

MINERA FRISCO

RESULTS REPORT

Second Quarter 2023

July 28th, 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.



Highlights

Mexico City, July 28, 2023, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the second quarter 2023.

At the end of 2Q23, the company has production of 19,372 ounces of gold, 982,208 ounces of silver and 6,443 tons of copper. Net sales recorded \$2,193 MM Ps and an EBITDA of 428 MM Ps.

Key information		2Q23	2Q22	Variation 2Q23/2Q22
	Oz	19,372	19,894	-3%
	Oz	982,208	1,260,755	-22%
	tonnes	6,443	7,294	-12%
Net sales	MXN million	2,193	3,425	-36%
	US\$ million	124	171	-28%
EBITDA	MXN million	428	1,416	-70%
	US\$ million	24	71	-66%
		20%	41%	
Total Debt	MXN million	18,894	22,249	-15%
	US\$ million	1,107	1,113	-1%

Production

Processed Tonnage

In terms of production, the tonnage processed was 1,709,869 in 2Q23. The unit that processed a greater tonnage compared to the same period of the previous year was Ocampo with 16%, this due to the development of ramps and fronts in different areas of the mine.

It is important to mention that, due to the company's strategy, in 2023, El Coronel and San Felipe units will not contribute processed tonnage because the works will be focused mainly on the exploration and development of areas that facilitate the exploitation of ore reserves in the future, to ensure the profitability of the units.

It should be noted that when comparing 2Q23 vs 1Q23, Concheño unit increased processed tonnage by 26% and cumulatively 6M23 vs 6M22, Ocampo and Tayahua units increased processed tonnage by 20% and 1%, respectively.

Milling/Heap leaching (Tn)	2Q23	2Q22	Variation 2Q23/2Q22
Total	1,709,869	2,168,869	-21%

Gold Production

Gold production reached 19,372 ounces in 2Q23. El Coronel unit increased production by 95%, this due to the ore recovery strategy in the leaching pads. On the other hand, Ocampo unit recorded a 28% increase in production due to the increase in processed tonnage, as well as a higher grade.

San Francisco del Oro unit, despite increasing grade, a reduction in processed tonnage affected production. Tayahua and Asientos units decreased production due to lower tonnage processed, as well as a lower grade. San Felipe unit reduced production for the reasons explained earlier in this press release.

Concheño unit, despite registering lower tonnage processed, an increase in grade contributed to maintaining the same production levels as in 2Q22.

When comparing gold production with 1Q23, an increase of 22% was obtained. The units that favored this increase were Concheño (+41%) and El Coronel (+138%). Cumulatively, 6M23 vs 6M22 the following units increased production, Ocampo with 32%, Asientos with 18% and Tayahua with 5%.

Silver Production

Silver production reached 982,208 ounces in 2Q23. Ocampo unit grew 21% in production compared to the same period of the previous year, this due to the improvement in processed tonnage, as well as an increase in grade. El Coronel unit achieved an increase of 3,781 ounces of silver, due to the recovery of ore in the leach pads.

In San Francisco del Oro and Asientos units, they registered an increase in grade, however, a reduction in processed tonnage affected their production. Tayahua unit reduced production due to lower tonnage processed, as well as a decrease in grade. San Felipe unit reduced production for the reasons explained earlier in this press release.

Despite the decrease in tonnage processed at Concheño unit, an increase in grade contributed to maintaining similar production levels compared to 2Q22.

When comparing silver production 2Q23 vs 1Q23, Concheño and El Coronel units increased their production by 181,765 and 3,803 oz, respectively.

At the end of the first half of 2023, an increase in production was obtained in Ocampo (+23,171 oz) and El Coronel (+3,493 oz) when compared to the same period of the previous year.

Copper Production

Copper production reached 6,443 tons in 2Q23. Asientos and San Francisco del Oro units increased grade, however, they were unable to avoid a drop in their production due to the reduction in processed tonnage. Tayahua unit registered a decrease in processed tonnage and grade, resulting in an affectation in its 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 exploration work that allow the unit to restart operations in the future.

Lead Production

Lead production during 2Q23 reached 2,081 tons. The drop in production during the quarter was mainly due to an overall decrease in tonnage processed coupled with lower grade at Tayahua unit.

When comparing production 2Q23 vs. 1Q23, a 3% production increase was recorded in Asientos unit.

Zinc Production

Zinc production in the second quarter of 2023 reached 7,993 tons. The drop in production during the quarter was mainly due to an overall decrease in tonnage processed coupled with lower grade at Tayahua unit.

When comparing production 6M23 vs 6M22, a production increase of 178 tons was obtained at Tayahua unit.

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 \$2,193 MM Ps (US\$124 MM); this is a 36% decrease when comparing to the same period of the previous year. Mainly due to the drop in production, a lower price of zinc metals (-34%), copper (-11%) and lead (-2%); and due to the appreciation of the exchange rate (USD/MX) by 12%.

At the end of 2Q23, the company presents an EBITDA of \$428 MM Ps, the EBITDA margin was 20%

It is important to mention that at the end of 2Q23 the company registered a Consolidated Net Income of \$95 MM Ps.

Indebtedness

As of June 30, 2023, the Company's debt was composed of unsecured loans amounting to \$1,940 MM Ps, subordinated loans of \$8,954 MM Ps, and short-long terms bonds of \$8,000 MM Ps.

The equivalent debt in Mexican pesos decreased 15% when comparing 2Q23 vs. 2Q22 and 3% when comparing with 1Q23.

Indebtedness (MXN million)	2Q23	2Q22	Variation 2Q23/2Q22	1Q23	Variation 2Q23/1Q23
Short - Long term bonds	8,000	5,000	60%	8,000	0%
Subordinated loan (related party)	8,954	10,246	-13%	9,410	-5%
Unsecured loans (related party)	1,940	7,003	-72%	2,058	-6%
Debt	18,894	22,249	-15%	19,467	-3%

Derivative Financial Instruments

The Company continues with the strategy of economic metal hedging. It is important to mention that in 2023 and 2024 one part of the estimated production of metals is hedged.

Financial Summary

Income statement In MXN million	2Q23	% on Income	2Q22	% on Income
Net sales	2,193		3,425	
Cost of sales	(1,743)	-79%	(2,175)	-63%
Gross profit	450	21%	1,251	37%
Operating expenses	(250)	-11%	(278)	-8%
Other expenses, net	(291)	-13%	(116)	-3%
Operating income	(91)	-4%	856	25%
Interest income	25	1%	4	0%
Exchange gain (loss), net	625	29%	64	2%
Gain (loss) on financial instruments	(11)	0%	(8)	0%
Interest expense	(348)	-16%	(193)	-6%
Income before taxes	200	9%	724	21%
Income taxes	(105)	-5%	(431)	-13%
Net income	95	4%	293	9%
Controlling interest	84	4%	252	7%
Noncontrolling interest	12	1%	41	1%
Outstanding shares ('000)	6,045,769		6,045,769	
Closing price	2.80		2.95	

Balance sheet		
In MXN million	30.06.2023	31.12.2022
Assets	31,867.5	36,177.4
Current assets	5,737.8	6,279.5
Cash and cash equivalents	1,941.4	1,779.5
Accounts receivable	527.5	948.4
Inventories	2,266.4	2,607.6
Other current assets	1,002.5	943.9
Non-current assets	26,129.8	29,897.9
Property, plant and equipment	15,397.3	18,175.1
Intangible asstes	1,175.0	1,276.0
Other non-current assets	9,557.5	10,446.9
Liabilities and shareholder's equity	24,207.8	26,085.6
Current liabilities	4,627.2	2,568.0
Short-term debt	3,000.0	387.2
Accounts payable	500.5	582.8
Income taxes	201.2	444.3
Derivative financial instruments	26.1	141.6
Other current liabilities	899.5	1,012.1
Non-current liabilities	19,580.6	23,517.5
Marketable notes and long-term debt	15,893.9	19,874.4
Derivative financial instruments	7.3	9.9
Other non-current liabilities	3,679.4	3,633.2
Shareholder's equity	7,659.7	10,091.9
Capital stock	176.6	176.6
Additional paid-in capital	25,295.0	25,295.0
Retained earnings	(19,272.6)	(19,739.8)
Other accumulated income (net of tax)	622.7	3,438.5
Controlling interest	6,821.8	9,170.4
Noncontrolling interest	837.9	921.5

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