1254688 B.C. LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2020

(IN THOUSANDS OF US DOLLARS,

UNLESS OTHERWISE STATED)

1254688 B.C. Ltd.
Management's Discussion and Analysis
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INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") for 1254688 B.C. Ltd. together with its wholly owned subsidiaries (the "Company") is prepared as of April 30, 2021, and describes the operational and financial results of the Company for the year ended December 31, 2020.

This MD&A should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2020 (the "Audited Financials"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. 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. 1254688 B.C. Ltd. was incorporated on June 25, 2020 under the laws of British Colombia, Canada. Effective September 30, 2020, the Company 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. Under the Agreement, the shareholders of Ag-Mining became shareholders of the Company by exchanging 100% of their outstanding common shares of Ag-Mining for common shares of the Company, 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 the Company.

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

Through its wholly owned subsidiary, Empresa Minera Manquiri S.A., 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 produces silver from a high margin third-party ore sourcing business. Processing takes place at the Company's San Bartolomé plant which has the ability to produce silver doré bars. 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 organic growth and consolidation of complementary projects targeting South and Central America.

2020 HIGHLIGHTS

- Revenues of $130.7 million for the year ended December 31, 2020, compared with $88.7 million for the year ended December 31, 2019.
- Net income of $46.0 million for the year ended December 31, 2020, compared with net loss of $12.8 million for the year ended December 31, 2019.
- Free cash flow ("FCF")(1) of $35.2 million for the year ended December 31, 2020, compared with $7.5 million for the year ended December 31, 2019.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA")(1) of $41.1 million for the year ended December 31, 2020, compared with $4.6 million for the year ended December 31, 2019.
- Production of 5.5 million ounces of silver at cash operating costs ("COC") and all-in sustaining costs ("AISC") per silver ounce sold(1) of $13.06 and $14.75, respectively, during 2020, compared with 5.2 million ounces of silver at COC and AISC of $13.98 and $16.21, respectively during 2019.
- Sales of 5.5 million ounces of silver at an average realized price of $21.76 per ounce, during 2020, compared with 5.2 million ounces of silver at an average realized price of $16.30 per ounce during 2019.
- Production of 5.9 million silver equivalent ounces(2) during 2020, compared with 5.5 million silver equivalent ounces during 2019.
- Sales of 6.0 million silver equivalent ounces(2) during 2020, compared with 5.4 million silver equivalent ounces during 2019.
- Beginning March 17, 2020, the Bolivian Government declared a lockdown of activity due to the ongoing COVID-19 pandemic, and the Company shut down its operations at San Bartolomé. On May 2, 2020, the Bolivian Government authorized the return of mining activity, and the Company returned to normal production levels by June 2020.
- On August 24, 2020, the Company closed a private placement for 19,854,738 Subscription Receipts at a price of US$0.50366 per Subscription Receipt for total proceeds of $10.0 million.
- In September 2020, the Company entered into a mining production contract with COMIBOL, consolidating the San Bartolomé, Antuco, El Asiento, Tatasi-Portugalete and Monserrat areas and replacing the temporary permits previously issued to the Company.
- The Company engaged Birak Consulting, LLC and NCL Ingeniería y Construcción SpA to complete mineral resource estimates for its Bolivian operations in accordance with National Instrument 43-101 ("NI 43-101"). These estimates were published in a technical report effective March 17, 2021 and filed at www.sedar.com under the Company's profile.
- During the year ended December 31, 2020, the Company repaid all of its outstanding third-party debt, including repurchasing its NSR obligation with Coeur Mining, Inc. for $4.5 million and repaying its outstanding loan payables with Banco BISA S.A., Greenteck Holdings Ltd. and Centrum Metals Company Inc.

(1) COC, AISC, FCF and EBITDA are measures of financial performance with no prescribed definition under IFRS. Refer to the "Non-IFRS Measures" section of the MD&A.
(2) Silver equivalent ounces include gold ounces produced or sold and are converted to a silver equivalent based on a ratio of realized silver and gold prices during the periods discussed.

2021 OUTLOOK AND GUIDANCE

The Company's objectives in fiscal 2021 are to continue to process its surface deposits at the San Bartolomé (inclusive of Antuco, Santa Rita and Huacajchi) and Cachi Laguna areas, as well as reclaiming silver bearing mine waste stockpiles under contract with COMIBOL at El Asiento and Tatasi-Portugalete. The Company will also continue to purchase ore from its community mining partners.

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. Additionally, the Company commenced exploration activities on its San Pablo and Rio

Blanco properties in February 2021. At San Pablo, a 10,000m diamond drilling program is underway, while mapping, IP and geophysical studies will begin in the second quarter of 2021 at Rio Blanco. Further, San Bartolomé is the only large-scale commercial oxide processing plant in the country, which the Company is leveraging to expand its third-party ore sourcing business. In tandem, the Company is assessing acquisition opportunities in South and Central America.

By mid-2021, the Company expects to complete the mining and processing of remaining mineral reserves in the Antuco area, moving production to the Santa Rita and Huacajchi areas. In addition, the Company plans to begin production at the higher grade Tatasi-Portugalete area by mid-2021. Production will continue to be mined from the El Asiento area and purchased through existing contracts with local miners.

As a result of the above, the Company's production for fiscal 2021 is expected to result in silver production of 5.8 to 6.1 million ounces at an AISC of $17.50 to $19.50 per silver ounce sold, on a by-product basis. Management's assumed commodity prices supporting this estimate are $24.00/ounce silver and $1,750/ounce gold.

AISC, compared to fiscal 2020, is expected to rise as a result of the Company's royalties and other costs linked to commodity prices. Additional general and administrative costs are also expected as a result of regulatory compliance activities from the Company's recent listing on the TSX-V.

OTHER RECENT DEVELOPMENTS

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 January 19, 2021, the Company amended its share purchase agreement with Minera Pukaraju S.A., agreeing to a final payment of $1.1 million due on July 23, 2022.

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 ($10.5 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 and will continue to carry on business of the Company.

On April 24, 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.

(In thousands of US Dollars, unless otherwise stated)

FINANCIAL AND OPERATIONAL RESULTS

		Q4 2020		Q4 2019		FY 2020		FY 2019
Operational Performance								
Mined ore[1] (k dmt)		**647**		614		**2,235**		1,736
Average ore mined grade (Ag g/t)		**102.9**		87.4		**95.7**		74.6
Purchased ore[2] (k dmt)		**169**		116		**421**		690
Average purchased ore grade (Ag g/t)		**194.1**		220.1		**219.6**		256.0
Ore milled (k dmt)		**421**		361		**1,484**		1,512
Daily average throughput (k dmt)		**4,725**		4,687		**4,667**		4,745
Average head grade (Ag g/t)		**140.4**		127.6		**131.6**		122.9
Silver recovery (%)		**83.7**		89.0		**87.2**		87.9
Silver production (k ozs)		**1,588**		1,318		**5,473**		5,246
Silver equivalent production[3] (k ozs)		**1,754**		1,318		**5,896**		5,531
Silver sales (k ozs)		**2,011**		1,255		**5,516**		5,196
Silver equivalent sales[3] (k ozs)		**2,224**		1,255		**6,006**		5,440
		Q4 2020		**Q4 2019**		**FY 2020**		**FY 2019**
Financial Performance								
Revenue	**$**	**55,568**	$	22,989	**$**	**130,672**	$	88,655
Cost of sales	**$**	**32,830**	$	19,013	**$**	**82,697**	$	76,623
Income (loss) from mine operations	**$**	**20,462**	$	339	**$**	**37,615**	$	(3,144)
Net income (loss)	**$**	**39,014**	$	(3,346)	**$**	**45,959**	$	(12,801)
Net income (loss) per share (basic and diluted)	**$**	**0.33**	$	(3,346)	**$**	**1.50**	$	(12,801)
Net cash from operating activities	**$**	**23,908**	$	4,340	**$**	**37,436**	$	11,082
Free cash flow[4]	**$**	**23,211**	$	3,924	**$**	**35,527**	$	7,519
EBITDA[4]	**$**	**22,688**	$	1,414	**$**	**41,095**	$	4,634
Ending cash and cash equivalents	**$**	**38,537**	$	14,062	**$**	**38,537**	$	14,062
Capital expenditures	**$**	**697**	$	416	**$**	**2,179**	$	3,563
Cash operating costs ("COC")[4]	**$**	**13.68**	$	15.15	**$**	**13.06**	$	13.98
All-in sustaining costs ("AISC")[4]	**$**	**15.18**	$	16.98	**$**	**14.75**	$	16.21

Notes:
(1) Mined ore includes ore mined from the Company's permitted areas, including San Bartolomé, Antuco, and El Asiento during 2019 and 2020.
(2) Purchased ore includes oxidized ore material purchased from local mining cooperatives as well as ore purchased through the Company's contract with RALP.
(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 ("desmontes") in the El Asiento, Tatasi-Portugalete and Monserrat areas. 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 Compañia Minera S.R.L. ("RALP") to purchase and transport a fixed number of tonnes of mineralized ore with certain grade requirements to the San Bartolomé plant for processing. The underlying mineral rights of Cachi Laguna are held RALP through contracts with the Corporación Minera de Bolivia (COMIBOL).

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

During 2020, the Company mined 2.2 million tonnes with an average silver grade of 95.7 g/t and purchased 0.4 million tonnes of ore with an average silver grade of 219.2 g/t, compared with 1.7 million tonnes mined with an average silver grade of 74.6 g/t and 0.7 million tonnes purchased with an average silver grade of 256.0 g/t in 2019. The country-wide, temporary shutdown of mining activities due to COVID-19, from late March 2020 to early May 2020, meant the Company purchased less higher-grade oxide material in 2020 compared to the same period in 2019 due to reduced supply availability. The Company largely mitigated this decrease through an increase in mining activity at Antuco and El Asiento during the periods affected, while returning to normal production levels by June 2020. As a result, the Company processed 1.5 million tonnes of ore through the San Bartolomé plant during the year ended December 31, 2020 as well as the comparable period in 2019.

Average silver head grades processed in 2020 were 131.6 g/t compared with 122.9 g/t during 2019. Higher head grades realized in 2020 were a result of processing higher grade mined material in 2020 compared to 2019, primarily from the Antuco area, and were offset by a decrease in high-grade processed ore as described above.

Recoveries decreased slightly to 87.2% in 2020 from 87.9% in 2019 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 5.5 million ounces of silver during 2020, an increase of 6% compared to 5.2 million ounces of silver during 2019.

At San Bartolomé, the main focus of the Company is to continue to mine its surface deposits and mine waste reclamation projects in partnership with COMIBOL, improve mill feed through ore purchase contracts, and to extend the mine life of San Bartolomé through exploration and development of precious metals projects in the surrounding areas.

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 in situ 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_2). 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.

During 2021, the Company plans to complete a 10,000-metre diamond drilling program on the San Pablo project 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 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.

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 Pandemic negative effects 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, and to meet its debt repayment obligations that were then outstanding.

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 dollars; 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 year ended December 31, 2020, the spot price of silver fluctuated between a low of $12.01 per ounce and a high of $28.89 per ounce. The average spot silver price for the year was $20.55 per ounce, an increase of 27% from the comparative prior year period of $16.21 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 year ended December 31, 2020 compared to year ended December 31, 2019

The Company had a net income of $46.0 million and a comprehensive income of $46.4 million for the year ended December 31, 2020, with basic and diluted income per share of $1.50. This compares with a net loss of $12.8 million and comprehensive loss of $13.2 million for the year ended December 31, 2019, with basic and diluted loss per share of $12,810. The increase in net income of $58.8 million principally resulted from:

Metal revenues

Revenues for the year ended December 31, 2020 were $130.7 million compared to $88.7 million during the year ended December 31, 2019. The Company sold 6.0 million silver equivalent ounces during the year ended December 31, 2020 at an average realized price of $21.76 per silver ounce and 5.4 million silver equivalent ounces during the year ended December 31, 2019 at an average realized price of $16.30 per silver ounce.

Cost of sales

Production costs, which comprise the full cost of operations excluding depreciation and depletion, form a component of cost of sales and were $82.7 million during the year ended December 31, 2020 compared to $76.6 million during the year ended December 31, 2019.

Direct costs, consisting of costs attributable to the Company's mining and plant operations, were $71.7 million during the year ended December 31, 2020 compared to $69.9 million during the year ended December 31, 2019. Total operating costs remained similar year over year.

Mining royalty taxes were $11.0 million during the year ended December 31, 2020 compared to $6.7 million during the year ended December 31, 2019. 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 2020.

Depletion and depreciation costs form a component of cost of sales and were $10.4 million during the year ended December 31, 2020 compared to $15.2 million during the year ended December 31, 2019. 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.

General and administrative expenses

General and administrative expenses increased to $6.0 million during the year ended December 31, 2020 compared to $5.3 million during the year ended December 31, 2019. The significant components of these expenses include salaries and office administration, management fees, and community relations expenses. General and administrative expenses increased during 2020 primarily as a result of the reverse takeover transaction of Buckhaven Capital Corp. which closed in early 2021.

Exploration expenses

Exploration and evaluation expenditures decreased to $1.9 million for the year ended December 31, 2020 compared to $2.1 million during the year ended December 31, 2019. Refer to the *"Exploration Properties"* section of this document for further details on the exploration activities.

Other loss

Other income increased to $0.2 million during the year ended December 31, 2020 compared to $0.9 million during the year ended December 31, 2019. The primary drivers of other income for the year ended December 31, 2020 were gains in marketable securities of $1.7 million and $0.7 million in interest income and offset by a $1.8 million loss attributable to operating costs during the shutdown. The primary driver of other loss for the year ended December 31, 2019 was $1.4 million in fair value losses on the net smelter royalty payable to Coeur. In January 2020, the net smelter royalty obligation was repurchased by the Company and no further payments were made in respect of the net smelter royalty.

Finance costs

The Company incurred finance costs of $3.8 million during the year ended December 31, 2020 compared to $2.3 million during the year ended December 31, 2019. The increase in finance costs was primarily due to interest, renewal fees and an early breakage fee on the $33.0 million Greenteck Loan, which was outstanding from October 2019 to September 2020.

Foreign exchange gain

The Company recorded a gain on the revaluation of accounts denominated in foreign currencies of $0.8 million during the year ended December 31, 2020 compared to $0.9 million during the year ended December 31, 2019.

Deferred tax recovery

The Company recorded a deferred tax recovery of $19.0 million during the quarter ended December 31, 2020 compared to $nil during the quarter ended December 31, 2019. As at December 31, 2020, the Company determined that it was probable that it would realize deferred tax recoveries relating primarily to the usage of loss carryforwards in Bolivia, primarily due to the strong silver price environment compared to the Company's expected operating costs.

Review of operations for the quarter ended December 31, 2020 compared to the quarter ended December 31, 2019

The Company had a net income of $39.0 million and comprehensive income of $39.4 million for the quarter ended December 31, 2020, with basic and diluted earnings per share of $0.33. This compares with a net loss and comprehensive loss of $3.3 million for the quarter ended December 31, 2019, with basic and diluted loss and comprehensive loss per share of $3,346. The increase in net income of $42.3 million was principally because:

Metal revenues

Metal revenues for the quarter ended December 31, 2020 were $55.6 million compared to $23.0 million during the quarter ended December 31, 2019. The Company sold 2.2 million silver equivalent ounces for the quarter ended December 31, 2020 at an average realized price of $24.99 per silver ounce and 1.3 million silver equivalent ounces for the quarter ended December 31, 2019 at an average realized price of $18.31 per silver ounce.

Cost of sales

Production costs, which comprise the full cost of operations excluding depreciation and depletion, form a component of cost of sales and were $32.8 million for the quarter ended December 31, 2020 compared to $19.0 million during the quarter ended December 31, 2019.

Direct mining costs were $29.3 million during the quarter ended December 31, 2020 compared to $17.1 million during the quarter ended December 31, 2019, or an increase of 71%. As direct mining costs are recorded on a sales basis, direct mining costs increased quarter over quarter primarily due to the 69% increase in inventory sold in the quarter ended December 31, 2020 compared to quarter ended December 31, 2019.

Mining royalty taxes were $3.5 million during the quarter ended December 31, 2020 compared to $1.9 million during the quarter ended December 31, 2019. 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 was driven primarily by the increase in revenues quarter over quarter.

Depreciation and depletion costs form a component of cost of sales and were $2.3 million during the three months ended December 31, 2020 compared to $3.6 million during the three months ended December 31, 2019. 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.

General and administrative expenses

General and administrative expenses increased to $2.0 million during the quarter ended December 31, 2020 compared to $1.6 million during the quarter ended December 31, 2019, primarily driven by increases in administrative activity as a result of the reverse takeover transaction with Buckhaven Capital Corp.

Exploration expenses

Exploration and evaluation expenditures remained the same at $0.1 million for the quarter ended December 31, 2020 compared to $0.1 million for the quarter ended December 31, 2019. Refer to the *"Exploration Properties"* section of this document for further details on the exploration activities.

Other (loss) income

Other income increased to $1.7 million during the quarter ended December 31, 2020 compared to other loss of $1.1 million during the quarter ended December 31, 2019. The increase of other income of $2.8 million was primarily driven by changes in fair value of marketable securities in the quarter ended December 31, 2020 of $1.7 million as well as $1.0 million in changes in the fair value of the Coeur NSR payable for the quarter ended December 31, 2019 not accrued for the quarter ended December 31, 2020 due to the repayment of the NSR in January 2020.

Finance costs

During the quarter ended December 31, 2020 the Company incurred finance costs of $0.4 million compared to $1.1 million during the quarter ended December 31, 2019. The decrease in finance costs was primarily due to the decrease in debt held by the Company in 2020, including the repayment of the $33.0 million Greenteck loan, the repayment of the $5.0 million BISA loan and the repayment of the $5.0 million Centrum loan.

Foreign exchange gain

The Company recorded a gain on foreign exchange transactions of $0.3 million during the quarter ended December 31, 2020 compared to $0.2 million during the quarter ended December 31, 2019.

Deferred tax recovery

The Company recorded a deferred tax recovery of $19.0 million during the quarter ended December 31, 2020 compared to $nil during the quarter ended December 31, 2019. As at December 31, 2020, the Company determined that it was probable that it would realize deferred tax recoveries relating primarily to the usage of loss carryforwards in Bolivia, primarily due to the strong silver price environment compared to the Company's expected operating costs.

Review of the statement of financial position as at December 31, 2020 compared to December 31, 2019

Total assets increased from $100.8 million as at December 31, 2019 to $115.8 million as at December 31, 2020, primarily as a result of an increase in cash and cash equivalents of $24.5 million, deferred tax assets of $18.7 million, VAT recoveries of $2.4 million and marketable securities of $2.5 million, offset by decreases in the Company's restricted cash of $23.5 million and property, plant and equipment of $10.3 million.

Total liabilities decreased by $31.4 million from $73.0 million as at December 31, 2019 to $41.5 million as at December 31, 2020, primarily as a result of a decrease in current and long-term debt of $39.0 million and repayments of amounts due to related parties of $3.5 million, offset by increase in subscription receipt liabilities of $10.0 million.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

At December 31, 2020, the Company had cash of $38.5 million compared to $14.1 million at December 31, 2019. The increase in cash of $24.4 million from the December 31, 2019 cash balance was a result of cash inflows from operating activities of $37.4 million, cash inflows from investing activities of $30.2 million and offset by cash outflows from financing activities of $44.0 million, as well as $0.8 million from the effect of exchange rate changes in cash.

Income for the year ended December 31, 2020 was $46.0 million. Items not affecting cash totaled $7.4 million, including depreciation and depletion of $10.2 million, accretion of $1.0 million, non-cash changes in provisions of $1.0 million and interest expense of $1.5 million, offset by changes in the fair value of marketable securities of $1.7 million, deferred tax recoveries of $19.0 million and foreign exchange gains of $0.8 million.

Changes in non-cash working capital balances decreased cash by $1.1 million. The primary drivers of this change were due to increases in value added taxes of $2.3 million, prepaid expenses of $1.1 million and inventories of $0.6 million which decreased cash by $3.9 million, while an increase in accounts payable of $2.2 million and a decrease in VAT certificates of $1.0 million increased cash by $3.2 million.

Investing activities included net cash of $33.1 million deposited in GICs in respect of security on the Greenteck loan, offset by $2.2 million from capital expenditures and $0.7 million in investments in marketable securities.

Financing activities included the proceeds of the $10.0 million private placement in August 2020, net of proceeds in escrow of $9.6 million, and proceeds from the $3.8 million BISA Loan, offset by $5.3 million in repayments to BISA, $3.5 million in repayments of the related party Centrum loan, $5.1 million in repayments to Coeur to terminate the Company's NSR obligations, and $34.2 million in repayments of the Greenteck loan.

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 December 31, 2020, the Company was not subject to any externally imposed capital requirements.

(In thousands of US Dollars, unless otherwise stated)

The Company had positive net working capital of $49.6 million as at December 31, 2020, consisting of the following:

		FY 2020		**FY 2019**
Assets				
Cash and cash equivalents	**$**	**38,537**	$	14,062
Restricted cash		**9,999**		33,481
Inventories		**10,619**		10,038
Value added taxes		**5,614**		3,246
VAT certificates		**711**		1,720
Prepaid assets		**2,531**		1,428
Other assets		**419**		261
Marketable securities		**2,485**		47
Total current assets	**$**	**70,915**	$	64,283
Liabilities				
Accounts payable and accrued liabilities	**$**	**11,269**	$	9,041
Debt		**10**		37,882
Amounts due to related parties		**-**		3,501
Subscription receipt liability		**10,000**		-
Total current liabilities	**$**	**21,279**	$	50,424

Contractual obligations and operating commitments

A summary of contractual obligations and future operating commitments at December 31, 2020, are as follows:

	Total	Within 1 year	1 - 2 years	3 - 5 years	Greater than 5 years
Accounts payables and accrued liabilities	$ 11,269	$ 11,269	$ -	$ -	$ -
Debt	10	10	-	-	-
Decommissioning liability [1]	21,720	-	363	14,124	7,233
Other provisions	7,260	464	1,382	2,088	3,380
	$ 40,259	$ 11,743	$ 1,745	$ 16,212	$ 10,613

[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.

SUMMARY OF QUARTERLY RESULTS

		Q4 2020		Q3 2020		Q4 2019		Q3 2019
Revenue	$	55,568	$	38,105	$	22,989	$	22,032
Net income (loss)	$	39,014	$	4,776	$	3,346	$	(1,432)
Earnings (loss) per share (basic and diluted)	$	0.33	$	4	$	3,346	$	(1,432)
Total assets	$	115,783	$	80,457	$	100,840	$	69,746
Total financial liabilities	$	21,279	$	23,705	$	51,533	$	18,545

(In thousands of US Dollars, unless otherwise stated)

RELATED PARTIES AND TRANSACTIONS

Ultimate controlling shareholder

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

Centrum Loan

On December 26, 2018, Centrum Metals Company Inc. ("Centrum") and Manquiri entered into a loan agreement for a principal balance of $5.0 million. Centrum is controlled by a Director of the Company. The loan originally matured on December 20, 2019 and was subject to an interest rate of the Wall Street Journal Prime Rate less 0.5% per annum. On December 20, 2019, the loan was amended to extend the maturity date to March 20, 2020 and the Centrum loan was fully repaid on that date.

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:

		FY 2020		**FY 2019**
Management fees	**$**	**2,850**	$	2,428
Salaries and benefits		**512**		512
Total	**$**	**3,362**	$	2,940

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 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 Turco Ckoya. 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:

(In thousands of US Dollars, unless otherwise stated)

		Q4 2020		Q4 2019		FY 2020		FY 2019
Costs of sales, as reported	**$**	**32,830**	$	19,014	**$**	**82,697**	$	76,623
Total cash operating cost before by-product credits		**32,830**		19,014		**82,697**		76,623
Less: by-product gold credits		**(5,324)**		-		**(10,676)**		(3,975)
Total cash operating cost		**27,506**		19,014		**72,021**		72,648
Divided by silver ounces sold (K oz)		**2,010**		1,255		**5,516**		5,196
COC per silver ounce sold on a by-product basis	**$**	**13.68**	$	15.15	**$**	**13.06**	$	13.98

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

		Q4 2020		Q4 2019		FY 2020		FY 2019
Cash costs, net of by-product credits	**$**	**27,506**	$	19,014	**$**	**72,021**	$	72,648
General and administrative expenses		**2,045**		1,617		**6,016**		5,306
Sustaining capital expenditures		**697**		416		**2,179**		3,563
Accretion for decommissioning liability		**254**		227		**1,015**		908
Sustaining exploration and study costs		**6**		48		**97**		1,811
All-in sustaining costs		**30,508**		21,322		**81,328**		84,236
Divided by silver ounces sold (K ozs)		**2,010**		1,255		**5,516**		5,196
AISC per silver ounce sold, on a by-product basis	**$**	**15.18**	$	16.98	**$**	**14.75**	$	16.21

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

		Q4 2020		Q4 2019		FY 2020		FY 2019
All-in sustaining costs	**$**	**30,508**	$	21,322	**$**	**81,328**	$	84,236
Non-sustaining exploration and study costs		**39**		44		**1,791**		283
All-in costs		**30,547**		21,366		**83,119**		84,519
Divided by silver ounces sold (K ozs)		**2,010**		1,255		**5,516**		5,196
AIC per silver ounce sold, on a by-product basis	**$**	**15.20**	$	17.02	**$**	**15.07**	$	16.27

EBITDA

The Company has included 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 EBITDA to the Company's financial statements for their respective periods:

(In thousands of US Dollars, unless otherwise stated)

		Q4 2020		Q4 2019		FY 2020		FY 2019
Net income (loss)	**$**	**39,014**	$	(3,346)	**$**	**45,959**	$	(12,801)
Less:								
Deferred tax recovery		**(18,983)**		-		**(18,983)**		-
Finance costs		**381**		1,123		**3,759**		2,259
Depreciation and depletion		**2,276**		3,637		**10,360**		15,176
EBITDA	**$**	**22,688**	$	1,414	**$**	**41,095**	$	4,634

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:

		Q4 2020		Q4 2019		FY 2020		FY 2019
Operating cash flows	**$**	**23,908**	$	4,340	**$**	**37,436**	$	11,082
Less:								
Expenditures on property, plant and equipment		**(697)**		(416)		**(2,179)**		(3,563)
Free cash flow	**$**	**23,211**	$	3,924	**$**	**35,257**	$	7,519

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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Judgments

The critical judgments made by management of the Company's in the application of the accounting policies that have the most significant effect on the amounts recognized in the Audited Financials are as follows:

i. Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgments to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment. The functional currency of each of the Company, AG-Mining, San Bartolomé I LLC, Geoexplorers Bolivia SA, Empresa Minera Pukaraju SA, Manquiri-Potosi LLC and Empresa Minera Manquiri SA is the United States dollar, as determined by management.

ii. Impairment of non-financial assets

The Company assesses the carrying values of each cash-generating unit ("CGU") at each reporting period end date to determine whether any indication of impairment exists. Management of the Company has assessed its single CGU to be its Bolivian operations site (the San Bartolomé project), which is the lowest level for which cash inflows and outflows are expected to be largely independent of those of other assets.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs of disposal ("FVLCD") or value-in-use. FVLCD is determined as the amount that would be obtained from the sale, less costs of disposal, of the asset in an arm's length transaction between knowledgeable and willing parties. When observable market prices are not available for the asset, value-in-use for mineral properties is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of eventual disposal, using assumptions that are specific to the CGU's circumstances.

Management projected its expected cash flows over the remaining life of mine in respect of the San Bartolomé project using forecasted production (based on reserves and resources and recovery rates) and expected costs, capital expenditures and working capital changes. The key assumptions used in making this assessment at December 31, 2020 included commodity prices, operating costs, capital expenditures and discount rates. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

iii. Revenue recognition

The Company applies judgment to determine if a good or service that is promised to a customer is distinct based on whether the customer can benefit from the good or service on its own or together with other readily available resources and whether the good or service is separately identifiable. The silver and gold delivered to a customer's bullion account were determined to be distinct goods that the customer can benefit from on its own or together with other readily available resources and are separately identifiable from other promises in the sales contract. Accordingly, the Company determined the primary performance obligation relating to its sales contracts is the delivery of the silver and gold to the customer's bullion account.

Judgment is required to determine when transfer of control occurs relating to the sale of the Company's metals to its customers. Management based its assessment on a number of indicators of control, which include, but are not limited to whether the Company has present right of payment, and whether the physical possession of the goods, significant risks and rewards and legal title have been transferred to the customer. The Company transfers title of the silver and gold when the customer receives possession of the silver and gold in their bullion account, which is also the point at which the Company has right of payment. The Company has determined that it transfers control of the silver and gold at this point.

From time to time, the Company may enter into provisional pricing arrangements with its customers, in which title to the silver and gold may be transferred to the customer prior to the customer receiving possession of the silver and gold in their bullion account. Accordingly, the determination of the primary performance obligation under such an arrangement would be the delivery of the silver and gold to the customer, where title to the silver and gold is also transferred.

iv. Income taxes

Judgment is required in determining whether deferred tax assets are recognized. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. As at December 31, 2020, the Company had estimated non-capital losses in Sweden of approximately $7,678 (December 31, 2019 – $5,309). These non-capital losses do not expire. Manquiri had non-capital losses of $38,481 (December 31, 2019 – $78,742) expiring between 2021 and 2024.

Significant estimates and assumptions

The preparation of the Company's Audited Financials in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Audited Financials and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised.

Areas that require significant estimates and assumptions as the basis for determining the stated amounts include, but are not limited to, the following:

i. Depreciation and depletion

Plants and other facilities used directly in mining activities are depreciated using the units-of-production ("UOP") method based on recoverable tonnes to be mined from proven and probable reserves and measured and indicated resources.

The calculation of the UOP rate, and therefore the annual depreciation and depletion expense could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves and resources through exploration activities, differences between estimated and actual recovery rates and costs of mining and differences in silver prices used in the estimation of mineral reserves and resources.

Significant judgment is involved in the estimation of useful life and residual values for the computation of depreciation and depletion and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

ii. Mineral reserve and mineral resource estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects, issued by the Canadian Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and mineral resources. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period.

Lower market prices, increased production costs, reduced recovery rates and other factors may result in a revision of its mineral reserve estimates from time to time or may render the Company's mineral reserves uneconomic to exploit, which may materially and adversely affect the results of operations or financial condition. Mineral reserve data are not indicative of future results of operations.

Evaluation of mineral resources is conducted from time to time and mineral resources may change depending on further geological interpretation, drilling results and metal prices. The Company regularly evaluates its mineral resources and it often determines the merits of increasing the reliability of its overall mineral resources.

Differences between management's assumptions, and actual events including economic assumptions such as metal prices and market conditions, could have a material effect in the future on the Company's financial position and results of operations.

Estimates of the quantities of proven and probable mineral reserves and mineral resources form the basis for the Company’s Life of Mine ("LOM") plans, which are used for a number of important business and accounting purposes, including: determination of the useful life of property, plant and equipment and measurement of the depreciation expense, capitalization and amortization of stripping costs, exploration and evaluation of mineral resources and determination of technical feasibility and commercial viability, and forecasting the timing of the payments related to the environmental rehabilitation provision. In addition, the underlying LOM plans are used in the impairment tests for noncurrent assets.

iii. Inventories

The measurement of inventory including the determination of its net realizable value, especially as it relates to ore in stockpiles, involves the use of estimates. Estimation is required in determining the tonnage, recoverable silver contained therein, and in determining the remaining costs of completion to bring inventory to its saleable form. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories.

Further, in determining the net realizable value of ore in stockpiles, the Company estimates future metal selling prices, production forecasts, realized grades and recoveries, timing of processing, and future costs to convert the inventories into saleable form. Reductions in metal price forecasts, increases in estimated future costs to convert, reductions in the amount of recoverable ounces, and a delay in timing of processing can result in a write down of the carrying amounts of the Company’s work in process and ore in stockpiles inventory.

iv. Decommissioning liability

Decommissioning liabilities are recognized in the period in which they arise and are stated as the present value of estimated future costs taking into account inflation and discounted at a credit-adjusted risk free rate. These estimates require extensive judgement about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. In view of uncertainties concerning environmental rehabilitation, the ultimate costs could be materially different from the amounts estimated. It is possible that the Company’s estimate of the decommissioning liability could change as a result of change in regulations, the extent of environmental remediation required, the means and technology of reclamation activities or cost estimates. Any such changes could materially impact the estimated decommissioning liability. Changes in estimates are accounted for prospectively from the period the estimate is revised.

Accounting standards issued but not yet adopted

The following are future changes in accounting policies not yet effective as at December 31, 2020:

(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.

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 December 31, 2020, the Company had 120,000,100 common shares issued and outstanding (December 31, 2019 - 1,000) and 19,854,738 Subscription Receipts (December 31, 2019 – nil), each Subscription Receipt convertible into a common share, issued and outstanding.

As of the date of this filing, the Company had 157,276,506 common shares issued and outstanding and 2,327,826 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 Audited 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 Audited Financials; and (ii) the Audited 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 Financials. 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 gold, 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 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.