

MINERA FRISCO

RESULTS REPORT

Third Quarter 2023

October 27th, 2023



LLEVANDO LO MÁS VALIOSO
DE LA TIERRA A TU VIDA

MINERA FRISCO

MINERA FRISCO is a company with long experience dedicated to the exploration and exploitation of mining lots to produce and commercialization gold, silver, copper, lead and zinc.

The Company has six operative mining units in Mexico: Tayahua, San Francisco del Oro, Ocampo, Concheño, Asientos, 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, October 27th, 2023, Minera Frisco, S.A.B. de C.V. ("Frisco", BMV: FRISCO OTC: MSNFY) announces today its results for the third quarter 2023.

At the end of 3Q23, the company has produced 13,875 ounces of gold, 969,800 ounces of silver and 3,448 tons of copper. Net sales recorded \$1,627 MM Ps and an EBITDA of \$94 MM Ps.

Key information		3Q23	3Q22
Production of gold	Oz	13,875	20,899
Production of silver	Oz	969,800	1,454,073
Production of copper	tonnes	3,448	7,825
Net sales	MXN million	1,627	2,945
	US\$ million	95	146
EBITDA	MXN million	94	787
	US\$ million	5	39
EBITDA margin		6%	27%
Debt	MXN million	19,187	21,728
	US\$ million	1,089	1,070

Production

Processed Tonnage

In terms of production, the tonnage processed was 1,214,866 at 3Q23. 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. On the other hand, Asientos and San Francisco del Oro units maintain development and exploration work, with the objective of gradually increasing the tonnage processed through selective ore exploration.- During 3Q23, the tonnage processed in Tayahua was lower due to preventive maintenance works and updating of the micro-earthquake monitoring system, the Company expects that by 4Q23 the unit will progressively return the tonnage processed to similar levels of 2Q23.

In other hand, San Francisco del Oro unit increased processed tonnage by 96% 3Q23vs2Q23, Asientos unit accumulated to 9M23vs9M22 an increased for 8% into processed tonnage.

Milling/Heap leaching (tonnes)	3Q22	3Q21	Variation 3Q22/3Q21
Total	1,214,866	2,283,415	-47%

Gold Production

Gold production reached 13,875 ounces in 3Q23. El Coronel unit increased production by 4% 3Q23vs3Q22, this due to the ore recovery strategy in the leaching pads.s

The units Asientos, Ocampo, Tayahua and Concheño was a higher grade, but the processed tonnage was lower causing lower production. San Francisco del Oro unit decreased production due to lower processed tonnage and grade. Finally, San Felipe reduced production due to the reasons explained in this press release.

When comparing the gold production in 3Q23vs2Q23, the units had a positive performance was Asientos (+46%) and San Francisco del Oro (+24%), due to continuous mine development work and constant studies for the extraction of better grades.

Cumulatively, 9M23 vs 9M22 the present units increased its production, Ocampo with 25% and Asientos with 10%.

Silver Production

Silver production reached 969,800 ounces in 3Q23. Asientos unit increased production by 68% compared 3Q22, this due higher grade.

Asientos, Tayahua, Ocampo, Concheño and San Francisco del Oro units registered a higher grade, but the drop in the processed tonnage caused a decrease in production. San Felipe unit reduced production due to the reasons explained in this press release.

Silver production in 3Q23vs3Q22 into Asientos and San Francisco del Oro units recorded an increase by 157% and 41% respectively. For last observation, Ocampo (+16%) and Asientos (+2%) increased silver production from 9M23vs9M22.

Copper Production

Copper production reached 3,448 tons in 3Q23. San Francisco del Oro unit had an increase into grade; however, the unit was not able to avoid a low production due a decrease on processed tonnage. Additionally, Asientos and Tayahua units recorded a decrease processed tonnage and low grade, this affected its production.

When comparing copper production 3Q23vs2Q22, San Francisco del Oro unit had a growth in production by 16% in consequence of a higher processed tonnage.

Finally, María unit continues with 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.

Lead Production

Lead production during 3Q23 reached 2,984 tons. The drop in production during the quarter was mainly due to a general decrease in processed tonnage. Trough, Asientos unit despite reporting a lower processed tonnage, an increase in the grade allowed it to increase its production by 78%.

When comparing production 3Q23vs3Q22, a production increase of 43% was obtained. The units that contributed to this increase was Asientos (+111%), Tayahua (+29%) and San Francisco del Oro (+14%).

Asientos unit registered an increase by 12% for the cumulative 9M23vs9M22.

Zinc Production

Zinc production in the third quarter of 2023 reached 8,785 tons. Although there was a higher grade, a drop in quarterly processed tonnage was the cause of lower production.

When comparing zinc production 3Q23 with 2Q23, Asientos and San Francisco del Oro units obtained a growth by 81% and 46% respectively.

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 \$1,627 MM Ps (US\$95 MM) in 3Q23; this is a 45% decrease when comparing to the same period of the previous year. Mainly due to the drop in zinc price (-26%) and an appreciation in the exchange rate (USD/MX) by 16%.

At the end of 3Q23, the company presents an EBITDA of \$94 MM Ps, and the EBITDA margin was 6%. It's important to mention that the EBITDA also was affected due to the reduction in the processed tonnage in Tayahua derivate to preventive maintenance work at copper and lead mine.

Indebtedness

As of September 30st, 2023, the Company's debt was composed of unsecured loans amounting to \$1,325 MM Ps, subordinated loans of \$4,862 MM Ps, and short-long terms bonds of \$13,000 MM Ps.

The equivalent debt in Mexican pesos decreased 12% when comparing 3Q23vs3Q22.

Indebtedness (MXN million)	3Q23	3Q22
Short / long term bonds	13,000	5,000
Subordinated loan (related party)	4,862	10,438
Unsecured loans (related party)	1,325	6,290
Debt	19,187	21,728

As additional information, on August 15th, 2023, Minera Frisco placed a Short-Term Stock Certificate for \$5,000 MM Ps. Said resources were destined to the liquidation and advance payments of capital to the unsecured loans. In the other hand, on September 4th, 2023, the company renewed the Short-Term Stock Certificate for \$3,000 MM Ps, which was issued on March 6th, 2023.

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	3Q22	3Q21
Net sales	1,627.1	2,945.2
Cost of sales	(1,624.7)	(2,277.1)
Gross profit	2.4	668.1
Operating expenses	(242.8)	(287.4)
Other expenses, net	(206.6)	(121.7)
Operating income	(446.9)	259.0
Interest income	25.4	7.7
Exchange gain (loss), net	(187.0)	(193.2)
Gain (loss) on financial instruments	8.8	28.9
Interest expense	(412.3)	(201.4)
Income before taxes	(1,012.0)	(98.9)
Income taxes	234.9	(124.7)
Net income	(777.0)	(223.6)
Controlling interest	(770.2)	(241.0)
Noncontrolling interest	(6.8)	17.3
Outstanding shares ('000)	6,045,769	6,045,769
Closing price	2.39	2.38

Balance sheet In MXN million	30.09.2023	31.12.2022
Assets	31,796.1	36,177.4
Current assets	5,618.4	6,279.5
Cash and cash equivalents	1,473.7	1,779.5
Accounts receivable	762.1	948.4
Inventories	2,288.7	2,607.6
Other current assets	1,094.0	943.9
Non-current assets	26,177.7	29,897.9
Property, plant and equipment	15,366.4	18,175.1
Intangible asstes	1,125.2	1,276.0
Other non-current assets	9,686.1	10,446.9
Liabilities and shareholder's equity	24,529.8	26,085.6
Current liabilities	9,720.4	2,568.0
Short-term debt	8,000.0	387.2
Accounts payable	503.8	582.8
Income taxes	230.0	444.3
Derivative financial instruments	5.2	141.6
Other current liabilities	981.4	1,012.1
Non-current liabilities	14,809.4	23,517.5
Marketable notes and long-term debt	11,186.6	19,874.4
Derivative financial instruments	1.3	9.9
Other non-current liabilities	3,621.5	3,633.2
Shareholder's equity	7,266.4	10,091.9
Capital stock	176.6	176.6
Additional paid-in capital	25,295.0	25,295.0
Retained earnings	(20,042.8)	(19,739.8)
Other accumulated income (net of tax)	945.3	3,438.5
Controlling interest	6,374.2	9,170.4
Noncontrolling interest	892.2	921.5

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