

## Fourth quarter 2016 results

Mexico City, February 24, 2017, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the fourth quarter 2016.

*MINERA FRISCO is a company dedicated to the exploration and exploitation of mining lots for the production of gold, silver, copper, lead and zinc. The company currently has nine mining units in Mexico: El Coronel, San Felipe, Maria, San Francisco del Oro, Tayahua, Asientos, Porvenir, Ocampo and Concheño and 1 expansion project under development; Tayahua Primary Copper. Minera Frisco works on exploration for the purpose of developing new projects. Through its own resources, the company uses cutting-edge technology for the localization and processing of minerals. The company develops sustainable initiatives focused on minimizing the generation of waste and optimizing water and energy consumption, while compensating for adverse environmental impacts, as well as social activities in order to improve the community environment, capacitation, health and education.*

### Highlights

Key information		4Q16	4Q15	Variation 4Q16/4Q15	2016	2015	Variation 2016/2015
Production of gold	Oz	87,710	94,942	-8%	381,278	411,858	-7%
silver	Oz	2,282,387	2,415,638	-6%	9,038,651	9,331,068	-3%
copper	tonnes	4,629	5,132	-10%	18,710	20,871	-10%
Net sales	MXN million	3,568	3,475	3%	13,859	13,611	2%
	US\$ million	180	207	-13%	743	860	-14%
EBITDA	MXN million	1,179	1,084	9%	4,961	4,648	7%
	US\$ million	59	65	-8%	266	294	-9%
EBITDA margin		33%	31%		36%	34%	
Total Debt	MXN million	26,076	23,927	9%			
	US\$ million	1,262	1,391	-9%			

PRODUCTION

Milling/Heap leaching (tonnes)	4Q16	4Q15	Variation 4Q16/4Q15	2016	2015	Variation 2016/2015
El Coronel	4,132,758	4,275,568	-3%	17,472,516	18,144,331	-4%
San Felipe	2,444,422	2,547,512	-4%	9,261,901	10,767,558	-14%
Asientos	288,169	328,249	-12%	1,221,292	1,279,866	-5%
Tayahua	471,409	499,062	-6%	1,971,804	2,003,828	-2%
San Francisco del Oro	356,473	384,598	-7%	1,412,304	1,538,050	-8%
Maria	-	-	-	-	-	-
Porvenir	118,255	275,281	-57%	290,901	1,656,650	-82%
Concheño	839,588	524,701	60%	3,779,286	2,855,699	32%
Ocampo	124,306	144,052	-14%	510,192	1,414,759	-64%
<b>Total</b>	<b>8,775,380</b>	<b>8,979,024</b>	<b>-2%</b>	<b>35,920,196</b>	<b>39,660,741</b>	<b>-9%</b>

Total tonnage processed in 4Q16 decreased by 2% when compared with the 4Q15. This is due to a lower tonnage in El Porvenir, Ocampo and Asientos. As explained in previous reports, El Porvenir had not been processing ore because initial reserves were exhausted. On October 2016, the unit resumed operations, its tonnage processed will increase gradually up to reach its installed capacity. During 4Q16 a lower tonnage was obtained from Ocampo because in 4Q15 a selective ore mined was made which contributed to a less tonnage processed in the unit. The goal during 2016 was to process more ore from the underground mine in order to maintain same levels of production despite lower tonnage from the open pit mine. In Asientos, the tonnage processed decreased due to the development of new areas that will allow processing a higher tonnage with better grades. Concheño increased its processed tonnage by 60% because during the second semester of 2015, precipitation effects caused flooding and landslide in a pit. In addition, the open pit and underground mines continue providing tonnage of ore.

Gold production in the 4Q16 decreased by 8% when compared to 4Q15, reaching 87,710 ounces. This is mainly due to a lower production in El Porvenir (-77%), Asientos (-50%) and El Coronel (-22%). The production in El Porvenir will gradually increase once its recovery by kinetic have been stabilized. Asiento's decrease is due to a lower gold grade processed which is the result of the proper development of the mine. A lower production in el Coronel is due to less tonnage processed and a lower ore recovery. As it was mentioned in previous reports, the decrease in recovery is due to exploitation of the pit to a greater depth that has resulted in a lower recovery. Works to improve the ore recovery are being carried out. Although Concheño unit increased its production by 61%, this did not compensate the decrease of production from other units.

Silver production decreased by 6% when comparing 4Q16 vs. 4Q15, reaching 2,282,387 Oz. It is due to a lower production in Porvenir (-84%), San Felipe (-51%) y Ocampo (-21%). The causes of a lower production in El Porvenir have already been explained. In San Felipe a lower production is due to a lower tonnage processed during the third quarter, which impact in its kinetics recovery, in other words, the deposited ounces in a period are not recovered in the same period. Concheño and San Francisco del Oro increased their production by 37% and 12%, respectively. San Francisco del Oro increased its production because during the quarter, areas with a better grade were mined.

Copper concentrates production remained practically unchanged, it decreased by 0.2% in 4Q16 vs. 4Q15. San Francisco del Oro and Asientos decreased their production by 3% and 9% respectively. It was compensated by higher production in Tayahua. It is important to mention that in order to increase copper production, the unit continues with its expansion project, "Tayahua - Primary Copper". At the end of the quarter Copper concentrates production reached 3,947 tonnes.

Copper cathode production decreased by 42% in 4Q16 vs. 4Q15, reaching 682 tonnes. This is because at the end of 2014, Maria unit suspended its mining operations and it is only operating the leaching pads. Exploration works continue on the new identified objectives aiming to restart the operations.

Lead production increased by 8% when comparing quarter vs. quarter, reaching 5,750 tonnes. Asientos decreased its lead production by 22% due to a lower tonnage and grade processed; this decrease was compensated by an increase of production in Tayahua (40%) and San Francisco del Oro (18%).

Zinc production decreased 11% in the 4Q16 vs. the 4Q15, reaching 16,297 tonnes. During this quarter, Asientos decreased its production by 30% due to a lower tonnage and grade processed. This drop was not compensated by an increase in production in San Francisco del Oro and Tayahua.

## NET SALES

Net sales increased by 3% when comparing 4Q16 vs. 4Q15, reaching \$3,568 MM Ps (US\$180 MM). The appreciation of the dollar against the Mexican peso and an increase in metal prices compensated a lower production.

## OPERATING INCOME AND EBITDA

Operating income reached \$320 MM Ps in 4Q16, an increase of 34% when compared to 4Q15, mainly explained by an increase in sales and a decrease of 25% in operating and other expenses. The EBITDA margin is 33%, increase 2 percentage points when comparing quarter vs. quarter.

During 4Q16 an impairment loss of \$ 623 MM Ps was recorded which when adding the net deferred taxes reaches \$403 MM Ps, this operation was registered as Other Expenses. This impairment comes from the annual evaluation that each mining unit makes on its assets and the projection of future results. San Francisco del Oro (planta Sainas) and Ocampo (open pit operation) are the main factors behind this concept. This does not represent a cash outflow neither it affects the Operating Income or EBITDA.

## COMPREHENSIVE FINANCIAL INCOME

Comprehensive Financial Income (MXN million)	4Q16	4Q15	Variation 4Q16/4Q15	2016	2015	Variation 2016/2015
Interest income	0.7	0.3	-	2.2	3.5	-
Interest expense	(334)	(286)	17%	(1,102)	(1,039)	6%
Exchange gain (loss), net	(1,630)	(389)	319%	(5,191)	(4,200)	24%
Gain (loss) on financial instruments (metal hedges)	(69)	-	-	(252)	-	-
<b>Financial result</b>	<b>(2,032)</b>	<b>(675)</b>	<b>201%</b>	<b>(6,543)</b>	<b>(5,235)</b>	<b>25%</b>

In 4Q16, the Company recorded a negative comprehensive financing cost of \$2,032 MM Ps; this is due to the exchange loss variation and the interest expense.

## INDEBTEDNESS

On December 31<sup>th</sup>, 2016 the Company's debt was composed of a syndicated loan of US\$1,020 MM and \$5,000 MM Ps in long term bonds.

It is worth to mention that on December 14<sup>th</sup>, it was made the second amortization of the syndicated loan by US\$40 MM, reducing debt in 7% (US\$80 MM) when comparing 4Q16 Vs. 4Q15.

The total debt in American Dollars decreased 9% when comparing 4Q16 vs. 4Q15, reaching US\$1,262 MM vs. US\$1,391 MM.

## NET INCOME

During the 4Q16, due to the reasons previously explained, the Company recorded a net loss of \$1,939 MM Ps.

## DERIVATIVE FINANCIAL INSTRUMENTS

The company continued with its metal hedging strategy. As of today, most of its estimated production for the 2017 is hedged.

### Financial summary

Income statement In MXN million	4Q16	4Q15	Variation 4Q16/4Q15	2016	2015	Variation 2016/2015
<b>Net sales</b>	<b>3,568.5</b>	<b>3,475.4</b>	<b>3%</b>	<b>13,859.4</b>	<b>13,611.0</b>	<b>2%</b>
Cost of sales	(2,904.3)	(2,779.8)	4%	(11,022.9)	(10,649.0)	4%
<b>Gross profit</b>	<b>664.2</b>	<b>695.7</b>	<b>-5%</b>	<b>2,836.4</b>	<b>2,962.0</b>	<b>-4%</b>
Operating expenses	(298.4)	(277.7)	7%	(1,176.6)	(1,110.1)	6%
Other expenses, net	(669.0)	(1,619.0)	-59%	(755.0)	(2,019.9)	-63%
<b>Operating income</b>	<b>(303.2)</b>	<b>(1,201.0)</b>	<b>-75%</b>	<b>904.9</b>	<b>(167.9)</b>	<b>-639%</b>
Interest income	0.7	0.3	126%	2.2	3.5	-39%
Exchange gain (loss), net	(1,630.0)	(388.9)	319%	(5,191.4)	(4,199.7)	24%
Gain (loss) on financial instruments (metal hedges)	(68.5)	-	-	(251.6)	-	-
Interest expense	(333.9)	(286.3)	17%	(1,101.9)	(1,038.5)	6%
<b>Income before taxes</b>	<b>(2,335.0)</b>	<b>(1,877.2)</b>	<b>24%</b>	<b>(5,638.0)</b>	<b>(5,403.9)</b>	<b>4%</b>
Income taxes	396.0	514.1	-23%	1,353.1	1,635.3	-17%
<b>Net income</b>	<b>(1,939.0)</b>	<b>(1,363.1)</b>	<b>42%</b>	<b>(4,284.9)</b>	<b>(3,768.6)</b>	<b>14%</b>
Controlling interest	(1,953.4)	(1,369.0)	43%	(4,330.6)	(3,797.4)	14%
Noncontrolling interest	14.4	5.9	145%	45.7	28.8	59%
Outstanding shares ('000)	2,545,383	2,545,383	-	2,545,383	2,545,383	-
Closing price	15.62	8.20	90%	15.62	8.20	90%



Balance sheet In MXN million	31.12.2016	31.12.2015
<b>Assets</b>	<b>52,847.9</b>	<b>47,636.1</b>
<b>Current assets</b>	<b>7,917.2</b>	<b>6,512.4</b>
Cash and cash equivalents	674.6	117.0
Accounts receivable	200.3	154.6
Inventories	4,101.4	3,563.8
Other current assets	2,940.9	2,677.0
<b>Non-current assets</b>	<b>44,930.7</b>	<b>41,123.8</b>
Property, plant and equipment	34,004.7	30,924.0
Intangible asstes	9,956.1	2,497.0
Other non-current assets	969.9	7,702.8
<b>Liabilities and shareholder's equity</b>	<b>35,906.2</b>	<b>31,020.7</b>
<b>Current liabilities</b>	<b>13,158.0</b>	<b>6,585.0</b>
Short-term debt	4,132.4	1,377.9
Accounts payable	2,101.4	1,173.6
Income taxes	-	92.5
Derivative financial instruments	648.5	351.3
Other current liabilities	6,275.7	3,589.8
<b>Non-current liabilities</b>	<b>22,748.2</b>	<b>24,435.7</b>
Marketable notes and long-term debt	21,943.2	22,549.3
Derivative financial instruments	-	-
Other non-current liabilities	804.9	1,886.4
<b>Shareholder's equity</b>	<b>16,941.7</b>	<b>16,615.5</b>
Capital stock	74.4	74.4
Additional paid-in capital	11,396.7	11,396.7
Retained earnings	(7,548.8)	(3,218.3)
Other accumulated income (net of tax)	12,228.6	7,700.6
Controlling interest	16,150.8	15,953.4
Noncontrolling interest	790.9	662.1

### Invitation to the Conference Call

Date: February 27, 2017  
 Time: 09:00 am Mexico City, 10:00 am NY(ET)  
 Tel: +1 (412) 317-5462 (Intern. and Mexico)  
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### Replay

Date: February 27 to March 09, 2017  
 Tel: +1 (877) 344-7529 (USA) / Tel: +1 (412) 317-0088 (Intern. and Mexico)  
 ID#: 10095007

Oz: troy ounces  
 Tonnes: metric tons

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