

MINERA FRISCO

RESULTS REPORT

Third Quarter 2022

October 28th, 2022



LLEVANDO LO MÁS VALIOSO
DE LA TIERRA A TU VIDA

MINERA FRISCO

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

Mexico City, October 28, 2022, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the third quarter 2022.

At the end of 3Q22, the company has production of 20,899 ounces of gold, 1,454,073 ounces of silver and 7,825 tons of copper. Net sales recorded \$2,945 MM Ps with an EBITDA of 787 MM Ps.

| Key information | | 3Q22 | 3Q21 | Variation 3Q22/3Q21 |
|--------------------|--------------|-----------|-----------|------------------------|
| Production of gold | Oz | 20,899 | 24,210 | -14% |
| silver | Oz | 1,454,073 | 1,249,030 | 16% |
| copper | tonnes | 7,825 | 6,651 | 18% |
| Net sales | MXN million | 2,945 | 3,162 | -7% |
| | US\$ million | 146 | 158 | -8% |
| EBITDA | MXN million | 787 | 1,239 | -37% |
| | US\$ million | 39 | 62 | -37% |
| EBITDA margin | | 27% | 39% | |
| Total Debt | MXN million | 21,728 | 24,763 | -12% |
| | US\$ million | 1,070 | 1,219 | -12% |

Production

Processed Tonnage

In terms of production, the processed tonnage was 2,283,415 in 3Q22. The units that processed a higher tonnage comparing to the same period of the previous year were mainly Concheño (+14%) and Tayahua (+11%).

Concheño unit increased processed tonnage mainly due to the development and preparation of reserves in the underground mine from La Quemada area, in addition to continuing with the exploitation of Calera pit. On the other hand, Tayahua unit increased processed tonnage derived from the recovery and reinforcement of loading and hauling equipment.

It is important to mention that El Coronel unit did not process tonnage because the reserves were depleted, however, the unit will continue to generate gold and silver production according to the recovery and irrigation methodology of the leaching pads.

It should be noted that when comparing the processed tonnage 3Q22 vs. 2Q22, an increase of 5% was recorded.

| Milling/Heap leaching (tonnes) | 3Q22 | 3Q21 | Variation 3Q22/3Q21 | 2Q22 | Variation 3Q22/2Q22 |
|--------------------------------|-----------|-----------|---------------------|-----------|---------------------|
| Total | 2,283,415 | 2,576,580 | -11% | 2,168,869 | 5% |

Gold Production

Gold production reached 20,899 ounces in 3Q22. Tayahua unit increased production comparing to the same period of the previous year by 23%, due to the increase in processed tonnage, as well as a higher grade. San Francisco del Oro unit, despite having a lower processed tonnage comparing to 3Q21, a higher grade caused a 201% increase in production. For its part, Concheño unit, despite obtaining a higher tonnage comparing to 3Q21, a reduction in grade caused gold production to grow by only 1%.

A lower production at San Felipe and Asientos units is due to a reduction in processed tonnage, as well as a lower grade. Ocampo unit reduced production because in September it did not process ore due to the selective exploitation and smelting strategy. El Coronel unit reduced its production due to the reasons explained in this press release.

When comparing gold production with 2Q22, an increase of 5% was obtained. The unit that mainly increased production were Concheño with 8%.

Silver Production

Silver production reached 1,454,073 ounces in 3Q22; this is an increase of 16% comparing to 3Q21. Concheño and Tayahua units increased production by 48% and 14%, respectively, due to an increase in processed tonnage, as well as a higher grade. San Francisco del Oro unit, despite registering a drop in processed tonnage, an increase in grade contributed to the increase in production by 10%.

Asientos unit reduced its production due to a lower tonnage processed as well as a lower grade. Ocampo and Coronel units decreased production for the reasons explained previously.

When comparing silver production with 2Q22, an increase of 15% was obtained. The units that contributed mainly with this increase were San Francisco del Oro (+30%) and Concheño (+24%).

Cumulative production 9M22 vs. 9M21 has an increase of 8%.

Copper Production

Copper production reached 7,825 tons in 3Q22; this is an 18% growth comparing to 3Q21. Tayahua unit increased production by 22% due to the increase in processed tonnage and grade. On the other hand, an increase in grade at San Francisco del Oro unit managed to offset the reduction in processed tonnage, meaning a 29% increase in production.

It is important to mention that when comparing production with 2Q22, there was a 7% increase in production. This was due to the increase in production in Tayahua units with 11% and San Francisco del Oro with 10%.

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.

Cumulative production 9M22 vs. 9M21 registers an increase of 8%.

Lead Production

Lead production during 3Q22 reached 4,788 tons, this is an increase of 14% comparing to 3Q21. Tayahua unit increased production by 45%, due to the increase in processed tonnage and a higher grade. San Francisco del Oro unit, despite a drop in processed tonnage, managed to increase production by 16% due to a higher grade. Asientos unit reduced production due to a lower processed tonnage, as well as a lower grade.

When comparing lead production with 2Q22, an increase of 2% was obtained. The unit that contributed to this increase was mainly San Francisco del Oro unit, increasing production by 6%.

Cumulative production 9M22 vs. 9M21 achieved an increase of 21%.

Zinc Production

Zinc production in the third quarter of 2022 reached 13,457 tons, resulting in an increase of 12% compared to 3Q21. Tayahua unit increased production by 38% due to a higher tonnage processed and a higher grade. Asientos unit, even though it obtained a decrease in processed tonnage, increased production by 12%, due to an increase in grade. San Francisco del Oro unit affected production due to the drop in processed tonnage and grade.

When comparing zinc production with 2Q22, an increase of 3% was recorded due to the growth in production in Asientos (+35%) and Tayahua (+8%) units.

Cumulative production 9M22 vs 9M21 has an increase of 9%

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 \$2,945 MM Ps (US\$146 MM); this is a 7% decrease when comparing to the same period of the previous year. This was mainly due to the fall in the prices of metals in silver (-21%), copper (-19%), lead (-16%) and gold (-3%).

At the end of 3Q22, the company presented an EBITDA of \$787 MM Ps, and the EBITDA margin was 27%.

It is important to mention that when comparing the accumulated 9M22 vs. 9M21, sales registered an increase of 6%.

Indebtedness

As of September 30, 2022, the Company's debt was composed of unsecured loans amounting to \$6,290 MM Ps, subordinated loans of \$10,438 MM Ps, and terms bonds of \$5,000 MM Ps.

The equivalent debt in Mexican pesos decreased 12% when comparing 3Q22 vs. 3Q21.

| Indebtedness (MXN million) | 3Q22 | 3Q21 | Variation 3Q22/3Q21 |
|-----------------------------------|---------------|---------------|------------------------|
| Short / long term bonds | 5,000 | 5,500 | -9% |
| Subordinated loan (related party) | 10,438 | 10,333 | 1% |
| Unsecured loans (related party) | 6,290 | 8,930 | -30% |
| Debt | 21,728 | 24,763 | -12% |

The Net Debt/Ebitda ratio in the LTM at the end of 3Q22 was 4.1x, decreasing 12% versus 4.7x obtained in the LTM at the end of 3Q21.

As additional data, during 3Q22, advance payments to capital were made to the long-term unsecured debt in pesos, amounting to \$791 MM Ps, the above with operating cash generated by the company.

Derivative Financial Instruments

The Company continues with the strategy of economic metal hedging. It is important to mention that for the rest of 2022 and 2023 part of the estimated production of metals are. hedge.

Financial Summary

| Income statement In MXN million | 3Q22 | 3Q21 | Variation 3Q22/3Q21 | 9M22 | 9M21 | Variation 9M22/9M21 |
|--------------------------------------|----------------|----------------|------------------------|----------------|------------------|------------------------|
| Net sales | 2,945.2 | 3,161.9 | -7% | 9,972.1 | 9,450.6 | 6% |
| Cost of sales | (2,277.1) | (2,224.5) | 2% | (6,638.8) | (6,196.1) | 7% |
| Gross profit | 668.1 | 937.4 | -29% | 3,333.2 | 3,254.6 | 2% |
| Operating expenses | (287.4) | (275.2) | 4% | (841.4) | (766.3) | 10% |
| Other expenses, net | (121.7) | (530.2) | -77% | (380.5) | (1,508.6) | -75% |
| Operating income | 259.0 | 132.0 | 96% | 2,111.3 | 979.6 | 116% |
| Interest income | 7.7 | 4.2 | 85% | 15.2 | 4.6 | 233% |
| Exchange gain (loss), net | (193.2) | (371.0) | -48% | 244.9 | (282.7) | 187% |
| Gain (loss) on financial instruments | 28.9 | (369.3) | 108% | - | (1,271.8) | |
| Interest expense | (201.4) | (187.4) | 7% | (583.9) | (478.8) | 22% |
| Income before taxes | (98.9) | (791.6) | -88% | 1,787.5 | (1,049.1) | 270% |
| Income taxes | (124.7) | 59.7 | -309% | (1,150.5) | (229.2) | 402% |
| Net income | (223.6) | (731.9) | -69% | 636.9 | (1,278.4) | 150% |
| Controlling interest | (241.0) | (742.5) | -68% | 543.5 | (1,317.3) | 141% |
| Noncontrolling interest | 17.3 | 10.5 | 65% | 93.5 | 38.9 | 140% |
| Outstanding shares ('000) | 6,045,769 | 6,045,769 | 0% | 6,045,769 | 6,045,769 | 0% |
| Closing price | 2.38 | 3.59 | -34% | 2.38 | 3.59 | -34% |

| Balance sheet In MXN million | 30.09.2022 | 31.12.2021 |
|---|-----------------|-----------------|
| Assets | 39,001.7 | 41,725.4 |
| Current assets | 7,146.0 | 7,309.0 |
| Cash and cash equivalents | 1,997.5 | 2,347.5 |
| Accounts receivable | 1,039.0 | 884.6 |
| Inventories | 2,753.8 | 2,924.2 |
| Other current assets | 1,355.8 | 1,152.7 |
| Non-current assets | 31,855.6 | 34,416.4 |
| Property, plant and equipment | 19,430.7 | 20,914.3 |
| Intangible assets | 1,320.0 | 1,446.2 |
| Other non-current assets | 11,104.9 | 12,056.0 |
| Liabilities and shareholder's equity | 28,016.4 | 30,666.7 |
| Current liabilities | 7,958.8 | 8,289.9 |
| Short-term debt | 5,812.2 | 5,500.0 |
| Accounts payable | 712.9 | 1,164.8 |
| Income taxes | 357.2 | 355.7 |
| Derivative financial instruments | 0.0 | 27.1 |
| Other current liabilities | 1,076.4 | 1,242.3 |
| Non-current liabilities | 20,057.6 | 22,376.7 |
| Marketable notes and long-term debt | 15,915.5 | 18,673.7 |
| Derivative financial instruments | 0.0 | - |
| Other non-current liabilities | 4,142.1 | 3,703.0 |
| Shareholder's equity | 10,985.2 | 11,058.8 |
| Capital stock | 176.6 | 176.6 |
| Additional paid-in capital | 25,295.0 | 25,295.0 |
| Retained earnings | (20,171.5) | (20,684.4) |
| Other accumulated income (net of tax) | 4,753.8 | 5,295.3 |
| Controlling interest | 10,054.0 | 10,082.5 |
| Noncontrolling interest | 931.3 | 976.2 |

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