

Fourth quarter 2020 results

Mexico City, March 1st, 2021, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the fourth 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 to improve the community environment, capacitation, health and education. 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.

Highlights

At the end of 4Q20, the company has production of 22,735 ounces of gold, 1,286,560 ounces of silver and 7,014 tons of copper. For the year 2020, net sales recorded \$ 10,155 MM Ps with an EBITDA of 3,136 MM Ps. This is an increase in sales of 7% and 42% in EBITDA when comparing to 2019.

| Key information | | 4Q20 | 4Q19 | Variation 4Q20/4Q19 | 2020 | 2019 | Variation 2019/2018 |
|--------------------|--------------|-----------|-----------|------------------------|-----------|-----------|------------------------|
| Production of gold | Oz | 22,735 | 27,915 | -19% | 97,488 | 128,638 | -24% |
| silver | Oz | 1,286,560 | 1,099,816 | 17% | 5,189,637 | 5,058,748 | 3% |
| copper | tonnes | 7,014 | 6,870 | 2% | 26,245 | 25,009 | 5% |
| Net sales | MXN million | 2,713 | 2,302 | 18% | 10,155 | 9,510 | 7% |
| | US\$ million | 132 | 119 | 10% | 474 | 494 | -4% |
| EBITDA | MXN million | 939 | 773 | 22% | 3,136 | 2,203 | 42% |
| | US\$ million | 46 | 40 | 14% | 146 | 114 | 27% |
| EBITDA margin | | 35% | 34% | | 31% | 23% | |

Relevant event: On December 11, 2020, the early settlement was announced for USD \$ 371.5 million and \$ 548.2 million pesos corresponding to the syndicated loan contracted on December 11, 2019.

PRODUCTION

| Milling/Heap leaching (tonnes) | 4Q20 | 4Q19 | Variation 4Q20/4Q19 |
|--------------------------------|------------------|------------------|---------------------|
| El Coronel | - | 937,382 | -100% |
| San Felipe | 194,387 | 200,503 | -3% |
| Asientos | 141,846 | 256,583 | -45% |
| Tayahua | 1,093,510 | 957,825 | 14% |
| San Francisco del Oro | 283,462 | 209,017 | 36% |
| Concheño | 466,437 | 289,353 | 61% |
| Ocampo | 38,791 | 27,631 | 40% |
| Total | 2,218,433 | 2,878,293 | -23% |

In terms of production, the processed tonnage was 2,218,433 in 4Q20. The units that processed a lower tonnage were mainly El Coronel and Asientos. The Colonel did not obtain processed tonnage because since September there was a blockade of the main access to the mine by the residents of the community of San Juan de Carboneras, requesting financial support for the community. During the months that the blockade was extended, roundtables were held between residents, the state and federal government to provide an early solution to the problem. In December an agreement was reached with the residents, currently the unit is operating normally. On the other hand, in Asientos unit its processed tonnage decreased due to the implementation of the selective exploitation strategy that began in unit, concentrating mainly on obtaining higher grades and reduce operating costs.

On the contrary, in Concheño, Ocampo, San Francisco del Oro and Tayahua units, their processed tonnage increased by 61%, 40%, 36% and 14% respectively. In Concheño unit, the increase in its processed tonnage is due to the contribution of ore reserves from the Navidad area, in Ocampo unit the selective exploitation strategy joined with the location of high grade areas and in San Francisco del Oro unit its processed tonnage increased mainly due to development and drilling works in strategic areas of the mine with the objective of increasing grade. On the other hand, Tayahua unit continues with the gradual increase in the processed tonnage due to the expansion of the plant since June.

Gold Production

Gold production reached 22,735 ounces in 4Q20. Concheño and Ocampo units increased their production in line with the increase in processed tonnage. In Coronel unit a lower production is due to the reasons already explained in this report. The reduction in production at San Felipe unit is due to lower processed tonnage and lower processed grade. Asientos unit presented a higher grade, but a reduction in its processed tonnage.

When comparing gold production with 3Q20, Ocampo, Asientos, San Francisco del Oro, San Felipe and Concheño units increased their production by 40%, 30%, 18%, 8% and 4% respectively.

Silver Production

Silver production reached 1,286,560 ounces in 4Q20, this is a 17% increase compared to 4Q19 and 1% compared to 3Q20. The units that increased their production were Concheño with 73%, San Francisco del Oro with 53% and Ocampo with 32%, because of the increase in their processed tonnage and the increase in silver grade. San Felipe unit, having a lower processed tonnage and a higher silver grade, managed to increase production by 19%.

It is important to mention that when comparing production with 3Q20, there was an increase in silver production in the units of Ocampo with 48%, Concheño with 20%, El Coronel with 16% and San Felipe with 3%.

Copper Production

Copper production reached 6,712 tons in 4Q20 vs 6,288 tons in 4Q19, this is an increase of 7% compared to the quarter of the previous year. The increase in production is mainly due to a higher processed tonnage in San Francisco del Oro and Tayahua units. On the other hand, in Asientos unit reduce its copper production due to a lower processed tonnage, as well as a lower grade.

In María Unit, metallurgical research works and changes in the methodology of irrigation and pads maintenance are continued to make the recovery of copper from the leaching pads more efficient. The production of copper cathodes at María unit during 4Q20 was 302 tons.

Lead Production

Lead production during 4Q20 reached 3,529 tons. Tayahua unit increased its production by 17% due to higher processed tonnage, as well as higher grade. San Francisco del Oro unit increased its production by 18% due to a higher processed tonnage; Asientos unit obtained a higher grade, however, this did not compensate for the reduction in its production due to a lower processed tonnage.

Zinc Production

Zinc production in the fourth quarter reached 12,281 tons, this is an increase of 4% when comparing 4Q20 with 4Q19. San Francisco del Oro and Tayahua units increased their production by 57% and 19%, due to higher processed tonnage and higher grade. On the contrary, in Asientos unit decreased its production due to the causes mentioned in this press release.

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 AND EBITDA.

Net sales recorded \$ 2,713 MM Ps (US \$ 132 MM). This is a 18% increase when comparing the fourth quarter of 2020 versus the same period of the previous year, this is a result mainly for increase in silver, zinc and copper production during the quarter and the increase in the prices of gold, silver, zinc and copper, as well as the depreciation of the Mexican peso against the dollar.

At the end of 4Q20, the company presented an EBITDA of \$ 939 MM Ps, when comparing to the 773 MM Ps of 4Q19, this is an increase of 22%; the EBITDA margin was 35%.

INDEBTEDNESS

As of December 31, 2020, the Company's debt was composed of subordinated loan of US \$ 505 MM and unsecured loans of US \$ 443 MM equivalents, both with a related company, banks loans of US \$ 21 MM equivalents, and short/long-term bonds of 5,500 MM Ps.

| Indebtedness (USD million) | 4T20 | 4T19 |
|-----------------------------------|--------------|--------------|
| Short / Long term bonds | 276 | 265 |
| Syndicated loan | - | 401 |
| Subordinated loan (related party) | 505 | 488 |
| Banks loans | 21 | - |
| Unsecured loans (related party) | 443 | - |
| Debt | 1,245 | 1,154 |

Debt/Ebitda in 2020 was 8.5x versus 10.1x obtained in 2019, this is a decrease of 16%.

On December 11, 2020, debt in the amount of USD \$ 371.5 million and \$ 548.2 million pesos corresponding to the syndicated loan, with cash flow from a refinancing with a related company, was settled in advance. The foregoing improved the flow conditions, both in the amortization schedule and in the interest payment (better interest rate).

DERIVATIVE FINANCIAL INSTRUMENTS

The Company continues with the strategy of economic metal hedging. It is important to mention that by 2021 a part of the estimated gold, silver, zinc, and copper production is already hedged.

Financial Summary

| Income statement In MXN million | 4Q20 | 4Q19 | Variation 4Q20/4Q19 |
|---|----------------|----------------|------------------------|
| Net sales | 2,712.5 | 2,301.8 | 18% |
| Cost of sales | (2,068.9) | (2,098.2) | -1% |
| Gross profit | 643.6 | 203.7 | 216% |
| Operating expenses | (270.2) | (316.2) | -15% |
| Other expenses, net | (1,258.4) | (484.0) | 160% |
| Operating income | (885.0) | (596.5) | 48% |
| Interest income | 4.0 | 0.7 | 509% |
| Exchange gain (loss), net | 2,789.9 | 617.8 | 352% |
| Gain (loss) on financial instruments | (702.3) | - | - |
| Interest expense | (452.7) | (712.6) | -36% |
| Participation in the results of the unconsolidated JV | (100.8) | - | - |
| Income before taxes | 653.1 | (690.7) | -195% |
| Income taxes | (84.5) | (18.3) | 362% |
| Net income | 568.6 | (709.0) | -180% |
| Controlling interest | 551.1 | (720.9) | -176% |
| Noncontrolling interest | 17.5 | 11.9 | 47% |
| Outstanding shares ('000) | 6,045,383 | 4,045,383 | 49% |
| Closing price | 4.05 | 2.99 | 35% |

| Balance sheet In MXN million | 31.12.2020 | 31.12.2019 |
|---|-----------------|-----------------|
| Assets | 44,967.0 | 44,848.9 |
| Current assets | 6,990.9 | 5,837.1 |
| Cash and cash equivalents | 1,046.6 | 919.1 |
| Accounts receivable | 1,164.7 | 561.8 |
| Inventories | 2,778.7 | 2,698.1 |
| Other current assets | 2,001.0 | 1,658.1 |
| Non-current assets | 37,976.1 | 39,011.8 |
| Property, plant and equipment | 23,106.4 | 24,757.8 |
| Intangible asstes | 1,620.6 | 1,767.0 |
| Other non-current assets | 13,249.2 | 12,486.9 |
| Liabilities and shareholder's equity | 32,277.8 | 33,668.1 |
| Current liabilities | 6,029.6 | 9,071.9 |
| Short-term debt | 1,719.1 | - |
| Accounts payable | 1,235.0 | 1,807.1 |
| Income taxes | 247.6 | 202.3 |
| Derivative financial instruments | 1,100.0 | 648.5 |
| Other current liabilities | 1,727.8 | 6,413.9 |
| Non-current liabilities | 26,248.1 | 24,596.3 |
| Marketable notes and long-term debt | 23,112.7 | 21,745.7 |
| Derivative financial instruments | - | - |
| Other non-current liabilities | 3,135.5 | 2,850.6 |
| Shareholder's equity | 12,689.3 | 11,180.8 |
| Capital stock | 176.6 | 118.2 |
| Additional paid-in capital | 25,295.0 | 17,352.8 |
| Retained earnings | (18,933.5) | (13,685.1) |
| Other accumulated income (net of tax) | 5,240.5 | 6,258.9 |
| Controlling interest | 11,778.7 | 10,044.9 |
| Noncontrolling interest | 910.6 | 1,135.9 |

Invitation to the Conference Call

Date: March 2, 2021
 Time: 10:00 am Mexico City, 12:00 am NY(ET)
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Replay

Date: March 2 to March 9, 2021
 Tel: +1 (412) 317-0088 (Intern. and Mex.)
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 Tonnes: metric tons

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