs	% changes based on USD unit cost	
	H1 2009 vs H1 2008	H1 2009 vs H2 2008
Steel balls for milling	4.2%	(24.6%)
Steel for drilling	6.1%	2.7%
Explosives	5.6%	(2.6%)
Tyres	9.3%	6.2%
Reagents	16.8%	1.4%

The unit cost of electricity increased by 31% at Fresnillo and Ciénega as a result of the lower prices charged during H1 2008, when both mines enjoyed the benefits of the supply power consumption agreement with Termoeléctrica Peñoles (TEP). Since July 2008, the Fresnillo and Ciénega mines have purchased electricity at market prices, which are significantly higher. However, it is important to note that the market price for electricity has decreased by 30% since H1 2008 which impacted the Herradura mine as it has always been subject to market prices.

Fresnillo

Cost per tonne decreased by 7.7% when compared to the same period last year. This was mainly due to the benefit derived from the Mexican peso devaluation described above, along with the positive impact of the increase in volume of ore milled at the plant (+5.5%). However, these benefits were mitigated by: (i) higher energy unit costs (+43.3%); (ii) additional works carried out by contractors, namely a 24% increase in total metres of mine development, additional shotcreting works and longer haulage distances; and (iii) 8% Mexican peso increase in salaries and other benefits to workers.

Ciénega

At Ciénega, cost per tonne decreased by 3% compared with the same period last year. The mine also benefited from the Mexican peso devaluation and the increase in volume of ore milled (+4.0%). The most important adverse effect was the increase in the cost of contractors which was mainly driven by a higher number of contracted workers (+34%)

required to carry out development works, which increased by 13.2% (4,104 metres in H1 2008 to 4,648 metres in H1 2009) and also to haul additional volumes of ore and inert materials. Other factors that had a negative effect were the 46% increase in the unit cost of electricity, an 8% increase in Mexican peso salaries and other benefits to unionised workers and the increase in unit costs of operating materials, the most important ones being explosives and sodium cyanide, the latter of which was used to increase the recovery rates.

Herradura

At this mine, the Mexican peso devaluation and the increase in the volume of ore deposited at the leaching pads (+18.5%) both had a beneficial impact, leading to a 20.4% decrease in the cost per tonne. Additionally, Herradura benefited from the lower rate of electricity charged by the CFE (the government-owned power company) which decreased by 34.2%, and also by the lower consumption of diesel due to shorter haulage distances. Partially offsetting these cost reductions were: (i) the increase in the unit costs of operating materials; (ii) the increase in maintenance and spare parts in order to service an increased number of trucks and loaders; (iii) an 8% increase in Mexican peso salaries and other benefits to unionised workers; (iv) an increase in the price of water rights; and (v) higher costs of contractors related to the increase in stripping activities.

Gross profit

Management continuously monitors the gross profit, excluding the effects of hedging, for each mine as it evaluates the profitability of each business unit and the Group as a whole. Consolidated gross profit, excluding hedging gains/losses for H1 2009, was 20.4% lower compared with H1 2008 mainly due to the 21.9% decrease in the average realised silver price. Other adverse factors included lower ore grades at Ciénega mine, lower by-product zinc and lead prices, and higher adjusted production costs and depreciation which were explained previously. These adverse factors were partially offset by the devaluation of the Mexican peso, higher production volumes at Herradura and Fresnillo, and lower treatment charges.

Fresnillo mine remained the largest contributor to the consolidated gross profit, but its contribution decreased marginally from 68.8% to 65.4% in H1 2009 as a result of the lower silver price. Lower gold ore grades at Cienega mine resulted in a lower contribution to total consolidated gross profit. Herradura's outstanding performance during the period under review, including the record gold production, resulted in a 20.0% increase in its gross profit, increasing its contribution to 25.3% of the consolidated gross profit.

Contribution by mine to consolidated gross profit (excluding hedging losses)						
					Change	
	1H09		1H08		Amount	%
Fresnillo	154.4	65.4%	203.5	68.8%	(49.1)	(24.1%)
Ciénega	21.9	9.3%	42.5	14.4%	(20.6)	(48.4%)
Herradura	59.8	25.3%	49.8	16.8%	10.0	20.0%
Total Gross Profit* from operating mines	236.1	100.0%	295.8	100.0%	(59.7)	(20.2%)
Other subsidiaries	(0.3)		0.3		(0.6)	
Total Fresnillo plc	235.8		296.1		(60.3)	(20.4%)

* Gross profit before hedging gains / losses

EBITDA

EBITDA, which is calculated as gross profit plus depreciation, less administrative and exploration expenses, decreased by 4.1% as a result of the lower gross profit which was partially compensated for by the reduction in administrative and exploration expenses. However, the EBITDA margin increased from 50.0% in H1 2008 to 53.7% in H1 2009.

EBITDA and EBITDA Margin
Six months ended 30 June
(in millions of US$)

	H1 2009	H1 2008	% change
Gross Profit	220.1	273.7	(19.6)
+ Depreciation	31.3	21.8	43.6
- Administrative Expenses	(25.9)	(58.4)	(55.7)
- Exploration Expenses	(22.1)	(25.0)	(11.6)
EBITDA	203.4	212.1	(4.1)
EBITDA Margin	53.7%	50.0%	

Administrative expenses

Administrative expenses for H1 2009 decreased by US$32.5 million (down 55.7%) to US$25.9 million when compared to H1 2008. This is principally explained by a reduction in fees paid by the Fresnillo Group to Servicios Industriales Peñoles since 1 May 2008, when the Transitional Services Agreement came into effect. From 1 January to 30 April 2008 (before the IPO), administrative expenses included a trademark royalty charged by Peñoles to the Fresnillo Group. The current Transitional Services Agreement has been extended until 31 October 2009 to allow the documentation and corporate governance approvals for the new Services Agreement to be completed. However, fees paid for services rendered from 1 May 2009 up to the effective date of the new Services Agreement will be adjusted to reflect the terms and conditions in the new Service Agreement once this is finalised.

Exploration expenses

In light of the economic crisis, the Company focused its exploration efforts on the advanced projects during H1 2009. This is reflected in the 11.6% decrease in exploration expenses. The US$22.1 million incurred in the period was allocated mainly towards exploration programmes aimed at increasing resources and reserves at our three operating mines, confirming and elevating resources at the Soledad and Dipolos and Saucito projects and continuing drilling at the San Julián and Orisyvo prospects.

Given the good exploration results obtained in H1 2009 and the expectation that silver prices will remain at or around current levels for the rest of the year, the exploration budget for H2 2009 has been increased and is expected to be more in line with the exploration expenses incurred in 2008.

Foreign exchange

A foreign exchange gain of US$6.9 million was recorded in the income statement in H1 2009 due to the weakening of the US dollar against UK pounds sterling and the Mexican peso, which affected the value of the Company's net asset position denominated in these currencies. This foreign exchange gain was less than the gain of US$12.6 million recognised in H1 2008.

Taxation

The effective tax rate for the first six months ended 30 June 2009 was 23.8%. The primary factors that have reduced this rate from the statutory rate of 28% applied over the Mexican GAAP are the effect of the revaluation of the Mexican peso and certain other adjustments. The overall tax charge was US$42.8 million which is marginally lower (-1.6%) compared to H1 2008.

Profit for the period

Profit for the period totaled US$137.1 million, a decrease of 13.3%. Profit attributable to equity shareholders of the Group decreased by 14.1% to US$121.1 million in H1 2009.

Dividends

The Directors recommend an interim dividend of 5.25 US cents per share amounting to US$37.7 million which will be paid on 18 September 2009.

The interim dividend will be paid in UK pounds sterling to shareholders on the register on 28th August 2009. Whilst the dividends are declared in US dollars, unless a shareholder elects to receive dividends in US dollars, they will be paid in UK pounds sterling with the declared dividend being converted into UK pounds sterling on or around 28th August 2009.

The Company´s dividend policy takes into account the profitability of the business and underlying growth in earnings of the Company, as well as its capital requirements and cashflows, while maintaining an appropriate level of dividend cover. Interim and final dividends will be paid in the approximate proportions of one-third and two-thirds of the total annual dividend, respectively.

Cash Flow

A summary of the key line items from the cash flow is set out below:

Cash Flow Key Line Items
Six months ended 30 June
(in millions of US$)

	H1 2009	H1 2008
Cash generated by operations before changes in working capital	234.3	252.6
Silverstream contract	20.6	16.1
(Increase)/ Decrease in changes in working capital	(57.3)	97.0
Taxes and Employee Profit Sharing paid	82.8	85.3
Purchase of Property, Plant & Equipment	105.5	48.2
Dividends paid	55.9	-
Distribution to shareholders	-	406.7
Shares issued and paid	-	901.1
Net (decrease)/increase in cash during the period before foreign exchange differences	(41.6)	275.0
Cash at 30 June	174.6	286.6

Cash generated by operations before changes in working capital decreased by 7.2% during the first half of 2009 to US$234.3 million (H1 2008: US$252.6 million) primarily as a result of a decrease in profits principally resulting from the lower price of silver. The proceeds received under the Silverstream contract (US$20.6 million) were another important source of funds during the period. A portion of these funds was used to finance the increase in working capital (US$57.3 million), which was mainly caused by an increase in trade receivables late in this period related to an above normal volume of lead concentrates sold to Met-Mex, following delays in shipments due to a shut down of its lead smelter during a 65-day strike. This unusually high level of receivables is expected to return to normal levels within a few months, stabilising the accounts receivables at lower normal levels. Other important uses of funds were related to the payment of taxes and profit sharing (US$82.8 million), the payment of the final 2008 dividend (US$55.9 million) and to the purchase of property plant and equipment (US$105.5 million). These investments included the purchase of in-mine equipment for the Saucito advanced project, construction at Soledad and Dipolos, the construction of the sewage water treatment plant at Fresnillo, the optimisation of the leaching circuit and activities aimed to sink the shaft at Cienega, and the construction of the seventh leaching pad at Herradura.

Balance Sheet

Fresnillo plc continues to have a solid financial position with no bank debt. Total equity remained stable at US$1,092.6 million.

Cash and cash equivalents decreased by US$37.4 million mainly due to the payment of the final 2008 dividend in May 2009 and the purchase of property, plant and equipment.

Trade and other receivables increased during the period by US$64.0 million to US$145.5 million which is outlined in the cash flow section.

The Silverstream asset value as of 30 June 2009 was US$297.7 million following the receipt of proceeds of US$20.6 million, in the period. Fresnillo is entitled to receive the proceeds in respect of the payable silver produced at Peñoles pollymetallic mine, Sabinas. During this period, payable silver produced at Sabinas was 1.5 million silver ounces.

Property, plant and equipment increased by 13.7% to US$566.1 million, reflecting the additions discussed in the cash flow section, offset by depreciation.

Board Committees

During the period Mr Fernando Solana was appointed as a member of the audit committee and Mr Alberto Bailleres has been appointed as a member of the remuneration committee. In the case of both committees they replace Mr Hector Rangel following his resignation from the Board at the end of last year.

Risks and uncertainties

The principal risks and uncertainties affecting the business activities of the Group are as detailed within the Business Review section of the Annual Report for the year ended 31 December 2008, a copy of which is available on the Company's website at www.fresnilloplc.com. The Board continually assesses and monitors the key risks of the business. The principal risks and uncertainties that could have a material impact on the Group's performance over the remainder of the financial year have not changed from those which are set out in the Fresnillo Group's 2008 Annual Report, and which are summarised under the following headings:

Strategic risks

- *Political, legal and regulatory risks in Mexico*
- *Dominant shareholder*
- *One customer*
- *Constraints on Supply*

Macroeconomic and Financial risks

- *Fluctuation in metal prices*
- *Fluctuation in exchange rates*
- *Inflation and input costs*
- *Silverstream Arrangements*

Operational risks

- *Business interruption*
- *Project delivery (permits, equipment, funding, access to energy/water, etc.)*
- *Reserve and resource replacement*

Corporate social responsibility risks

- *Employee Relations*
- *Environmental*
- *Community*

Directors

The names and functions of the directors and senior management team of Fresnillo plc are as listed in the Fresnillo Group's Annual Report for 2008. A list of current directors is maintained on the Group website: www.fresnilloplc.com

Statement of directors' responsibilities

The Directors of the Company as listed on pages 53 to 55 of the Fresnillo plc Group's 2008 Annual Report, hereby confirm that to the best of their knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Fresnillo Group as required by DTR 4.2.4; and

(b) the interim management report includes a fair review of the information required by DTR 4.2.7 (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principle risks and uncertainties for the remaining six months of the year) and DTR 4.2.8 (being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period).

On behalf of the board of directors of Fresnillo plc.

Jaime Lomelin

Chief Executive Officer

INDEPENDENT REVIEW REPORT TO FRESNILLO PLC

Introduction

We have been engaged by Fresnillo plc to review the financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the interim consolidated income statement, the interim statement of comprehensive income, the interim consolidated balance sheet, the interim consolidated cash flow statement, the interim consolidated statement of changes in equity and the related notes 1 to 21. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2a, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP

London

14 August 2009

Interim Consolidated Income Statement
For the six months ended 30 June 2009

	Notes	*For the six months ended 30 June*	
		2009	*2008*
		(Unaudited)	*(Unaudited)*
		(in thousands of US dollars)	
Revenues	4	378,910	424,205
Cost of sales	5	(158,756)	(150,510)
Gross profit		**220,154**	**273,695**
Administrative expenses	6	(25,945)	(58,375)
Exploration expenses		(22,103)	(25,006)
Other income	7	2,505	5,638
Other expenses		(1,531)	(1,691)
Profit before net finance costs and income tax		**173,080**	**194,261**
Finance income	8	873	4,797
Finance costs	8	(923)	(10,004)
Foreign exchange gain		6,917	12,562
Profit before income tax		**179,947**	**201,616**
Income tax expense	9	(42,840)	(43,550)
Profit for the period		**137,107**	**158,066**
Attributable to:			
Equity shareholders of the Group		121,087	140,969
Minority interest		16,020	17,097
		137,107	**158,066**
Earnings per share: (US$)			
Basic and diluted earnings per ordinary share from continuing operations	10	0.169	0.215

Interim Consolidated Statement of Comprehensive Income

	Notes	*For the six months ended 30 June* *2009* *(Unaudited)*	*2008* *(Unaudited)*
		(in thousands of US dollars)	
Profit for the period		**137,107**	**158,066**
Cash flow hedges recycled to income statement		15,455	22,407
Tax effect of cash flow hedges recycled to income statement		(4,327)	(6,274)
Net unrealised gain on cash flow hedges		4,638	-
Tax effect of unrealised gain on cash flow hedges		(1,299)	-
Net effect of cash flow hedges		**14,467**	**16,133**
Fair value gains/ (losses) on available for sale financial assets		3,204	(8,390)
Tax effect of fair value gains/ (losses) on available for sale financial assets		(899)	2,349
Net effect of available for sale financial assets		**2,305**	**(6,041)**
Foreign currency translation		331	345
Other comprehensive income for the period, net of tax		**17,103**	**10,437**
Total comprehensive income for the period, net of tax		**154,210**	**168,503**
Attributable to:			
Equity shareholders of the Group		138,190	151,406
Minority interest		16,020	17,097
		154,210	**168,503**

Interim Consolidated Balance Sheet

	Notes	*As of 30 June 2009 (Unaudited)*	*As of 31 December 2008 (Audited)*
		(in thousands of US dollars)	
ASSETS			
Non-current assets			
Property, plant and equipment	11	566,110	497,844
Available for sale financial assets		48,759	45,530
Silverstream contract	12	261,580	286,968
Deferred tax asset		13,608	3,161
Other assets		860	185
		890,917	833,688
Current assets			
Inventories		34,696	38,639
Trade and other receivables	13	145,540	81,495
Prepayments		1,306	1,894
Derivative financial instruments		2,135	2,409
Silverstream contract	12	36,100	31,300
Income tax refunds due		22,661	-
Cash and cash equivalents	14	174,570	211,985
		417,008	367,722
Total assets		**1,307,925**	**1,201,410**
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Company			
Share capital	15	358,680	358,680
Share premium	15	818,597	818,597
Capital reserve		(526,910)	(526,910)
Net unrealised losses on cash flow hedges		(11,941)	(26,408)
Unrealised losses on available for sale financial assets		(1,902)	(4,207)
Foreign currency translation reserve		(1,056)	(1,387)
Retained earnings		350,418	285,195

	Notes	*As of 30 June 2009 (Unaudited)*	*As of 31 December 2008 (Audited)*
		(in thousands of US dollars)	
		985,886	903,560
Minority interest		106,743	89,832
Total equity		**1,092,629**	**993,392**
Non-current liabilities			
Provision for mine closure cost		20,065	18,951
Provision for pensions and other post-employment benefit plans		4,051	3,499
Other liabilities		4,717	4,552
Deferred tax liability		116,170	91,395
		145,003	118,397
Current liabilities			
Trade and other payables		45,159	42,665
Derivative financial instruments		6,144	14,068
Income tax		-	15,259
Employee profit sharing		18,990	17,629
		70,293	89,621
Total liabilities		**215,296**	**208,018**
Total equity and liabilities		**1,307,925**	**1,201,410**

Interim Consolidated Cash Flow Statement

	Notes	For the six months ended 30 June 2009 (Unaudited)	2008 (Unaudited)
		(in thousands of US dollars)	
Net cash from operating activities	20	**94,241**	**264,276**
Cash flows from investing activities			
Purchase of property, plant and equipment		(105,514)	(48,152)
Purchase of available for sale instruments		(25)	(15)
Proceeds from the sale of property, plant and equipment and other assets		637	9,137
Loans granted to related parties		-	(321,538)
Proceeds from repayment of loans granted to related parties		-	353,980
Silverstream contract		20,588	16,055
Interest received		873	3,791
Other proceeds		2,682	2,032
Net cash (used in) / generated from investing activities		**(80,759)**	**15,290**
Cash flows from financing activities			
Loans granted by related parties		-	782,652
Repayment of loans granted by related parties		-	(1,238,102)
Capital contribution		891	900
Dividends paid		(55,864)	–
Share issued and paid pursuant to the Global Offer		-	901,081
Distribution to equity shareholders of the Group		-	(406,718)
Transaction costs associated with issue of shares		-	(34,962)
Interest paid		(136)	(9,383)
Net cash used in financing activities		**(55,109)**	**(4,532)**
Net (decrease)/ increase in cash and cash equivalents during the year		(41,627)	275,034
Net foreign exchange difference		4,212	6,803
Cash and cash equivalents at 1 January	14	211,985	4,802
Cash and cash equivalents at 30 June	14	**174,570**	**286,639**

Interim Consolidated Statement of Changes in Equity

	otes	Equity share capital	Share premium	Capital reserve	Net gains/ losses on evaluation of cash flow hedges	Unrealised gains/ losses on available for sale financial assets	Foreign currency translation reserve	Retained earnings	Total	Minority interest	Total equity
					Attributable to equity holders of the Group (*in thousands of US dollars*)						
Balance at 1 January 2008 *(Audited)*		634,270	–	(526,910)	(50,847)	10,623	(111)	293,133	360,158	62,883	423,041
rofit for the period		–	–	–	–	–	–	140,969	140,969	17,097	158,066
Other comprehensive income/(loss), net of tax		–	–	–	16,133	(6,041)	345	–	10,437	–	10,437
Total comprehensive income for the period		–	–	–	16,133	(6,041)	345	140,969	151,406	17,097	168,503
Capital contribution		–	–	–	–	–	–	–	–	900	900
Issue of share capital		100	–	–	–	–	–	(100)	–	–	–
Capital reduction		(317,135)	–	–	–	–	–	317,135	–	–	–
Distribution to equity shareholders of the Group		–	–	–	–	–	–	(410,719)	(410,719)	–	(410,719)
Shares issued as part of Global Offer, net of transaction costs		41,445	826,974	–	–	–	–	–	868,419	–	868,419
Balance at 30 June 2008 *(Unaudited)*		**358,680**	**826,974**	**(526,910)**	**(34,714)**	**4,582**	**234**	**340,418**	**969,264**	**80,880**	**1,050,144**
Balance at 1 January 2009 *(Audited)*		358,680	818,597	(526,910)	(26,408)	(4,207)	(1,387)	285,195	903,560	89,832	993,392
Profit for the period		–	–	–	–	–	–	121,087	121,087	16,020	137,107
Other comprehensive income		–	–	–	14,467	2,305	331	–	17,103	–	17,103
Total comprehensive income for the period		–	–	–	14,467	2,305	331	121,087	138,190	16,020	154,210
Capital contribution		–	–	–	–	–	–	–	–	891	891
Dividend paid	16	–	–	–	–	–	–	(55,864)	(55,864)	–	(55,864)
Balance at 30 June 2009 *(Unaudited)*		358,680	818,597	(526,910)	(11,941)	(1,902)	(1,056)	350,418	985,886	106,743	1,092,629

Notes to the Interim Condensed Consolidated Financial Statements

1 Corporate Information

Fresnillo plc ("the Company") is a public limited company that was incorporated on 15 August 2007 under the Companies Act 1985 and registered in England and Wales with registered number 6344120.

On 14 May 2008 the Company's shares were admitted to the Official List of the United Kingdom Listing Authority ("UKLA") and to trading on the main market of the London Stock Exchange (this process being referred to as "the Global Offer" or the "Initial Public Offering", ("IPO")).

Peñoles S.A.B. de C.V.("Peñoles") currently owns 77 percent of the shares of the Company and the ultimate controlling party of the Company is the Baillères family, whose beneficial interest is held through Peñoles. Copies of Peñoles accounts can be obtained from www.penoles.com.mx

In preparation for the Global Offer, Peñoles conducted a reorganisation, which completed on 18 April 2008, whereby the companies comprising the precious metals mining business of Peñoles were reorganised under the Company (the "Pre-IPO Reorganisation").

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2009, were authorised for issue by the Board of Directors of Fresnillo plc on 14 August 2009.

The Group's principal business is the mining and beneficiation of non-ferrous minerals, and the sale of related production. The primary contents of this production are silver, gold, lead and zinc. The Group has three fully developed operating mines: Fresnillo, Herradura and Ciénega.

2 Significant Accounting Policies

(a) Basis of preparation and statement of compliance

The Company became the holding company for the Group pursuant to the Pre-IPO Reorganisation completed 18 April 2008, as detailed in Note 1. As this was a reorganisation of businesses under common control, the pooling of interests method of accounting has been applied in the presentation of the interim condensed consolidated financial statements for the six months ended 30 June 2008 which presents the results of the Group's businesses as if the Company had always been the holding company.

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2009 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for full annual financial statements for the Group, and therefore, should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2008 as published in the 2008 Annual Report.

These interim consolidated financial statements do not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the full year is based on the statutory accounts for the financial year ended 31 December 2008. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union up to 31 December 2008, has been delivered to the Register of Companies. The auditors' report under section 235 of the Companies Act 1985 in relation to those accounts was unqualified.

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for certain classes of property, plant and equipment that have been stated at deemed cost under IFRS 1, derivative financial instruments, available-for-sale financial instruments and defined benefit pension scheme assets which have been measured at fair value. The financial statements are presented in US dollars ($) and all monetary results are rounded to the nearest thousand ($000) except where otherwise indicated.

The impact of the seasonality or cyclicality on operations is not considered as significant on the interim consolidated financial statements.

(b) Changes in accounting policies and presentation rules.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2008, except for the adoption of new standards and interpretations noted below. Adoption of these standards and interpretations did not have any significant effect on the financial position of the Group.

- *IFRS 8 'Operating Segments'* is applicable for annual periods beginning on or after 1 January 2009. This standard introduces the "management approach" to segment reporting. IFRS 8, which is mandatory for the Group's 2009 financial information, requires the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. The adoption of this standard has given rise to additional disclosures.
- *IAS 23 Amendment, 'Borrowing Costs (revised in March 2007)'*, is applicable for annual periods beginning on or after 1 January 2009. IAS 23 (Revised) has removed the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalise borrowing costs as part of the cost of such assets. The revised standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. This amendment has not impacted the Group, as the Group's current policy is to capitalise borrowing costs on qualifying assets.
- *IAS 1 (Revised) 'Presentation of Financial Statements'*, is effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity now includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has decided to present two linked statements.
- *IFRS 7 'Financial instruments: Disclosures'*, is applicable for annual periods beginning on or after 1 January 2009. The amended standard requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures.

Other new standards, amendments and interpretations that are effective but not applicable to the Group are as follows:

- *IAS 32 (Amendment) 'Financial Instruments: Presentation'*
- *IAS 1 (Amendment) 'Presentation of Financial Statements' – 'Puttable Financial Instruments and Obligations Arising on Liquidation'*,
- *IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'*,
- *IFRS 1 'First-time Adoption of International Financial Reporting Standards'*
- *IFRS 2 'Share-based payment – Vesting conditions and cancellations'*
- *IFRIC 13'Customer loyalty programmes'*
- *IFRIC 9 'Reassessment of embedded derivatives'*

- *IAS 39 'Financial instruments: Recognition and Measurement'*
- *IAS 27 'Consolidated and Separate Financial Statements'*, The new requirement to recognise all dividends from subsidiaries, jointly controlled entities or associates in the income statement does not affect the Group, but may affect the parent´s separate financial statements, at the year end. No dividends were paid to the parent company in the six months to 30 June 2009.

Improvements to IFRSs

In May 2008 the Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group;

IAS 16 'Property, plant and equipment': Replaces the term "net selling price" with "fair value less costs to sell".
IAS 23 'Borrowing costs': The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.

IAS 19 'Employee benefits': Amendments have been made to curtailments and negative past service cost, plan administration costs, additional guidance has been given on contingent liabilities and the replacement of the term 'fall due' with 'that are due to be settled'.

The amendments to the following standards did not have any impact on the accounting policies, financial position or performance of the Group;

IAS 1 'Presentation of Financial Statements'
IFRS 7 'Financial instruments: Disclosures'
IAS 8 'Accounting policies, change in accounting estimates and error'
IAS 10 'Events after the reporting period'
IAS 27 'Consolidated and separate financial statements'
IAS 34 'Interim Financial Reporting'
IAS 36 'Impairment of assets'
IAS 39 'Financial instruments: Recognition and Measurement'

The amendments to the following standards are not applicable to the Group;

IAS 18 'Revenue'
IAS 20 'Accounting for government grants and disclosures of financial assistance'
IAS 28 'Investment in associates'
IAS 29 'Financial reporting in hyper-inflationary economies'
IAS 31 'Interest in joint ventures'
IAS 38 'Intangible assets'
IAS 40 'Investment property'
IAS 41 'Agriculture'

(c) Basis of consolidation.

The interim condensed consolidated financial statements set out the Group's financial position as of 30 June 2009 and 31 December 2008, and its operations and cash flows for the periods ended 30 June 2009 and 30 June 2008.

The basis of consolidation adopted in the preparation of the interim consolidated financial statements is consistent with that applied in the preparation of the consolidated financial statements for the year ended 31 December 2008.

3 Segment Reporting

For management purposes the Group is organised into operating segments based on mining projects, and therefore has three reportable operating segments, representing the Group's three producing mines as follows;

- The Fresnillo mine, located in the State of Zacatecas is the worlds largest primary silver mine
- The Cienega mine, located in the State of Durango is an underground gold mine
- The Herradura mine, located in the State of Sonora is an open pit gold mine

No operating segments have been aggregated to form the above reportable operating segments, however, other projects under development have been aggregated into the Other segment below.

Management monitors the results of its operating segments separately for the purpose of performance assessment and making decisions about resource allocation. Segment performance is evaluated without taking into account certain adjustments included in Revenue as reported in the income statement, and certain costs included within Cost of Sales and Gross Profit. The table below provides a reconciliation from segment profit to Gross Profit as per the income statement. Other income and expenses included in the income statement are not allocated to operating segments.

Operating segments

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2009 and 2008, respectively.

Six months ended 30 June 2009 (unaudited)

	Fresnillo	Herradura	Ciénega	Other	Eliminations	Total
Revenues excluding treatment and refining charges and hedging:						
Third party	249,405	117,962	58,650	(3)	-	426,014
Inter-segment	-	-	-	6,834	(6,834)	-
Segment revenues	249,405	117,962	58,650	6,831	(6,834)	426,014

Segment profit	205,551	76,570	36,035	6,830	(4,884)	320,102
Hedging						(15,668)
Treatment and refining charges						(35,100)
Depreciation						(31,339)
Employee profit sharing						(17,841)
Gross profit as per the income statement						220,154

Six months ended 30 June 2008 (unaudited)

	Fresnillo	Herradura	Ciénega	Other	Eliminations	Total
Revenues excluding treatment and refining charges and hedging:						
Third party	305,153	105,188	83,485	9		493,835
Inter-segment				9,095	(9,095)	-
Segment revenues	305,153	105,188	83,485	9,104	(9,095)	493,835

Segment profit	260,612	59,746	60,578	9,103	(7,156)	382,883
Hedging						(22,381)
Treatment and refining charges						(47,249)
Depreciation						(21,751)

Employee profit sharing						(17,807)
Gross profit as per the income statement						273,695

The property, plant and equipment of the Cienega and Herradura segments at 30 June 2009 amount to $107.5 million and $213.8 million compared with $97.0 million and $179.3 million respectively at 31 December 2008. The increase is due to the acquisition of equipment such as dump trucks and wheel loaders, mine development work including work on the tailing dam, shaft sinking and in the preparation of open pit and leach pad development.

There has also been an increase in the property, plant and equipment of the Saucito segment which is included in “Other” above. Property, plant and equipment amounts to $75.8 million at 30 June 2009 compared with $55.8 million at 31 December 2008. The increase is due to the acquisition of equipment relating to this mine development including hoisting equipment and development of the ramps and shafts.

There has been no material change in the property, plant and equipment of other segments.

4 Revenues

Revenues reflect the sale of goods, being concentrates, doré, slag, and precipitates of which the primary contents are silver, gold, lead and zinc.

a) Revenues by product sold

	Six months ended 30 June	
	2009	*2008*
	(in thousands of US dollars)	
Lead concentrates (containing silver, gold, lead and by-products)	251,530	315,158
Doré and slag (containing gold, silver and by-products)	117,629	104,777
Zinc concentrates	14,852	16,902
Precipitates	6,903	9,749
Effects of hedging	(12,004)	(22,381)
	378,910	**424,205**

In 2009 all lead concentrates, precipitates, doré and slag, were sold to Peñoles’ metallurgical complex for smelting and refining, aside from a minimal amount of product sold to a third party. In 2008 all product was sold to Peñoles.

b) Value of metal content in products sold

For products other than refined silver and gold, invoiced revenues are derived from the value of metal content adjusted by treatment and refining charges incurred by the metallurgical complex of the customer. The value of the metal content of the products sold, before treatment and refining charges is as follows:

	Six months ended 30 June	
	2009	*2008*
	(in thousands of US dollars)	
Silver[(1)]	238,098	282,081
Gold[(2)]	153,338	154,194
Zinc[(3)]	11,692	15,253
Lead[(4)]	10,882	19,926
Value of metal content in products sold	414,010	471,454
Adjustment for treatment and refining charges	(35,100)	(47,249)
Total revenues	378,910	424,205

(1) Includes hedging losses of US$0.0 million in for the six months ended 30 June 2009 (US$9.2 million for the six months ended 30 June 2008).

(2) Includes hedging losses of US$12.9 million for the six months ended 30 June 2009 (US$13.1 million for the six months ended 30 June 2008).

(3) Includes hedging gains of US$0.2 million for the six months ended 30 June 2009 (nil for the six months ended 30 June 2008).

(4) Includes hedging gains of US$0.6 million for the six months ended 30 June 2009 (nil for the six months ended 30 June 2008).

The average realised prices for the gold and silver content of products sold, including the effects of hedging but prior to the deduction of treatment and refining charges, are:

	Six months ended 30 June	
	2009	*2008*
	(in US dollars per ounce)	
Gold	920.23	925.27
Silver	13.92	17.83

5 Cost of Sales

	Six months ended 30 June	
	2009	*2008*
	(in thousands of US dollars)	
Depreciation (note 11)	31,339	21,751
Personnel expenses[(1)]	34,188	36,624
Maintenance and repairs	18,886	19,451
Operating materials	23,522	23,979
Energy	16,446	15,336
Contractors	15,364	14,827
Freight	3,108	3,714
Mining rights and contributions	2,475	2,433
Effects of hedging	3,664	-
Other	4,279	5,415
Cost of production	153,271	143,530
Change in work in progress and finished goods (ore inventories)	5,485	6,980
Total Cost of sales	**158,756**	**150,510**

(1) Personnel expenses include employees´ profit sharing of US$17.9 million for the six months ended 30 June 2009 (six months ended 30 June 2008: US$17.8 million).

6 Administrative Expenses

Following Admission on 14 May 2008, certain services, comprising administrative and non-administrative services, are being provided by Servicios Industriales Peñoles S.A. de C.V. ("SIPSA") to the Group under a Transitional Services Agreement entered into on 15 April 2008. The services are to be provided to the Group by SIPSA for a period of 18 months from the date of Admission until 31 October 2009 for a global fee of US$51.0 million. Of this amount, approximately US$15.0 million relates to engineering and construction, technical research and development and central workshop costs, which are considered non-administrative services. The remaining US$36.0 million relates to administrative expenses.

Administrative expenses in the six months ended 30 June 2009 include costs of US$12.0 million incurred under the Transitional Services Agreement.

Administrative expenses in the six months ended 30 June 2008 included charges of US$31.2 million and US$25.2 million, relating to trademark royalties and administrative services respectively for the period prior to the initial public offering of the Group. Following Admission, trademark royalties are no longer payable to Penoles.

7 Other Income

	Six months ended 30 June	
	2009	*2008*
	(in thousands of US dollars)	
Other income:		
Gain on sale of mining assets (1)	-	1,391
Gain on sale of property plant and equipment and other assets (2)	352	1,468
Rebates and discounts for early payment	828	2,226
Royalties	275	188
Rentals	1,050	365
	2,505	**5,638**

(1) In January 2008, Compañia Minera Las Torres sold the La Guitarra mine to La Guitarra Compañia Minera S.A. de C.V. The consideration received was cash of US$1 million and shares of Genco Resources LTD with a fair value of US$0.4 million. The gain on the sale was US$1.4 million.

(2) Relates to those assets sold at the end of their operating life and replaced by new ones.

8 Finance Income and Finance Costs

	Six months ended 30 June	
	2009	*2008*
	(in thousands of US dollars)	
Finance income:		
Interest on loans to related parties (note 19)	-	1,876
Interest on short term deposits	450	1,727
Other	423	1,194
	873	**4,797**

	Six months ended 30 June 2009	2008
	(in thousands of US dollars)	
Finance costs:		
Interest on loans from related parties (note 19)	-	9,078
Unwinding of discount on provisions	787	622
Other	136	304
	923	**10,004**

9 Income Tax

	Six months ended 30 June 2009	2008
	(in thousands of US dollars)	
Current income tax:		
Current income tax charge	34,434	79,421
Adjustments in respect of current income tax of previous years	2	(1,945)
Credit for income tax paid on dividends	-	(6,032)
	34,436	71,444
Deferred income tax:		
Relating to origination and reversal of temporary differences	8,404	(27,894)
	8,404	(27,894)
Income tax expense reported in the income statement	**42,840**	**43,550**

The effective tax rate for the six months ended 30 June 2009 is 23.8% (six months ended 30 June 2008: 21.6%). The factors that have reduced this rate from the statutory rate of 28% include the effects of foreign exchange and certain other adjustments. The factors impacting 2008 include the income tax credit due to dividends paid and foreign exchange effects.

10. Basic and Diluted Earnings per share

Earnings per share ('EPS') is calculated by dividing profit for the period attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

The company has no dilutive potential ordinary shares

As of 30 June 2009 and June 2008, earnings per share have been calculated as follows:

	Six months ended 30 June 2009	2008
Profit from continuing operation attributable to equity holders of the Company (US$000)	121,087	140,969
Weighted average number of ordinary shares in issue (ooo)	717,160	656,131
Basic and diluted earnings per share.	0.169	0.215

11 Property, Plant and Equipment.

The significant changes in Property, Plant and Equipment during the six months ended 30 June 2009 are additions of US$105.5 million (six months ended 30 June 2008: US$48.2 million) and depreciation of US$31.3 million (six months ended 30 June 2008: US$21.8 million).

12 Silverstream contract

On 31 December 2007, the Group entered into an agreement with Peñoles through which it is entitled to receive the proceeds received by the Peñoles Group in respect of the refined silver sold from the Sabinas Mine ("Sabinas"), a base metals mine owned and operated by the Peñoles group, for an upfront payment of US$350 million. In addition, a per ounce cash payment of $2.00 in years 1 to 5 and $5.00 thereafter (subject to an inflationary adjustment commencing on 31 December 2013) is payable to Peñoles. Under the contract, the Group has the option to receive a net cash settlement from Peñoles attributable to the silver produced and sold from Sabinas, to take delivery of an equivalent amount of refined silver or to receive settlement in the form of both cash and silver. If, by 31 December 2032, the amount of silver produced by Sabinas is less than 60 million ounces, a further payment is due from Peñoles of US$1 per ounce of shortfall.

The Silverstream contract represents a derivative financial instrument which has been recorded at fair value and classified within non-current and current assets as appropriate. Changes in the contract's fair value, other than those represented by the realisation of the asset through the receipt of either cash or refined silver, are charged or credited to the income statement. In the six months ended 30 June 2009 total proceeds received were US$ 20.6 million (six months ended 30 June 2008: US$16.1 million).

13 Trade and Other Receivables

	As of 30 June 2009	*As of 31 December 2008*
	(in thousands of US dollars)	
Trade receivables from related parties (note 19)	107,266	60,423
Trade receivable from third party	8,594	-
Value Added Tax receivable	8,988	8,269
Advances to suppliers	13,811	4,651
Other receivables from related parties (note 19)	140	68
Other receivables	7,284	8,225
	146,083	81,636
Provision for impairment of "other receivables"	(543)	(141)
	145,540	**81,495**

14 Cash and Cash Equivalents.

	As of 30 June 2009	As of 31 December 2008
	(in thousands of US dollars)	
Cash at bank and on hand	1,597	441
Short-term deposits	172,973	211,544
Cash and cash equivalents	**174,570**	**211,985**

Cash at bank earns interest at floating rates based on daily bank deposits. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

15 Equity

Share capital and share premium.
As described in note 2, the pooling of interests method of accounting has been applied in the presentation of the interim condensed consolidated financial statements for the six months ended 30 June 2008 and this method presents the results of the Group as if the Company had been the holding company of the Group since 1 January 2007. For the period presented prior to 18 April 2008 when the Pre-IPO Reorganisation was completed, the share capital presented reflects that issued pursuant to this reorganisation.

16 Dividends paid

Dividend declared by the Company during reporting periods are as follows:

	Per share US Cents	Amounts $Million
Year ended 31 December 2008		
Total dividends paid during the year [1]	5.9	42.2
Six months ended 30 June 2009		
Total dividends paid during the period [2]	7.7	55.9

(1) Interim dividend for 2008 approved at the Board Meeting on 12 August 2008.
(2) Final dividend for 2008 approved at the Board Meeting on 20 February 2009 and paid on 27 May 2009.

17 Commitments

Capital expenditure

A summary of capital expenditure commitments is as follows:

	As of 30 June 2009	As of 31 December 2008
	(in thousands of US dollars)	
Minera Saucito, S.A. de C.V.	40,670	36,602
Minera Penmont, S. de R.L. de C:V.	32,928	22,583
Minera Mexicana La Ciénega, S.A. de C.V.	5,353	5,261
Minera Fresnillo, S. A. de C.V.	9,599	9,893
Servicios Administrativos Fresnillo, S.A de C.V.	-	262
Exploraciones Mineras Parreña, S.A de C.V.	4,515	-
	93,065	**74,601**

18 Contingencies

The contingencies in the Group's annual consolidated financial statements for the year ended 31 December 2008 as published in the 2008 Annual Report, are still applicable as of 30 June 2009. No new contingencies have arisen during the six month period to 30 June 2009.

19 Related Party Balances and Transactions

(a) Related party accounts receivable and payable

The Group had the following related party transactions during the six months ended 30 June 2009 and 30 June 2008 and balances as at 30 June 2009 and 31 December 2008. Related parties are those entities owned or controlled by the ultimate controlling party, as well as those who have a minority participation in Group companies.

	Accounts Receivable		*Accounts Payable*	
	As of 30 June 2009	*As of 31 December 2008*	*As of 30 June 2009*	*As of 31 December 2008*
	(in thousands of US dollars)			
Trade:				
Met-Mex Peñoles, S.A. de C.V.	107,266	60,423	–	–
Administrative services:				
Other	140	68	5,303	668
Total - Current portion	107,406	60,491	5,303	668

-

Other balances and operations with related parties:

	As of 30 June 2009	As of 31 December 2008
	(in thousands of US dollars)	
Silverstream contract:		
Industrias Peñoles, S.A.B. de C.V.	297,680	318,268

Principal transactions between with related parties are as follows:

	Six months ended 30 June 2009	2008
	(in thousands of US dollars)	
***Income*:**		
Sales:[(1)]		
Met-Mex Peñoles, S.A. de C.V.	364,173	451,231
Interest on loans to related parties:		
Industrias Peñoles, S.A.B. de C.V.	–	1,876
	–	1,876
Other income	343	2,369
Total income	**364,516**	**455,476**

(1) Figures do not include hedging losses. Losses relating to derivatives contracted with another related party are presented as an expense.

	Six months ended 30 June 2009	2008
	(in thousands of US dollars)	
***Expenses*:**		
Transitional Services Agreement:		
Servicios Industriales Peñoles, S.A. de C.V.	17,000	27,781
Trademark royalties:		
Industrias Peñoles, S.A.B. de C.V.	-	31,232
Realised result on derivatives:		
Industrias Peñoles, S.A.B. de C.V.	12,442	22,381
Energy:		

	Six months ended 30 June 2009	2008
	(in thousands of US dollars)	
Termoelectrica Peñoles, S. de R.L. de C.V.	8,154	4,962
Interest on loans from related parties:		
MinasPeñoles,S.A. de C.V.	-	6,014
Industrias Peñoles, S.A.B. de C.V.	-	3,064
	-	9,078
Other expenses:	7,443	6,925
Total expenses	45,039	102,359

20 Notes to the Consolidated Cash Flow Statement

	Notes	Six months ended 30 June 2009	2008
		(in thousands of US dollars)	
Reconciliation of profit for the year to net cash generated from operating activities			
Profit for the period		137,107	158,066
Adjustments to reconcile profit for the period to net cash inflows from operating activities:			
Depreciation	5	31,339	21,751
Employee profit sharing		18,007	17,807
Income tax expense	9	42,840	43,550
Gain on sale of mining assets	7	-	(1,391)
Gain on the sale of property, plant and equipment and other assets	7	(352)	(1,468)
Other gains		(622)	(1,088)
Net finance cost	8	50	5,207
Foreign exchange		(6,917)	(12,562)
Difference between pension contributions paid and amounts recognised in the income statement		436	371
Non cash movement on derivatives		12,442	22,381
Working capital adjustments			
(Increase)/decrease in trade and other receivables		(64,279)	89,160

	Notes	Six months ended 30 June 2009	2008
		(in thousands of US dollars)	
Decrease/(increase) in prepayments and other assets		658	(3,836)
Decrease in inventories		3,943	6,197
Increase in trade and other payables		2,415	5,468
Cash generated from operations		**177,067**	**349,613**
Income tax paid		(65,862)	(62,498)
Employee profit sharing paid		(16,964)	(22,839)
Net cash from operating activities		**94,241**	**264,276**

21 Financial Instruments

Hedging activities-cash flow hedges

During the six months ended 30 June 2009 the Group has entered into certain forward exchange contracts designated as hedges of expected future purchases. The forward currency contracts are being used to hedge the foreign currency risks of these purchases. The terms of the forward currency contracts have been negotiated to match the terms of the future purchases and are given below. These cash flow hedges were assessed to be highly effective and the unrealised gains on these contracts are included in equity as at 30 June 2009. Details of these contracts are given below:

	Term	*Contract value US$000*	*Contract exchange rate*	*Fair value US$000*
Foreign currency contracts				
Mexican Peso denominated forward contracts	2009	16,000	MX$13,75:US$1 to MX$15.31:US$1	1,575
Euro denominated forward contracts	2010	8,962	US$1.40:EUR$1	18

The Group historically entered into derivative contracts with the purpose of managing commodity price risk relating to silver and gold. All such derivative hedging instruments were terminated during the second half of 2007 resulting in a cash payment of US$81.3 million at the date of termination. The cumulative hedging losses relating to the terminated hedging instruments are deferred in equity and reclassified to the income statement when the forecast transaction occurs. In the six months ended 30 June 2009 hedging losses of US$12.4 million (US$8.9 million net of tax) were recycled to the income statement from equity (six months ended 30 June 2008: US$22.4 (US$16.1 million net of tax)).

Pre-tax hedging losses, amounting to US$12.6 million at 30 June 2009 (31 December 2008: US$25.0 million), are expected to be charged to income in future periods as follows:

	(in thousands of US dollars)
2009	
1 July – 31 December	12,577