

First quarter 2021 results

Mexico City, April 30th, 2021 Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the first quarter 2021.

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 1Q21, the company has production of 23,411 ounces of gold, 1,165,911 ounces of silver and 6,540 tons of copper. Net sales recorded \$ 2,930 MM Ps with an EBITDA of 1,308 MM Ps. This is an increase in sales of 32% and 166% in EBITDA when comparing to 1Q20. When comparing with 4Q20, there was an 8% increase in sales and a 39% increase in EBITDA.

Key information		1Q21	1Q20	Variation 1Q21/1Q20	4Q20	Variation 1Q21/4Q20
Production of gold	Oz	23,411	28,092	-17%	22,735	3%
silver	Oz	1,165,911	1,382,909	-16%	1,286,560	-9%
copper	tonnes	6,540	6,213	5%	7,014	-7%
Net sales	MXN million	2,930	2,215	32%	2,713	8%
	US\$ million	144	111	30%	132	10%
EBITDA	MXN million	1,308	492	166%	939	39%
	US\$ million	64	25	161%	46	41%
EBITDA margin		45%	22%		35%	

PRODUCTION

Tonelaje procesado (tonnes)	1T21	1T20	Variación 1T21/1T20	4T20	Variación 1T21/4T20
El Coronel	513,400	724,509	-29%	-	
San Felipe	138,495	206,259	-33%	194,387	-29%
Asientos	207,671	275,375	-25%	141,846	46%
Tayahua	1,124,998	934,075	20%	1,093,510	3%
San Francisco del Oro	286,822	189,510	51%	283,462	1%
Concheño	380,791	389,444	-2%	466,437	-18%
Ocampo	37,301	24,245	54%	38,791	-4%
Total	2,689,479	2,743,417	-2%	2,218,433	21%

In terms of production, the processed tonnage was 2,689,479 in 1Q21. The units that processed a lower tonnage were mainly, San Felipe, El Coronel and Asientos. San Felipe unit decreased its processed tonnage due to the prioritization of mine development in different areas of the unit, this with the objective of expanding the resources of the mine ensuring its profitability. On the other hand, El Coronel and Asientos units its processed tonnage decreased due to the implementation of the selective exploitation strategy that is being carried out in both units, concentrating mainly on obtaining higher grades and reduce operating costs.

On the contrary, in Ocampo, San Francisco del Oro and Tayahua units, their processed tonnage increased by 54%, 51% and 20% respectively. In Ocampo unit, the increase is due to the selective exploitation strategy joined with the location of resources in the María and Monos veins. In San Francisco del Oro unit, its processed tonnage increased mainly due to development and drilling works in strategic areas of the mine. In Tayahua unit continues with the gradual increase in the processed tonnage due to the expansion of the plant that culminated in June 2020.

When comparing the processed tonnage of 1Q21 with 4Q20, an increase of 21% was obtained, due to the increase in El Coronel and Asientos units.

Gold Production

Gold production reached 23,411 ounces in 1Q21. When comparing to 1Q20, Ocampo, San Francisco del Oro and Tayahua units increased their production in line with the increase in processed tonnage. On the other hand, Asientos and Concheño units increased their production due to an increase in their processed grade. In San Felipe and El Coronel units, lower production is due to the reduction in their processed tonnage and lower grade.

When comparing gold production with 4Q20, there was an increase of 3%. The units that contributed with this increase were mainly Asientos (137%), El Coronel (94%), San Francisco del Oro (39%) and Tayahua (7%).

Silver Production

Silver production reached 1,165,911 ounces in 1Q21. As a result of the increase in their processed tonnage, Ocampo, San Francisco del Oro and Tayahua units increased their production by 36%, 16% and 3% respectively. El Coronel unit increased its production by 183% and Concheño by 2% this due to a higher recovery.

Asientos and San Felipe units reduced their silver production due to a lower processed tonnage, as well as a lower grade.

It is important to mention that when comparing production with 4Q20, there was an increase in silver production in the units, El Coronel with 621%, Asientos with 43%, and San Francisco del Oro with 5%.

Copper Production

Copper production reached 6,416 tons in 1Q21 vs 5,934 tons in 1Q20, this is an increase of 8% 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 increase its copper production due to a higher 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 1Q21 was 124 tons.

Lead Production

Lead production during 1Q21 reached 3,317 tons. Tayahua unit increased its production by 2% due to higher processed tonnage. Asientos unit reduced its production due to a lower processed tonnage and a lower grade. On the other hand, the increase in the processed tonnage of San Francisco del Oro, did not compensate for the reduction in its production due to a lower grade.

When comparing lead production with 4Q20, San Francisco del Oro unit increased its production by 5%.

Zinc Production

Zinc production in the first quarter reached 11,972 tons. San Francisco del Oro and Tayahua units increased their production by 33% and 8% respectively due to higher processed tonnage. On the contrary, in Asientos unit decreased its production due to the causes mentioned in this press release, however, when comparing with 4Q20, its production increased by 19%, this due to an increase in the tonnage processed.

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 \$ 2,930 MM Ps (US \$ 144 MM). This is a 32% increase when comparing the first quarter of 2021 versus the same period of the previous year, this is a result mainly for increase in metal prices and increase in copper production during the quarter, as well as the depreciation of the Mexican peso against the dollar.

At the end of 1Q21, the company presented an EBITDA of \$ 1,308 MM Ps, when comparing to the 492 MM Ps of 1Q20, this is an increase of 166%; the EBITDA margin was 45%, twenty-three percentage points higher than the EBITDA recorded in the first quarter of 2020 and ten percentage points higher than the fourth quarter of 2020. In addition to the increase in sales, the growth in EBITDA in 1Q21 is due to a 9% decrease in sales costs when compared to 1Q20 and 4Q20.

It is important to mention that when comparing the sales and EBITDA of 1Q21 vs 4Q20, was obtained an increase of 8% and 39% respectively.

INDEBTEDNESS

As of March 31, 2021, the Company's debt was composed of unsecured loans amounting to \$9,109 MM Ps, banks loans of \$762 MM Ps, subordinated credit of \$10,431 MM Ps and short/long term bonds of \$5,500 MM Ps.

Indebtedness (MXN million)	1Q21	1Q20
Short / Long term bonds	5,500	5,000
Syndicated loan	-	9,283
Subordinated loan (related party)	10,431	11,474
Bank loans	762	-
Unsecured loans (related party)	9,109	-
Debt	25,802	25,757

The Debt / Ebitda ratio in the LTM at the close of 1Q21 was 6.5x, decreasing 42% versus 11.3x obtained in the LTM at the close of 1Q20.

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	1Q21	1Q20	Variation 1Q21/1Q20
Net sales	2,930.2	2,215.2	32%
Cost of sales	(1,874.2)	(2,050.3)	-9%
Gross profit	1,056.1	164.9	540%
Operating expenses	(240.9)	(284.0)	-15%
Other expenses, net	(349.1)	(141.9)	146%
Operating income	466.2	(261.0)	279%
Interest income	0.2	0.3	-29%
Exchange gain (loss), net	(583.7)	(5,713.1)	-90%
Gain (loss) on financial instruments	(565.1)	(11.7)	4733%
Interest expense	(146.9)	(582.3)	-75%
Participation in the results of the unconsolidated JV	-	-	-
Income before taxes	(829.3)	(6,567.8)	-87%
Income taxes	11.9	1,942.4	-99%
Net income	(817.4)	(4,625.4)	-82%
Controlling interest	(838.4)	(4,631.7)	-82%
Noncontrolling interest	21.0	6.3	233%
Outstanding shares ('000)	6,045,383	4,045,383	49%
Closing price	4.18	1.65	153%

Balance sheet In MXN million	31.03.2021	31.12.2020
Assets	45,717.8	44,957.2
Current assets	7,573.2	6,981.1
Cash and cash equivalents	881.1	1,046.6
Accounts receivable	1,787.6	1,164.7
Inventories	2,838.0	2,778.7
Other current assets	2,066.5	1,991.2
Non-current assets	38,144.5	37,976.1
Property, plant and equipment	23,379.7	23,106.4
Intangible asstes	1,576.9	1,620.6
Other non-current assets	13,187.9	13,249.2
Liabilities and shareholder's equity	32,822.8	32,268.0
Current liabilities	5,925.9	6,019.8
Short-term debt	2,086.5	1,719.1
Accounts payable	1,180.7	1,235.0
Income taxes	143.0	247.6
Derivative financial instruments	883.7	1,100.0
Other current liabilities	1,631.9	1,718.0
Non-current liabilities	26,897.0	26,248.1
Marketable notes and long-term debt	23,716.0	23,112.7
Derivative financial instruments	1.3	-
Other non-current liabilities	3,179.7	3,135.5
Shareholder's equity	12,894.9	12,689.3
Capital stock	176.6	176.6
Additional paid-in capital	25,295.0	25,295.0
Retained earnings	(19,771.9)	(18,933.5)
Other accumulated income (net of tax)	6,240.0	5,240.5
Controlling interest	11,939.7	11,778.7
Noncontrolling interest	955.2	910.6

Invitation to the Conference Call

Date: May 3, 2021
 Time: 10:00 am Mexico City, 12:00 am NY(ET)
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Replay

Date: May 3 to May 13, 2021
 Tel: +1 (412) 317-0088 (Intern. and Mex.)
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 Oz: troy ounces
 Tonnes: metric tons

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