

MINERA FRISCO

RESULTS REPORT

Fourth Quarter 2022

February 27th, 2023



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 six mining units in Mexico: Tayahua, Sn Francisco del Oro, Ocampo, Concheño y Asientos y El Coronel and two more in exploration stage San Felipe y Maria.

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 by 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, February 27, 2023, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the fourth quarter 2022.

At the end of 4Q22, the company has production of 18,789 ounces of gold, 1,155,630 ounces of silver and 7,780 tons of copper. Net sales recorded \$2,693 MM Ps and an EBITDA of 761 MM Ps.

At the end of 2022, net sales recorded \$12,665 MM Ps and an EBITDA of \$4,548 MM Ps.

Key information		4Q22	4Q21	Variation 4Q22/4Q21	2022	2021	Variation 2021/2020
Production of gold	Oz	18,789	28,144	-33%	85,520	101,476	-16%
silver	Oz	1,155,630	1,386,854	-17%	5,111,952	5,062,484	1%
copper	tonnes	7,780	5,970	30%	29,513	26,008	13%
Net sales	MXN million	2,693	3,383	-20%	12,665	12,833	-1%
	US\$ million	137	163	-16%	629	633	-1%
EBITDA	MXN million	761	1,000	-24%	4,548	5,009	-9%
	US\$ million	39	48	-20%	225	247	-9%
EBITDA margin		28%	30%		36%	39%	
Total Debt	MXN million	20,262	24,174	-16%			
	US\$ million	1,046	1,174	-11%			

Production

Processed Tonnage

In terms of production, the processed tonnage was 2,183,533 in 4Q22.

The unit that processed a higher processed tonnage comparing to the same period of the previous year was Tayahua with 24%, this increase is derived from the acquisition and recovery of loading and hauling equipment.

For their part, Asientos, Concheño and San Francisco del Oro units, in addition to the contribution of processed tonnage during the quarter, are carrying out mine development work, the foregoing to achieve production objectives for the year 2023.

It is important to mention that due to the company's strategy, El Coronel and San Felipe units did not contribute processed tonnage because the works are focused on the exploration and development of areas that facilitate the exploitation of ore reserves to ensure the profitability of unit.

It should be noted, that when comparing the processed tonnage 4Q22 vs. 3Q22, an increase in tonnage was recorded at Ocampo (+22%) and Tayahua (+4%) units.

Likewise, cumulatively 2022 vs. 2021, there was an increase in the tonnage processed in the Concheño and Tayahua units with 15% and 9% respectively.

Milling/Heap leaching (tonnes)	4Q22	4Q21	Variation 4Q22/4Q21	2022	2021	Variation 2022/2021
Total	2,183,533	2,972,828	-27%	9,443,596	10,963,331	-14%

Gold Production

Gold production reached 18,789 ounces in 4Q22. Tayahua unit increased production comparing to the same period of the previous year by 40%, due to the increase in processed tonnage, as well as a higher grade. Asientos unit, despite having lower processed tonnage, increased the grade by 28%, contributing to maintaining production levels like those of 4Q21.

Lower production at Concheño, Ocampo and San Francisco del Oro units is due to a reduction in processed tonnage, as well as lower grade. San Felipe and Coronel units reduced their production due to the reasons explained in this press release.

When comparing gold production with 3Q22, an increase was obtained in Tayahua units with 10%, Ocampo with 54% and Asientos with 102%.

On an annual basis, the increases in production were registered in the units Tayahua (+19%) and San Francisco del Oro (+34%).

Silver Production

Silver production reached 1,155,630 ounces in 4Q22. Tayahua unit increased its production by 12% compared to the same period of the previous year due to an increase in processed tonnage.

Lower production at Concheño and Ocampo units is due to a reduction in their processed tonnage, as well as lower grade. Asientos and San Francisco del Oro units increased grade, however, a drop in processed tonnage affected production. San Felipe and Coronel units reduced production due to the reasons explained in this press release.

When comparing silver production with 3Q22, Ocampo unit increased its production by 24%.

Cumulative production 2022 vs. 2021 increased 1%, the units that collaborated with this increase were Concheño and Tayahua with an increase in production of 20% and 11% respectively.

Copper Production

Copper production reached 7,780 tons in 4Q22; this is a 30% growth comparing to 4Q21. Tayahua unit increased production by 36% derived from 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 9% increase in production.

Although Asientos unit increased the grade, a decrease in processed tonnage caused a reduction in production. At María Unit, metallurgical research, changes in the irrigation methodology and maintenance of the leaching pads continue to be carried out, as well as ongoing exploration work that will allow the unit to resume operations in the future.

Cumulative production 2022 vs. 2021 registered an increase of 13%. The units that contributed to this increase were Tayahua with 18% and San Francisco del Oro with 5%.

Lead Production

Lead production during 4Q22 reached 3,338 tons. The drop in production during the quarter was mainly due to a decrease in grade at Tayahua unit, coupled with lower tonnage and grade at San Francisco del Oro unit.

Cumulative production 2022 vs. 2021 achieved an increase of 8%, with the Tayahua and San Francisco del Oro units contributing the most with an increase of 17% and 10% respectively.

Zinc Production

Zinc production in the fourth quarter of 2022 reached 10,659 tons. Tayahua unit, despite lowering its grade, the increase in processed tonnage caused an increase in production of 6%. Although Asientos unit obtained an increase in grade, a decrease in processed tonnage affected production. San Francisco del Oro unit reduced the production of this ore because of a drop in processed tonnage and grade.

Cumulative production 2022 vs. 2021 registered an increase of 3%, this due to the increase in the production of Tayahua unit by 15%.

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 \$2,693 MM Ps (US\$137 MM); this is a 20% decrease when comparing to the same period of the previous year. This was mainly the result of the general drop in metal prices and lower production of gold, silver, lead, and zinc.

At the end of 4Q22, the company presented an EBITDA of \$761 MM Ps, and the EBITDA margin was 28%.

When comparing 2022 vs. 2021 cumulatively, sales registered a 1% reduction and a three-percentage point decrease in the EBITDA Margin, standing at 36%. However, the foregoing was a consequence of the general drop in metal prices during 2022 by 7%.

It is important to mention that the company at the end of 2022 registered a Net Income of \$1,094 MM Ps. compared to the net loss in 2021 for \$1,741 MM Ps.

Indebtedness

As of December 31, 2022, the Company's debt was composed of unsecured loans amounting to \$5,283 MM Ps, subordinated loans of \$9,978 MM Ps, and terms bonds of \$5,000 MM Ps.

The equivalent debt in Mexican pesos decreased 16% when comparing 4Q22 vs. 4Q21.

Indebtedness (MXN million)	4Q22	4Q21	Variation 4Q22/4Q21
Short / long term bonds	5,000	5,500	-9%
Subordinated loan (related party)	9,978	10,500	-5%
Unsecured loans (related party)	5,284	8,174	-35%
Debt	20,262	24,174	-16%

The Net Debt/Ebitda ratio in the LTM at the end of 4Q22 was 4.1x, decreasing 7% versus 4.4x obtained in the LTM at the end of 4Q21.

As additional data, during 4Q22, advance payments to capital were made to the unsecured debt, amounting to \$775 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 in 2023 one part of the estimated production of metals is hedged.

Financial Summary

Income statement In MXN million	4Q22	4Q21	Variation 4Q22/4Q21	2022	2021	Variation 2021/2020
Net sales	2,693.2	3,382.6	-20%	12,665.2	12,833.3	-1%
Cost of sales	(2,167.5)	(2,484.6)	-13%	(8,806.3)	(8,680.7)	1%
Gross profit	525.7	898.0	-41%	3,858.9	4,152.6	-7%
Operating expenses	(307.9)	(344.6)	-11%	(1,149.3)	(1,110.9)	3%
Other expenses, net	4.0	(141.2)	103%	(376.5)	(1,649.8)	-77%
Operating income	221.8	412.2	-46%	2,333.1	1,391.9	68%
Interest income	10.8	23.1	-53%	26.0	27.6	-6%
Exchange gain (loss), net	672.8	(222.1)	403%	917.7	(504.9)	282%
Gain (loss) on financial instruments	17.2	(318.7)	105%	17.2	(1,328.7)	101%
Interest expense	(226.9)	(436.9)	-48%	(810.8)	(915.7)	-11%
Other financial expenses	(1.9)	-	0%	(1.9)	(261.8)	-99%
Income before taxes	693.9	(542.4)	228%	2,481.3	(1,591.5)	256%
Income taxes	(237.1)	79.9	-397%	(1,387.7)	(149.3)	830%
Net income	456.7	(462.5)	199%	1,093.7	(1,740.8)	163%
Controlling interest	431.6	(464.1)	193%	975.1	(1,781.4)	155%
Noncontrolling interest	25.1	1.7	1415%	118.6	40.6	192%
Outstanding shares ('000)	6,045,769	6,045,769	0%	6,045,769	6,045,769	0%
Closing price	2.55	3.60	-29%	2.55	3.60	-29%

Balance sheet In MXN million	31.12.2022	31.12.2021
Assets	36,177.4	41,725.4
Current assets	6,279.5	7,309.0
Cash and cash equivalents	1,779.5	2,347.5
Accounts receivable	948.4	884.6
Inventories	2,607.6	2,924.2
Other current assets	943.9	1,152.7
Non-current assets	29,897.9	34,416.4
Property, plant and equipment	18,175.1	20,914.3
Intangible assets	1,276.0	1,446.2
Other non-current assets	10,446.9	12,056.0
Liabilities and shareholder's equity	26,085.6	30,666.7
Current liabilities	2,568.0	8,289.9
Short-term debt	387.2	5,500.0
Accounts payable	582.8	1,164.8
Income taxes	444.3	355.7
Derivative financial instruments	141.6	27.1
Other current liabilities	1,012.1	1,242.3
Non-current liabilities	23,517.5	22,376.7
Marketable notes and long-term debt	19,874.4	18,673.7
Derivative financial instruments	9.9	-
Other non-current liabilities	3,633.2	3,703.0
Shareholder's equity	10,091.9	11,058.8
Capital stock	176.6	176.6
Additional paid-in capital	25,295.0	25,295.0
Retained earnings	(19,739.8)	(20,684.4)
Other accumulated income (net of tax)	3,438.5	5,295.3
Controlling interest	9,170.4	10,082.5
Noncontrolling interest	921.5	976.2

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Invitation to the Conference Call:

Date: February 28, 2023

Time: 11:00 hrs Mexico City, 12:00 Hrs NY (ET)

Tel.: + 52 55 9156 5062 / 55 9156 5061

Meeting ID: 123 992 6599

Access:

<https://videoconferencia.telmex.com/j/1239926599?pwd=0H06pyWfgqcfBQZ6UoyCH-BTnfB6hQ>

Password: 664934

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