

First quarter 2016 results

Mexico City, April 27, 2016, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the first quarter 2016.

MINERA FRISCO is a company with a deep history dedicated to the exploration and exploitation of mining lots for the production 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 residues 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		1Q16	1Q15	Variation 1Q16/1Q15
Production of gold	Oz	103,430	118,057	-12%
silver	Oz	2,268,396	2,264,985	0%
copper	tonnes	4,772	5,256	-9%
Net sales	MXN million	3,406	3,423	-1%
	US\$ million	189	229	-18%
EBITDA	MXN million	1,355	1,259	8%
	US\$ million	75	84	-11%
EBITDA margin		40%	37%	
Total Debt	MXN million	24,142	22,980	5%
	US\$ million	1,387	1,516	-9%

PRODUCTION

Milling/Heap leaching (tonnes)	1Q16	1Q15	Variation 1Q16/1Q15
El Coronel	4,564,591	4,613,127	-1%
San Felipe	2,379,020	2,722,470	-13%
Asientos	312,156	315,020	-1%
Tayahua	499,105	489,181	2%
San Francisco del Oro	360,057	370,065	-3%
Maria	-	-	-
Porvenir	164,358	624,514	-74%
Concheño	1,009,357	730,040	38%
Ocampo	139,930	475,678	-71%
Total	9,428,574	10,340,095	-9%

During the 1Q16, tonnage processed decreased by 9% when compared with the 1Q15. This is mainly due to the decrease in El Porvenir and Ocampo. As it was mentioned in the previous report, El Porvenir reached the bottom of the current pit and we are currently expecting for the environmental permits that will allow the expansion of the pit in order to resume normal production capacity. Ocampo decreased its processed tonnage because it only processed ore from the underground mine. San Felipe decreased its tonnage because it processed less tonnage from the open pit, however, the tonnage from the underground mine allowed us to process better ore grades when compared 1Q16 vs. 1Q15. In contrast, Concheño increased its tonnage processed by 38% due to the recovery of normal production levels. This result did not compensate the decrease in the units already mentioned.

This quarter gold production decreased by 12% when compared 1Q16 with 1Q15 reaching 103,340 Oz. This is mainly due to the decrease of 42% at El Porvenir and 39% at El Coronel. The decrease of production in El Coronel was due to a combination of factors: less tonnage processed and less ore recovery, this last effect was due to certain material deposited which was less efficient than the average mineral. The units with higher gold production in the 1Q16 vs. the 1Q15 were Concheño, Ocampo and Tayahua with an increase of 18%, 28% and 27% respectively.

Silver production remained practically unchanged when comparing the 1Q16 Vs the 1Q15, reaching 2,268,396 Oz in the 1Q16 (0.2%). San Felipe and Tayahua increased their production by 13%, respectively. Also, Ocampo increased its production by 57% when comparing quarter to quarter. These increases compensate a lower production in San Francisco del Oro, Asientos and El Porvenir.

Copper concentrates production increased by 4% in 1Q16 vs. 1Q15, reaching 3,919 tonnes, which main contribution comes from Tayahua, this unit continues with its expansion project in order to increase its concentrates production, mainly copper concentrates.

Copper cathode production decreased by 43% in the 1Q16 vs. the 1Q15. Maria continues with its gradual reduction in production. Works continue on new identified objectives aiming to restart new ore deposits on leaching beds in 2016.

Lead production decreased by 4% in 1Q16 vs. 1Q15, reaching 5,704 tonnes. This is due to a decrease in Asientos and San Francisco del Oro, 5% and 14% respectively. A higher production in Tayahua did not compensate these decreases.

Zinc production increased by 3% in the 1Q16 vs. the 1Q15, reaching 18,455 tonnes. This result is due to the increase of production by 39% in Tayahua.

NET SALES

Net sales decreased 1% in 1Q16 when compared to 1Q15, reaching \$3,406 MM Ps (US\$189 MM). Lower metal prices and a drop in gold production resulted in a decrease in sales.

OPERATING INCOME AND EBITDA

In the 1Q16, it was recorded an operating income of \$502 MM Ps. It is mainly due to a decrease in cost of sales by 4%. Despite lower metal prices when compared 1Q16 with 1Q15, the margin EBITDA is 40%, 3 percentage points higher when compared quarter to quarter.

COMPREHENSIVE FINANCIAL INCOME

Comprehensive Financial Income (MXN million)	1Q16	1Q15	Variation 1Q16/1Q15
Interest income	0.2	2.8	-93%
Interest expense	(220)	(262)	-16%
Exchange gain (loss), net	(276)	(529)	-48%
Gain (loss) on financial instruments, net	46	(234)	-120%
Financial result	(450)	(1,024)	-56%

In the 1Q16, a negative comprehensive financing cost was recorded \$450 MM Ps; this is due to the exchange loss variation and interest expense.

INDEBTEDNESS

On March 31st, 2016 the Company's debt was composed of US\$1,100 million from a syndicated loan and \$5,000 MM Ps in long term bonds. The total debt in dollars decreased 9%. At the end of 1Q16 debt reached US\$1,387 MM vs. US\$1,516 MM at the end of 1Q15.

NET INCOME

During 1Q16, a net income of \$33 MM Ps was recorded. This is explained by a better operational result whose reasons have been explained in this report.

DERIVATIVE FINANCIAL INSTRUMENTS

At March 31st, 2016, the company continued with its metal hedging strategy and it covers most of the production estimated for the remainder 2016 year. Moreover, a metal hedging strategy continues for 2017.

Financial summary

Income statement In MXN million	1Q16	1Q15	Variation 1Q16/1Q15
Net sales	3,406.3	3,423.4	-1%
Cost of sales	(2,579.2)	(2,678.4)	-4%
Gross profit	827.1	745.0	11%
Operating expenses	(297.2)	(242.6)	22%
Other expenses, net	(27.6)	(68.0)	-59%
Operating income	502.3	434.4	16%
Interest income	0.2	2.8	-93%
Exchange gain (loss), net	(276.0)	(529.5)	-48%
Gain (loss) on financial instruments	45.9	(234.4)	-120%
Interest expense	(219.8)	(262.5)	-16%
Income before taxes	52.6	(589.2)	-109%
Income taxes	(20.0)	131.5	-115%
Net income	32.5	(457.7)	-107%
Controlling interest	23.0	(464.7)	-105%
Noncontrolling interest	9.6	7.0	36%
Outstanding shares ('000)	2,545,383	2,545,383	-
Closing price	11.29	16.45	-31%



Balance sheet In MXN million	31.03.2016	31.12.2015
Assets	47,198.1	47,636.1
Current assets	6,235.4	6,512.4
Cash and cash equivalents	210.6	117.0
Accounts receivable	189.4	154.6
Inventories	3,464.1	3,563.8
Other current assets	2,371.2	2,677.0
Non-current assets	40,962.7	41,123.8
Property, plant and equipment	30,715.4	30,924.0
Intangible asstes	2,439.9	2,497.0
Other non-current assets	7,807.5	7,702.8
Liabilities and shareholder's equity	31,029.8	31,020.7
Current liabilities	6,738.6	6,585.0
Short-term debt	1,393.5	1,377.9
Accounts payable	1,065.9	1,173.6
Income taxes	40.3	92.5
Derivative financial instruments	425.4	351.3
Other current liabilities	3,813.6	3,589.8
Non-current liabilities	24,291.2	24,435.7
Marketable notes and long-term debt	22,748.1	22,549.3
Derivative financial instruments	42.1	-
Other non-current liabilities	1,500.9	1,886.4
Shareholder's equity	16,168.3	16,615.5
Capital stock	74.4	74.4
Additional paid-in capital	11,396.7	11,396.7
Retained earnings	(3,195.3)	(3,218.3)
Other accumulated income (net of tax)	7,220.5	7,700.6
Controlling interest	15,496.2	15,953.4
Noncontrolling interest	672.1	662.1

Invitation to the Conference Call

Date: April 28, 2016
 Time: 10:00 am Mexico City, 11:00 am NY(ET)
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Replay

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Oz: troy ounces
 Tonnes: metric tons

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