

First quarter 2019 results

Mexico City, April 30th, 2019, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the first quarter 2019.

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 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 in order to improve the community environment, capacitation, health and education.

Highlights

Key information		1Q19	1Q18	Variation 1Q19/1Q18
Production of gold	Oz	35,799	71,647	-50%
silver	Oz	1,494,976	2,231,449	-33%
copper	tonnes	6,047	6,795	-11%
Net sales	MXN million	2,561	3,803	-33%
	US\$ million	133	203	-34%
EBITDA	MXN million	425	1,439	-70%
	US\$ million	22	77	-71%
EBITDA margin		17%	38%	

PRODUCTION

Milling/Heap leaching (tonnes)	1Q19	1Q18	Variation 1Q19/1Q18
El Coronel	2,804,231	3,772,992	-26%
San Felipe	197,604	1,199,131	-84%
Asientos	254,826	290,720	-12%
Tayahua	895,849	951,459	-6%
San Francisco del Oro	268,180	300,081	-11%
María	0	976,297	-100%
Porvenir	0	127,539	-100%
Concheño	405,326	755,506	-46%
Ocampo	57,848	84,679	-32%
Total	4,883,865	8,458,403	-42%

In terms of production, processed tonnage in 1Q19 decreased by 42% when comparing to 1Q18. The units that processed a lower tonnage were mainly San Felipe open pit, Cocheño, María and Porvenir. In the case of San Felipe open pit, the unit depleted its ore reserves, so in March 2018 the deposits in pads stopped. In Concheño, its processed tonnage also decreased due to a lower tonnage coming from the open pits. It is important to mention that in San Felipe and Concheño are working on the development of underground mine with the objective of increasing tonnage with better ore contents, in addition, exploration works continue in surrounding areas to these units, with purpose to locate new areas that contribute with ore reserves. On the other hand, Porvenir has exhausted its ore reserves for this reason, is no longer exploiting ore to be deposited in the leaching pads. In the case of Tayahua, the works continues for reach the installed capacity of the plant; it is expected that during of 2019, its maximum ore processing levels get obtained.

Gold production reached 35,799 ounces in 1Q19, this is a decreased of 50% when comparing to 1Q18. The units that obtained a lower production were mainly El Coronel, San Felipe, Concheño and San Francisco del Oro. A lower production in San Felipe and Concheño is mainly due to the reduction of processed tonnage coming from the open pits. In San Francisco del Oro, a lower production is mainly due to a lower processed grade. In the Coronel, lower production is due to a lower processed grade and the decreased in ore content deposited in the leaching pads.

By contrast Tayahua and Asientos recorded an increase in their production due to a higher processed gold grade. These increases did not compensate the decrease production of the units mentioned previously.

Silver production reached 1,494,976 ounces in 1Q19, this is a decreased of 33% when comparing to 1Q18. The units that decreased their production were mainly San Felipe, Concheño and Ocampo. In the case of San Felipe despite having a higher processed silver grade, the decrease in processed tonnage coming from the open pits affected production. In Concheño, a lower silver production is due to a lower processed tonnage of ore coming from the open pits. In Ocampo the decrease in production is due to a lower processed tonnage, as well as a lower grade.

The San Francisco del Oro unit increased its production, this is due to a higher processed silver grade. This increase in San Francisco del Oro did not compensate the decrease production of the units mentioned previously.

Copper production reached 5,543 tons, this is a decreased of 11% when comparing 1Q19 vs 1Q18. The decreased in production is mainly due to the decreased of the processed tonnage in the units, as well as a lower processed copper grade. With the works that are being carried out in the Tayahua unit to reach the maximum capacity of ore processing, it is expected that in 2019 copper production gradually increase.

Copper cathode production in Maria reached 504 tons in 1Q19, this is a reduction by 7% when comparing to 1Q18. In the Maria Unit, metallurgical research works and changes in the methodology of irrigation and pads maintenance are continued, in order to make the recovery of copper from the leaching pads more efficient.

Lead production during 1Q19 reached 4,193 tons, this is a reduction by 12% when comparing to 1Q18. Tayahua and San Francisco del Oro decreased their production due to a lower processed grade. In Asientos, despite obtaining a higher processed grade compared to the first quarter of the previous year, did not compensate its decreased in production, due to the reduction in processed tonnage.

Zinc production in first quarter reached 11,069 tons, this is 15% less when comparing 1Q19 to 1Q18. Asientos, Tayahua and San Francisco del Oro decreased their production as a result of a lower processed grade and lower recovery.

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

Net sales recorded \$2,561 MM Ps (US \$ 133 MM). This is a 33% decrease when comparing the first quarter of 2019 versus the same period of the previous year. This is mainly due to decrease in the production as well as in the prices of the metals that we produce.

OPERATING INCOME AND EBITDA

At the end of 1Q19, an operating loss of \$ 392 MM Ps was determined, this mainly due to a decrease in sales due to the reasons already explained. At the end of the first quarter of 2019, the EBITDA margin was of 17%, twenty-one percentage points lower than the EBITDA recorded in the first quarter of 2018.

COMPREHENSIVE FINANCIAL INCOME

Comprehensive Financial Income (MXN million)	1Q19	1Q18	Variation 1Q19/1Q18
Interest income	12.7	0.1	9018%
Interest expense	(424)	(310)	37%
Exchange gain (loss), net	211	1,483	-86%
Gain (loss) on financial instruments, net	0	(199)	-100%
Financial result	(200)	974	-121%

At the end of the first quarter of 2019, a comprehensive financial negative result of \$ 200 MM Ps was recorded, this is mainly due to interest paid on debt services.

INDEBTEDNESS

As of March 31th, 2019, the Company's debt was composed of a syndicated loan of US \$ 422 MM, the subordinated loans of US \$ 298 MM, bank credits of US \$ 270 MM, equivalents and short term bonds of 5,000 MM Ps.

Indebtedness (USD million)	1Q19	1Q18
Short term bonds	258	273
Syndicated loan	422	619
Subordinated loans	298	201
Banks loans	270	169
Debt	1,248	1,262

The debt in US dollars decreased by 1% when comparing 1Q19 vs 1Q18, it reaching US \$ 1,248 MM vs. US \$ 1,262 MM respectively.

NET INCOME

At the end of 1Q19, the company recorded a net loss of \$ 438 MM Ps due to the reasons explained before in this report.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company continues with the strategy of economic metal hedging. For 2019 they already have hedged in a large part of the production of gold, silver and copper. As for zinc and lead, a part of the production is also hedged.

Financial Summary

Income statement In MXN million	1Q19	1Q18	Variation 1Q19/1Q18
Net sales	2,560.9	3,802.6	-33%
Cost of sales	(2,555.7)	(2,873.7)	-11%
Gross profit	5.2	929.0	-99%
Operating expenses	(316.3)	(330.3)	-4%
Other expenses, net	(80.9)	(64.2)	26%
Operating income	(392.0)	534.5	-173%
Interest income	12.7	0.1	9018%
Exchange gain (loss), net	211.4	1,483.3	-86%
Gain (loss) on financial instruments	0.0	(199.4)	-100%
Interest expense	(424.1)	(310.5)	37%
Income before taxes	(592.1)	1,508.1	-139%
Income taxes	154.1	(523.2)	-129%
Net income	(438.0)	984.9	-144%
Controlling interest	(451.3)	954.8	-147%
Noncontrolling interest	13.3	30.1	-56%
Outstanding shares ('000)	2,545,383	2,545,383	-
Closing price	4.43	10.70	-59%

Balance sheet In MXN million	31.03.2019	31.12.2018
Assets	48,818.1	50,289.6
Current assets	6,444.2	6,734.3
Cash and cash equivalents	103.5	24.4
Accounts receivable	466.6	461.8
Inventories	2,936.9	3,020.1
Other current assets	2,937.2	3,227.9
Non-current assets	42,373.9	43,555.3
Property, plant and equipment	27,231.8	28,078.9
Intangible asstes	1,895.2	1,938.7
Other non-current assets	13,246.9	13,537.6
Liabilities and shareholder's equity	38,904.5	38,864.4
Current liabilities	20,529.3	21,740.7
Short-term debt	9,170.9	9,105.9
Accounts payable	1,902.0	2,225.6
Income taxes	208.9	207.5
Derivative financial instruments	-	648.5
Other current liabilities	9,247.6	9,553.2
Non-current liabilities	18,375.2	17,123.7
Marketable notes and long-term debt	15,020.8	13,474.3
Derivative financial instruments	-	-
Other non-current liabilities	3,354.4	3,649.3
Shareholder's equity	9,913.6	11,425.2
Capital stock	74.4	74.4
Additional paid-in capital	11,396.7	11,396.7
Retained earnings	(10,529.8)	(10,078.6)
Other accumulated income (net of tax)	7,788.5	8,822.6
Controlling interest	8,729.8	10,215.0
Noncontrolling interest	1,183.8	1,210.2

Invitation to the Conference Call

Date: May 2, 2019
 Time: 10:00 am Mexico City, 11:00 am NY(ET)
 Tel: +1 (412) 317-6390 (Intern.)
 ID#: MINERA FRISCO

Replay

Date: May 2 to May 14th, 2019
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Oz: troy ounces
 Tonnes: metric tons

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