

## Second quarter 2020 results

Mexico City, July 28<sup>th</sup>, 2020, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the second 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		2Q20	2Q19	Variation 2Q20/2Q19	1Q20	Variation 2Q20/1Q20
Production of gold	Oz	23,629	35,723	-34%	28,092	-16%
silver	Oz	1,244,859	1,354,716	-8%	1,382,909	-10%
copper	tonnes	5,768	6,506	-11%	6,213	-7%
Net sales	MXN million	2,346	2,465	-5%	2,215	6%
	US\$ million	100	129	-22%	111	-10%
EBITDA	MXN million	696	554	26%	492	42%
	US\$ million	30	29	3%	25	21%
EBITDA margin		30%	22%		22%	
Total Debt	MXN million	27,029	23,099	17%	24,192	5%
	US\$ million	1,177	1,201	-2%	1,248	7%

During the month of May, the Federal Government of Mexico issued a new Agreement establishing a strategy for the reopening of social, educational and economic activities, which includes mining as an essential activity. 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.

Minera Frisco informs that, prior notice, on May 8, 2020, a General Ordinary Shareholders' Meeting was held, where the increase in the company's variable capital stock was approved.

## PRODUCTION

Milling/Heap leaching (tonnes)	2Q20	2Q19	Variation 2Q20/2Q19
El Coronel	670,373	1,354,339	-51%
San Felipe	174,178	183,648	-5%
Asientos	203,391	243,824	-17%
Tayahua	978,241	910,821	7%
San Francisco del Oro	208,434	227,241	-8%
Concheño	430,495	456,351	-6%
Ocampo	23,813	66,812	-64%
<b>Total</b>	<b>2,688,924</b>	<b>3,443,035</b>	<b>-22%</b>

In terms of production, the tonnage processed in 2Q20 decreased by 22% when comparing to 2Q19. The units that processed a lower tonnage were mainly Ocampo, El Coronel and Asientos. In the case of Ocampo, its processed tonnage decreased due to the exploitation is concentrated mainly in the underground mine. On the other hand, in El Coronel its processed tonnage decreased due to the selective exploitation strategy that began in the unit at the end of 2Q19, concentrating on obtaining higher grades and reduce operating costs. In Asientos unit, its processed tonnage decreased mainly due to the flooding of two areas within the mine, this derived from atypical rains in the state of Aguascalientes, representing a 96% increase in rainfall as comparing to 2Q19. Additionally, the decreased in the processed tonnage in the rest of the units is due to the reduction and rotation of personnel in mine operations, this in order to comply with the prevention and control rules of COVID-19.

In the case of Tayahua unit, the processed tonnage increased by 7%, this due to the start of the expansion of the plant during the month of June. It is important to mention that during 3Q20 the tonnage is being gradually increased to bring the plant to full use before the end of the quarter.

Gold production reached 23,629 ounces in 2Q20, this is a decreased of 34% when comparing to 2Q19. In the units of El Coronel and Ocampo, they obtained a higher processed grade, however, this effect did not compensate a lower production, mainly due to their reduction in processed tonnage. On the other hand, in San Francisco del Oro, San Felipe, Tayahua and Concheño units, its lower production is due to a lower tonnage processed and a lower grade for the reasons explained in this report.

In Concheño unit, it increased its gold production by 9% when comparing to 1Q20, mainly due to the increase in its processed tonnage.

Silver production reached 1,244,859 ounces in 2Q20, this is a decreased of 8% when comparing to 2Q19. The units that decreased their production were El Coronel, San Felipe, San Francisco del Oro, Ocampo and Tayahua. In the case of El Coronel and Ocampo, despite having a higher grade of processed silver, the decrease in the processed tonnage affected production. In San Felipe and San Francisco del Oro units, the decreased in production is due to a lower processed tonnage, as well as a lower grade. In Tayahua unit, despite increasing its processed tonnage, a lower grade and recovery affected the production.

In the case of Asientos and Concheño Units, remained without considerable changes, when comparing to 2Q19, mainly due to an increase in the processed silver grade. In Concheño unit, when comparing 2Q20 vs. 1Q20, a 32% increase in silver production was obtained, this is mainly due to higher processed tonnage and higher grade.

Copper production reached 5,599 tons in 2Q20 vs. 6,053 tons in 2Q19, this is a reduction of 8% when comparing to the previous quarter. The drop in production in Asientos unit is mainly due to a lower grade, as well as the decrease in its processed tonnage. In Tayahua unit, despite increasing its processed tonnage, a decrease in its processed grade was observed, affecting its copper production. It is estimated that in the second half-year of 2020, the production of copper in the unit will continue to increase gradually. It is important to mention San Francisco del Oro unit increased its copper production by 19% when comparing to 1Q20, due to the increase in its processed tonnage.

Copper cathodes production in María unit reached 169 tons of copper in 2Q20, this is a 63% reduction compared to 2Q19. 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 2Q20 reached 3,462 tons, this is a decrease by 4% when comparing to 2Q19. Tayahua increased its production by 12% due to higher processed tonnage, as well as higher grade. Asientos unit decreased its production due to a lower grade processed and a lower processed tonnage. On the other hand, the San Francisco del Oro unit remained without considerable changes.

Zinc production in the second quarter reached 10,344 tons, this is a decrease of 12% when comparing 2Q20 to 2Q19. Asientos and Tayahua units decreased their production derived from a lower processed grade. In contrast, San Francisco unit increased its production by 20% this due to a higher grade.

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 \$ 2,346 MM Ps (US \$ 100 MM). This is a 5% decrease when comparing the second quarter of 2020 versus the same period of the previous year, this is a result mainly for the decrease in the production of metals during the quarter for the reason explained earlier in this report and for the decrease in the prices of lead, zinc and copper. However, when comparing sales with 1Q20, an increase of 6% was obtained, due to the 8% increase in the price of gold and the depreciation of the peso against the dollar.

## OPERATING INCOME AND EBITDA

At the end of 2Q20, an operating loss of \$ 32 MM Ps was determined, this represents an operating margin of -1%, mainly due to a lower production, causing a decrease in sales. At the end of the second quarter of 2020, the EBITDA margin was of 30%, eight percentage points higher than the EBITDA recorded in the second quarter of 2019 and first quarter of 2020.

## COMPREHENSIVE FINANCIAL INCOME

Comprehensive Financial Income (MXN million)	2Q20	2Q19	Variation 2Q20/2Q19
Interest income	5.6	(0.2)	-2378%
Interest expense	(659)	(525)	25%
Exchange gain (loss), net	168	146	15%
Gain (loss) on financial instruments, net	(23)	-	-
<b>Financial result</b>	<b>(509)</b>	<b>(379)</b>	<b>34%</b>

At the end of the second quarter of 2020, a comprehensive financial negative result of \$ 509 MM Ps was recorded, this is due to paid on debt services.

## INDEBTEDNESS

As of June 30th, 2020, the Company's debt was composed of a syndicated loan of US \$ 395 MM, equivalents, the subordinated loan of US \$ 542 MM and short/long-term bonds of 5,500 MM Ps.

<b>Indebtedness (USD million)</b>	<b>2Q20</b>	<b>2Q19</b>	<b>Variation 2Q20/2Q19</b>
Short / Long term bonds	239	281	-15%
Syndicated loan	395	321	23%
Subordinated loan	542	303	79%
Banks loans	-	297	-
<b>Debt</b>	<b>1,177</b>	<b>1,201</b>	<b>-2%</b>

The debt in US dollars decreased by 2% when comparing 2Q20 vs 2Q19, it is reaching US \$ 1,177 MM vs. US \$ 1,201 MM respectively.

## NET INCOME

At the end of 2Q20, the company recorded a net loss of \$ 337 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 2020 of gold, silver and copper. By 2021, a part of the estimated gold, silver and copper production is hedged.

## Financial Summary

<b>Income statement</b> <b>In MXN million</b>	<b>2Q20</b>	<b>2Q19</b>	<b>Variation</b> <b>2Q20/2Q19</b>
<b>Net sales</b>	<b>2,345.8</b>	<b>2,465.1</b>	<b>-5%</b>
Cost of sales	(2,115.0)	(2,271.4)	-7%
<b>Gross profit</b>	<b>230.8</b>	<b>193.7</b>	<b>19%</b>
Operating expenses	(268.3)	(304.1)	-12%
Other expenses, net	5.1	(145.5)	-104%
<b>Operating income</b>	<b>(32.4)</b>	<b>(255.9)</b>	<b>-87%</b>
Interest income	5.6	(0.2)	-2378%
Exchange gain (loss), net	167.6	146.3	15%
Gain (loss) on financial instruments	(23.2)	-	-
Interest expense	(658.9)	(525.2)	25%
<b>Income before taxes</b>	<b>(541.3)</b>	<b>(635.1)</b>	<b>-15%</b>
Income taxes	204.1	236.1	-14%
<b>Net income</b>	<b>(337.1)</b>	<b>(398.9)</b>	<b>-15%</b>
Controlling interest	(348.6)	(412.8)	-16%
Noncontrolling interest	11.5	13.8	-17%
Outstanding shares ('000)	4,045,383	2,545,383	59%
Closing price	3.20	2.89	11%

Balance sheet In MXN million	30.06.2020	31.12.2019
<b>Assets</b>	<b>52,638.6</b>	<b>44,848.9</b>
<b>Current assets</b>	<b>7,515.1</b>	<b>5,837.1</b>
Cash and cash equivalents	1,614.4	919.1
Accounts receivable	704.4	561.8
Inventories	3,208.0	2,698.1
Other current assets	1,988.3	1,658.1
<b>Non-current assets</b>	<b>45,123.6</b>	<b>39,011.8</b>
Property, plant and equipment	27,638.4	24,757.8
Intangible asstes	1,709.5	1,767.0
Other non-current assets	15,775.6	12,486.9
<b>Liabilities and shareholder's equity</b>	<b>37,883.5</b>	<b>33,668.1</b>
<b>Current liabilities</b>	<b>9,218.6</b>	<b>9,071.9</b>
Short-term debt	1,418.9	-
Accounts payable	1,560.0	1,807.1
Income taxes	203.4	202.3
Derivative financial instruments	256.4	648.5
Other current liabilities	5,779.9	6,413.9
<b>Non-current liabilities</b>	<b>28,664.9</b>	<b>24,596.3</b>
Marketable notes and long-term debt	25,610.0	21,745.7
Derivative financial instruments	67.7	-
Other non-current liabilities	2,987.2	2,850.6
<b>Shareholder's equity</b>	<b>14,755.1</b>	<b>11,180.8</b>
Capital stock	144.3	118.2
Additional paid-in capital	20,909.1	17,352.8
Retained earnings	(18,665.4)	(13,685.1)
Other accumulated income (net of tax)	11,046.0	6,258.9
Controlling interest	13,434.0	10,044.9
Noncontrolling interest	1,321.1	1,135.9

### Invitation to the Conference Call

Date: July 29, 2020  
 Time: 9:00 am Mexico City, 10:00 am NY(ET)  
 Tel: +1 (412) 317-6390 (Intern.)  
 ID#: MINERA FRISCO

### Replay

Date: July 29 to Aug 05, 2020  
 Tel: +1 (412) 317-0088 (Intern. and Mex.)  
 ID#: 10146867  
 Oz: troy ounces  
 Tonnes: metric tons

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