

MINERA FRISCO

RESULTS REPORT

First Quarter 2023

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

At the end of 1Q23, the company has production of 15,824 ounces of gold, 1,024,761 ounces of silver and 7,855 tons of copper. Net sales recorded \$2,792 MM Ps and an EBITDA of 721 MM Ps.

Key information		1Q23	1Q22	Variation 1Q23/1Q22
Production of gold	Oz	15,824	25,937	-39%
silver	Oz	1,024,761	1,241,493	-17%
copper	tonnes	7,855	6,613	19%
Net sales	MXN million	2,792	3,602	-22%
	US\$ million	149	176	-15%
EBITDA	MXN million	721	1,585	-54%
	US\$ million	39	77	-50%
EBITDA margin		26%	44%	
Total Debt	MXN million	19,467	23,755	-18%
	US\$ million	1,075	1,188	-9%

Production

Processed Tonnage

In terms of production, the tonnage processed was 1,964,885 in 1Q23. The units that processed a greater tonnage compared to the same period of the previous year were Tayahua (+8%), Ocampo (+24%) and to a lesser extent Asientos (+1%),

Tayahua unit increased processed tonnage derived from the recovery and acquisition of strategic equipment for inside the mine. Ocampo unit increased tonnage processed due to the completed mine development work on the Balvanera vein. On the other hand, Asientos unit maintains development and exploration work with the objective of gradually increasing processed tonnage.

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 the tonnage processed 1Q23 vs. 4Q22, an increase in tonnage was recorded in the Asientos (+82%) and Ocampo (+60%) units.

Milling/Heap leaching (tonnes)	1Q23	1Q22	Variation 1Q23/1Q22
Total	1,964,885	2,807,778	-30%

Gold Production

Gold production reached 15,824 ounces in 1Q23. Tayahua, Ocampo and Asientos units increased production by 26%, 35% and 81%, respectively, due to the increase in processed tonnage, as well as a higher grade.

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

When comparing gold production with 4Q22, an increase was obtained in Ocampo units with 122% and Asientos with 49%.

Silver Production

Silver production reached 1,024,761 ounces in 1Q23. Tayahua and Ocampo units increased production by 13% and 41% compared to the same period of the previous year, this due to the improvement in processed tonnage, as well as an increase in grade.

A lower production at Concheño unit is due to lower processed tonnage and grade. Asientos unit, despite increasing processed tonnage, a reduction in grade affected production. On the other hand, San Francisco del Oro unit increased grade, however, a decrease in processed tonnage caused a drop in production. San Felipe and Coronel units reduced production due to the reasons explained in this press release.

When comparing silver production with 4Q22, Ocampo, Tayahua and Asientos units increased production by 114%, 9% and 22%, respectively.

Copper Production

Copper production reached 7,855 tons in 1Q23; this is a 19% growth compared to 1Q22. The unit that contributed to this increase was Tayahua by increasing production by 26% derived from the increase in processed tonnage and grade.

Although Asientos unit increased processed tonnage and grade, a decrease in recovery caused a reduction in production. San Francisco del Oro unit increased grade, however, it was not able to avoid a drop in production due to a reduction in processed tonnage. At María Unit, metallurgical research, changes in the irrigation methodology and maintenance of the leaching bed continue to be carried out, as well as exploration work that allow the unit to restart operations in the future.

When comparing production with 4Q22, an increase in production of 75 tons was registered, the above due to the increase in production of Tayahua by 2% and Asientos by 18%.

Lead Production

Lead production during 1Q23 reached 3,560 tons. The drop in production during the quarter was mainly due to a general decrease in grade coupled with a reduction in tonnage processed at San Francisco del Oro unit.

When comparing production 1Q23 vs. 4Q22, a production increase of 7% was obtained. The units that contributed to this increase are Tayahua (+16%) and Asientos (+23%).

Zinc Production

Zinc production in the first quarter of 2023 reached 11,361 tons. Tayahua unit grew 13% in production while Asientos unit grew 22%, the foregoing due to an increase in processed tonnage, as well as a higher grade. San Francisco del Oro unit reduced the production of this ore because of a drop in processed tonnage and grade.

When comparing production with 4Q22, zinc production grew 7%. The units that contributed to this increase were Asientos (+65%) and Tayahua (+10%).

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 \$2,792 MM Ps (US\$149 MM); this is a 22% decrease when comparing to the same period of the previous year. Mainly due to the general drop in metal prices and lower production of gold, silver, lead, and zinc. When comparing 1Q23 vs. 4Q22 sales, these grew by 4%, mainly due to the general increase in metal prices and the growth in lead, zinc, and copper production.

At the end of 1Q23, the company presents an EBITDA of \$721 MM Ps, and the EBITDA margin was 26%.

It is important to mention that at the end of 1Q23 the company registered a Consolidated Net Income of \$406 MM Ps.

Indebtedness

As of March 31, 2023, the Company's debt was composed of unsecured loans amounting to \$2,057 MM Ps, subordinated loans of \$9,410 MM Ps, and short-long terms bonds of \$8,000 MM Ps.

The equivalent debt in Mexican pesos decreased 18% when comparing 1Q23 vs. 1Q22 and 4% when comparing with 4Q22.

Indebtedness (MXN million)	1Q23	1Q22	Variation 1Q23/1Q22	4Q22	Variation 1Q23/4Q22
Short / long term bonds	8,000	5,500	45%	5,000	60%
Subordinated loan (related party)	9,410	10,225	-8%	9,978	-6%
Unsecured loans (related party)	2,057	8,030	-74%	5,284	-61%
Debt	19,467	23,755	-18%	20,262	-4%

As additional information, on March 6, 2023, Minera Frisco placed a Short-Term Stock Certificate for \$3,000 MM Ps. Said resources were destined to the liquidation and advance payments of capital to the unsecured loans.

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 MXN million	1Q23	1Q22	Variation 1Q23/1Q22
Net sales	2,791.9	3,601.7	-22%
Cost of sales	(1,964.7)	(2,187.1)	-10%
Gross profit	827.2	1,414.6	-42%
Operating expenses	(262.0)	(275.5)	-5%
Other expenses, net	(322.6)	(143.2)	125%
Operating income	242.6	995.9	-76%
Interest income	20.2	3.1	546%
Exchange gain (loss), net	849.4	373.9	127%
Gain (loss) on financial instruments	(18.1)	(21.3)	-15%
Interest expense	(315.3)	(189.6)	66%
Income before taxes	778.8	1,162.1	-33%
Income taxes	(372.4)	(594.9)	-37%
Net income	406.4	567.2	-28%
Controlling interest	383.7	532.5	-28%
Noncontrolling interest	22.6	34.7	-35%
Outstanding shares ('000)	6,045,769	6,045,769	0%
Closing price	2.75	3.61	-24%

Balance sheet MXN million	31.03.2023	31.12.2022
Assets	33,903.8	36,177.4
Current assets	6,163.5	6,279.5
Cash and cash equivalents	2,107.8	1,779.5
Accounts receivable	731.1	948.4
Inventories	2,371.4	2,607.6
Other current assets	953.2	943.9
Non-current assets	27,740.4	29,897.9
Property, plant and equipment	16,602.1	18,175.1
Intangible asstes	1,224.5	1,276.0
Other non-current assets	9,913.7	10,446.9
Liabilities and shareholder's equity	25,110.6	26,085.6
Current liabilities	4,913.9	2,568.0
Short-term debt	3,000.0	387.2
Accounts payable	574.3	582.8
Income taxes	133.4	444.3
Derivative financial instruments	160.4	141.6
Other current liabilities	1,045.9	1,012.1
Non-current liabilities	20,196.7	23,517.5
Marketable notes and long-term debt	16,467.2	19,874.4
Derivative financial instruments	43.4	9.9
Other non-current liabilities	3,686.1	3,633.2
Shareholder's equity	8,793.2	10,091.9
Capital stock	176.6	176.6
Additional paid-in capital	25,295.0	25,295.0
Retained earnings	(19,356.1)	(19,739.8)
Other accumulated income (net of tax)	1,798.0	3,438.5
Controlling interest	7,913.6	9,170.4
Noncontrolling interest	879.6	921.5

Investors Relation Contacts:

Andrés Javier García Zetina

- +52 (55) 2122 2606
- a.garciaz@minerafrisco.com.mx

Javier Galicia Sánchez

- s.galicias@minerafrisco.com.mx

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