

MINERA FRISCO

RESULTS REPORT

First Quarter 2022

May 2th 2022



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, May 2, 2022, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the first quarter 2022.

At the end of 1Q22, the company has production of 25,937 ounces of gold, 1,241,493 ounces of silver and 6,613 tons of copper. Net sales recorded \$3,602 MM Ps with an EBITDA of 1,585 MM Ps. This reflects an increase in sales of 23% and 21% in EBITDA when compared to 1Q21.

Key information		1Q22	1Q21	Variation 1Q22/1Q21
Production of gold	Oz	25,937	23,411	11%
silver	Oz	1,241,493	1,165,911	6%
copper	tonnes	6,613	6,540	1%
Net sales	MXN million	3,602	2,930	23%
	US\$ million	176	144	22%
EBITDA	MXN million	1,585	1,308	21%
	US\$ million	77	64	20%
EBITDA margin		44%	45%	
Total Debt	MXN million	23,755	25,802	-8%

Production

Processed Tonnage

In terms of production, the processed tonnage was 2,807,778 in 1Q22, showing an increase of 4% when comparing to 1Q21. The units that processed a higher tonnage comparing to the same period of the previous year were mainly Concheño (+33%), San Francisco del Oro (+16%), El Coronel (+8%) and Ocampo (+8%).

Concheño unit increased processed tonnage mainly due to the expansion of the mining of the Lumbreras pit and the development of the Caleras pit, additionally to the continuous development works of the underground mine. In San Francisco del Oro unit, the increase is due to development works in the Clarines and La Mesa areas. El Coronel unit increased processed tonnage derived from dry process operations, that is, the deposit of fresh ore to the leaching pads. On the other hand, Ocampo unit increased processed tonnage due to the location of additional resources in the Molinas vein.

When comparing the processed tonnage of 1Q22 with 4Q21, an increase was obtained in Ocampo, San Felipe and Tayahua units with 28%, 8% and 7% respectively.

Milling/Heap leaching (tonnes)	1Q22	1Q21	Variation 1Q22/1Q21
Total	2,807,778	2,689,479	4%

Gold Production

Gold production reached 25,937 ounces in 1Q22; this is an increase of 11% comparing to 1Q21. San Felipe unit, despite not presenting significant changes in processed tonnage comparing to 1Q21, an increase in processed grade contributed to a 68% increase in production. El Coronel and Concheño units increased production by 20% and 16%, respectively, mainly due to an increase in processed tonnage. El Coronel unit, in addition to the growth in processed tonnage, the increase in production is due to an increase in grade.

A lower production in Asientos unit is due to the reduction in processed tonnage, as well as a lower grade. Although the Ocampo and San Francisco del Oro units increased processed tonnage, a reduction in grade affected production. Similarly, Tayahua unit did not show significant changes in processed tonnage. However, a lower grade caused a drop in production.

When comparing gold production with 4Q21, the units that increased production were San Felipe (+63%), El Coronel (+20%), Tayahua (+7%) and Ocampo (+5%).

Silver Production

Silver production reached 1,241,493 ounces in 1Q22; this is an increase of 6% comparing to 1Q21. Concheño unit increased production by 40% because of the increase in processed tonnage and grade. San Felipe unit increased production by 4% due to the increase in recovery. On the other hand, Tayahua unit increased production by 4,232 oz because of the increase in grade processed, likewise San Francisco del Oro unit increased production by 1,256 oz as a result of the increase in processed tonnage.

El Coronel and Ocampo units, despite increasing processed tonnage, reduced production due to a lower grade. Asientos unit obtained a higher grade processed, however, this was not able to compensate for lower production due to the drop in processed tonnage.

When comparing silver production with 4Q21, the units that increased production were Asientos (+31%), Tayahua (+7%) and San Francisco del Oro (+5%).

Copper Production

Copper production reached 6,394 tons in 1Q22. In Tayahua and San Francisco del Oro units obtained slight increases in production when compared to the previous quarter, mainly due to an increase in grade at Tayahua unit and the increase in processed tonnage at San Francisco del Oro unit.

In contrast, Asientos unit reduced its production compared to the same quarter of the previous year due to a lower processed tonnage, as well as a lower grade.

It is important to mention that when comparing production with 4Q21, there was a 10% increase in production. The foregoing, due to the increase in production in the Tayahua units with 10%, San Francisco del Oro with 7% and Asientos with 3%.

Production of copper cathodes at María unit during 1Q22 was 219 tons, representing an increase of 77% when comparing to 1Q21. Similarly, when comparing production with 4Q21, an increase of 38% was obtained. 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 1Q22 reached 4,455 tons, which is a 34% increase compared to 1Q21.

San Francisco del Oro unit increased production by 65%, due to a higher tonnage processed and a higher grade. Asientos and Tayahua units increased production by 27% and 14%, respectively, due to an increase in processed grade

When comparing lead production with 4Q21, Asientos unit increased production by 42%.

Zinc Production

Zinc production in the first quarter of 2022 reached 13,147 tons, resulting in an increase of 10% compared to 1Q21. San Francisco del Oro unit increased production by 43% due to a higher tonnage processed, as well as a higher grade. Asientos unit, despite increasing its processed grade, a reduction in its processed tonnage affected production. Tayahua unit remained without important changes compared to 1Q21.

When comparing zinc production with 4Q21, an increase of 5% was obtained due to the increase in production of the Seats and Tayahua units with 28% and 3%, respectively.

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 \$ 3,602 MM Ps (US\$176 MM); this is a 23% increase when comparing the first quarter of 2022 versus the same period of the previous year. This was mainly the result of an increase in the production of metals and the increase in the prices of zinc, copper, lead, and gold metals.

At the end of 1Q22, the company presented an EBITDA of \$ 1,585 MM Ps, when comparing to the 1,308 MM Ps of 1Q21, this is an increase of 21%; the EBITDA margin 1Q22 was 44%.

It is important to mention that when comparing 1Q22 vs. 4Q21, sales and EBITDA registered an increase of 6% and 59%, respectively, while the EBITDA margin was fourteen percentage points higher than that registered in 4Q21.

Indebtedness

As of March 31, 2022, the Company's debt was composed of unsecured loans amounting to \$ 8,029 MM Ps, subordinated credit of \$10,225 MM Ps, and short-term bonds for \$ 5,500 MM Ps.

The equivalent debt in Mexican pesos decreased 8% when comparing 1Q22 vs 1Q21. At the beginning of 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 2021

Indebtedness (MXN million)	1Q22	1Q21	Variation 1Q22/1Q21
Short term bonds	5,500	5,500	0%
Subordinated loan (related party)	10,225	10,431	-2%
Bank loans	-	762	-
Unsecured loans (related party)	8,029	9,109	-12%
Debt	23,755	25,802	-8%

The Net Debt/Ebitda ratio in the LTM at the close of 1Q22 was 3.9x, decreasing 38% versus 6.3x obtained in the LTM at the close of 1Q21.

Derivative Financial Instruments

The Company continues with the strategy of economic metal hedging. It is important to mention that by 2022 part of the production of gold, silver, zinc, and copper is hedge.

Financial Summary

Income statement In MXN million	1Q22	1Q21	Variation 1Q22/1Q21	4Q21	Variation 1Q22/4Q21
Net sales	3,601.7	2,930.2	23%	3,382.6	6%
Cost of sales	(2,187.1)	(1,874.2)	17%	(2,484.6)	-12%
Gross profit	1,414.6	1,056.1	34%	898.0	58%
Operating expenses	(275.5)	(240.9)	14%	(344.6)	-20%
Other expenses, net	(143.2)	(349.1)	-59%	(141.2)	1%
Operating income	995.9	466.2	279%	412.2	153%
Interest income	3.1	0.2	1620%	23.1	-86%
Exchange gain (loss), net	373.9	(583.7)	164%	(222.1)	268%
Gain (loss) on financial instruments	(21.3)	(565.1)	-96%	(318.7)	-93%
Interest expense	(189.6)	(146.9)	29%	(436.9)	-57%
Income before taxes	1,162.1	(829.3)	240%	(542.4)	314%
Income taxes	(594.9)	11.9	-5104%	79.9	-844%
Net income	567.2	(817.4)	169%	(462.5)	223%
Controlling interest	532.5	(838.4)	164%	(464.1)	215%
Noncontrolling interest	34.7	21.0	65%	1.7	1993%
Outstanding shares ('000)	6,045,769	6,045,383	0%	6,045,769	0%
Closing price	3.61	4.18	-14%	3.60	0%

Balance sheet In MXN million	31.03.2022	31.12.2021
Assets	40,967.9	41,684.5
Current assets	8,003.7	7,239.4
Cash and cash equivalents	3,141.8	2,337.3
Accounts receivable	814.6	863.5
Inventories	2,806.4	2,878.9
Other current assets	1,240.8	1,159.7
Non-current assets	32,964.3	34,445.0
Property, plant and equipment	20,073.5	20,914.2
Intangible assets	1,399.1	1,446.2
Other non-current assets	11,491.6	12,084.7
Liabilities and shareholder's equity	30,076.6	30,655.9
Current liabilities	7,994.1	9,113.8
Short-term debt	5,500.0	6,323.3
Accounts payable	977.8	1,176.3
Income taxes	183.8	359.3
Derivative financial instruments	19.4	27.1
Other current liabilities	1,313.1	1,227.7
Non-current liabilities	22,082.5	21,542.1
Marketable notes and long-term debt	18,254.6	17,850.3
Derivative financial instruments	-	-
Other non-current liabilities	3,827.9	3,691.8
Shareholder's equity	10,891.4	11,028.6
Capital stock	176.6	176.6
Additional paid-in capital	25,295.0	25,295.0
Retained earnings	(20,182.4)	(20,714.9)
Other accumulated income (net of tax)	4,624.3	5,295.3
Controlling interest	9,913.5	10,052.0
Noncontrolling interest	977.8	976.5

Invitation to the Conference Call:

Date: May 4, 2022
Time: 15:30 hrs Mexico City, 16:30 Hrs NY (ET)
Tel.: + 52 (55) 9156 5062 / +52 (55) 9156 5061
Meeting ID: 124 094 0798

Access:

https://videoconferencia.telmx.com/j/1230940798?pwd=33o2rSWYn_v0O_9dafIGxRuyeUgWBw

Password: 929327

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