

# MINERA FRISCO

RESULTS REPORT

Third Quarter 2021

October 28<sup>th</sup> 2021



LLEVANDO LO MÁS VALIOSO  
DE LA TIERRA A TU VIDA

# MINERA FRISCO

*MINERA FRISCO is a company dedicated to the exploration and exploitation of mining lots to produce gold, silver, copper, lead and zinc.*

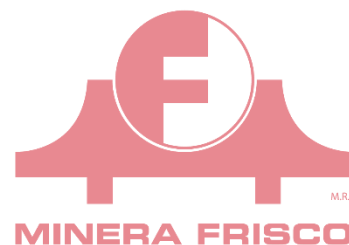
*The Company has eight mining units in Mexico: El Coronel, San Felipe, Maria, San Francisco del Oro, Tayahua, Asientos, Ocampo and Concheño.*

*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

Mexico City, October 28th, 2021, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the third quarter 2021.

At the end of 3Q21, the company has production of 24,210 ounces of gold, 1,249,030 ounces of silver and 6,651 tons of copper. Net sales recorded \$ 3,162 MM Ps with an EBITDA of 1,239 MM Ps. This reflects an increase in sales of 10% and 23% in EBITDA when comparing to 3Q20.

Key information		3Q21	3Q20	Variation 3Q21/3Q20
Production of gold	Oz	24,210	23,033	5%
silver	Oz	1,249,030	1,275,309	-2%
copper	tonnes	6,651	7,249	-8%
Net sales	MXN million	3,162	2,882	10%
	US\$ million	158	130	21%
EBITDA	MXN million	1,239	1,010	23%
	US\$ million	62	46	36%
EBITDA margin		39%	35%	
Total Debt	MXN million	24,763	26,602	-7%
	US\$ million	1,219	1,185	3%

## Production

### Processed Tonnage

In terms of production, the processed tonnage was 2,576,580 in 3Q21. The units that processed a higher tonnage comparing to the same period of the previous year were mainly San Francisco del Oro (12%), Ocampo (10%) and Concheño (4%).

The decrease in the tonnage processed at El Coronel is due to a contraction in the size of the Mining unit, focusing mainly on a selective exploitation strategy, on the other hand San Felipe unit decreased its processed tonnage due to the prioritization of mine development in different areas of the unit, this with the objective of expanding the resources of the mine ensuring its profitability.

Milling/Heap leaching (tonnes)	3Q21	3Q20	Variation 3Q21/3Q20
Total	2,576,580	2,943,542	-12%

San Francisco del Oro unit, its processed tonnage increased mainly due to continuous development and drilling work in the Clarines, Frisco and La Mesa areas. Ocampo unit, the increase is due to the location of resources in the María and Monos veins. The increase in Concheño unit is due to the drainage works carried out in strategic areas of the mine, contributing to the recovery of areas that contribute tonnage. On the other hand, Asientos unit slightly 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 3Q21 with 2Q21, an increase was obtained in the units Concheño with 16% and San Felipe with 15%.

## Gold Production

Gold production reached 24,210 ounces in 3Q21; this is an increase of 5% comparing to 3Q20. San Francisco del Oro and Ocampo units increased their production in line with the increase in processed tonnage. Concheño and Asientos units, in addition to the growth in their processed tonnage, the increase in production is mainly due to an increase in processed grade.

San Felipe unit obtained a higher grade processed; however, this increase did not offset the reduction in the processed tonnage. Likewise, in El Coronel and Tayahua units, lower production is due to the reduction in the processed tonnage and additionally to a lower grade.

When comparing gold production with 2Q21, Concheño unit increased its production by 16%.

## Silver Production

Silver production reached 1,249,030 ounces in 3Q21. Concheño and Asientos increased their production by 12% and 11% respectively because of the increase in their processed tonnage and grade. El Coronel unit increased its production by 79% this due to a higher recovery.

San Felipe and Tayahua units reduced silver production due to lower processed tonnage, as well as lower grade. On the other hand, San Francisco del Oro and Ocampo units reduced their production despite increasing their processed tonnage, due to a lower grade.

It is important to mention that, when comparing production with 2Q21, there was an increase in Concheño units with 28%, San Felipe 26% and Tayahua 2%.

## Copper Production

Copper production reached 6,441 tons in 3Q21. In Tayahua unit, the reduction in processed tonnage directly impacted copper production, coupled with a lower grade, completed this drop in production. San Francisco del Oro registered a drop in the grade of said ore. On the other hand, Asientos unit increased production by 30%, mainly due to the increase in the processed grade.

When comparing copper production with 2Q21, Tayahua unit recorded an increase in production of 2%.

The production of copper cathodes in María unit during 3Q21 was 210 tons. 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 3Q21 reached 4,185 tons, which is a 2% increase compared to 3Q20.

San Francisco del Oro and Asientos units increased production by 26% and 24% respectively, due to higher processed tonnage and higher grade. On the other hand, Tayahua unit reduced its production, mainly due to a drop in its processed grade coupled with a lower processed tonnage.

When comparing lead production with 2Q21, there was an increase of 5%. The units that contributed to this increase are Asientos unit with 34% and San Francisco del Oro with 9%.

## Zinc Production

Zinc production in the third quarter of 2021 reached 12,037 tons. Asientos unit increased production 19% mainly because of an increase in the processed grade. San Francisco del Oro unit, despite registering a reduction in the processed grade, the increase in the processed tonnage contributed to increase production by 9%.

Tayahua unit reduced production because of a decrease in tonnage and grade processed.

When comparing lead production with 2Q21, San Francisco del Oro unit registered an increase of 9%.

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 \$ 3,162 MM Ps (US \$ 158 MM); this is a 10% increase when comparing the third quarter of 2021 versus the same period of the previous year. This was mainly a result of the increase in the prices of Copper, Zinc and Lead metals and an increase in the production of gold and lead during the quarter.

At the end of 3Q21, the company presented an EBITDA of \$ 1,239 MM Ps, when comparing to the 1,010 MM Ps of 3Q20, this is an increase of 23%; the EBITDA margin was 39%, four percentage points higher than the EBITDA registered in the third quarter of 2020.

## Indebtedness

As of September 30, 2021, the Company's debt was composed of unsecured loans amounting to \$ 8,930 MM Ps, subordinated credit of \$ 10,333 MM Ps, and short-term bonds for \$ 5,500 MM Ps.

The Debt equivalent in Mexican pesos decreased 7% when comparing 3Q21 vs 3Q20. In the last quarter of 2020 and early 2021, credit lines were used for working capital for approximately 800 MM Ps, which were settled with the generation of cash flow from the second and third quarters of this year.

The Net Debt / Ebitda ratio in the LTM at the close of 3Q21 was 4.7x, decreasing 42% versus 8.1x obtained in the LTM at the close of 3Q20. 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 4.4x is estimated.

Indebtedness (MXN million)	3Q21	3Q20	Variation 3Q21/3Q20
Short term bonds	5,500	5,500	0%
Syndicated loan	-	8,891	-100%
Subordinated loan (related party)	10,333	12,210	-15%
Banks loans	-	-	
Unsecured loans (related party)	8,930	-	
<b>Debt</b>	<b>24,763</b>	<b>26,602</b>	<b>-7%</b>

## Derivative Financial Instruments

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

# Financial Summary

Income statement In MXN million	3Q21	3Q20	Variation 3Q21/3Q20
<b>Net sales</b>	<b>3,161.9</b>	<b>2,882.0</b>	<b>10%</b>
Cost of sales	(2,224.5)	(2,130.1)	4%
<b>Gross profit</b>	<b>937.4</b>	<b>751.9</b>	<b>25%</b>
Operating expenses	(275.2)	(263.8)	4%
Other expenses, net	(530.2)	(843.2)	-37%
<b>Operating income</b>	<b>132.0</b>	<b>(355.1)</b>	<b>-137%</b>
Interest income	4.2	32.4	-87%
Ex change gain (loss), net	(371.0)	402.6	-192%
Gain (loss) on financial instruments	(369.3)	(620.5)	
Interest expense	(187.4)	(206.0)	-9%
<b>Income before taxes</b>	<b>(791.6)</b>	<b>(746.6)</b>	<b>6%</b>
Income taxes	59.7	(68.0)	188%
<b>Net income</b>	<b>(731.9)</b>	<b>(814.6)</b>	<b>-10%</b>
Controlling interest	(742.5)	(819.3)	-9%
Noncontrolling interest	10.5	4.7	125%
Outstanding shares ('000)	6,045,769	6,045,383	0%
Closing price	3.59	4.02	-11%

Balance sheet In MXN million	30.09.2021	31.12.2020
<b>Assets</b>	<b>42,252.4</b>	<b>44,957.2</b>
<b>Current assets</b>	<b>7,533.8</b>	<b>6,981.1</b>
Cash and cash equivalents	1,597.9	1,046.6
Accounts receivable	1,660.9	1,164.7
Inventories	2,844.5	2,778.7
Other current assets	1,430.5	1,991.2
<b>Non-current assets</b>	<b>34,718.6</b>	<b>37,976.1</b>
Property, plant and equipment	21,109.8	23,106.4
Intangible assets	1,485.3	1,620.6
Other non-current assets	12,123.5	13,249.2
<b>Liabilities and shareholder's equity</b>	<b>30,850.1</b>	<b>32,268.0</b>
<b>Current liabilities</b>	<b>9,012.6</b>	<b>6,019.8</b>
Short-term debt	6,312.2	1,719.1
Accounts payable	948.5	1,235.0
Income taxes	263.1	247.6
Derivative financial instruments	253.6	1,100.0
Other current liabilities	1,235.2	1,718.0
<b>Non-current liabilities</b>	<b>21,837.4</b>	<b>26,248.1</b>
Marketable notes and long-term debt	18,450.4	23,112.7
Derivative financial instruments	-	-
Other non-current liabilities	3,387.0	3,135.5
<b>Shareholder's equity</b>	<b>11,402.4</b>	<b>12,689.3</b>
Capital stock	176.6	176.6
Additional paid-in capital	25,295.0	25,295.0
Retained earnings	(20,250.8)	(18,933.5)
Other accumulated income (net of tax)	5,219.0	5,240.5
Controlling interest	10,439.9	11,778.7
Noncontrolling interest	962.5	910.6

### Invitation to the Conference Call:

Date: October 29, 2021  
 Time: 12:00 pm Mexico City, 13:00 Hrs NY (ET)  
 Tel.: + 52 (55) 9156 5062 / +52 (55) 9156 5061  
 Meeting ID: 123 954 7003

### Access:

<https://videoconferencia.telmx.com/j/1239547003?pwd=0HM9pCGZq2bRGY-uLiulAXFuSH1DzA>

Password: 683612

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