

Second quarter 2021 results

Mexico City, July 27th, 2021, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the second quarter 2021.

MINERA FRISCO is a company dedicated to the exploration and exploitation of mining lots to produce gold, silver, copper, lead and zinc. The Company has eight mining units in Mexico: El Coronel, San Felipe, Maria, San Francisco del Oro, Tayahua, Asientos, Ocampo and Concheño. 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 to improve the community environment, capacitation, health and education. Minera Frisco together with the Carlos Slim Foundation continue with the implementation of prevention and control rules in the face of the COVID-19 pandemic in the different geographical areas where the company operates.

Highlights

At the end of 2Q21, the company has production of 25,711 ounces of gold, 1,260,689 ounces of silver and 6,847 tons of copper. Net sales recorded \$ 3,358 MM Ps with an EBITDA of 1,462 MM Ps. This reflects an increase in sales of 43% and 110% in EBITDA when comparing to 2Q20 and when comparing with 1Q21, 15% and 12% respectively.

Key information		2Q21	2Q20	Variation 2Q21/2Q20	1Q21	Variation 2Q21/1Q21
Production of gold	Oz	25,711	23,629	9%	23,411	10%
silver	Oz	1,260,689	1,244,859	1%	1,165,911	8%
copper	tonnes	6,847	5,768	19%	6,540	5%
Net sales	MXN million	3,358	2,346	43%	2,930	15%
	US\$ million	168	100	67%	144	16%
EBITDA	MXN million	1,462	696	110%	1,308	12%
	US\$ million	73	30	145%	64	13%
EBITDA margin		44%	30%		45%	
Total Debt	MXN million	24,833	27,029	-8%	25,802	-4%

PRODUCTION

Milling/Heap leaching (tonnes)	2Q21	2Q20	Variation 2Q21/2Q20	1Q21	Variation 2Q21/1Q21
Total	2,724,444	2,688,924	1%	2,689,479	1%

In terms of production, the processed tonnage was 2,724,444 in 2Q21, showing an increase of 35,520 tons when comparing to 2Q20. The units that processed a higher tonnage were mainly San Francisco del Oro (63%), Ocampo (56%), Tayahua (16%) and Asientos (7%). San Francisco del Oro unit, its processed tonnage increased mainly due to continuous development and drilling works in strategic areas of the mine. In Ocampo unit, the increase is due to the location of resources in the María and Monos veins. Tayahua unit continues with the gradual increase in the processed tonnage due to the expansion of the plant that culminated in 2Q20. On the other hand, Asientos unit increased its processed tonnage due to the development of deepening ramps that have managed to reach new ore areas.

When comparing the processed tonnage of 2Q21 with 1Q21, an increase was obtained in the units San Francisco del Oro with 18%, Asientos with 5%, Concheño with 4% and Tayahua with 1%.

Gold Production

Gold production reached 25,711 ounces in 2Q21, this is an increase of 9% comparing to 2Q20. San Francisco del Oro, Ocampo and Tayahua units increased their production in line with the increase in processed tonnage. Asientos and Concheño units increased their production due to an increase in their processed grade. In El Coronel unit, lower production is due to the reduction in its processed tonnage, as well as a lower grade. San Felipe unit obtained a higher processed grade; however, this increase did not compensate for lower production due to the reduction in its processed tonnage.

When comparing gold production with 1Q21, there was an increase of 10%. The units that contributed with this increase were mainly San Felipe (71%) and Concheño (14%).

Silver Production

Silver production reached 1,260,689 ounces in 2Q21, this is an additional 15,830 ounces when comparing to 2Q20. As a result of the increase in their processed tonnage, Ocampo, San Francisco del Oro and Tayahua units increased their production by 51%, 34% and 9% respectively. El Coronel unit increased its production by 86% this due to a higher recovery. Asientos unit increased its production by 28% due to higher processed grade.

Concheño unit reduced its silver production due to lower processed tonnage, as well as lower grade.

It is important to mention that, when comparing production with 1Q21, there was an increase in 8%. The units that contributed to this increase are Asientos with 47% and San Francisco del Oro with 15%.

Copper Production

Copper production reached 6,567 tons in 2Q21 vs 5,599 tons in 2Q20, this is an increase of 17%. The increase in production is mainly due to higher tonnage processed at San Francisco del Oro and Tayahua units. In Asientos unit, in addition to a higher processed tonnage, copper production increased due to a higher grade.

When comparing copper production with 1Q21, there was an increase in production of 2%, this due to the growth in production at the San Francisco del Oro unit by 29%.

The production of copper cathodes in María unit during 2Q21 was 281 tons, this is an increase of 66% when comparing to 2Q20 and 126% when comparing to 1Q21. In María Unit, metallurgical research works and changes in the methodology of irrigation and pads maintenance are continued to make the recovery of copper from the leaching pads more efficient.

Lead Production

Lead production during 2Q21 reached 3,989 tons, which is a 15% increase compared to 2Q20. San Francisco del Oro and Tayahua units increased their production by 36% and 14% due to higher processed tonnage. On the other hand, the increase in the processed tonnage of Asientos, as well as a higher grade, did not compensate for a reduction in its production, this due to a lower recovery.

When comparing lead production with 1Q21, there was an increase of 20%.

Zinc Production

Zinc production in the second quarter of 2021 reached 12,262 tons, this is an increase of 19% compared to 2Q20. San Francisco del Oro, Tayahua and Asientos units increased their production by 36%, 13% and 5% respectively, mainly due to higher processed tonnage.

When comparing production with 1Q21, an increase of 2% was registered, due to the increase in production in San Francisco del Oro by 11%.

As explained in the previous press releases, Minera Frisco through the Tayahua unit, and Goldcorp (Minera Peñasquito) are carrying out exploration works in the state of Zacatecas in Mexico. Once the exploration results have been obtained, both mining companies will evaluate their possible exploitation.

NET SALES AND EBITDA.

Net sales recorded \$ 3,358MM Ps (US \$ 168 MM), this is a 43% increase when comparing the second quarter of 2021 versus the same period of the previous year. This is a result mainly for increase in metal prices and an increase in metal production during the quarter.

At the end of 2Q21, the company presented an EBITDA of \$ 1,462 MM Ps, when comparing to the 696 MM Ps of 2Q20, this is an increase of 110%; the EBITDA margin was 44%, fourteen percentage points higher than the EBITDA registered in the second quarter of 2020.

It is important to mention that when comparing the sales and EBITDA of 2Q21 vs 1Q21, was obtained an increase of 15% and 12% respectively.

INDEBTEDNESS

As of June 30, 2021, the Company's debt was composed of unsecured loans amounting to \$ 8,807 MM Ps, banks loans for \$ 475 MM Ps, subordinated credit of \$ 10,051 MM Ps, and short term bonds for \$ 5,500 MM Ps.

Indebtedness (MXN million)	2Q21	2Q20	Variation 2Q21/2Q20
Short term bonds	5,500	5,500	0%
Syndicated loan	-	9,082	
Subordinated loan (related party)	10,051	12,447	-19%
Banks loans	475	-	
Unsecured loans (related party)	8,807	-	
Debt	24,833	27,029	-8%

Debt converted into Mexican pesos decreased 8% when comparing 2Q21 vs 2Q20.

The Net Debt / Ebitda ratio in the LTM at the close of 2Q21 was 4.9x, decreasing 53% versus 10.5x obtained in the LTM at the close of 2Q20. If the EBITDA levels remain in accordance with the current trend of 2021, at the end of this year a Net Debt / Ebitda ratio of approximately 4.1x is estimated.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company continues with the strategy of economic metal hedging. It is important to mention that by 2021 a part of the estimated gold, silver, zinc, and copper production is already hedged.

Financial Summary

Income statement In MXN million	2Q21	2Q20	Variation 2Q21/2Q20
Net sales	3,358.4	2,345.8	43%
Cost of sales	(2,097.4)	(2,115.0)	-1%
Gross profit	1,261.1	230.8	446%
Operating expenses	(250.2)	(268.3)	-7%
Other expenses, net	(629.3)	5.1	-12406%
Operating income	381.5	(32.4)	1278%
Interest income	0.2	5.6	-97%
Exchange gain (loss), net	672.0	167.6	301%
Gain (loss) on financial instruments	(337.5)	(23.2)	1355%
Interest expense	(144.5)	(658.9)	-78%
Income before taxes	571.8	(541.3)	206%
Income taxes	(300.8)	204.1	-247%
Net income	271.0	(337.1)	180%
Controlling interest	263.6	(348.6)	176%
Noncontrolling interest	7.4	11.5	-36%
Outstanding shares ('000)	6,045,383	4,045,383	49%
Closing price	4.08	3.20	28%

Balance sheet In MXN million	30.06.2021	31.12.2020
Assets	43,791.5	44,957.2
Current assets	7,961.5	6,981.1
Cash and cash equivalents	1,716.6	1,046.6
Accounts receivable	1,809.4	1,164.7
Inventories	2,797.2	2,778.7
Other current assets	1,638.2	1,991.2
Non-current assets	35,830.0	37,976.1
Property, plant and equipment	21,837.4	23,106.4
Intangible asstes	1,531.1	1,620.6
Other non-current assets	12,461.4	13,249.2
Liabilities and shareholder's equity	31,857.7	32,268.0
Current liabilities	5,545.3	6,019.8
Short-term debt	1,767.0	1,719.1
Accounts payable	1,136.2	1,235.0
Income taxes	219.6	247.6
Derivative financial instruments	781.2	1,100.0
Other current liabilities	1,641.3	1,718.0
Non-current liabilities	26,312.4	26,248.1
Marketable notes and long-term debt	23,065.8	23,112.7
Derivative financial instruments	-	-
Other non-current liabilities	3,246.6	3,135.5
Shareholder's equity	11,933.8	12,689.3
Capital stock	176.6	176.6
Additional paid-in capital	25,295.0	25,295.0
Retained earnings	(19,508.4)	(18,933.5)
Other accumulated income (net of tax)	5,043.2	5,240.5
Controlling interest	11,006.5	11,778.7
Noncontrolling interest	927.3	910.6

Invitation to the Video Conference Call

Date: July 28, 2021.

Time: 11:00 am Mexico City, 12:00 am NY(ET)

Tel.: + 52 (55) 9156 5062 / +52 (55) 9156 5061

Meeting ID: 123 606 5213

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Access Video Conference Call:

<https://videoconferencia.telmx.com/j/1236065213?pwd=0ngwryGRYJ4GGUFNXokk7xPYmveC5A>

Password: 432003

Oz: troy ounces

Tonnes: metric tons

Certain statements in this earnings release may be related to expectations about future events of Minera Frisco. The phrases "will allow," "will," "estimate," "expect," "intend," "might," "should" and similar expressions generally indicate comments based on financial information, operating levels and conditions of the market to date. These statements are subject to factors such as volatility in metals prices, energy inputs and other inputs, the possibility of cyclical or seasonal business or consumer slowdown risks that are detailed in the Company's annual report and may cause actual results to differ materially from current expectations. Minera Frisco undertakes no obligation to publish a review on these forward-looking statements to reflect events or circumstances occurring after the date of publication of this release.