

## Second quarter 2017 results

Mexico City, July 27<sup>th</sup>, 2017, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the second quarter 2017.

*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		2Q17	2Q16	Variation 2Q17/2Q16	6M17	6M16	Variation 6M17/6M16
Production of gold	Oz	89,202	98,376	-9%	177,155	201,806	-12%
silver	Oz	2,286,339	2,165,254	6%	4,574,090	4,433,651	3%
copper	tonnes	4,806	4,629	4%	9,556	9,401	2%
Net sales	MXN million	3,804	3,374	13%	7,730	6,780	14%
	US\$ million	205	187	10%	397	376	6%
EBITDA	MXN million	1,165	1,152	1%	2,742	2,507	9%
	US\$ million	63	64	-2%	140	139	1%
EBITDA margin		31%	34%		35%	37%	
Total Debt	MXN million	21,584	25,045	-14%			
	US\$ million	1,197	1,324	-10%			

PRODUCTION

Milling/Heap leaching (tonnes)	2Q17	2Q16	Variation 2Q17/2Q16	6M17	6M16	Variation 6M17/6M16
El Coronel	4,096,243	4,403,455	-7%	8,643,572	8,968,046	-4%
San Felipe	2,367,819	2,082,193	14%	4,707,866	4,461,213	6%
Asientos	304,954	324,463	-6%	605,112	636,619	-5%
Tayahua	527,171	500,461	5%	1,041,479	999,566	4%
San Francisco del Oro	317,643	374,646	-15%	655,130	734,703	-11%
Maria	-	-	-	-	-	-
Porvenir	601,071	8,287	7153%	939,673	172,645	444%
Concheño	953,375	994,147	-4%	1,996,389	2,003,504	0%
Ocampo	159,680	138,730	15%	312,564	278,660	12%
<b>Total</b>	<b>9,327,958</b>	<b>8,826,382</b>	<b>6%</b>	<b>18,901,785</b>	<b>18,254,955</b>	<b>4%</b>

Total tonnage processed in 2Q17 increased by 6% when compared to 2Q16. The units which processed higher tonnage were San Felipe, Porvenir, Tayahua and Ocampo. The increase in el Porvenir during this quarter is due to the reasons already explained in previous reports. Currently the unit is increasing its tonnage of ore. The units with lower tonnage processed were El Coronel, Concheño, San Francisco del Oro and Asientos. A lower tonnage in El Coronel is due to, during May and June, the rain increased causing a wet ore which make the crushing circuit less efficient. Concheño decreased its tonnage processed due to a lower tonnage from the underground mine. The unit was waiting for new equipment that will transport the ore from the underground mine to the crushing circuit. Currently, most of the equipment is in the mine so we expect to reverse this situation.

Gold production decreased by 9% in 2Q17 when compared to 2Q16, reaching 89,202 ounces. This is due to a lower production in Concheño, San Felipe and Ocampo. Concheño decreased its gold production by 27% due to a lower tonnage and lower gold grade. The mined areas had better silver than gold grades. San Felipe decreased its production by 15% due to a lower grade. As we deep in the actual open pit, it changes its mineralogical behavior, so gold and silver grades have decreased. The decrease in Ocampo by 11% is due to a lower grade processed. Currently new areas are being explored in order to get better grades. El Coronel, Porvenir and Tayahua increased their production by 5%, 221% and 14% respectively. These increases did not compensate the decreases in the others units.

Silver production increased by 6%, when comparing quarter with quarter, reaching 2,286,339 ounces. The mines which increased their silver production are: Concheño, Asientos and Ocampo. Concheño increased by 25% its production due to the causes already explained in this report. Asientos increased 30% its production due to a better silver grade, this as a result of the development of the mine. Ocampo increased its production by 17% due to an increase in tonnage and a better recovery. El Porvenir increased its production by 40% due to the reasons explained. The decrease in silver production was in San Felipe, San Francisco del Oro and Tayahua, this effect was compensated by the units above mentioned.

Copper concentrates increased by 10% when comparing 2Q17 with 2Q16, it reached 4,249 tonnes. The units which increased their copper production are Asientos (64%) and Tayahua (11%). The increase in Asientos is due to an improvement made in its recovery process. Tayahua, as it was explained in previous reports, continues working in its expansion project ("Tayahua – Primary Copper") in order to increase copper production.

Copper cathode production decreased by 27% when comparing quarter with quarter, reaching 557 tonnes. This is due to a lower production in Maria, which made its last ore deposit during 3Q14, situation explained in previous reports. Currently, the unit is only recovering the ore from leaching pads. Stripping works on a new objective are being carried out aiming to restart the ore deposits.

Lead production decreased by 17% when comparing 2Q17 with 2Q16, reaching 4,872 tonnes. Asientos and San Francisco del Oro decreased its production by 12% and 35% respectively, in both units because of a lower grade and a lower tonnage processed. A lower grade is due to the change in the mineralization behavior of the ore as we exploit and develop the mine.

Zinc production decreased by 17% when comparing the second quarter of 2017 with the second quarter of 2016, reaching 14,993 tonnes. San Francisco del Oro, Tayahua and Asientos decreased their production by 34%, 9% and 8% respectively. This was due to a lower processed grade.

## NET SALES

When compared quarter to quarter, the appreciation of the dollar against the Mexican peso and an increase in metal prices compensated a lower production. Therefore, net sales increased by 13%, reaching \$3,804 MM Ps (US\$205 MM).

## OPERATING INCOME AND EBITDA

Operating income reached \$345 MM Ps, an increase of 16% when compared 2Q17 vs 2Q16. This is mainly explained by an increase in sales. It is worth to mention that activities continue in order to reduce costs and expenses. The EBITDA margin is 31%, three percentage points lower when compared quarter to quarter.

## COMPREHENSIVE FINANCIAL INCOME

Comprehensive Financial Income (MXN million)	2Q17	2Q16	Variation 2Q17/2Q16	6M17	6M16	Variation 6M17/6M16
Interest income	3.0	0.8	300%	3.6	1.0	269%
Interest expense	(269)	(255)	5%	(569)	(475)	20%
Exchange gain (loss), net	1,042	(1,835)	-157%	3,426	(2,111)	-262%
Gain (loss) on financial instruments, net	(484)	(663)	-27%	(188)	(618)	-70%
<b>Financial result</b>	<b>291</b>	<b>(2,753)</b>	<b>-111%</b>	<b>2,673</b>	<b>(3,203)</b>	<b>-183%</b>

At the end of 2Q17, the Company recorded a comprehensive financial income of \$291 MM Ps; this was mainly as a result of the exchange gain variation.

## INDEBTEDNESS

On June 30<sup>th</sup>, 2017 the Company's debt was composed of a syndicated loan of US\$920 MM and \$5,000 MM Ps in long term bonds.

It is worth to mention that on June 14<sup>th</sup>, 2017, the Company pay its third amortization of the syndicated loan of US\$100 MM, decreasing the debt by 13% when comparing 2Q17 with 2Q16.

Indebtedness (USD million)	2Q17	2Q16	Variation 2Q17/2Q16
Long term bonds	277	264	5%
Syndicated loan	920	1,060	-13%
<b>Debt</b>	<b>1,197</b>	<b>1,324</b>	<b>-10%</b>
Exchange rate (pesos per dollar)	18.03	18.91	

The total debt in American Dollars decreased by 10% when comparing 2Q17 with 2Q16, reaching US\$1,197 MM vs. US\$1,324 MM.

## NET INCOME

At the end of 2Q17, due to the reasons previously explained, the Company recorded a net income of \$179 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. Also, a metal hedging strategy started for 2018.

## Financial Summary

Income statement In MXN million	2Q17	2Q16	Variation 2Q17/2Q16	6M17	6M16	Variation 6M17/6M16
<b>Net sales</b>	<b>3,804.3</b>	<b>3,373.7</b>	<b>13%</b>	<b>7,729.8</b>	<b>6,780.0</b>	<b>14%</b>
Cost of sales	(3,057.5)	(2,746.8)	11%	(5,933.5)	(5,326.0)	11%
<b>Gross profit</b>	<b>746.8</b>	<b>626.9</b>	<b>19%</b>	<b>1,796.3</b>	<b>1,454.0</b>	<b>24%</b>
Operating expenses	(295.6)	(288.9)	2%	(582.5)	(586.1)	-1%
Other expenses, net	(106.1)	(41.5)	156%	(140.4)	(69.1)	103%
<b>Operating income</b>	<b>345.1</b>	<b>296.5</b>	<b>16%</b>	<b>1,073.5</b>	<b>798.8</b>	<b>34%</b>
Interest income	3.0	0.8	300%	3.6	1.0	269%
Exchange gain (loss), net	1,041.6	(1,835.4)	-157%	3,426.2	(2,111.4)	-262%
Gain (loss) on financial instruments	(484.4)	(663.5)	-27%	(187.7)	(617.6)	-70%
Interest expense	(269.2)	(255.1)	5%	(569.1)	(474.9)	20%
<b>Income before taxes</b>	<b>636.2</b>	<b>(2,456.8)</b>	<b>-126%</b>	<b>3,746.4</b>	<b>(2,404.2)</b>	<b>-256%</b>
Income taxes	(457.6)	750.2	-161%	(1,587.5)	730.1	-317%
<b>Net income</b>	<b>178.6</b>	<b>(1,706.6)</b>	<b>-110%</b>	<b>2,158.9</b>	<b>(1,674.0)</b>	<b>-229%</b>
Controlling interest	178.5	(1,716.8)	-110%	2,134.8	(1,693.8)	-226%
Noncontrolling interest	0.1	10.2	-99%	24.2	19.8	22%
Outstanding shares ('000)	2,545,383	2,545,383	-	2,545,383	2,545,383	-
Closing price	11.64	12.35	-6%	11.64	12.35	-6%

Balance sheet In MXN million	30.06.2017	31.12.2016
<b>Assets</b>	<b>51,604.9</b>	<b>56,068.3</b>
<b>Current assets</b>	<b>7,282.9</b>	<b>7,431.2</b>
Cash and cash equivalents	1,599.1	674.6
Accounts receivable	126.2	200.3
Inventories	3,798.8	4,101.4
Other current assets	1,758.8	2,455.0
<b>Non-current assets</b>	<b>44,322.0</b>	<b>48,637.1</b>
Property, plant and equipment	31,100.1	34,004.7
Intangible asstes	2,199.0	2,332.5
Other non-current assets	11,022.9	12,299.9
<b>Liabilities and shareholder's equity</b>	<b>35,949.3</b>	<b>39,126.6</b>
<b>Current liabilities</b>	<b>14,857.7</b>	<b>13,158.0</b>
Short-term debt	4,146.6	4,132.4
Accounts payable	2,420.3	2,101.4
Income taxes	352.6	238.9
Derivative financial instruments	391.6	648.5
Other current liabilities	7,546.6	6,036.8
<b>Non-current liabilities</b>	<b>21,091.7</b>	<b>25,968.6</b>
Marketable notes and long-term debt	17,437.8	21,943.2
Derivative financial instruments	-	-
Other non-current liabilities	3,653.9	4,025.4
<b>Shareholder's equity</b>	<b>15,655.6</b>	<b>16,941.7</b>
Capital stock	74.4	74.4
Additional paid-in capital	11,396.7	11,396.7
Retained earnings	(5,414.1)	(7,548.8)
Other accumulated income (net of tax)	8,868.0	12,228.6
Controlling interest	14,925.0	16,150.8
Noncontrolling interest	730.6	790.9

### Invitation to the Conference Call

Date: July 28<sup>th</sup>, 2017  
Time: 10:00 am Mexico City, 11:00 am NY(ET)  
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### Replay

Date: July 28 to August 09, 2017  
Tel: +1 (877) 344-7529 (USA) / Tel: +1 (412) 317-0088 (Intern. and Mex.)  
ID#: 10110981

Oz: troy ounces  
Tonnes: metric tons

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