

ANDEAN PRECIOUS METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(IN THOUSANDS OF US DOLLARS,
UNLESS OTHERWISE STATED)

ANDEAN PRECIOUS METALS CORP.
Management's Discussion and Analysis
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INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") for Andean Precious Metals Corp. together with its wholly owned subsidiaries (the "Company") is prepared as of May 27, 2021, and describes the operational and financial results of the Company for the three months ended March 31, 2021.

This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the three months ended March 31, 2021 and 2020 (the "Financials"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Chartered Professional Accountants of Canada applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These documents and additional information are available on SEDAR at www.sedar.com and on the Company's website at www.andeanpm.com. The content of the Company's website and information accessible through the website do not form a part of this MD&A.

All amounts are presented in United States dollars, the Company's presentation currency, unless otherwise stated. References to "C\$" are to Canadian dollars. References to silver equivalent ounces produced and sold are calculated based on silver and gold ounces produced and sold at average silver and gold realized prices during the period.

This MD&A contains statements about the Company's future or expected financial condition, results of operation or business. Please refer to "Forward-Looking Statements" below for more information on forward-looking statements.

OVERVIEW

The Company is a silver producer with operations in Potosí, Bolivia. Through its wholly owned subsidiary, Empresa Minera Manquiri S.A. ("Manquiri"), the Company produces silver from surface deposits and waste stockpile reclamation through contracts with the state-owned mining company, Corporación Minera de Bolivia ("COMIBOL"). The Company also purchases ore material from third-party mining cooperatives and privately-held mining companies. Processing takes place at the Company's San Bartolomé plant which is the only large-scale commercial oxide plant in Bolivia. The San Bartolomé plant has the ability to produce silver doré bars and has a current processing capacity of 1.65 million tonnes of ore per year. The Company also holds a portfolio of earlier-stage mineral properties located in Bolivia.

The Company's mission and strategic focus is to safely, sustainably and responsibly expand its precious metals production through growth in Bolivia and the acquisition of complementary projects in South and Central America.

1254688 B.C. Ltd. ("125 BC") was incorporated on June 25, 2020 under the laws of British Columbia, Canada. Effective September 30, 2020, 125 BC entered into an agreement (the "Agreement") with Ag-Mining Investments AB ("Ag-Mining"), which was incorporated on November 30, 2017 under the laws of Sweden for the purposes of acquiring Manquiri. Under the Agreement, the shareholders of Ag-Mining became shareholders of 125 BC by exchanging 100% of their outstanding common shares of Ag-Mining for common shares of 125 BC, proportionally based on each shareholder's respective interest of Ag-Mining. Upon the completion of the Agreement, Ag-Mining became a wholly owned subsidiary of 125 BC.

On March 19, 2021, 125 BC completed an amalgamation with 1271860 B.C. Ltd., a wholly owned subsidiary of Buckhaven Capital Corp. ("Buckhaven"). 125 BC acquired Buckhaven by way of reverse takeover (the "RTO Transaction") in accordance with the policies of the TSX-V, and Buckhaven was renamed Andean Precious Metals Corp. On March 29, 2021, Andean Precious Metals Corp. commenced trading on the TSX-V under the symbol APM. The Company's principal and registered office is located at 777 Hornby Street, Suite 600, Vancouver, Canada.

Q1 2021 HIGHLIGHTS

- Revenues of \$38.3 million for the three months ended March 31, 2021, compared with \$24.4 million for the three months ended March 31, 2020.
- Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA")⁽¹⁾ of \$10.3 million for the three months ended March 31, 2021, compared with \$6.9 million for the three months ended March 31, 2020.
- Free cash flow⁽¹⁾ of \$10.9 million for the three months ended March 31, 2021, compared with \$1.1 million for the three months ended March 31, 2020.
- Net loss of \$1.5 million for the three months ended March 31, 2021, compared with net income of \$2.5 million for the three months ended March 31, 2020.
- Sales of 1.5 million silver equivalent ounces⁽²⁾ at all-in sustaining costs ("AISC")⁽¹⁾ per silver ounce sold of \$17.28 during the three months ended March 31, 2021, compared with 1.4 million silver equivalent ounces⁽²⁾ at AISC of \$16.65 per silver ounce sold during the three months ended March 31, 2020.
- Production of 1.5 million silver equivalent ounces⁽²⁾ for the three months ended March 31, 2021, compared with 1.7 million silver equivalent ounces for the three months ended March 31, 2020.
- On January 12, 2021, the Company issued 1,025,000 common shares to a director of the Company in respect of accrued consulting fees totaling \$0.6 million.
- On February 18, 2021, the Company closed a private placement for 13,657,000 Subscription Receipts at a price of C\$1.00 per Subscription Receipt for total proceeds of C\$13.7 million (\$10.9 million).
- On March 19, 2021, the Company completed its amalgamation with 1271860 B.C. Ltd., a wholly owned subsidiary of Buckhaven Capital Corp. The Company acquired Buckhaven by way of reverse takeover in accordance with the policies of the TSX-V. On March 29, 2021, the shares of the Company were listed on the TSX-V under the symbol APM.

⁽¹⁾ Free cash flow, AISC and Adjusted EBITDA are measures of financial performance with no prescribed definition under IFRS. Refer to the "Non-IFRS Measures" section of the MD&A for further detail, including a reconciliation of these metrics to the Company's Financials.

⁽²⁾ Silver equivalent ounces include gold ounces and are converted to a silver equivalent based on a ratio of realized silver and gold prices during the periods discussed.

2021 OUTLOOK UPDATE AND GUIDANCE

The Company produced 1.5 million silver equivalent ounces from its operations during the first quarter of 2021 from its own mineral reserves and from its third-party ore sourcing business. During the remainder of 2021, the Company will move production away from the depleted Antuco area to the Santa Rita and Huacajchi Pallacos areas. At the Company's high-grade mine waste stockpile areas, mining production will continue at the El Asiento area through 2021, and at Tatasi-Portugalete, mining production is expected to begin by mid-2021. The Company is also planning a development opportunity at its Monserrat mine waste stockpile area, expected to contain higher grade material compared with the Company's Pallacos areas.

The Company seeks to expand its mine life by completing a technical study on the economic viability of reprocessing approximately 10 million tonnes contained in its tailings facilities, estimated from Manquiri's production records to contain silver and tin grades of approximately 40 grams per tonne silver and 0.25% tin, respectively.

The Company continues to expand its third-party ore sourcing business from locations outside Cerro Rico. As the San Bartolomé operation contains the only large-scale commercial oxide plant in the country, the Company is leveraging this advantage and actively reviewing additional purchasing opportunities throughout Bolivia. The Company currently purchases ore from 32 out of approximately 1,700 mining cooperatives as well as a number of privately-held mining companies within Bolivia.

The following table sets out Andean's first quarter 2021 results against its full year 2021 production and cost guidance:

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	Q1 2021 Actual	FY 2021 Guidance ⁽¹⁾
Silver equivalent production	1.5M oz	5.8M to 6.1M oz
AISC (by-product)	\$17.28/Ag oz	\$17.50 to \$19.50/Ag oz

⁽¹⁾ Management's assumed commodity prices supporting this estimate are \$24.00/ounce silver and \$1,750/ounce gold.

Growth program

The Company commenced exploration activities on its 100% owned San Pablo and Rio Blanco properties in February 2021. At San Pablo, a 10,000m diamond drilling program is underway with an initial campaign of 3,350m completed in May 2021. At Rio Blanco, mapping and trench sampling have begun, and deep IP and geophysical studies will commence shortly. In tandem, the Company is assessing acquisition opportunities in Bolivia as well as South and Central America.

OTHER RECENT DEVELOPMENTS

- On April 6, 2021, 66,667 warrants were exercised for proceeds of C\$15,000.
- On April 21, 2021, the Company entered into an agreement with Santacruz Silver Mining Ltd. ("Santacruz") to amend the terms of the \$3.2 million loan to Santacruz (the "Santacruz Loan"), extending the due date of its loan up to July 21, 2021. The Santacruz Loan will continue to accrue interest at a rate of 12%, and the loan principal and interest is expected to be repaid through an issuance of common shares of Santacruz, subject to obtaining TSX-V approval.
- On May 4, 2021, the Company issued 150,000 options to purchase common shares at an exercise price of C\$1.50 per share to a consultant.

FINANCIAL AND OPERATIONAL RESULTS

	Q1 2021	Q1 2020
Operational Performance		
Mined ore ⁽¹⁾ (k dmt)	229	295
Average ore mined grade (Ag g/t)	102	92
Purchased ore ⁽²⁾ (k dmt)	130	114
Average purchased ore grade (Ag g/t)	192	253
Ore milled (k dmt)	420	365
Daily average throughput (dmt)	4,941	4,802
Average head grade (Ag g/t)	118	141
Silver recovery (%)	87	90
Silver production (k ozs)	1,385	1,495
Silver equivalent production ⁽³⁾ (k ozs)	1,485	1,723
Silver sales (k ozs)	1,417	1,106
Silver equivalent sales ⁽³⁾ (k ozs)	1,500	1,372
Silver equivalent production breakdown by source (k oz)		
Pallacos	603	643
Mine waste stockpiles	215	-
Cachi Laguna	104	427
Oxide purchases	563	653

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	Q1 2021	Q1 2020
Financial Performance		
Revenue	\$ 38,347	\$ 24,416
Cost of sales	\$ 24,646	\$ 14,803
Income from mine operations	\$ 11,276	\$ 6,410
Net (loss) income	\$ (1,523)	\$ 2,513
Net (loss) income per share (basic and diluted)	\$ (0.01)	\$ 0.02
Net cash from operating activities	\$ 11,252	\$ 1,467
Free cash flow ⁽⁴⁾	\$ 10,897	\$ 1,130
Adjusted EBITDA ⁽⁴⁾	\$ 10,307	\$ 6,936
Ending cash and cash equivalents	\$ 69,238	\$ 9,598
Capital expenditures	\$ 355	\$ 337
Cash operating costs ("COC") on a by-product basis ⁽⁴⁾	\$ 15.90	\$ 14.83
All-in sustaining costs ("AISC") on a by-product basis ⁽⁴⁾	\$ 17.28	\$ 16.65

Notes:

⁽¹⁾ Mined ore includes ore mined from the Company's permitted mineral reserve areas, including Santa Rita, Huacajchi, Antuco, and El Asiento during 2021 and 2020. Mined ore is reported as +8 mesh.

⁽²⁾ Purchased ore includes oxidized material purchased from local mining cooperatives as well as through the Company's contract with RALP (defined hereafter).

⁽³⁾ Silver equivalent production and silver equivalent sales include gold production and sales. Equivalent ounces are calculated using the Company's realized gold and silver prices during the referenced period.

⁽⁴⁾ Free cash flow, EBITDA, COC and AISC are non-IFRS measures. Please see the "Non-IFRS Measures" section of this MD&A for further detail and reconciliation to the Company's financial statements.

San Bartolomé

San Bartolomé is located in the region surrounding Cerro Rico, a prominent mountain outside of the city of Potosí, Bolivia. Access to San Bartolomé is by paved and gravel roads from the city of Potosí and mining operations and ore processing facilities, including the Company's 1.65 million tonnes per annum processing plant, encompass an area of over 1,800 hectares.

The Company's mining rights are owned by the state of Bolivia and managed by COMIBOL. The Company maintains royalty agreements with COMIBOL in return for the rights to mine, transport and process unconsolidated, surface deposits (termed "Pallacos" - sediments eroded from and deposited around Cerro Rico) at Santa Rita, Huacajchi and Antuco (the latter a part of Diablo). The Company also maintains royalty agreements with COMIBOL in return for the rights to mine, transport and reprocess historical mining dumps and stockpiles ("mine waste stockpiles") in the El Asiento, Tatasi-Portugalete and Monserrat areas, and through these agreements provides an environmental remediation service to the neighbouring communities. In September 2020, COMIBOL granted a mining production contract consolidating the mining rights to the Santa Rita, Huacajchi, Antuco, El Asiento, Tatasi-Portugalete and Monserrat areas, replacing the temporary mining permits issued.

At Cachi Laguna, Manquiri has a contract with RALP Compañía Minera S.R.L. ("RALP") to purchase and transport a fixed number of tonnes of high-grade silver and gold bearing ore to the San Bartolomé plant for processing. The underlying mineral rights of Cachi Laguna are held by RALP through contracts with the Corporación Minera de Bolivia ("COMIBOL").

The Company also maintains various agreements to purchase oxidized material from local miners at market rates for processing at the San Bartolomé plant.

During the three months ended March 31, 2021, the Company mined 0.2 million tonnes with an average silver grade of 102 g/t and purchased 0.1 million tonnes with an average silver grade of 192 g/t, compared with 0.3 million tonnes mined with an average silver grade of 92 g/t and 0.1 million tonnes purchased with an average silver grade of 253 g/t during the three months ended March 31, 2020. The Company processed

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0.4 million tonnes through the San Bartolomé plant during the three months ended March 31, 2021 as well as the comparable period in 2020.

The average silver head grade realized during the three months ended March 31, 2021 was 118 g/t compared with 141 g/t during the comparable period of 2020. The lower head grades realized in 2021 was a result of processing lower grade purchased material from Cachi Laguna as well as from local miners during 2021 as compared to 2020, partially offset by higher grade mined ore in 2021 primarily from the El Asiento area.

Recoveries decreased slightly to 87% during the three months ended March 31, 2021 from 90% during the three months ended March 31, 2020, primarily due to changes in mineralogy and texture from changes in the ore sources processed through the San Bartolomé mill.

As a result of the above movements, the Company produced 1.4 million ounces of silver during the three months ended March 31, 2021, a decrease of 7% compared to 1.5 million ounces of silver during the three months ended March 31, 2020.

The Company is currently considering growth opportunities with respect to the reprocessing of existing tailings at the San Bartolomé project, known to contain silver and tin. San Bartolomé has approximately 10 million tonnes of material at its dry stack facility and fines disposal facility, located southeast of the San Bartolomé mill. Management expects to complete its studies by the first quarter of fiscal 2022.

EXPLORATION ACTIVITIES

The Company has rights to a number of exploration projects in Bolivia where the Company is commencing multi-year exploration programs beginning in 2021. These programs will test for the style of mineralization and assess the potential for discovery of economic mineral deposits. The two priority exploration target areas are San Pablo and Rio Blanco.

San Pablo Exploration Project (100% owned)

The target at San Pablo is an epithermal gold system hosted in fine-grained, sedimentary rocks. Post depositional structures (faults and folds) enhanced the primary porosity of the host rocks. Hydrothermal processes, generated by local intrusive bodies, have resulted in contact metamorphic alteration of the receptive sedimentary host rocks and associated precious metal mineralization.

The precious metals, dominantly gold at San Pablo, are associated with quartz and sulfides like pyrite, arsenopyrite and bismuthinite (Bi_2S_3). Associated gangue minerals are barite, tourmaline and scorodite (hydrous iron arsenate); the latter of which was generated by oxidation of primary arsenic minerals.

The Company's geologists have noted several veins on surface and in inspection of core from historic diamond drill holes. The project is located approximately 100 km southwest of the Company's San Bartolomé mine and mill near the city of Potosí.

From February to May 2021, the Company completed its first phase of its diamond drilling program at the San Pablo project, drilling over 3,000 meters. Core samples from this first phase are currently being analyzed. In total, the Company plans to complete a 10,000-metre drilling program to investigate gold anomalies identified during sampling and surface mapping. The Company also plans to begin geophysical surveys on the property.

Rio Blanco Exploration Project (100% owned)

Rio Blanco hosts an orogenic gold target hosted in a Paleozoic-aged sequence of tightly-folded silty sandstone and shale. Gold-bearing quartz vein-stockwork within the sedimentary sequence is known to extend 7 km along strike, along the steep, east-dipping limb of an asymmetrical anticline. The anticline is breached by a thrust fault that has localized the quartz vein-stockwork system. The Company believes Rio

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Blanco has potential for a sizable gold deposit based on geologic observation and trenching and channel sampling conducted by past operators. The project is located approximately 117 km south of the Company's San Bartolomé mine and mill.

The Company is currently underway with trench sampling as well as building access roads to the Rio Blanco property for further exploration activity.

COVID-19

In March 2020, the World Health Organization declared the COVID-19 outbreak to be a global pandemic (the "Pandemic"). The situation is dynamic with countries around the world responding in different ways to address the outbreak. The Pandemic is causing significant financial market declines and social dislocation, globally.

The effect of the Pandemic on the Company's business is undetermined, given the uncertainties regarding future developments, including without limitation: (i) duration, severity and scope of the Pandemic; (ii) future availability of mining supplies and services; (iii) other unforeseen impacts on the Company's future operations and financial condition; and (iv) necessary governmental responses to limit the spread of the Pandemic.

The Company is safeguarding the health of employees, while continuing to operate safely, and responsibly. The Company continues to implement comprehensive and proactive measures to respond to the Pandemic; and to work closely with local governments and authorities to ensure proper health protocols are followed.

On March 17, 2020, after the reporting period, the National Government of Bolivia declared a country-wide National Sanitary Emergency and Quarantine due to the spread of COVID-19. A number of provisions were issued to contain the spread of COVID-19; such as exceptional restrictive circulation measures, the drastic reduction of activities and the issuance of economic regulations, among others, which were expected to significantly affect the economic activity of the country. On April 30, 2020, a Multi-Ministerial Supreme Decree was enacted by the Bolivian government authorizing the return of mining activity effective May 2, 2020. As a result, Manquiri ceased its operations during April 2020 and partially through May 2020. The lockdown did not have a material impact on the Company's operations and the Company returned to normal production levels by June 2020.

The Company continues reviewing operational plans to offset the negative effects of the Pandemic while being prepared for an extended period of health protocols and travel restrictions. The Company is actively managing operating costs while focusing on productivity and cost efficiencies. Capital expenditures and greenfield exploration are also being reviewed. The Company's near term strategy is to manage capital resources and liquidity in a prudent fashion to sustain operating costs.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global silver prices;
- Demand for silver and the ability to explore for silver;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the United States dollars and Bolivian boliviano; and
- Ability to obtain funding.

Apart from these factors and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, demands, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

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TRENDS AND ECONOMIC CONDITIONS

For the three months ended March 31, 2021, the spot price of silver fluctuated between a low of \$24.00 per ounce and a high of \$29.59 per ounce. The average spot silver price for the three months ended March 31, 2021 was \$26.29 per ounce, an increase of 55% from the comparative prior year period of \$16.94 per ounce.

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

OVERALL PERFORMANCE

Review of operations for the three months ended March 31, 2021 compared to the three months ended March 31, 2020

The Company had a net loss and comprehensive loss of \$1.5 million for the three months ended March 31, 2021, with basic and diluted loss per share of \$0.01. This compares with a net income and comprehensive income of \$2.5 million for the three months ended March 31, 2020, with basic and diluted income per share of \$0.02. The change in net income of \$4.0 million principally resulted from the following factors:

Metal revenues

Revenues for the three months ended March 31, 2021 were \$38.3 million compared to \$24.4 million during the three months ended March 31, 2020. The Company sold 1.5 million silver equivalent ounces during the three months ended March 31, 2021 at an average realized price of \$25.57 per silver ounce and 1.4 million silver equivalent ounces during the three months ended March 31, 2020 at an average realized price of \$17.80 per silver ounce.

Cost of sales

Cost of sales, which comprise the full cost of operations excluding depreciation and depletion, were \$24.6 million during the three months ended March 31, 2021 compared to \$14.8 million during the three months ended March 31, 2020. Cost of sales consists of direct costs and mining royalty taxes.

Direct costs, consisting of costs attributable to the Company's mining, ore purchasing and plant operations, were \$21.3 million during the three months ended March 31, 2021 compared to \$12.5 million during the three months ended March 31, 2020. Operating costs are recognized on a sales basis, and increased year over year due to the timing and higher volume of sales in the first quarter of 2021 compared with the first quarter of 2020.

Mining royalty taxes were \$3.3 million during the three months ended March 31, 2021 compared to \$2.3 million during the three months ended March 31, 2020. Mining royalty taxes include export taxes and production royalties payable to COMIBOL, both of which are determined by a fixed percentage of sales. The increase in royalty taxes is primarily attributable to higher revenues realized during 2021.

Depletion and depreciation costs form a component of cost of sales and were \$2.4 million during the three months ended March 31, 2021 compared to \$3.2 million during the three months ended March 31, 2020. The decrease in depletion and depreciation costs is primarily attributable to the increase in the Company's mineral reserves forming the depreciation base, as documented in the Company's Technical Report effective March 17, 2020, filed at www.sedar.com.

General and administrative expenses

General and administrative expenses increased to \$5.7 million during the three months ended March 31, 2021 compared to \$1.4 million during the three months ended March 31, 2020. The significant components

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of these expenses include the costs of the RTO Transaction, salaries and office administration, management fees, and community relations expenses. General and administrative expenses increased during the three months ended March 31, 2021 primarily as a result of one time RTO Transaction costs of \$3.5 million relating to the Company's reverse takeover of Buckhaven.

Exploration expenses

Exploration and evaluation expenditures decreased to \$0.3 million for the three months ended March 31, 2021, consisting primarily of non-sustaining exploration and study costs on the San Pablo property, compared to \$1.5 million during the three months ended March 31, 2020, consisting primarily of \$1.5M in acquisition costs for Minera Pukaraju SA, which holds exploration rights to the San Pablo property.

Other loss

Other loss decreased to \$0.9 million during the three months ended March 31, 2021 compared to other income of \$0.0 million during the three months ended March 31, 2020. The primary driver of other loss for the three months ended March 31, 2021 were losses in marketable securities of \$0.9 million relating to the Company's holdings in Santacruz Silver, consisting of 4,781,818 common shares and 2,481,818 warrants to purchase common shares as at March 31, 2021.

Finance costs

The Company incurred finance costs primarily related to accretion on its decommissioning liabilities of \$0.3 million during the three months ended March 31, 2021. This compares to \$1.2 million during the three months ended March 31, 2020. The decrease in finance costs in 2021 was primarily due to the cessation of interest payments as the Company repaid its external credit facilities in full by the end of fiscal 2020.

Foreign exchange gain

The Company recorded a gain on the revaluation of accounts denominated in foreign currencies of \$0.1 million during the three months ended March 31, 2021 compared to \$0.2 million during the three months ended March 31, 2020.

Deferred income taxes

The Company recorded deferred income taxes of \$5.7 million during the three months ended March 31, 2021 compared to \$nil during the three months ended March 31, 2020. A deferred tax expense was recorded relating to the consumption of tax loss carryforwards by net profits in Bolivia during the first quarter of 2021. The Company's effective tax rate realized in the three months ended March 31, 2021 is higher than the statutory Canadian tax rate of 26.5% primarily due to the non-deductibility of certain expenditures as well as higher income tax rates in Bolivia. The Company is evaluating opportunities to reduce non-deductible expenditures in Bolivia.

Review of the statement of financial position as at March 31, 2021 compared to December 31, 2020

Total assets increased from \$115.8 million as at December 31, 2020 to \$127.7 million as at March 31, 2021, primarily as a result of an increase in cash and cash equivalents of \$30.7 million, offset by decreases in the Company's restricted cash of \$9.6 million and deferred tax asset of \$5.7 million.

Total liabilities decreased by \$9.7 million from \$41.5 million as at December 31, 2020 to \$31.8 million as at March 31, 2021, primarily as a result of a decrease in subscription receipt liabilities of \$10.0 million.

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LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

At March 31, 2021, the Company had cash of \$69.2 million compared to \$38.5 million at December 31, 2020. The increase in cash of \$30.7 million from December 31, 2020 was a result of cash inflows from operating activities of \$11.3 million, cash outflows from investing activities of \$0.2 million and offset by cash inflows from financing activities of \$19.5 million, as well as \$0.1 million from the effect of exchange rate changes in cash.

Net loss for the three months ended March 31, 2021 was \$1.5 million. Items not affecting cash totaled \$11.1 million, including deferred income taxes of \$5.7 million, depreciation and depletion of \$2.5 million, non-cash listing expenses of \$2.4 million related to the RTO Transaction, share-based compensation of \$0.8 million, and losses in marketable securities of \$0.9 million.

Changes in non-cash working capital balances increased cash by \$0.5 million. The primary drivers of this change were due to a decrease of \$1.6 million in inventory, offset by increases in value added taxes recoverable and VAT certificates of \$1.2 million.

Investing activities included \$0.1 million cash acquired from the RTO Transaction, offset by \$0.2 million in capital expenditures.

Financing activities consisted primarily of \$19.6 million raised from private placements in August 2020 and February 2021, net of transaction costs, which closed on the completion of the RTO Transaction.

Capital Resources

The Company operates in a capital-intensive industry. The Company's liquidity requirements arise principally from the need for financing its mining and mineral processing operations, exploration activities and acquisition of exploration and mining rights.

Historically, the Company's principal sources of liquidity have been proceeds from borrowing from commercial banks in Bolivia, funds loaned by related parties, and cash generated from operations. The Company's liquidity primarily depends on its ability to generate cash flow from its operations, as well as the Company's future operating and capital expenditure requirements. Management believes that its forecast operating cash flows are sufficient to cover the next twelve months of the Company's operations including its planned capital expenditures.

Factors that may affect the Company's liquidity are continuously monitored. These factors include the market price of silver, production levels, operating costs, capital costs, exploration expenditures, the timing of VAT recoveries, income tax refunds, foreign currency fluctuations, health and safety risks related to the coronavirus (COVID-19), and other risks and uncertainties (refer to "Risk Factors" section of this MD&A). In the event that the Company is adversely affected by any of these factors and, as a result, the operating cash flows are not sufficient to meet the Company's working capital requirements there is no guarantee that the Company would be able to raise additional capital on acceptable terms to fund a potential cash shortfall.

As at March 31, 2021, the Company was not subject to any externally imposed capital requirements.

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The Company had positive net working capital of \$79.2 million as at March 31, 2021, consisting of the following:

As at,	March 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 69,238	\$ 38,537
Restricted cash	351	9,999
Inventories	9,066	10,619
Value added taxes	6,134	5,614
VAT certificates	1,296	711
Prepaid assets	2,640	2,531
Other assets	135	419
Marketable securities	1,619	2,485
Total current assets	\$ 90,479	\$ 70,915
Liabilities		
Accounts payable and accrued liabilities	\$ 11,108	\$ 11,269
Current portion of lease liabilities	190	-
Debt	10	10
Subscription receipt liability	-	10,000
Total current liabilities	\$ 11,308	\$ 21,279

Contractual obligations and operating commitments

A summary of contractual obligations and future operating commitments as at March 31, 2021, are as follows:

	Total	Within 1 year	1 - 2 years	3 - 5 years	Greater than 5 years
Accounts payables and accrued liabilities	\$ 11,108	\$ 11,108	\$ -	\$ -	\$ -
Leases	266	190	76	-	-
Debt	10	10	-	-	-
Decommissioning liability ⁽¹⁾	22,277	-	366	14,463	7,448
Other provisions	6,464	-	996	2,088	3,380
	\$ 40,125	\$ 11,308	\$ 1,438	\$ 16,551	\$ 10,828

⁽¹⁾ The decommissioning liability represents the undiscounted amount of the estimated cash flows required to settle the mine closure obligations of the San Bartolomé mine estimated to begin in 2025.

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SUMMARY OF QUARTERLY RESULTS

	Q1 2021	Q4 2020	Q3 2020	Q1 2020	Q4 2019	Q3 2019
Revenue	\$ 38,347	\$ 55,568	\$ 38,105	\$ 24,416	\$ 22,989	\$ 22,032
Net income (loss)	\$ (1,523)	\$ 39,014	\$ 4,776	\$ 2,513	\$ 3,346	\$ (1,432)
Earnings (loss) per share (basic and diluted)	\$ (0.01)	\$ 0.33	\$ 0.04	\$ 0.02	\$ 3,346	\$ (1,432)
Total assets	\$ 127,713	\$ 115,783	\$ 80,457	\$ 100,776	\$ 100,840	\$ 69,746
Total financial liabilities	\$ 11,308	\$ 21,279	\$ 23,705	\$ 48,359	\$ 51,533	\$ 25,192

RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Ultimate controlling shareholder

The ultimate controlling shareholder is PMB Partners LP, a Canadian partnership.

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers, including officers at its subsidiaries. Management fees are payable to a company controlled by a director of the Company and includes salaries and benefits of certain key management.

The total compensation paid or payable to key management amounted to:

	Q1 2021	Q1 2020
Management fees	\$ 738	\$ 1,143
RTO Transaction costs	520	-
Salaries and benefits	174	130
Stock-based compensation	720	-
Total	\$ 2,152	\$ 1,273

NON-IFRS MEASURES

COC, AISC and AIC

COC, AISC and all-in costs ("AIC") are non-IFRS performance measures set out under a guidance note released by the World Gold Council in June 2013 and updated in November 2018. These measures are used by management to assess the Company's performance and its expected future performance; however, these measures do not have any standardized meaning. As such, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. Accordingly, these measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

COC include total production cash costs incurred at the Company's mining operations, which form the basis of the Company's cash costs, less by-product revenues from gold sales. AISC includes COC plus sustaining capital expenditures, general and administrative expenses, sustaining exploration and study costs and reclamation cost accretion. Reclamation and closure costs represent the gradual unwinding of the

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discounted liability to rehabilitate the area around the San Bartolomé Mine at the end of its mine life. The Company believes that AISC represents the total costs of producing silver from current operations and provides the Company and other stakeholders of the Company with additional information relating to the Company's operational performance and ability to generate cash flows. AIC represents AISC plus non-sustaining exploration and study costs. Non-sustaining exploration and study costs represent costs associated with the Company's exploration portfolio, primarily relating to activities at San Pablo and Rio Blanco. Certain other cash expenditures including tax payments, debt payments, dividends and financing costs are also not included in the calculation of AIC. The Company reports these measures on a silver ounce sold basis.

The following table provides a reconciliation of the cash operating cost per silver ounce sold on a by-product basis to the financial statements:

	Q1 2021	Q1 2020
Costs of sales, as reported	\$ 24,646	\$ 14,803
Total cash operating cost before by-product credits	24,646	21,127
Less: by-product gold credits	2,116	4,726
Total cash operating cost	22,530	16,401
Divided by silver ounces sold (K oz)	1,417	1,106
COC per silver ounce sold, on a by-product basis	\$ 15.90	\$ 14.83

The following table provides a reconciliation of the all-in sustaining cost per silver ounce on a by-product basis to the financial statements:

	Q1 2021	Q1 2020
Cash costs, net of by-product credits	\$ 22,530	\$ 16,401
General and administrative expenses ⁽¹⁾	1,480	1,421
Sustaining capital expenditures and leases	355	337
Accretion for decommissioning liability	64	254
Sustaining exploration and study costs	64	9
All-in sustaining costs	24,493	18,422
Divided by silver ounces sold (K ozs)	1,417	1,106
AISC per silver ounce sold, on a by-product basis	\$ 17.28	\$ 16.65

⁽¹⁾ General and administrative expenses exclude one-time RTO Transaction costs of \$3,451 attributable to the reverse takeover of Buckhaven Capital Corp, and non-cash share-based compensation costs of \$793 incurred in March 2021.

The following table provides a reconciliation of the all-in cost per silver ounce on a by-product basis to the financial statements:

	Q1 2021	Q1 2020
All-in sustaining costs	\$ 24,493	\$ 18,422
Non-sustaining exploration and study costs	264	1,525
All-in costs	24,757	19,947
Divided by silver ounces sold (K ozs)	1,417	1,106
AIC per silver ounce sold, on a by-product basis	\$ 17.47	\$ 18.03

EBITDA AND ADJUSTED EBITDA

The Company has included adjusted EBITDA as a non-IFRS performance measure in this MD&A. The Company excludes certain items from net income to provide a measure which allows the Company and investors to evaluate the results of the underlying core operations of the Company and its ability to generate

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cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of Adjusted EBITDA to the Company's financial statements for their respective periods:

	Q1 2021	Q1 2020
Net (loss) income	\$ (1,523)	\$ 2,513
Add:		
Deferred income taxes	5,663	-
Finance costs	281	1,220
Depreciation and depletion	2,425	3,203
EBITDA	\$ 6,846	\$ 6,936
Add: RTO Transaction costs ⁽¹⁾	3,451	-
Adjusted EBITDA	\$ 10,307	\$ 6,936

⁽¹⁾ RTO Transaction costs consist of one-time costs attributable to the reverse takeover of Buckhaven Capital Corp. completed in March 2021.

Free Cash Flow

The Company has included free cash flow as a non-IFRS performance measure in this MD&A. The Company considers operating cash flow plus capital expenditures to provide a measure which allows the Company and investors to evaluate the ability of the Company to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of free cash flow to the Company's financial statements for their respective periods:

	Q1 2021	Q1 2020
Operating cash flows	\$ 11,252	\$ 1,467
Less:		
Expenditures on property, plant and equipment and leases	(355)	(337)
Free cash flow	\$ 10,897	\$ 1,130

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that has not previously been discussed.

ACCOUNTING STANDARDS AND PRONOUNCEMENTS

Accounting standards issued but not yet adopted

The following are future changes in accounting policies not yet effective as at March 31, 2021:

- (i) Property, plant and equipment

On May 14, 2020, the IASB issued amendments to IAS 16 Property, Plant and Equipment ("IAS 16"). The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments to IAS 16 are effective for annual periods beginning on or after January 1,

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2022. Early adoption is permitted. The amendments apply retrospectively only to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. The effect of the adoption of the amendments to IAS 16 cannot be reasonably estimated at this time. The Company is assessing the impact of the amendments on the consolidated financial statements and will not be adopting the amendments early.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of authorized common shares without par value. The Company does not currently pay dividends and entitlement will only arise upon declaration.

As at March 31, 2021, the Company had 157,206,839 common shares issued and outstanding (December 31, 2020 – 120,000,100 common shares and 19,854,738 Subscription Receipts convertible into one common share of the Company, issued and outstanding).

As of the date of this filing, the Company had 157,273,506 common shares issued and outstanding and 2,477,826 options to purchase common shares of the Company issued and outstanding.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the Financials do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the Financials; and (ii) the Financials fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of and annual filings and other reports provided under securities legislation.

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RISK FACTORS

The Company's activities expose it to a variety of financial market risks (including commodity price risks, currency risk and interest rate risk), credit risks, liquidity risks, financing risks and other risks, as described in Note 18 of the audited consolidated financial statements of the Company for the year ended December 31, 2020. The Company also identified a number of other risks and uncertainties in its Filing Statement dated March 15, 2021, including, but not limited to, (i) COVID-19; (ii) commodity prices; (iii) exploration, development and operating risks; (iv) health, safety and environmental risks and hazards; (v) uncertainty in the estimation of mineral reserves and resources; (vi) replacement of depleted mineral reserves; (vii) uncertainty relating to mineral resources; (viii) uncertainty relating to future production estimates; (ix) commodity prices and availability; (x) infrastructure; (xi) permitting; (xii) insurance and uninsured risks; (xiii) foreign operations and political risk; (xiv) increase in production costs; (xv) amendments to mining laws and regulations; (xvi) community relations and (xvii) dependence on management and key personnel.

For a more detailed discussion of such financial and other business risks, please see the "Risk Factors" in the Company's Filing Statement dated March 15, 2021 at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements and information contained in this MD&A and the documents incorporated by reference in this MD&A constitute "forward-looking statements" within the meaning of applicable U.S. securities laws and "forward-looking information" within the meaning of applicable Canadian securities laws, which we refer to collectively as "forward-looking statements". Forward-looking statements are statements and information regarding possible events, conditions or results of operations that are based upon assumptions about future economic conditions and courses of action. All statements and information other than statements of historical fact may be forward-looking statements. In some cases, forward-looking statements can be identified by the use of words such as "seek", "expect", "anticipate", "budget", "plan", "estimate", "continue", "forecast", "intend", "believe", "predict", "potential", "target", "may", "could", "would", "might", "will" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

Forward-looking statements in this MD&A and the documents incorporated herein by reference include, but are not limited to statements and information regarding: the Company's future mining activities, including mining capacity, recovery, cash costs, production and mine life; the Company's future ore purchase activities; the Company's reserve and resource estimates; the Company's exploration and development plans, including anticipated costs and timing thereof; the timing and location of future drilling; the timing of geological and/or technical reports; the Company's ability to obtain and maintain required licences, permits, required agreements with third parties and regulatory approvals; the Company's plans for growth through exploration activities, acquisitions or otherwise; and expectations regarding future maintenance and capital expenditures, working capital requirements, the availability of financing and future effective tax rates. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited to: the Company's ability to carry on exploration and development activities; the Company's ability to secure and to meet obligations under property and option agreements and other material agreements; the timely receipt of required approvals and permits; that there is no material adverse change affecting the Company or its properties; that contracted parties provide goods or services in a timely manner, that no unusual geological or technical problems occur, that plant and equipment function as anticipated and that there is no material adverse change in the price of silver, costs associated with production or recovery. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and you are cautioned not to place undue reliance on forward-looking statements contained herein.

Some of the risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking statements contained in this MD&A and the documents incorporated

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herein by reference include, but are not limited to: risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations; results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; risks relating to possible variations in reserves, resources, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined; mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development; the potential for delays in exploration or development activities or the completion of feasibility studies; risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; risks related to commodity price and foreign exchange rate fluctuations; the uncertainty of profitability based upon the cyclical nature of the industry in which the Company operates; risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental or local community approvals or in the completion of development or construction activities; risks related to environmental regulation and liability; political and regulatory risks associated with mining and exploration; risks related to the uncertain global economic environment; risks related to COVID-19; and other factors contained in the section entitled "Risk Factors" per above.

Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward-looking statements, you are cautioned that this list is not exhaustive and there may be other factors that the Company has not identified. Furthermore, the Company undertakes no obligation to update or revise any forward-looking statements included in, or incorporated by reference in, this MD&A if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

QUALIFIED PERSON

Donald J. Birak, an independent geologist and Registered Member of SME and Fellow of AusIMM, the qualified person as defined by National Instrument 43-101, has reviewed and approved the scientific and technical content included in this MD&A.