

## First quarter 2020 results

Mexico City, May 7<sup>th</sup>, 2020, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the first quarter 2020.

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

### Highlights

Key information		1Q20	1Q19	Variation 1Q20/1Q19
Production of gold	Oz	28,092	35,799	-22%
silver	Oz	1,382,909	1,494,976	-7%
copper	tonnes	6,213	6,047	3%
Net sales	MXN million	2,215	2,561	-13%
	US\$ million	111	133	-17%
EBITDA	MXN million	492	425	16%
	US\$ million	25	22	12%
EBITDA margin		22%	17%	
Total Debt	US\$ million	1,095	1,248	-12%

During the first months of 2020, the World Health Organization announced the pandemic due to the Coronavirus COVID-19. After the first confirmed cases of this disease were revealed in Mexico, Minera Frisco together with Carlos Slim Foundation have established prevention and control rules in the different geographical areas where the company operates.

## PRODUCTION

Milling/Heap leaching (tonnes)	1Q20	1Q19	Variation 1Q20/1Q19
El Coronel	724,509	2,804,231	-74%
San Felipe	206,259	197,604	4%
Asientos	275,375	254,826	8%
Tayahua	934,075	895,849	4%
San Francisco del Oro	189,510	268,180	-29%
Concheño	389,444	405,326	-4%
Ocampo	24,245	57,848	-58%
<b>Total</b>	<b>2,743,417</b>	<b>4,883,865</b>	<b>-44%</b>

In terms of production, the tonnage processed in 1Q20 decreased by 44% when comparing to 1Q19. The units that processed a lower tonnage were mainly El Coronel, Ocampo and San Francisco del Oro. In the case of El Coronel, its processed tonnage decreased due to the selective exploitation strategy that began in the unit in 2Q19, concentrating on obtaining higher grades and reduce operating costs. On the other hand, in Ocampo its processed tonnage decreased due to the exploitation is concentrated mainly in the underground mine. San Francisco del Oro decreased its processed tonnage mainly due to preparation work at the La Mesa area mine. In Asientos unit its processed tonnage increased by 8% due to the fact that ventilation problems with the SAG mill were solved. In the case of San Felipe, its processed tonnage increased by 4% due to the contribution of the tonnage from El Creston area. In Tayahua unit its processed tonnage increased by 4%, this derived from the gradual increase in milling to reach the plant installed capacity, these increases did not compensate for the decrease in processed tonnage.

Gold production reached 28,092 ounces in 1Q20, this is a decreased of 22% when comparing to 1Q19. The units of El Coronel and Ocampo obtained a higher processed grade, however, this effect did not to compensate for a lower production, mainly due to their reduction in processed tonnage. On the other hand, in San Francisco del Oro, a lower production is due to a lower processed tonnage and a lower grade for the reason explained in this report.

It is important to mention that Asientos and Concheño units increased their gold production by 51% and 28% respectively when comparing to 4Q19, mainly due to the increase in their processed tonnage.

Silver production reached 1,382,909 ounces in 1Q20, this is a decrease of 7% when comparing to 1Q19. The units that decreased their production were El Coronel, San Felipe, San Francisco del Oro and Ocampo. In the case of El Coronel and Ocampo, despite having a higher grade of processed silver, the decrease in processed tonnage affected the production. In San Felipe unit, despite the increase in processed tonnage, a lower grade was obtained. In San Francisco del Oro unit, the reduction in its production is due to a lower processed tonnage, as well as a lower grade.

In the case of Asientos and Tayahua Units, increased its silver production, due to an increase in its processed tonnage.

When comparing 1Q20 vs 4Q19, a 26% increase in the production of silver ounces was obtained, this is mainly due to a higher processed tonnage and a higher grade in San Felipe, Asientos and Concheño units. In the case of San Francisco del Oro, it is due to a higher processed silver grade.

Copper production reached 5,934 tons in 1Q20 vs. 5,543 tons in 1Q19, this is an increase of 7% when comparing to the previous quarter. Tayahua unit increased its production by 9%, mainly due to the increase in processed tonnage, as well as a higher grade. It is estimated that in 2020 the production of copper in the unit will continue to increase gradually. The lessening in production in Asientos unit is mainly due to a lower recovery and in the case of San Francisco del Oro unit it is due to the decrease in the processed tonnage.

Copper cathodes production in María unit reached 279 tons of copper in 1Q20, this is a 45% reduction compared to 1Q19, this is mainly due to atypical rains in the month of January and February, affecting the irrigation of leaching pads. In Maria Unit, metallurgical research works continue and are working to change the methodology of irrigation and pads maintenance in order to make the recovery of copper from the leaching pads more efficient.

Lead production during 1Q20 reached 4,358 tons, this is an increase by 4% when comparing to 1Q19. Asientos increased its production by 23% due to higher processed tonnage as well as a higher grade. San Francisco del Oro unit, despite increased its processed grade, a decrease in processed tonnage was observed, affecting its production. On the other hand, Tayahua unit remained without considerable changes.

When comparing 1Q20 vs 4Q19, a 22% increase in the production of lead was obtained, this is mainly due to a higher processed grade in the units.

Zinc production in the first quarter reached 12,698 tons, this is 15% increased when comparing 1Q20 to 1Q19. Asientos and Tayahua units increased their production derived from a higher processed tonnage, as well as a higher grade. In contrast, San Francisco unit, despite having a higher processed grade, the decrease in processed tonnage affected the production.

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 \$ 2,215 MM Ps (US \$ 111 MM). This is a 13% decrease when comparing the first quarter of 2020 versus the same period of the previous year, this is a result mainly for the decrease in the production of gold, silver and copper cathodes during the quarter for the reason explained earlier in this report and for the decrease in the prices of lead, zinc and copper.

## OPERATING INCOME AND EBITDA

At the end of 1Q20, an operating loss of \$ 261 MM Ps was determined, this represents an operating margin of -12%, mainly due to a lower production in gold, silver and copper cathodes, causing a decrease in sales. At the end of the first quarter of 2020, the EBITDA margin was of 22%, five percentage points higher than the EBITDA recorded in the first quarter of 2019.

## COMPREHENSIVE FINANCIAL INCOME

<b>Comprehensive Financial Income</b> (MXN million)	<b>1Q20</b>	<b>1Q19</b>	<b>Variation</b> <b>1Q20/1Q19</b>
Interest income	0.3	12.7	-98%
Interest expense	(582)	(424)	37%
Exchange gain (loss), net	(5,713)	211	-2803%
Gain (loss) on financial instruments, net	(12)	0	-
<b>Financial result</b>	<b>(6,307)</b>	<b>(200)</b>	<b>3053%</b>

At the end of the first quarter of 2020, a comprehensive financial negative result of \$ 6,307 MM Ps was recorded, this is due to a loss in the exchange variation and interests paid on debt services.

## INDEBTEDNESS

As of March, 31th, 2020, the Company's debt was composed of a syndicated loan of US \$ 395 MM, equivalents, the subordinated loan of US \$ 488 MM and long-term bonds of 5,000 MM Ps.

<b>Indebtedness</b> (USD million)	<b>1Q20</b>	<b>1Q19</b>	<b>Variation</b> <b>1Q20/1Q19</b>
Long term bonds	213	258	-18%
Syndicated loan	395	422	-7%
Subordinated loan	488	298	64%
Banks loans	-	270	-
<b>Debt</b>	<b>1,095</b>	<b>1,248</b>	<b>-12%</b>

The debt in US dollars decreased by 12% when comparing 1Q20 vs 1Q19, it reaching US \$ 1,095 MM vs. US \$ 1,248 MM respectively

## NET INCOME

At the end of 1Q20, the company recorded a net loss of \$ 4,625 MM Ps due to the reasons explained before in this report.

## DERIVATIVE FINANCIAL INSTRUMENTS

The Company continues with the strategy of economic metal hedging, until today, a part of the estimated production is hedged for the remainder of 2010 of gold and silver. By 2021, a part of the estimated gold production is hedged.

## Financial Summary

<b>Income statement</b> <b>In MXN million</b>	<b>1Q20</b>	<b>1Q19</b>	<b>Variation</b> <b>1Q20/1Q19</b>
<b>Net sales</b>	<b>2,215.2</b>	<b>2,560.9</b>	<b>-13%</b>
Cost of sales	(2,050.3)	(2,555.7)	-20%
<b>Gross profit</b>	<b>164.9</b>	<b>5.2</b>	<b>3075%</b>
Operating expenses	(284.0)	(316.3)	-10%
Other expenses, net	(141.9)	(80.9)	75%
<b>Operating income</b>	<b>(261.0)</b>	<b>(392.0)</b>	<b>-33%</b>
Interest income	0.3	12.7	-98%
Exchange gain (loss), net	(5,713.1)	211.4	-2803%
Gain (loss) on financial instruments	(11.7)	0.0	-
Interest expense	(582.3)	(424.1)	37%
<b>Income before taxes</b>	<b>(6,567.8)</b>	<b>(592.1)</b>	<b>1009%</b>
Income taxes	1,942.4	154.1	1161%
<b>Net income</b>	<b>(4,625.4)</b>	<b>(438.0)</b>	<b>956%</b>
Controlling interest	(4,631.7)	(451.3)	926%
Noncontrolling interest	6.3	13.3	-52%
Outstanding shares ('000)	4,045,383	2,545,383	59%
Closing price	1.65	4.43	-63%

Balance sheet In MXN million	31.03.2020	31.12.2019
<b>Assets</b>	<b>52,631.9</b>	<b>44,848.9</b>
<b>Current assets</b>	<b>6,248.4</b>	<b>5,837.1</b>
Cash and cash equivalents	3.3	919.1
Accounts receivable	818.8	561.8
Inventories	3,235.7	2,698.1
Other current assets	2,190.7	1,658.1
<b>Non-current assets</b>	<b>46,383.4</b>	<b>39,011.8</b>
Property, plant and equipment	28,956.5	24,757.8
Intangible asstes	1,751.8	1,767.0
Other non-current assets	15,675.2	12,486.9
<b>Liabilities and shareholder's equity</b>	<b>39,660.6</b>	<b>33,668.1</b>
<b>Current liabilities</b>	<b>10,942.8</b>	<b>9,071.9</b>
Short-term debt	-	-
Accounts payable	1,825.5	1,807.1
Income taxes	250.0	202.3
Derivative financial instruments	87.6	648.5
Other current liabilities	8,779.7	6,413.9
<b>Non-current liabilities</b>	<b>28,717.8</b>	<b>24,596.3</b>
Marketable notes and long-term debt	25,757.0	21,745.7
Derivative financial instruments	-	-
Other non-current liabilities	2,960.8	2,850.6
<b>Shareholder's equity</b>	<b>12,971.3</b>	<b>11,180.8</b>
Capital stock	118.2	118.2
Additional paid-in capital	17,352.8	17,352.8
Retained earnings	(18,316.8)	(13,685.1)
Other accumulated income (net of tax)	12,468.8	6,258.9
Controlling interest	11,623.1	10,044.9
Noncontrolling interest	1,348.2	1,135.9

### Invitation to the Conference Call

Date: May 11, 2020  
 Time: 9:00 am Mexico City, 10:00 am NY(ET)  
 Tel: +1 (412) 317-6390 (Intern.)  
 ID#: MINERA FRISCO

### Replay

Date: May 11 to May 21, 2020  
 Tel: +1 (412) 317-0088 (Intern. and Mex.)  
 ID#: 10143931  
 Oz: troy ounces  
 Tonnes: metric tons

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