

**ANDEAN PRECIOUS METALS CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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 November 22, 2021 and describes the operational and financial results of the Company for the three and nine months ended September 30, 2021.

This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2021 and 2020 (the "Financials"). These documents and additional information are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.andeanpm.com](http://www.andeanpm.com). The content of the Company's website and information accessible through the website does 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 produces 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 exploration 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 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117 Vancouver, Canada.

### **YTD 2021 HIGHLIGHTS**

- Safety milestone reached with no lost time incidents reported for over 900 days.
- Manquiri employee COVID-19 vaccination rate is 98% with at least one dose; 84% with full series.
- Year-to-date production of 4.4 million silver equivalent ounces<sup>(1)</sup>, compared to full year 2021 guidance of 5.8 to 6.1M ounces.
- Year-to-date revenues of \$113.1 million from sales of 4.4 million silver equivalent ounces<sup>(1)</sup>, compared with \$75.1 million from sales of 3.8 million ounces over the same period in 2020.
- Year-to-date adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA")<sup>(2)</sup> of \$29.0 million, compared with \$18.6 million over the same period in 2020.
- Year-to-date free cash flow<sup>(2)</sup> of \$25.2 million, compared with \$12.0 million over the same period in 2020.
- Year-to-date all-in sustaining costs ("AISC")<sup>(2)</sup> per silver ounce sold of \$18.08, compared to full year 2021 guidance of \$17.50 to \$19.50 per ounce.
- On September 21, 2021, the Company appointed Mr. Simon Griffiths as President and CEO of the Company.

### **Q3 2021 HIGHLIGHTS**

- Production of 1.5 million silver equivalent ounces<sup>(1)</sup> in Q3 2021, compared with 1.5 million silver equivalent ounces in Q3 2020.
- Revenues of \$36.7 million from sales of 1.5 million silver equivalent ounces<sup>(1)</sup> in Q3 2021, compared with \$38.1 million from sales of 1.7 million ounces in Q3 2020.
- Adjusted EBITDA<sup>(2)</sup> of \$7.8 million for Q3 2021, compared with \$9.9 million for Q3 2020.
- Free cash flow<sup>(2)</sup> of \$4.0 million for Q3 2021, compared with \$11.3 million for Q3 2020.
- AISC<sup>(2)</sup> per silver ounce sold of \$17.94 during Q3 2021, compared with AISC of \$18.04 per silver ounce sold during Q3 2020.

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 on page 13 of the MD&A for further detail, including a reconciliation of these metrics to the Company's Financials.

### **2021 OUTLOOK UPDATE AND GUIDANCE**

The Company produced 4.4 million silver equivalent ounces during the first nine months of fiscal 2021 from its own mineral reserves and from its third-party ore sourcing business. During the remainder of 2021, the Company will focus mining production from the Santa Rita Pallacos area.

The Company continues to complete the sonic drilling of the fines disposal facility, which will inform a mineral resource estimate followed by a technical study on the economic viability of reprocessing approximately 10 million tonnes contained in its tailings facilities. Manquiri's production records suggest potentially economic quantities of recoverable silver and tin exists in the tailings. Management expects to report the results of its study by the end of the first quarter of 2022.

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 20 out of approximately 113 mining cooperatives as well as a number of privately-held mining companies within Bolivia.

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The following table sets out Andean's production and AISC results for the first nine months of 2021 against its full year 2021 production and cost guidance:

	<b>YTD 2021 Actual</b>	Full Year 2021 Guidance <sup>(1)</sup>
Silver equivalent production	<b>4.4M oz</b>	5.8M to 6.1M oz
AISC (by-product)	<b>\$18.08/Ag oz</b>	\$17.50 to \$19.50/Ag oz

<sup>(1)</sup> 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 10,000 metre diamond drilling program is underway with an initial phase I campaign of 3,580 metres completed in May 2021. Multiple gold bearing zones were encountered, and the Company is underway with phase II, including geophysical studies with Quantec Geoscience's Titan 24 DCIP and magnetotelluric technology. At Rio Blanco, mapping and trench sampling works were completed, while a 10,000 metre drilling program began in July 2021, with 2,150 metres of drilling completed to date. The Company expects to release results on phase I exploration at both San Pablo and Rio Blanco as results are received.

In addition, the Company is assessing acquisition opportunities in Bolivia as well as South and Central America.

## FINANCIAL AND OPERATIONAL RESULTS

	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>YTD 2021</b>	<b>YTD 2020</b>
<b>Operational Performance</b>				
Mined ore <sup>(1)</sup> (k dmt)	<b>480</b>	654	<b>1,366</b>	1,588
Average ore mined grade (Ag g/t)	<b>96</b>	100	<b>98</b>	98
Purchased ore <sup>(2)</sup> (k dmt)	<b>129</b>	121	<b>395</b>	252
Average purchased ore grade (Ag g/t)	<b>209</b>	233	<b>200</b>	235
Ore milled (k dmt)	<b>440</b>	428	<b>1,291</b>	1,063
Daily average throughput (dmt)	<b>4,894</b>	4,805	<b>4,852</b>	4,644
Average head grade (Ag g/t)	<b>114</b>	128	<b>115</b>	129
Silver recovery (%)	<b>85</b>	85	<b>85</b>	89
Silver production (k ozs)	<b>1,375</b>	1,502	<b>4,087</b>	3,885
Silver equivalent production <sup>(3)</sup> (k ozs)	<b>1,512</b>	1,526	<b>4,410</b>	4,142
Silver sales (k ozs)	<b>1,375</b>	1,695	<b>4,126</b>	3,505
Silver equivalent sales <sup>(3)</sup> (k ozs)	<b>1,521</b>	1,695	<b>4,442</b>	3,774

### Silver equivalent production breakdown by source (k oz)

Pallacos – San Bartolomé area	<b>440</b>	697	<b>1,567</b>	2,055
Mine reclamation stockpiles	<b>321</b>	130	<b>737</b>	165
Cachi Laguna	<b>206</b>	80	<b>437</b>	499
Oxide purchases	<b>545</b>	619	<b>1,669</b>	1,423

	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>YTD 2021</b>	<b>YTD 2020</b>
<b>Financial Performance</b>				
Revenue	\$ <b>36,691</b>	\$ 38,105	\$ <b>113,076</b>	\$ 75,104
Cost of sales	\$ <b>24,612</b>	\$ 27,532	\$ <b>73,631</b>	\$ 49,867
Income from mine operations	\$ <b>9,653</b>	\$ 7,814	\$ <b>32,219</b>	\$ 17,153
Net (loss) income	\$ <b>1,846</b>	\$ 4,776	\$ <b>4,194</b>	\$ 6,945
Net (loss) income per share				
-Basic	\$ <b>0.01</b>	\$ 0.04	\$ <b>0.03</b>	\$ 0.06

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-Diluted	\$	<b>0.01</b>	\$	0.04	\$	<b>0.03</b>	\$	0.06
Net cash from operating activities	\$	<b>5,343</b>	\$	12,112	\$	<b>27,994</b>	\$	13,528
Free cash flow <sup>(4)</sup>	\$	<b>4,034</b>	\$	11,282	\$	<b>25,237</b>	\$	12,046
Adjusted EBITDA <sup>(4)</sup>	\$	<b>7,820</b>	\$	9,877	\$	<b>29,048</b>	\$	18,627
Ending cash and cash equivalents	\$	<b>83,122</b>	\$	16,066	\$	<b>83,122</b>	\$	16,066
Capital expenditures	\$	<b>1,361</b>	\$	830	\$	<b>2,809</b>	\$	1,482
Cash operating costs ("COC") on a by-product basis <sup>(4)</sup>	\$	<b>15.34</b>	\$	16.24	\$	<b>15.90</b>	\$	12.70
All-in sustaining costs ("AISC") on a by-product basis <sup>(4)</sup>	\$	<b>17.94</b>	\$	18.04	\$	<b>18.08</b>	\$	14.50

Notes:

(1) Mined ore includes ore mined from the Company's permitted areas, including Santa Rita, Huacajchi, Antuco, El Asiento, and Monserrat 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 below).

(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 on page 13 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 Company also maintains royalty agreements with COMIBOL in return for the rights to mine, transport and reprocess historical mining dumps and stockpiles ("mine reclamation stockpiles") in the El Asiento, Tatasi-Portugalete and Monserrat areas, and through these agreements provides an environmental remediation service by processing otherwise discarded mine waste. 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 previously 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 gold and lesser silver 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"). As the current purchase contract with RALP is expected to be completed by early 2022, the Company is in discussions with RALP to pursue an exploration campaign, the results of which will be integrated into a new purchase contract.

The Company also maintains various agreements to purchase oxidized, precious metal-bearing material from local miners at market rates for processing at the San Bartolomé plant. A number of additional ore purchase opportunities in Bolivia are currently being evaluated by the Company.

During the three months ended September 30, 2021, the Company mined 0.5 million tonnes with an average silver grade of 96 g/t and purchased 0.1 million tonnes with an average silver grade of 209 g/t, compared with 0.7 million tonnes mined with an average silver grade of 100 g/t and 0.1 million tonnes purchased with an average silver grade of 233 g/t during the three months ended September 30, 2020. The Company processed 0.4 million tonnes through the San Bartolomé plant during the three months ended September 30, 2021 compared with 0.4 million tonnes during the three months ended September 30, 2020.

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The average silver head grade realized during the three months ended September 30, 2021 was 114 g/t compared with 128 g/t during the comparable period of 2020. The lower head grade realized in 2021 was a result of processing lower grade mined material and by lower grade purchased material from local miners during 2021 as compared to 2020.

Silver recoveries reported are 85% during the three months ended September 30, 2021, compared to 85% during the three months ended September 30, 2020.

During the nine months ended September 30, 2021, the Company mined 1.4 million tonnes with an average silver grade of 98 g/t and purchased 0.4 million tonnes with an average silver grade of 200 g/t, compared with 1.6 million tonnes mined with an average silver grade of 98 g/t and 0.3 million tonnes purchased with an average silver grade of 235 g/t during the nine months ended September 30, 2020. The Company processed 1.3 million tonnes through the San Bartolomé plant during the nine months ended September 30, 2021 compared with 1.1 million tonnes during the nine months ended September 30, 2020.

The average silver head grade realized during the nine months ended September 30, 2021 was 115 g/t compared with 129 g/t during the comparable period of 2020. The lower head grade realized in 2021 was primarily driven by lower grades of purchased material during 2021 as compared to 2020.

Silver recoveries reported are 85% during the nine months ended September 30, 2021, compared to 89% during the three months ended September 30, 2020. Changes in recovery were driven by changes in the feed sources to the mill.

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 fines disposal facility, located at the San Bartolomé mill. The Company 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 a hydrothermal gold system hosted in fine-grained, sedimentary rocks. Based on its results-to-date, the Company believes San Pablo mineralization to be a mesothermal, intrusive-related gold system. Post depositional structures (faults and folds) enhanced the primary porosity of the host rocks. Hydrothermal processes, believed to be sourced from proximal intrusive bodies, are associated with precious metal mineralization.

The precious metals, dominantly gold at San Pablo, are associated with quartz and sulfides like pyrite, arsenopyrite and bismuthinite ( $\text{Bi}_2\text{S}_2$ ). Associated gangue minerals are siderite and tourmaline.

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 3,580 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 in November 2021, using Quantec Geoscience's Titan 24 DCIP and magnetotelluric technology.

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### 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 and stockwork zones within the sedimentary sequence are known to extend 7 km along strike, along the steep, east-dipping limb of an asymmetrical anticline. The Company believes Rio Blanco has potential for a sizable gold deposit based on geologic observation, 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 has completed trench sampling as well as building access roads to the Rio Blanco property for further exploration activity. Trench samples are currently being analyzed and mapping continues. The 5,500 meter diamond drilling program that commenced at Rio Blanco in July 2021 with twenty-two holes was expanded to 10,000 meters in September 2021. To date, 2,150 metres have been drilled at Rio Blanco.

### 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 take comprehensive and proactive measures to respond to the Pandemic; and is working closely with local governments and authorities to ensure proper health protocols are followed. In Bolivia, Manquiri's employees have a vaccination rate of 98% with at least one dose and 84% with a full series.

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 any 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;

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- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability, supply chain management, and cost impacts thereof;
- 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.

### **TRENDS AND ECONOMIC CONDITIONS**

For the three months ended September 30, 2021, the spot price of silver fluctuated between a low of \$21.53 per ounce and a high of \$26.61 per ounce. The average spot silver price for the three months ended September 30, 2021 was \$24.36 per ounce, a decrease of \$0.03 per ounce from the comparative prior year period of \$24.39 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 September 30, 2021 compared to the three months ended September 30, 2020**

The Company had a net income and comprehensive income of \$1.8 million for the three months ended September 30, 2021, with basic earnings per share of \$0.01 and diluted earnings per share of \$0.01. This compares with net income and comprehensive income of \$4.8 million for the three months ended September 30, 2020, with basic and diluted loss per share of \$0.04. The decrease in net income of \$3.0 million principally resulted from the following factors:

#### *Metal revenues*

Revenues for the three months ended September 30, 2021 were \$36.7 million compared to \$38.1 million during the three months ended September 30, 2020. The Company sold 1.5 million silver equivalent ounces during the three months ended September 30, 2021 at an average realized price of \$24.13 per silver ounce and 1.7 million silver equivalent ounces during the three months ended September 30, 2020 at an average realized price of \$22.48 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 September 30, 2021 compared to \$27.5 million during the three months ended September 30, 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 \$21.5 million during the three months ended September 30, 2021 compared to \$23.9 million during the three months ended September 30, 2020. Operating costs are recognized on a sales basis, and decreased year over year due to the lower volume of inventory sold.

Mining royalty taxes were \$3.1 million during the three months ended September 30, 2021 compared to \$3.6 million during the three months ended September 30, 2020. Mining royalty taxes include export taxes and production royalties payable to COMIBOL on certain production areas, both of which are determined

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by a fixed percentage of sales. The decrease in royalty taxes is primarily attributable to lower 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 September 30, 2021 compared to \$2.9 million during the three months ended September 30, 2020. The decrease in depreciation and depletion costs is primarily attributable to the decrease in mined reserves in the third quarter of 2021 compared to 2020.

#### *General and administrative expenses*

General and administrative expenses increased to \$3.3 million during the three months ended September 30, 2021 compared to \$1.9 million during the three months ended September 30, 2020. As a result of the Company's public listing in March 2021, general and administrative expenses increased during the three months ended September 30, 2021. The significant components of the increased expenses in 2021 include \$0.7 million for one-time severance payments and \$0.6 million for non-cash share-based compensation.

#### *Exploration expenses*

Exploration and evaluation expenditures increased to \$1.3 million for the three months ended September 30, 2021, consisting primarily of exploration drilling and related expenditures on the San Pablo and Rio Blanco properties, compared to \$0.2 million during the three months ended September 30, 2020.

#### *Other loss (income)*

Other loss increased to \$2.3 million during the three months ended September 30, 2021 compared to other income of \$0.1 million during the three months ended September 30, 2020. The primary driver of other loss for the three months ended September 30, 2021 was the \$2.3 million fair value loss of marketable securities of Santacruz Silver.

#### *Finance costs*

The Company incurred finance costs of \$0.3 million primarily related to accretion on its decommissioning liabilities during the three months ended September 30, 2021. This compares to finance costs of \$1.2 million during the three months ended September 30, 2020 related to interest expenses on credit facilities and accretion on decommissioning liabilities. The decrease in finance costs in 2021 was due to the cessation of interest expenses 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 \$0.4 million during the three months ended September 30, 2021 compared to \$0.1 million during the three months ended September 30, 2020.

#### *Deferred income taxes*

The Company recorded deferred income taxes of \$0.4 million during the three months ended September 30, 2021 compared to \$nil during the three months ended September 30, 2020. The Company's effective tax rate realized in the three months ended September 30, 2021 is higher than the statutory Canadian tax rate of 26.5% primarily due to the non-deductibility of certain expenditures as well as a higher statutory income tax rate of 32.5% in Bolivia. The Company is evaluating opportunities to reduce non-deductible expenditures in Bolivia.

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### Review of operations for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020

Consolidated operating results for the nine months ended September 30, 2021 were generally not comparable to the nine months ended September 30, 2020 due to the Pandemic and the resulting government mandated shutdown in April 2020. San Bartolomé resumed operations in early May 2020.

The Company had a net income and comprehensive income of \$4.2 million for the nine months ended September 30, 2021, with basic earnings per share of \$0.03 and diluted earnings per share of \$0.03. This compares with net income and comprehensive income of \$6.9 million for the nine months ended September 30, 2020, with basic and diluted earnings per share of \$0.06. Net income decreased due to the following factors:

#### *Metal revenues*

Revenues for the nine months ended September 30, 2021 were \$113.1 million compared to \$75.1 million during the nine months ended September 30, 2020. The Company sold 4.4 million silver equivalent ounces during the nine months ended September 30, 2021 at an average realized price of \$25.46 per silver ounce and 4.1 million silver equivalent ounces during the nine months ended September 30, 2020 at an average realized price of \$19.90 per silver ounce.

#### *Cost of sales*

Cost of sales, which comprise the full cost of operations excluding depreciation and depletion, were \$73.6 million during the nine months ended September 30, 2021 compared to \$49.9 million during the nine months ended September 30, 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 \$64.1 million during the nine months ended September 30, 2021 compared to \$42.4 million during the nine months ended September 30, 2020. Operating costs are recognized on a sales basis, and increased year over year due to the higher volume of sales in 2021 compared with 2020.

Mining royalty taxes were \$9.6 million during the nine months ended September 30, 2021 compared to \$7.5 million during the nine months ended September 30, 2020. Mining royalty taxes include export taxes and production royalties payable to COMIBOL on certain production areas, 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 \$7.2 million during the nine months ended September 30, 2021 compared to \$8.1 million during the nine months ended September 30, 2020. The decrease in depreciation and depletion 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](http://www.sedar.com).

#### *General and administrative expenses*

General and administrative expenses increased to \$11.3 million during the nine months ended September 30, 2021 compared to \$4.0 million during the nine months ended September 30, 2020. As a result of the Company's public listing in March 2021, general and administrative expenses increased during the nine months ended September 30, 2021. The significant components of the increased expenses include one-time RTO Transaction costs of \$3.5 million relating to the Company's reverse takeover of Buckhaven, non-cash share-based compensation of \$1.5 million, one-time severance costs of \$0.7 million and additional corporate development, salaries and office administration costs of \$1.6 million.

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#### *Exploration expenses*

Exploration and evaluation expenditures increased to \$2.9 million for the nine months ended September 30, 2021, consisting primarily of exploration drilling and related expenditures on the San Pablo and Rio Blanco properties, compared to \$1.8 million during the nine months ended September 30, 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 increased to \$3.1 million during the nine months ended September 30, 2021 compared to other loss of \$1.3 million during the nine months ended September 30, 2020. The primary driver of other loss for the nine months ended September 30, 2021 was a loss in fair value of \$3.0 million in marketable securities of Santacruz Silver. The primary driver of other loss in the nine months ended September 30, 2020 was \$1.8 million of care and maintenance costs incurred during the Bolivian mandated COVID-19 shutdown in April 2020.

#### *Finance costs*

The Company incurred finance costs primarily related to accretion on its decommissioning liabilities of \$0.9 million during the nine months ended September 30, 2021. This compares to \$3.4 million during the nine months ended September 30, 2020 related to accretion and interest expenses. 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.

#### *Reversal of loan impairment*

The Company recorded a recovery of \$3.3 million and a gain on the loan receivable of \$0.6 million for the nine months ended September 30, 2021 related to the settlement of the 2018 Santacruz Silver loan receivable ("Santacruz Loan") with 9,907,530 common shares and \$0.3 million cash compared to a \$0.2 million impairment on the Santacruz Loan for the nine months ended September 30, 2020.

#### *Foreign exchange gain*

The Company recorded a loss on the revaluation of accounts denominated in foreign currencies of \$0.3 million during the nine months ended September 30, 2021 compared to a gain of \$0.5 million during the nine months ended September 30, 2020.

#### *Deferred income taxes*

The Company recorded deferred income taxes of \$13.2 million during the nine months ended September 30, 2021 compared to \$nil during the nine months ended September 30, 2020. A deferred tax expense was recorded relating to the consumption of tax loss carryforwards by net profits in Bolivia during the nine-months ended September 30, 2021. The Company's effective tax rate realized in the nine months ended September 30, 2021 is higher than the statutory Canadian tax rate of 26.5% primarily due to the non-deductibility of certain expenditures as well as the higher statutory income tax rate of 32.5% in Bolivia. The Company is evaluating opportunities to reduce non-deductible expenditures in Bolivia.

#### **Review of the statement of financial position as at September 30, 2021 compared to December 31, 2020**

Total assets increased from \$115.8 million as at December 31, 2020 to \$137.5 million as at September 30, 2021, primarily as a result of an increase in cash and cash equivalents of \$44.6 million and accounts receivable of \$3.2 million, offset by decreases in the Company's restricted cash of \$9.7 million, property plant and equipment of \$4.9 million and deferred tax asset of \$12.8 million.

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Total liabilities decreased by \$6.1 million from \$41.5 million as at December 31, 2020 to \$35.4 million as at September 30, 2021, primarily as a result of a decrease in subscription receipt liabilities of \$10.0 million offset by an increase in accounts payable and accrued liabilities of \$2.7 million.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Cash Flow**

At September 30, 2021, the Company had cash of \$83.1 million compared to \$38.5 million at December 31, 2020. The increase in cash of \$44.6 million from December 31, 2020 was a result of cash inflows from operating activities of \$28.0 million, cash outflows from investing activities of \$3.2 million and cash inflows from financing activities of \$19.4 million, as well as \$0.3 million from the effect of exchange rate changes in cash.

Net income for the nine months ended September 30, 2021 was \$4.1 million. Items not affecting cash totaled \$29.9 million, include deferred income taxes of \$13.2 million, depreciation and depletion of \$7.2 million, gains on the settlement of the Santacruz Loan of \$3.5 million, non-cash listing expenses of \$2.4 million related to the RTO Transaction and share-based compensation of \$1.5 million.

Changes in non-cash working capital balances decreased cash by \$1.0 million. The primary drivers of this change were due to a decrease of \$3.1 million in inventory and prepaid assets of \$0.5 million, and an increase in accounts payable of \$2.7 million, offset by increases in accounts receivable of \$3.2 million and value added taxes recoverable and VAT certificates of \$4.0 million.

Investing activities included \$2.6 million in capital expenditures and \$0.6 million in exercising warrants to purchase common shares of Santacruz Silver.

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 materially 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 September 30, 2021, the Company was not subject to any contractually imposed capital requirements.

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The Company had positive net working capital of \$89.7 million as at September 30, 2021, consisting of the following:

As at,	September 30, 2021	December 31, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 83,122	\$ 38,537
Restricted cash	-	9,648
Accounts receivable	3,156	-
Inventories	8,157	10,619
Value added taxes	3,132	5,614
VAT certificates	552	711
Prepaid assets	2,051	2,531
Marketable securities	3,637	2,485
Total current assets	\$ 103,807	\$ 70,145
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 13,880	\$ 11,269
Current income taxes	186	-
Debt	-	10
Subscription receipt liability	-	10,000
Total current liabilities	\$ 14,066	\$ 21,279

#### Contractual obligations and operating commitments

A summary of contractual obligations and future operating commitments as at September 30, 2021, are as follows:

	Total	Within 1 year	1 - 2 years	3 - 5 years	Greater than 5 years
Accounts payables and accrued liabilities	\$ 13,880	\$ 13,865	\$ 15	\$ -	\$ -
Decommissioning liability <sup>(1)</sup>	21,350	-	373	20,839	138
Other provisions	6,196	-	728	2,088	3,380
	\$ 41,426	\$ 13,865	\$ 1,116	\$ 22,927	\$ 3,518

<sup>(1)</sup> 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.

#### SUMMARY OF QUARTERLY RESULTS

	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Revenue	\$ 36,691	\$ 38,038	\$ 38,347	\$ 55,568
Net income (loss)	\$ 1,846	\$ 3,870	\$ (1,523)	\$ 39,014
Earnings (loss) per share				
Basic	\$ 0.01	\$ 0.02	\$ (0.01)	\$ 0.33
Diluted	\$ 0.01	\$ 0.02	\$ (0.01)	\$ 0.33
Total assets	\$ 137,472	\$ 132,350	\$ 127,713	\$ 115,783
Total financial liabilities	\$ 35,350	\$ 32,428	\$ 11,308	\$ 21,279

	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Revenue	\$ 38,105	\$ 12,584	\$ 24,416	\$ 22,989
Net income (loss)	\$ 4,776	\$ (253)	\$ 2,513	\$ 3,346
Earnings (loss) per share				

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Basic	\$	0.04	\$	(0.00)	\$	0.02	\$	0.03
Diluted	\$	0.04	\$	(0.00)	\$	0.02	\$	0.03
Total assets	\$	80,457	\$	103,110	\$	100,776	\$	100,840
Total financial liabilities	\$	23,705	\$	72,991	\$	48,359	\$	51,533

## 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 companies controlled by the Executive Chairman of the Company and includes administrative costs and salaries and benefits of certain key management in addition to other operational and administrative staff.

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

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Management fees	\$ 738	\$ 803	\$ 2,225	\$ 2,048
RTO Transaction costs	-	-	520	-
Salaries and benefits	432	128	1,009	384
Severance costs	560	-	560	-
Stock-based compensation	560	-	1,506	-
Total	\$ 2,290	\$ 931	\$ 5,820	\$ 2,432

## 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 September 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 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.

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

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Costs of sales, as reported	\$ 24,612	\$ 27,532	\$ 73,631	\$ 49,867
Total cash operating cost before by-product credits	24,612	27,532	73,631	49,867
Less: by-product gold credits	(3,523)	-	(8,047)	(5,352)
Total cash operating cost	21,089	27,532	65,584	44,515
Divided by silver ounces sold (K oz)	1,375	1,695	4,126	3,505
COC per silver ounce sold, on a by-product basis	\$ 15.34	\$ 16.24	\$ 15.90	\$ 12.70

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

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Cash costs, net of by-product credits	\$ 21,089	\$ 27,532	\$ 65,584	\$ 44,515
General and administrative expenses <sup>(1)</sup>	1,962	1,876	5,441	3,971
Sustaining capital expenditures and leases	1,361	830	2,809	1,482
Accretion for decommissioning liability	237	251	714	761
Sustaining exploration and study costs	12	81	31	91
All-in sustaining costs	24,661	30,570	74,579	50,820
Divided by silver ounces sold (K ozs)	1,375	1,695	4,126	3,505
AISC per silver ounce sold, on a by-product basis	\$ 17.94	\$ 18.04	\$ 18.08	\$ 14.50

<sup>(1)</sup> For the three and nine months ended September 30, 2021, general and administrative expenses exclude one-time RTO Transaction costs of \$nil and \$3,451 respectively attributable to the reverse takeover of Buckhaven Capital Corp, one-time severance costs of \$707 and \$707, respectively, corporate development costs of \$79 and \$165 respectively and non-cash share-based compensation costs of \$569 and \$1,523 respectively.

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

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
All-in sustaining costs	\$ 24,661	\$ 30,570	\$ 74,579	\$ 50,820
Non-sustaining exploration and study costs	1,271	248	2,915	1,752
All-in costs	25,932	30,818	77,494	52,572
Divided by silver ounces sold (K ozs)	1,375	1,695	4,126	3,505
AIC per silver ounce sold, on a by-product basis	\$ 18.86	\$ 18.18	\$ 18.78	\$ 15.00

### 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 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:

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	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Net (loss) income	\$ 1,846	\$ 4,776	4,194	6,945
Add:				
Income taxes	224	-	13,384	-
Finance costs	300	2,163	907	3,378
Depreciation and depletion	2,426	2,864	7,226	8,084
<b>EBITDA</b>	<b>\$ 4,796</b>	<b>\$ 9,803</b>	<b>25,711</b>	<b>18,407</b>
Add: RTO Transaction costs <sup>(1)</sup>	-	-	3,451	-
Add: Severance costs <sup>(2)</sup>	707	-	707	-
Add: Change in fair value of marketable securities <sup>(3)</sup>	2,317	-	2,999	46
Less: Recovery of loan impairment and gain <sup>(4)</sup>	-	74	(3,820)	220
<b>Adjusted EBITDA</b>	<b>\$ 7,820</b>	<b>\$ 9,877</b>	<b>29,048</b>	<b>18,673</b>

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

<sup>(2)</sup> Severance costs relate to amounts payable to the former CEO in September 2021.

<sup>(3)</sup> These amounts refer to mark-to-market adjustments on securities held of Santacruz Silver.

<sup>(4)</sup> The recovery of loan impairment relates to the settlement of the Santacruz Loan in 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:

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating cash flows	\$ 5,395	\$ 12,112	28,046	13,528
Less:				
Expenditures on property, plant and equipment	(1,332)	(830)	(2,630)	(1,482)
Lease payments	(29)	-	(179)	-
<b>Free cash flow</b>	<b>\$ 4,034</b>	<b>\$ 11,282</b>	<b>25,237</b>	<b>12,046</b>

### 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

On April 1, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments to IAS 1 clarify the criterion for classifying a liability as non-current relating to the right to defer

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settlement of the liability for at least 12 months after the reporting period. The amendments are effective from January 1, 2023.

### Significant estimates

The preparation of the Company's condensed interim consolidated financial statements requires management to make judgments, assumptions and estimates that affect the reported amounts of assets and liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

### Accounting standards issued but not yet adopted

The following are future changes in accounting policies not yet effective as at September 30, 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, 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.

(ii) Deferred tax related to assets and liabilities

In May 2021, the IASB published a narrow scope amendment to IAS 12 Income taxes ("IAS 12"). In September 2021, IAS 12 was revised to reflect this amendment. The amendment narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as deferred taxes on leases and decommissioning obligations. The amendment is effective for annual periods beginning on or after January 1, 2023, and applied retrospectively. The Company will adopt the amendment on the date it becomes effective and is currently evaluating the impact of the amendment on its consolidated interim financial statements.

### 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 September 30, 2021 and the date of this filing, the Company had 157,473,506 common shares, 2,063,913 options to purchase common shares of the Company and 4,921,875 restricted stock units 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).

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## **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.

## **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](http://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

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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 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

Andean Precious Metals Corp.  
Management's Discussion and Analysis  
For the three and nine months ended September 30, 2021  
Discussion dated: November 22, 2021  
(In thousands of US Dollars, unless otherwise stated)

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.