

First quarter 2017 results

Mexico City, may 2nd, 2017, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the first 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		1Q17	1Q16	Variation 1Q17/1Q16
Production of gold	Oz	87,953	103,430	-15%
silver	Oz	2,287,752	2,268,396	1%
copper	tonnes	4,750	4,772	0%
Net sales	MXN million	3,925	3,406	15%
	US\$ million	193	189	2%
EBITDA	MXN million	1,577	1,355	16%
	US\$ million	77	75	3%
EBITDA margin		40%	40%	
Total Debt	MXN million	24,184	24,142	0%
	US\$ million	1,286	1,387	-7%

PRODUCTION

Milling/Heap leaching (tonnes)	1Q17	1Q16	Variation 1Q17/1Q16
El Coronel	4,547,329	4,564,591	0%
San Felipe	2,340,047	2,379,020	-2%
Asientos	300,157	312,156	-4%
Tayahua	514,308	499,105	3%
San Francisco del Oro	337,487	360,057	-6%
Maria	-	-	-
Porvenir	338,601	164,358	106%
Concheño	1,043,013	1,009,357	3%
Ocampo	152,884	139,930	9%
Total	9,573,827	9,428,574	2%

Total tonnage processed in 1Q17 increased by 2% when compared to 1Q16. The units which processed higher tonnage were Ocampo, Concheño, Tayahua and El Porvenir. The increase by 106% in El Porvenir is because its tonnage processed capacity decreased during 1Q16. Please refer to last year report for more details. The units with lower tonnage processed were San Felipe, Asientos and San Francisco del Oro. In San Francisco del Oro, the decrease was due to a lower tonnage processed with better grades. This effect was compensated by the units already mentioned.

Gold production in 1Q17 decreased by 15% when compared to 1Q16, reaching 87,953 ounces. This was mainly a result of a lower production in Concheño (-19%), El Coronel (-15%) and Ocampo (-40%). A lower production in Concheño was because areas with lower gold grade and higher silver grade have been exploited. The decrease in El Coronel was due to a lower ore recovery. Metallurgical research works to improve the ore recovery are being carried out. The decrease in Ocampo, was not only because of a lower grade but also in 1Q16, production from heap leaching beds was obtained despite ore deposits were not made during this period.

Silver production remained almost unchanged when comparing 1Q17 Vs. 1Q16, it increased 1% reaching 2,287,752 ounces. San Felipe and Tayahua decreased its production by 20% and 14% respectively, because of a lower silver grade processed. This was as a result of the mineralization behavior variation as the exploitation progresses. In San Felipe, the decrease was because of a greater depth, exploitation of the pit has resulted in a lower silver grade. Asientos and El Porvenir decreased their production by 14% and 62% respectively. In Asientos the decrease in production was due to a lower silver grade processed which was the result of the development of new areas. The decrease in production in El Porvenir was because of its recovery by kinetic, in other words it did not reach its stabilization period during the first quarter.

Copper concentrates increased by 6% when comparing quarter to quarter, reached 4,165 tonnes. This was because of a higher production in Asientos (132%) and San Francisco del Oro (26%). In Asientos the increase was due to a better recovery and in San Francisco del Oro as a result of better grade processed. Tayahua decreased its production by 2% due to a lower copper grade processed. It is worth to remember that Tayahua continues with its expansion project, "Tayahua – Primary Copper" in order to increase copper production.

Copper cathode production decreased by 31% when comparing 1Q17 vs. 1Q16, reaching 586 tonnes. As it was explained in previous reports, Maria unit is only recovering production from the leaching beds. Exploration works continue on the identified objectives aiming to restart the operations.

Lead production decreased by 2% when compared quarter to quarter, reaching 4,952 tonnes. Asientos decreased its production by 24% because of a lower grade and recovery, this decrease was compensated by the production increase in San Francisco del Oro and Tayahua, 9% and 6% respectively.

Zinc production decreased by 12% when compared the first quarter of 2017 to the first quarter of 2016, reaching 16,259 tonnes. In San Francisco del Oro, Asientos y Tayahua, their production decreased by 16%, 11% y 9% respectively. This was due to a lower processed grade.

NET SALES

The appreciation of the dollar against the Mexican peso and an increase in metal prices compensated a lower production. Consequently, net sales increased by 15% when compared 1Q17 to 1Q16, reaching \$3,925 MM Ps (US\$193 MM).

OPERATING INCOME AND EBITDA

Operating income reached \$728 MM Ps in 1Q17, an increase of 45% when compared to 1Q16. This is explained by an increase in sales and a decrease by 1% in operating and other expenses which practically remain unchanged. It is worthless to mention that activities continue in order to reduce costs and expenses. The EBITDA remain in 40% when compared quarter to quarter.

COMPREHENSIVE FINANCIAL INCOME

Comprehensive Financial Income (MXN million)	1Q17	1Q16	Variation 1Q17/1Q16
Interest income	0.5	0.2	155%
Interest expense	(300)	(220)	36%
Exchange gain (loss), net	2,385	(276)	-964%
Gain (loss) on financial instruments, net	297	46	547%
Financial result	2,382	(450)	-630%

In 1Q17, the Company recorded a comprehensive financing cost of \$2,382 MM Ps; this was mainly as a result of the exchange gain variation.

INDEBTEDNESS

On March 31th, 2017 the Company's debt was composed of a syndicated loan of US\$1,020 MM and \$5,000 MM Ps in long term bonds.

The total debt in American Dollars decreased by 7% when comparing 1Q17 vs. 1Q16, reaching US\$1,286 MM vs. US\$1,387 MM.

NET INCOME

At the end of 1Q17, due to the reasons previously explained, the Company recorded a net income of \$1,980 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.

Financial summary

Income statement In MXN million	1Q17	1Q16	Variation 1Q17/1Q16
Net sales	3,925.5	3,406.3	15%
Cost of sales	(2,876.0)	(2,579.2)	12%
Gross profit	1,049.5	827.1	27%
Operating expenses	(286.8)	(297.2)	-3%
Other expenses, net	(34.2)	(27.6)	24%
Operating income	728.4	502.3	45%
Interest income	0.5	0.2	155%
Exchange gain (loss), net	2,384.5	(276.0)	-964%
Gain (loss) on financial instruments	296.8	45.9	547%
Interest expense	(300.0)	(219.8)	36%
Income before taxes	3,110.2	52.6	5816%
Income taxes	(1,129.9)	(20.0)	5541%
Net income	1,980.3	32.5	5985%
Controlling interest	1,956.2	23.0	8408%
Noncontrolling interest	24.1	9.6	152%
Outstanding shares ('000)	2,545,383	2,545,383	-
Closing price	12.45	11.29	10%



First Quarter 2017

Balance sheet In MXN million	31.03.2017	31.12.2016
Assets	54,429.5	56,068.3
Current assets	9,153.4	7,431.2
Cash and cash equivalents	3,562.4	674.6
Accounts receivable	233.2	200.3
Inventories	3,934.5	4,101.4
Other current assets	1,423.3	2,455.0
Non-current assets	45,276.1	48,637.1
Property, plant and equipment	31,684.3	34,004.7
Intangible asstes	2,260.4	2,332.5
Other non-current assets	11,331.4	12,299.9
Liabilities and shareholder's equity	38,782.5	39,126.6
Current liabilities	14,667.2	13,158.0
Short-term debt	3,761.5	4,132.4
Accounts payable	2,073.7	2,101.4
Income taxes	285.4	238.9
Derivative financial instruments	721.6	648.5
Other current liabilities	7,825.5	6,036.8
Non-current liabilities	24,115.3	25,968.6
Marketable notes and long-term debt	20,422.4	21,943.2
Derivative financial instruments	-	-
Other non-current liabilities	3,692.9	4,025.4
Shareholder's equity	15,647.0	16,941.7
Capital stock	74.4	74.4
Additional paid-in capital	11,396.7	11,396.7
Retained earnings	(5,592.6)	(7,548.8)
Other accumulated income (net of tax)	9,025.8	12,228.6
Controlling interest	14,904.2	16,150.8
Noncontrolling interest	742.8	790.9

Invitation to the Conference Call

Date: May 03, 2017
 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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