MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

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1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") prepared as of March 26 2024, and is intended to provide a review of the financial position and results of operations of Andean Precious Metals Corp. together with its wholly owned subsidiaries ("Andean" or the "Company") for the three months and year ended December 31, 2023 in comparison with the corresponding periods ended December 31, 2022. This discussion should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2023 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2023 are available at www.andeanpm.com and on SEDAR+ ("SEDAR") at www.sedarplus.com.

The financial statements and MD&A are presented in United States dollars ("USD"), unless otherwise stated. This discussion addresses matters the Company considers important for an understanding of the Company's financial condition and results of operations as at and for the year ended December 31, 2023, as well as the Company's 2024 outlook. Readers are cautioned that the MD&A contains forward-looking statements about expected future events and financial and operating performance of the Company, and that actual events may vary from management's expectations. Readers are encouraged to read the section "Forward Looking Statement" included in this MD&A.

The Company use non-GAAP financial performance measures in this MD&A. Please see the discussion under the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section herein. The technical and scientific information in this MD&A has been approved by qualified persons based on a variety of assumptions and estimates.

In this MD&A, unless otherwise noted, "Au" represents gold; "Ag" represents silver; "oz" represents troy ounce; "g/t" represents grams per metric tonne; "ft." represents feet; "m" represents meter; "sq." represents square, and C$ refers to Canadian dollars.

Throughout this MD&A, the reporting periods for the three months ended December 31, 2023 and 2022 are abbreviated as Q4 2023 and Q4 2022. The reporting for the years ended December 31, 2023 and 2022 are abbreviated as the full year 2023 and the full year 2022 respectively.

The word "we" refers to Andean and/or one or more or all its subsidiaries, as it may apply. Reference to "industry" means the precious metals mining industry.

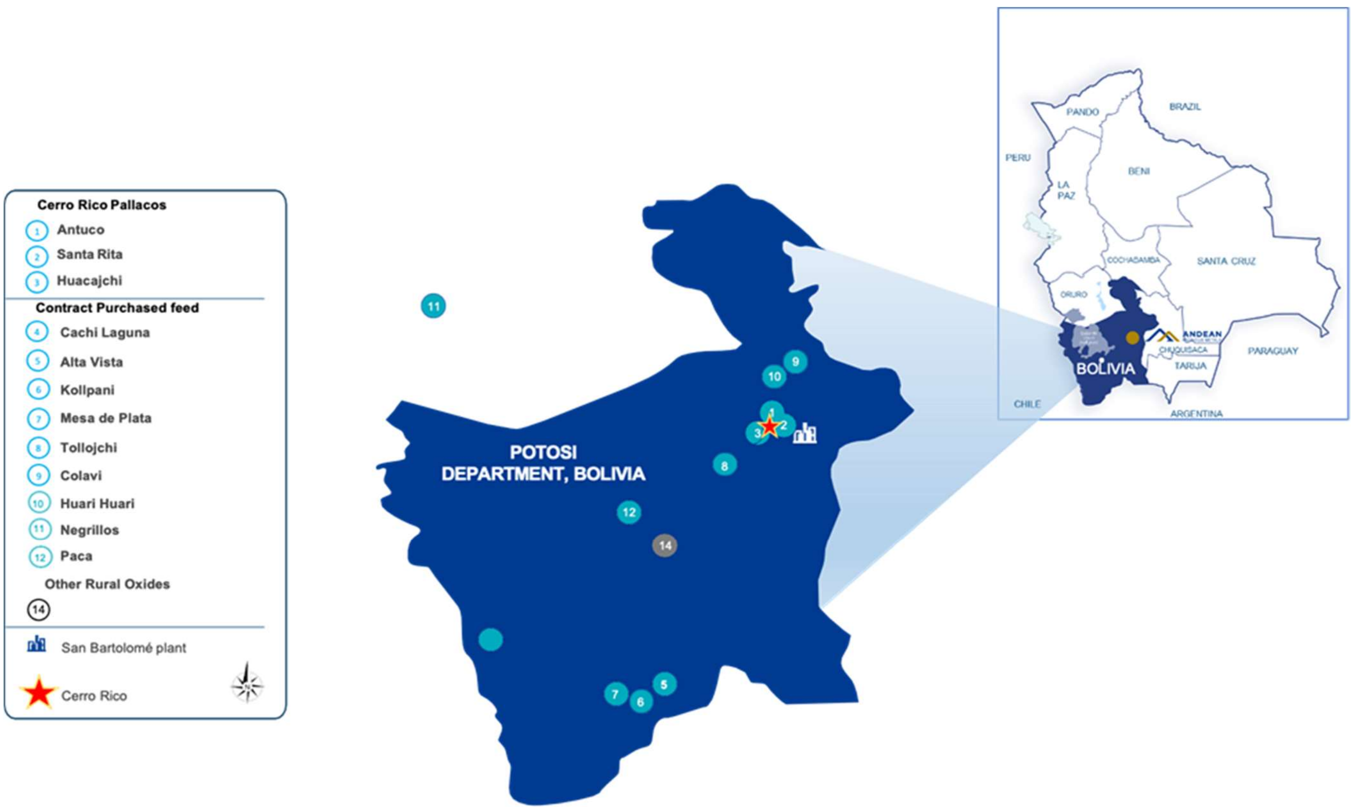
2. BUSINESS DESCRIPTION

Andean is engaged in precious metal related activities including property acquisition, exploration, development, mineral extraction, and processing with operations located in Bolivia and the United States of America ("USA"). The Company also has established corporate offices in, Toronto, Canada, Stockholm, Sweden and Monterrey, Mexico. The Company is also focused on growing through acquisition as it pursues its vision to be mid-tier precious metals producer in the Americas.

Segment Information

The Company's operations consist of one mine site located in California, USA and an oxide processing facility located in Potosi, Bolivia. See Note 25 to the consolidated financial statements for further information relating to reportable operating segments.

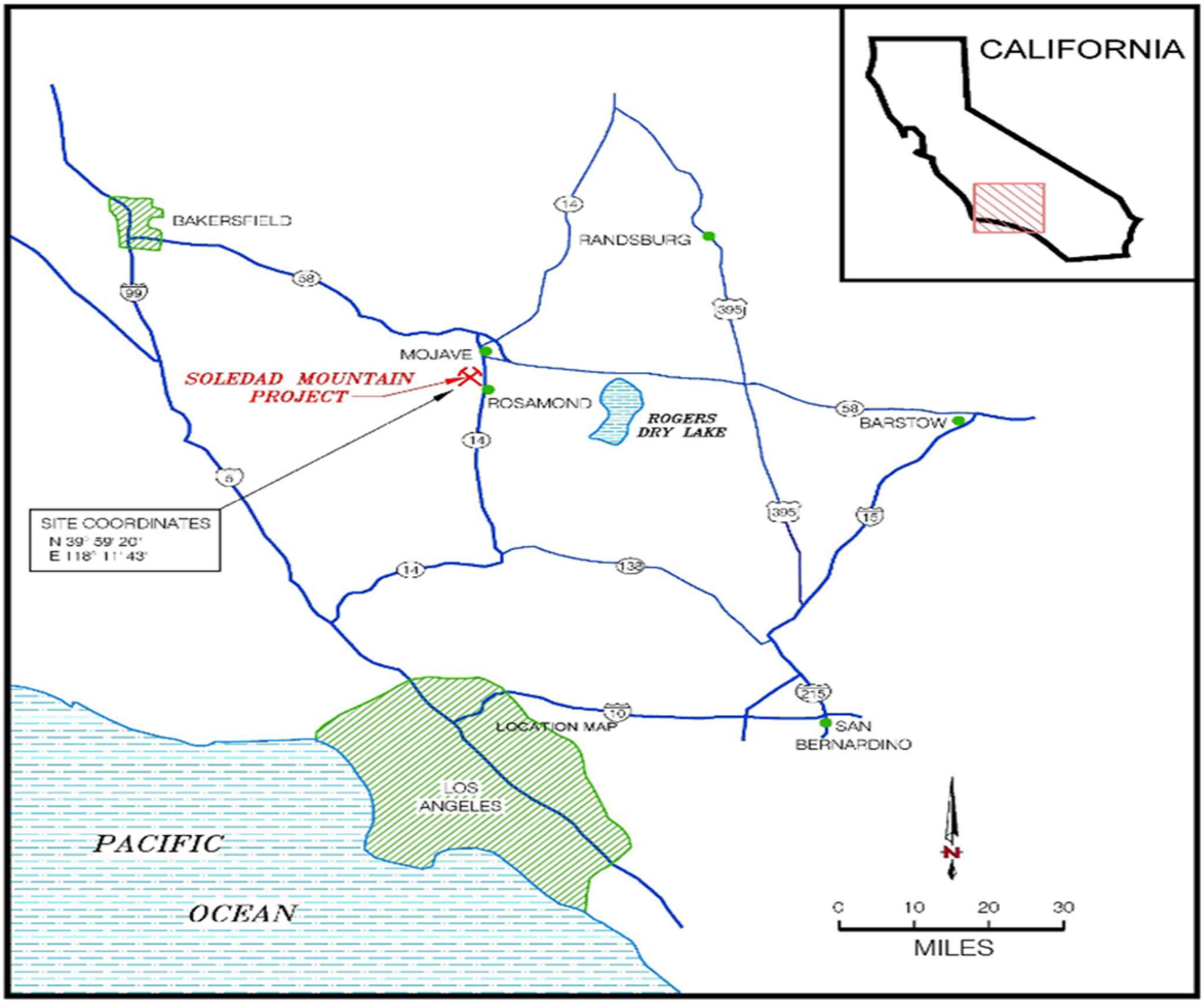
Operations in Bolivia



Empresa Minera Manquiri S.A. ("Manquiri"), a wholly owned subsidiary of Andean, operates San Bartolomé, which has a design throughput of 1.8 million tonnes per year and is situated near the City of Potosi. San Bartolomé, the largest commercial oxide plant in Bolivia, produces silver doré bars.

During Q4 2023, Manquiri came to an agreement with COMIBOL (the state-owned regulatory mining body) that Manquiri would suspend mining of its high cost low margin of the Santa Rita, Huacajchi and Antuco sectors (collectively known as "PPallacos") to further advance the protection of the Cerro Rico in 2023, Manquiri signed contracts for approximately 1 million tonnes of oxide feedstock. The Company has fully transitioned away from mining its PPallacos. In 2024, the Company estimates that nearly 60% of the processed material will be purchased pursuant to long-term contract arrangements. The balance will come from cooperatives and artisanal miners as well as from the Company's fines disposal facility ("FDF").

USA Operation



On November 24, 2023, through its wholly owned subsidiary Soledad Holdings Inc., the Company completed the acquisition of a 100% interest in Golden Queen Mining Company LLC ("Golden Queen") from Auvergne Umbrella LLC. Golden Queen's principal asset is the Soledad Mountain mine and heap leach operation located in Kern County, California, USA, which has been in operation since mid-2016 and has produced more than 340,000 ounces of gold and approximately 3.5 million ounces of silver.
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Golden Queen utilizes conventional open pit mining methods (blasting and hauling), a 11,000 tpd cyanide heap leach and a Merrill-Crowe processing facility to recover gold and silver from crushed and agglomerated ore. The mine processes an average of approximately 4.0 million tonnes of ore per year. Golden Queen is connected to the South California Edison electrical grid. Water production wells and a water treatment plant on site provide ample potable and process water. Golden Queen efficiently manages waste rock from its precious metals mining operations by partnering with a specialized processing entity to produce a range of aggregate products. This collaboration enables on-site processing of millions of tons of waste rock.

Other information

The profitability and operating cash flow of the Company are impacted by various factors, including the amount of gold and silver produced, market prices of gold and silver, operating costs, interest rates, regulatory and environmental compliance, exploration activity levels, capital expenditures, general and administrative costs, and other discretionary costs. The Company is also exposed to fluctuations in currency exchange rates, political risks, and varying levels of taxation that can impact profitability and cash flow. The Company seeks to manage the risks associated with its business operations; however, many of the factors affecting these risks are beyond the Company's control.

The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol APM. Andean's common shares also trade on the OTCQB Venture Market ("OTCQX") under the symbol ANPMF.

As at December 31, 2023, the Company's significant subsidiaries were as follows.

Name	Property & Location	December 31, 2023	December 31, 2022	Accounting Method
Golden Queen Mining Company, LLC	Soledad Mountain, USA	100%	-	Consolidation
Andean PM AB (formerly Ag-Mining Investments AB)	Stockholm, Sweden	100%	100%	Consolidation
Mojave Investments AB	Stockholm, Sweden	100%	-	Consolidation
Soledad Holdings Inc.	Delaware, USA	100%	-	Consolidation
Empresa Minera Manquiri S.A.	San Bartolome, Bolivia	100%	100%	Consolidation
Minera Pukaraju S.A. ("Pukaraju")	San Pablo, Bolivia	0%	100%	Consolidation
Andean Metals SA de CV	Monterrey, Mexico	100%	100%	Consolidation
1295229 B.C Limited	Vancouver, Canada	100%	100%	Consolidation

Substantially all the Company's revenues are derived from the sale of gold and silver production from its operations in Bolivia and USA. Gold and silver doré production from the operations is purchased by a third-party refiner for processing at its refinery.

3. FOURTH QUARTER AND FULL YEAR 2023 HIGHLIGHTS

- **Met revised full year production guidance of between 4.6 and 4.8 million Ag Eq ounces range**

  - The Company produced 4.7 million silver equivalent ounces ("Ag Eq oz")[(i)], excluding Golden Queen's production of 0.5 million Ag Eq oz or 6,528 Au Eq oz[(i)] from November 24, 2023 (the "Acquisition Date") to December 31, 2023 . Production for the full year of 2022 was 5.0 million Ag Eq oz.

  - Q4 2023, production was 1.2 million from its San Bartolomé operations, excluding Golden Queen's production of 0.5 million Ag Eq oz or 6,528 Au Eq oz[(i)] from the Acquisition Date to December 31, 2023

- **Increased revenue; achieved record quarterly revenue in Q4 2023**

  - In Q4 2023, the Company achieved record quarterly revenue of $48.8 million from the sale of 2.0 million Ag Eq oz at an average realized silver price of $24.42 per ounce, compared with Q4 2022 revenue of $25.7 million from the sales of 1.2 million Ag Eq oz at an average realized silver price of $21.19 per ounce.

  - For the year ended December 31, 2023, revenue was $125.3 million, $17.3 million higher than full year 2022. The increase of $17.3 million was primarily attributable to $13.3 million of incremental revenue from Golden Queen and $4.0 million from higher average realized silver prices offset by lower sales from San Bartolomé.

- **Higher gross operating income:** The Company recorded gross operating income of $5.1 million and $14.2 million for Q4 2023 and full year 2023, respectively, compared to $1.1 million and $9.7 million for the same Q4 2022 and full year 2022, respectively. Gross operating income for both Q4 2023 and full year 2023, included $0.3 million for Golden Queen from the Acquisition Date to December 31, 2023.

- **Higher net income primarily due to$36.5 million gain recognized on bargain purchase ("Purchase Gain") of Golden Queen**

  - For Q4 2023, the Company reported net income of $38.1 million, or $0.24 per basic share and $0.21 per diluted share for Q4 2023 compared to a net loss of $3.3 million or $0.02 per basic and diluted share for Q4 2022.

  - For 2023, net income of $38.5 million or $0.24 per basic and $0.22 diluted share compared with net loss of $10.1 million or $0.06 per basic and diluted share.

- **Increased net cash flow provided from operating activities**: Net cash flow provided from operating activities was $5.1 million for Q4 2023 and $4.2 million for full year 2023, compared with net cash flow used in operating activities of $3.0 million and $2.7 million for Q4 2022 and full year 2022, respectively.

- **Earnings before interest, taxes, depreciation and amortization ("EBITDA")[1]:** EBITDA was $40.7 million and $50.2 million for Q4 2023 and full year 2023, respectively, compared to negative EBITDA of $1.3 million and $1.6 million for Q4 2022 and full year 2022, respectively. The increase was mainly due to the $36.5 million Purchase Gain recognized on the acquisition of Golden Queen, an increase in sales volumes and a higher average realized silver price per ounce sold.

- **Adjusted EBITDA** [ii]: Adjusted EBITDA recognized for Q4 2023 and full year 2023 were $7.9 million and $20.1 million, respectively, compared to negative $1.0 million and $3.5 million for Q4 2022 and full year 2022, respectively. The increase was primarily due to growth in sales volumes and a higher average realized silver price per ounce sold and partially offset by an increase in non-recurring corporate development costs.

- ***Executing on Growth Initiatives:***

  (a) Acquired a 100% interest in Golden Queen and its Soledad Mountain mine and heap leach operation from Auvergne Umbrella LLC..

  - The Consolidated financial statements include $13.3 million in revenues and net income before income taxes of $ 0.4 million from Golden Queen from the Acquisition Date to December 31, 2023.Had the transaction been completed on January 1, 2023, Golden Queen would have contributed revenue of $91.3 million, for the period of January 1, 2023 to December 31, 2023, and the full year 2023 consolidated revenue would have been $216.7 million.

  - Commenced post-acquisition plans to optimize operations of Golden Queen that are expected to increase production, improve costs, and extend the mine life.

  (b) San Bartolomé has fully transitioned to material processing operation with a focus on sourcing high-grade, high margin material ore. Additionally, the Company expects to commence processing tailings material from its fines disposal facility in the first half of 2024. During 2023, San Bartolomé signed several long-term contracts for oxidized material, including:

  - In June 2023, signed a 24-month agreement to purchase 170,000 tonnes of high grade (average

[1] *EBITDA and Adjusted EBITDA are measures of financial performance with no prescribed definition under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Refer to the "Non-GAAP Financial Measures, Ratios and*

silver grade of 354 g/t) from the Alta Vista project owned by Empresa Minera Bedrock S.R.L.

- In September 2023, signed an agreement with Silver Elephant Mining Corp granting Manquiri an exclusive right to purchase up to 800,000 tonnes (average silver grade of 223 g/t) of oxide material from Silver Elephant's Paca Silver Project until January 31, 2029, or upon receiving the specified quantity.

(c) A Preliminary Feasibility Study Technical Report for San Bartolomé Bolivia, which was filed on SEDAR+ on February 16, 2024, included an updated mineral resource and reserve estimate for its San Bartolomé operations: San Bartolomé's life of operation is 4.6 years based on a recoverable proven and probable reserve of 11.95 Moz with an average grade of 93 g/t Ag.

(d) A Feasibility Study Update Technical Report on the Soledad Mountain Heap Leach Project was filed on SEDAR+ on January 31, 2024. Golden Queen's new life of mine average annual production is expected to include up to 65,000 oz of gold and 466,000 oz of silver for 5 years.

- **Balance sheet maintained for ongoing strategic growth**.

  - The Company had total liquid assets of $72.8 million as at December 31, 2023, including cash of $64.9 million accounts receivable of $0.9 million, VAT certificates of $1.8 million and $5.2 million of marketable securities. This compares with $90.4 million of total liquid assets as of December 31, 2022, which included cash of $80.7 million, accounts receivable of $0.2 million, VAT certificates of $4.1 million and $5.3 million in marketable securities. The decrease in liquid assets is primarily due to the upfront cash payment for the acquisition of Golden Queen, debt repayment and investment in property plant and equipment.

  - There were zero-cost collar contracts in place at December 31, 2023 for 300,000 ounces of silver associated with San Bartolomé's production. The zero-cost collar contracts were written at an average put strike price of $23 per ounce of silver and an average call strike price of $30 per ounce of silver, for 100,000 ounces per month beginning January 2024 through to March 2024.

  - As at December 31 2023, there were zero-costs collar contracts in place for 12,000 ounces of gold relating to Golden Queen's production. The zero-cost collar contracts were written at an average put strike price of $2,000 per ounce of gold and an average call strike price of $2,212 per ounce of gold, for 2,000 ounces per month beginning January 2024 through to June 2024.

- **Responsible operations**: The Company reported no lost-time incidents and no negative environmental issues during 2023.

4. RECENT DEVELOPMENT AND UPDATE

Acquisition Of Golden Queen Mining Company

The acquisition price of $17.8 million included $5 million plus net working capital adjustments in upfront cash consideration paid out of the Company's cash on hand plus two deferred payments of $5 million each. The deferred milestone payments are payable in cash or common shares of the Company, at the Company's option, $5 million on the 12-month anniversary and $5 million on the 22-month anniversary of closing.

Pursuant to the acquisition, the Company, through Golden Queen, retained a $51.6 million Main Street Priority Loan ("MSPL") with CommerceWest Bank of California. The MSPL bears interest at the 3-month SOFR rate plus 3% and is payable monthly.

Concurrently with the closing of the acquisition, a principal payment of $7.5 million and $0.2 million of accrued interest was paid by Golden Queen, reducing the total amount owing on the MSPL from $51.6 million to $43.8 million. A second principal payment of $7.5 million and accrued interest is due on November 24, 2024, with the remaining principal balance and accrued interest due upon maturity on November 24, 2025.

The Company recognized a Purchase Gain of $36.5 million, equal to the excess of the preliminary fair value of the net assets acquired over the total consideration in Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). The Purchase Gain of $36.5 million was mainly related to mineral properties, plant and equipment and inventories, net of the associated deferred tax liabilities.

Normal Course Issuer Bid

On October 4, 2022, the Company initiated a common share repurchase program to purchase up to 7,895,706 of its outstanding common shares, representing up to 5% of the total number of common shares outstanding as at September 15, 2022, expiring on the earlier of September 20, 2023 and the date on which the Company has acquired the maximum number of common shares allowable under the Normal Course Issuer Bid ("NCIB") or the date on which the Company otherwise decides not to make any further repurchases under the NCIB.

From the commencement of the NCIB to December 31, 2022, the Company acquired and cancelled 322,000 common shares through this program at an average cost of C$0.82 per share for a total cost of $0.2 million (C$0.3 million).

During the year ended December 31, 2023, the Company acquired and cancelled 2,838,100 common shares purchased through the Normal Course Issuer Bid at an average cost of C$0.78 per share for a total cost of $1.7 million (C$2.2 million).

Since the inception of the NCIB in the fall of 2022 to December 31, 2023, a total of 3,160,100 common shares at an average purchase price of C$0.79 have been repurchased and cancelled for a total of $1.9 million (C$2.5 million). The total consideration received for the cancelled shares, including transaction costs, was treated as a reduction to common share capital.

On December 21, 2023, the TSXV approved the renewal of the NCIB, to purchase up to 7,833,291 of its outstanding common shares, representing up to 5% of the 156,665,833 issued and outstanding Shares as at December 4, 2023, expiring on the earlier of December 20, 2024 and the date on which the Company has acquired the maximum number of common shares allowable under the NCIB or the date on which the Company otherwise decides not to make any further repurchases under the NCIB.

Appointment of a New Director

The Company's Board of Directors appointed Michelle Ashby as an independent director, effective January 2, 2024. Currently the CEO & Founder of ACE LLC, a company that educates and trains women to attain corporate board positions. She was formerly a director for publicly listed companies with various responsibilities that included chairing and participating in Audit and Compensation committees, and serving on Nominating and Governance, Health, Safety & Environmental, and Special Committees.

Corporate Office in Sweden

Effective April 1, 2023, the name of the Company wholly owned subsidiary in Sweden, AG Mining Investments AB, was changed to Andean PM AB. Andean AB corporate office activities were expanded to provide more management and administrative oversight for all the operations of the Company.

Project Development

Civil construction and procurement of the equipment required for the silver recovery project at the Company's FDF is progressing on time and budget. Delivery of the equipment has commenced and is ongoing. Commissioning and commencement of production is targeted for the first half of 2024. As of December 31, 2023 approximately $3.4 million has been incurred of a budget of $6.7 million.

Environment, Social and Governance Summary Performance

During full year 2023, the Company received the following certifications: the Responsible Minerals Initiative (''RMI"), the Environmental Management System Standard ISO 14001:2015, and the ISO 45001:2018 Occupational Health and Safety Management Systems and is committed to working to best-in-class ESG standards and is implementing several community programs, while continuing to develop a broader strategy and policies.

Health and Safety:

San Bartolomé achieved a significant safety milestone of approximately 572 days with no lost time injuries ("LTI")[2].

Golden Queen LTI from November 24, 2023 to December 31, 2023 was zero and achieved a significant safety milestone of approximately 256 days with no LTI.

One of the Company's goals is to maintain a safe and healthy working environment for all, with a strong safety culture where everyone is continually reminded of the importance of keeping themselves and their colleagues healthy and injury-free. The Company is committed to have all employees and contractors return home safe every day. Regular safety awareness campaigns are conducted, through internally and external training consultants, for all personnel.

Environment:

Golden Queen is a zero-discharge operation. Water is supplied via production water wells on property and consumption consists of water used for leaching and refining of ore, dust control, and potable water for domestic usage. Most of the consumption is reused in the system, and some make water is added. Golden Queen has 9 Lysimeters installed between the liner system surrounding the waste management unit (Merrill Crowe ponds), to detect any leaks between the liner system before it reaches ground water table. Golden Queen ground water is currently monitored by seven ground water monitoring wells that are sampled monthly and the data is submitted to a third party for regulatory purposes. All data is recorded in monthly, quarterly, and annual reporting systems that go to the regulatory agencies.

Golden Queen has two air monitoring stations on the west and east side of the outer permit boundary to monitor air particulates coming on and off the property. This information is recorded in 15-minute increments and reported to Eastern Kern Air Pollution Control District.

Environmental incidents rate: The reportable environmental incident rate remained at zero from November 24, 2023, to December 31, 2023. There has not been any notice of violations since the inception of operations at Golden Queen in 2016.

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[2] *LTI include all on-the-job injuries that require a person to stay away from work more than 24 hours or which result in death or permanent disability.*

Water management and tailings dams management at San Bartolomé: In 2023, water consumption at San Bartolomé was 51% of the total drawn from public water system compared to 53% in 2022. The reduction in water consumption was achieved by reusing 100% of water from the tailings dam, 47% water from the wastewater treatment plant or rainwater collection and 2% fresh water for office and food services. Monthly external monitoring was conducted on water and sediment for surrounding lagoons. Piezometers and environmental wells are externally and internally monitored as part of the Company's water management.

Climate action: San Bartolomé carries out the inventory of its greenhouse gas emissions for scopes 1, 2 and 3. For scopes 1 and 2, objectives are in place with a goal to be carbon neutral. Emissions monitoring in the refinery and waste incinerator is conducted monthly to ensure clean air.

Environmental incidents rate: The reportable environmental incidents rate remained at zero in the fourth quarter and full year 2023.

Community

During 2023, donations, medical support, and infrastructure investments were provided to local communities in Bolivia, including:

- 11 new homes were delivered to the Chalviri Baja and Phusuta communities to provide housing accommodation for families in dire need of accommodation,

- Teachers and students of the Chalviri Educational Unit continued to receive training through workshops and seminars and,

- The Company participated in several community development initiatives, including providing water purification materials for the Escuela Robertito community and education for 118 children who live on the slopes of Cerro Rico.

5. 2024 OUTLOOK AND GUIDANCE

This outlook includes forward-looking information about the Company's operations and financial expectations based on our expectations and outlook as of March 26, 2024. This outlook, including expected results and targets, is subject to various risks, uncertainties, and assumptions, predicated on global economic conditions. Actual results may vary materially from management's expectations. ***See the "Forward-Looking Statements" and "Risks Factors" sections later in this MD&A for further information.***

The Company's guidance for its annual production, operating costs and capital expenditures is discussed in detail below.

Production guidance

	2024 Guidance +/- 5%	Actual 2023	Revised guidance 2023
Golden Queen			
Gold equivalent (koz)[3]	**60**		**-**
San Bartolomé			
Silver equivalent (koz) [3]	**5,000**	4,715.0	**4.6 million to 4.8 million**
Consolidated			
Silver equivalent (koz)[4]	**10,429**		**-**

Golden Queen

At Golden Queen, 2024 production is expected to be 60,000 ounces (+/- 5%) gold equivalent ounces based on current mining plans and in line with the technical report issued in January 2024. As announced in December 2023, the fire incident at Golden Queen, will impact its production in Q1 2024. However, production will ramp up to between 15,000 and 18,000 gold equivalent ounces average over Q2 2024 to Q4 2024. Total mine tonnage production is estimated at 26.8 million tonnes (+/-5%) including 3.9 million tonnes (+/-5%) of ore estimated to be stacked to the leach pad resulting in a strip ratio of 5.9:1. Mine ore grades are estimated to average 0.805 g/t Au Eq in 2024, a decrease from 0.869 g/t Au Eq in 2023. Heap leach crushing and stacking activities will add 3.9 million tonnes to the pad resulting in production of 60,000 gold equivalent ounces (+/-5%). Apparent recovery for 2024 is estimated at 63.2%.

San Bartolomé

Mining activities at San Bartolomé were suspended in Q3 2023. Production of 5.0 million silver equivalent ounces is expected to be mostly derived from third-party purchased material sourced primarily from Cachi Laguna, Cerro Rico, Paca and other rural co-operatives. Material purchases are negotiated for larger volumes and longer-term contracts at prices and payment terms conditional on the nature and geology of each deposit. When silver prices change significantly, new negotiations may occur in some instances, which impact the grade/price curve. Following

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[3] *Silver equivalent production and silver equivalent sales both include gold production and sales. Equivalent ounces are calculated using the Company's average realized gold and silver prices during the referenced period. For 2024 guidance commodity price assumptions supporting this estimate are $21 per ounce of silver and $1,900 per ounce of gold. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the Company's MD&A for the year ended December 31, 2023 further detail.*

[4] *Assuming gold equivalent ounces were calculated on a consolidated basis for the Company, the expected guidance of 10.4 million silver equivalent ounces would equate to approximately 115 thousand gold equivalent ounces. Gold equivalent production and gold equivalent sales both include silver production and sales. Equivalent ounces are calculated using the Company's average realized gold and silver prices during the referenced period. For 2024 guidance commodity price assumptions supporting this estimate are $21 per ounce of silver and $1,900 per ounce of gold. For guidance, refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the Company's MD&A for the year ended December 31, 2023 further detail.*

the completion of the FDF project in the first half of 2024, management is anticipating production of 0.8 million silver equivalent ounces (+/- 5%) from the FDF 2024. Total tonnes milled in 2024 are expected to be 1.4 million tonnes (+/- 5%), recovering 5.0 million silver equivalent ounces (+/- 5%) at a 144 g/t head grade and a calculated recovery of 78% compared to the same recovery rate in 2023. The increase in average grade is due to high grade of material to be sourced from Cerro Rico, Paca and Cachi Laguna.

Consolidated

In 2024, on a consolidated basis, silver equivalent ounces production is expected to increase by 121% to 10.4 million silver equivalent ounces (+/- 5%) (115 thousand of gold equivalent ounces +/-5%) from its operations. The increase is largely due to full year production of 60,000 gold equivalent ounces (+/- 5%) or 5.4 million silver equivalent ounces (+/- 5%) expected from Golden Queen.

Cost guidance

With the acquisition of Golden Queen, the revenue split in 2024 is estimated to 54% and 46% silver, respectively. In addition, the San Bartolomé no longer include mining activities, as it transitioned to exclusively ore processing during Q3 2023. Therefore, providing a consolidated cost guidance might not provide a meaningful information for measuring key indicators of performance.

Below is the r cost guidance for each of the Company's operations based on their respective primary metal contribution:

	2024 Guidance +/- 5%		Actual 2023	
Golden Queen				
Operating cash cost ("OCC") per gold equivalent ounce produced, on a by-product credit basis[5]	**$**	**1,500**	$	-
All-in sustaining costs (AISC") per gold equivalent ounce sold on a by-product credit basis[5]	**$**	**1,750**	$	-
San Bartolomé				
Cash gross operating margin per equivalent ounces produced[6]	**$**	**3.88**	$	2.71
Gross margin ratio [7]		**19.5%**		12.4%

OCC per gold equivalent ounce produced at Golden Queen is expected to be $1,500 (+/- 5%) for 2024. The Company expects its AISC, at Golden Queen, to be $1,750 per gold equivalent ounce sold (+/- 5%) for 2024.

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[5] *Operating cash costs on a by-product credit basis ("OCC") per equivalent ounces produced and OCC per equivalent ounces sold and AISC per equivalent ounces sold on a by-product credit basis were for the period. These are measures of financial performance with no prescribed definition under IFRS. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the MD&A for further detail, including a reconciliation of these metrics to the financial statements.*

[6] *CGOM) per equivalent ounce sold is calculated by subtracting the average cash cost of sale (Costs of sales, excluding depreciation depletion and amortization), and business unit general and administration cost per equivalent ounces from the average selling price per equivalent ounces. It is a measure of financial performance with no prescribed definition under IFRS. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the Company's MD&A for the year ended December 31, 2023 for further detail, including a reconciliation of these metrics to the Financial Statements.*

[7] *Gross margin ratio ("GMR") is calculated by subtracting the cost of sale, excluding depreciation depletion and amortization, as reported in the income statements from the revenue from sales of Eq ounces divided by revenue from sales of Eq oz. It is a measure of financial performance with no prescribed definition under IFRS. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" of the Company's MD&A for the year ended December 31, 2023 for further detail, including a reconciliation of these metrics to the Financial Statements.*

As a result of the transition to exclusively processing activities during Q4 2023, silver equivalent ounces produced from third party material ore sources represent more than 98% and 78%, for Q4 2023 and full year 2023, respectively, compared to 68% and 67% for the same periods in 2022. Purchasing price paid to third parties material suppliers is impacted by spot price of precious metal, head grade per tonne and volume of the material.

In evaluating the performance and profitability of San Bartolomé, management is adopting two new metrics cash gross operating margin ("CGOM") per equivalent ounces and gross margin ratio ("GMR"). These new indicators provide information on the gross amount of cash that could be generated from the production or sale of one unit (ounce) of silver equivalent. The Company believes CGOM and GMR metrics are useful to investors because they provide insight into operational profitability relative to performance on a period-by-period basis derived from purchase ore that is subject to unpredictable variable inputs. These metrics are conceptually understood and reported in the tolling or processing industry.

In 2024, CGOM per silver equivalent ounce is expected to be $3.88 compared to $2.71 in 2023. GMR is anticipated to be 19.5% in 2024 compared to 12.4% in 2023. The increase in the CGOM and GMR are largely attributable to the suspension of mining activities at the high-cost low margin Pallacos deposits. During 2024, 76% of the silver equivalent ounces expected to be sold are from high grade and high margin material ore sources, including Paca and Alta Vista.

In $'000	**2024 Guidance +/- 5%**		Actual 2023	
Sustaining capital				
Golden Queen	**$**	**10,300**	$	-
San Bartolomé		**3,400**		1,316
Total sustaining capital	**$**	**13,700**	$	1,316
Growth capital				
Golden Queen	**$**	**9,500**	$	-
San Bartolomé		**840**		4,211
Total growth capital	**$**	**10,340**	$	4,211
Total capital				
Golden Queen	**$**	**19,800**	$	-
San Bartolomé		**4,240**		5,527
Total capital expenditures	**$**	**24,040**	$	5,527

Total capital expenditures are expected to be in the range of $24.0 million (+/-5%), largely due to the to the $9.5 million included in the growth capital for the procurement of six new 785-8 haul trucks, as part of the Company's strategic mobile fleet replacement and mine optimization. Included in the sustaining capital at Golden Queen is the capitalization of the major overhaul maintenance/rebuild of equipment costs of $8.3 million.

Capitalized exploration at Golden Queen is expected to be $1.0 million and included as part of sustaining capital.

Approximately $2.7 million included in San Bartolomé's 2024 sustaining capital relates to the continued expansion of the tailing storage facilities. The project, which started in 2022, will expand the dam at the south and north sides to accommodate future storage.

Capital expenditures are expected to be financed from cash on hand, cash flow from operations and third-party financing.

6. CONSOLIDATED FINANCIAL AND OPERATIONAL RESULTS

(In thousands except for net income per share and oz)	Q4 2023[(g)]	Q4 2022	Change	FY 2023[8]	FY 2022	Change
Financial Performance						
Revenue	$ **48,821**	$ 25,666	90%	$ **125,324**	$ 108,049	16%
Cost of sales	**42,012**	22,902	83%	**105,892**	91,133	16%
Depreciation and depletion	**1,703**	1,666	2%	**5,231**	7,212	(27%)
Gross operating income	**5,106**	1,098	365%	**14,201**	9,704	46%
Purchase Gain-Golden Queen	**36,512**	-	100%	**36,512**	-	100%
Net income (loss) after tax	**38,076**	(3,341)	1,240%	**38,540**	(10,091)	482%
Net income (loss) per share						
-Basic	**0.24**	(0.02)	1,237%	**0.24**	(0.06)	482%
-Diluted	**0.21**	(0.02)	1,095%	**0.22**	(0.06)	439%
Net cash provided from (used in) operating activities	**5,121**	(2,985)	272%	**4,166**	(2,740)	252%
Free cash flow[9]	**1,719**	(3,381)	151%	**(1,851)**	(5,094)	64%
EBITDA[8]	**40,718**	(1,348)	3,121%	**50,171**	(1,583)	3,269%
Adjusted EBITDA[8]	**7,863**	(956)	922%	**20,063**	3,539	467%
Capital expenditures	**3,402**	246	1,283%	**6,017**	2,204	173%
Ending cash and cash equivalents	**64,907**	80,729	(20%)	**64,907**	80,729	(20%)

(In thousands except for metal price per oz)	Q4 2023[(g)]	Q4 2022	Change	FY 2023[(g)]	FY 2022	Change
Operating highlights						
Gold ounces produced						
Golden Queen (oz)	**5,108**	-	100%	**5,108**	-	100%
San Bartolomé (oz)	**710**	184	286%	**1,980**	2,560	(23%)
Consolidated gold ounces produced (oz)	**5,818**	**184**	**3,062%**	**7,088**	**2,560**	**177%**
Gold ounces sold						
Golden Queen (oz)	**5,849**	-	100%	**5,849**	-	100%
San Bartolomé (oz)	**1,441**	120	1,100%	**1,856**	2,341	(21%)
Consolidated gold ounces sold (oz)	**7,290**	**120**	**5,975%**	**7,705**	**2,341**	**229%**
Average realized gold price ($/oz)	$ **2,028**	$ 1,750	16%	$ **2,023**	$ 1,814	12%
Average market gold price ($/oz)	$ **1,974**	$ 1,727	14%	$ **1,942**	$ 1,801	8%
Silver ounces produced						
Golden Queen (koz)	**51**	-	100%	**51**	-	100%
San Bartolomé (koz)	**1,194**	1,233	(3%)	**4,551**	4,788	(5%)
Consolidated silver ounces produced (k-oz)	**1,245**	**1,233**	**1%**	**4,602**	**4,788**	**(4%)**
Silver ounces sold						
Golden Queen (koz)	**57**	-	100%	**57**	-	100%
San Bartolomé (koz)	**1,336**	1,201	11%	**4,490**	4,769	(6%)
Consolidated silver ounces sold (koz)	**1,393**	**1,201**	**16%**	**4,547**	**4,769**	**5%**
Average realized silver price ($/oz)	$ **24.42**	$ 21.19	15%	$ **24.13**	$ 21.76	11%
Average market silver price ($/oz)	$ **23.20**	$ 21.17	10%	$ **23.35**	$ 21.73	7%
Silver equivalent ounces produced						
Golden Queen (koz)	**479**	-	100%	**479**	-	100%
San Bartolomé (koz)	**1,255**	1,250	1%	**4,715**	5,001	(6%)
Consolidated silver equivalent ounces produced (k-oz)	**1,730**	**1,250**	**38%**	**5,194**	**5,001**	**4%**
Silver equivalent ounces sold						
Golden Queen (koz)	**549**	-	100%	**549**	-	100%
San Bartolomé (koz)	**1,454**	1,213	20%	**4,643**	4,965	(6%)
Consolidated silver equivalent ounces sold (k-oz)	**1,999**	**1,213**	**65%**	**5,192**	**4,965**	**5%**

[8] Financial and operational performance results include Golden Queen from the Acquisition Date through to December 31, 2023. As Golden Queen was acquired on November 24, 2023, there are no comparative 2022 figures.
[9] Free cash flow, EBITDA and Adjusted EBITDA are measures of financial performance with no prescribed definition under IFRS. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the MD&A for further detail, including a reconciliation of these metrics to the financial statements.

7. OPERATING RESULTS

San Bartolomé Review

The San Bartolomé operation is located 5 km outside of the city of Potosí, Bolivia and accessed by paved roads. Andean's operations, including its processing plant with a design capacity of 1.8 million tonnes per annum, encompass an area of over 1,800 hectares.

The AISC, as shown below, do not include allocation of corporate general and administration costs.

		Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
Operational Performance							
Mining							
Tonnes mined [10]	k dmt	**-**	506	(100%)	**1,291**	1,961	(34)
Average ROM mined ore grade	Ag g/t	**-**	59	(100%)	**46**	59	(22%)
Average +8 mined ore grade	Ag g/t	**-**	93	(100%)	**83**	96	(14%)
Ore purchases							
Tonnes purchased [11]	k dmt	**226**	112	101%	**690**	459	50%
Average purchase grade	Ag g/t	**185**	241	(23%)	**187**	226	(17%)
Production							
Ore tonnes milled [12]	k dmt	**331**	396	(16%)	**1,475**	1,613	(9%)
Daily average throughput	Dmt	**4,354**	4,623	(6%)	**4,465**	4,715	(5%)
Average head grade	Ag g/t	**143**	121	18%	**124**	120	3%
Silver recovery	%	**76%**	78%	(2%)	**78%**	77%	1%
Silver production	k oz	**1,194**	1,233	(3%)	**4,551**	4,788	(5%)
Gold production	k oz	**710**	184	286	**1,980**	2,560	(23%)
Silver equivalent production [13]	k oz	**1,255**	1,250	0%	**4,715**	5,001	(6%)
Sales							
Silver sales	k oz	**1,336**	1,201	11%	**4,490**	4,769	(6%)
Gold sales	k oz	**1,441**	120	1,100%	**1,856**	2,341	(21%)
Silver equivalent sales[12]	k oz	**1,456**	1,213	20%	**4,643**	4,965	(6%)
Costs profile per ounce							
OCC per equivalent ounce produced [14]	$/oz	**18.13**	18.53	(2%)	**19.02**	17.48	9%
OCC per equivalent ounce sold [13]	$/oz	**18.65**	18.71	(0%)	**19.43**	17.50	11%
AISC per equivalent ounce sold [13]	$/oz	**20.35**	20.29	(0%)	**21.20**	19.21	10%
Silver equivalent production breakdown by source							
PPallacos	k oz	**126**	397	(68%)	**1,191**	1,632	(27%)
Mine reclamation stockpiles	k oz	**38**	181	(79%)	**293**	742	(61%)
Cachi laguna	k oz	**143**	159	(10%)	**526**	734	(28%)
Oxide purchases	k oz	**948**	513	85%	**2,705**	1,893	43%
Total	k oz	**1,255**	1,250	0%	**4,715**	5,001	(6%)

Prior to suspension of mining activities in Q3 2023, the Company extracted material and paid production royalties to COMIBOL, the state-owned mining company. Pursuant to a production agreement, the Company paid production royalties to COMIBOL in return for the rights to mine, transport and process mineralized Pallacos from the Santa

[10] *Material mined during 2023 and 2022 includes material from the Company's permitted areas, including Santa Rita, Huacajchi, Antuco, El Asiento, Monserrat and Tatasi-Portugalete. Mined material is reported as Run-of-Mine ("ROM").*
[11] *Purchased material includes oxidized material purchased from local mining cooperatives as well as through the Company's contract with RALP Compañia Minera S.R.L. ("RALP"), Paca and Alta Vista.*
[12] *Tonnes milled is reported as +8 mesh. The acronym "dmt" means dry metric tonnes.*
[13] *Silver equivalent production and silver equivalent sales include gold production and sales, respectively. Equivalent ounces are calculated using the Company's average realized gold and silver prices during the referenced period. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the MD&A for further detail.*
[14] *Operating cash costs on a by-product credit basis ("OCC") per equivalent ounces produced and OCC per equivalent ounces sold and AISC per equivalent ounces sold on a by-product credit basis were for the period. These are measures of financial performance with no prescribed definition under IFRS. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the MD&A for further detail, including a reconciliation of these metrics to the financial statements.*

Rita, Huacajchi and Antuco sectors. Production from the Monserrat area, approximately 390 km south of San Bartolomé, was also previously consolidated under San Bartolomé's production contract with COMIBOL. In early 2021, the Company completed negotiations with the community situated near the Monserrat area and entered a fixed rate production contract to replace previous agreements with COMIBOL. The Company also maintains various other agreements to purchase oxidized, precious metal-bearing material from local miners based on larger volumes and longer-term contracts at prices and payment terms conditional on the nature and geology of each deposit for processing at the San Bartolomé plant.

Suspension of Mining Activities

In 1987, the City of Potosi, including the Cerro Rico Mountain, was declared a World Heritage site by UNESCO. Twenty-seven years later, in 2014, the Ministry of Mining and Metallurgy of Bolivia issued Ministerial Resolution, which regulates all mining operations on the Cerro Rico Mountain. The Company agrees that protecting the Cerro Rico Mountain and City of Potosi while preserving the livelihoods of local mining cooperatives is very important.

The Company anticipates no further mining of Pallacos , as the Company has completed the transition from mining its nearly depleted, high cost Pallacos to processing its lower cost FDF material and third party purchases. The Company, during Q4 2023, agreed with COMIBOL for suspension of mining activities in the Pallacos, it does not prevent the Company from requesting COMIBOL legal rights to mine other areas in Bolivia.

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San Bartolomé processing plant

At Cachi Laguna, Andean has a contract with RALP, a privately held Bolivian company, to purchase and transport a fixed number of tonnes of gold and silver bearing material to the San Bartolomé plant for processing. The underlying mineral rights of Cachi Laguna are held by RALP through contracts with COMIBOL. During Q4 2023, Andean, with approval from RALP, pursued an exploration campaign within the Cachi Laguna area to find and define new precious metal-bearing, in situ material. Andean and RALP negotiated an extension of the current contract for the new material to be purchased in 2024.

Close-up of San Bartolomé processing plant

Alta Vista

During Q2 2023, the Company signed a mineral purchase agreement with Empresa Minera Bedrock S.R.L ("Bedrock") for 170,000 metric tonnes for 24 months from Bedrock's Alta Vista project, along with its Bajaderia prospect, located 420 km from San Bartolomé. The materials from the Alta Vista project are estimated at head grade of approximately 354 g/t. The first material delivery was made in late Q3 2023. As of December 2023, approximately 50,000 silver equivalent ounces has been produced from the Alta Vista.

Paca Project

During Q3 2023, the Company entered into a Sale and Purchase Agreement ("SPA") and Master Services Agreement (the "MSA" and together, the "Agreements") with Silver Elephant and several of its subsidiaries, including Apogee Minerals Bolivia S.A. (together with Silver Elephant, the "Silver Elephant Entities"). Paca silver project ("Paca") is located less than 200 km from San Bartolomé mine. Under the SPA, Manquiri has an exclusive agreement to purchase up to 800,000 tonnes of oxide material from Paca. The SPA will expire on the earlier of (i) January 31, 2029, or (ii) when a total of 800,000 tonnes of oxide material have been delivered to Manquiri's facility (the "Term"). As disclosed in an October 2020, independent NI 43-101 technical report by Mercator Geological Services for Silver Elephant, Paca's historic, oxide mineral was 1.1 million tonnes of indicated mineral resources grading 185 grams per tonne (g/t) Ag and 0.35 million tonnes of inferred grading 131 g/t Ag.

Paca project site preparations, including opening of roads, core re-sampling and geotechnical analysis, were completed and surficial deposits and dumps in the mining concessions were evaluated and mined. Haulage of the surficial materials to San Bartolomé plant for processing began in mid-October 2023 and 29,000 tonnes were hauled for processing resulted in approximately 133, 000 silver equivalent ounces produced.

Drill programs included metallurgical and geotechnical drilling, in support of the resource estimate, previously estimated by Silver Elephant, completed during Q4 2023. Drilling comprised 30 diamond drill holes for 1,500 metres. The Company is targeting Q2 2024 to commence expanded mining activities in Paca.

FDF Tailing Silver Recovery Project

FDF Project site

Work is progressing as planned for the construction of the FDF tailings silver recovery project, which is expected to be completed in the first half of 2024, with total capital costs expected to be on budget. Detailed engineering, including civil and mechanical works of the thickener tank, are substantially completed. Substantial major equipment is nearly fabricated and are scheduled to be delivered to site.

The Company engaged SRK (USA) to prepare an updated mineral resource and reserve estimate ("MR&RE"), for all its material operations, including Paca, and Alta Vista. The updated MR&RE, which extends the operating life of San Bartolomé Operation to 4.6 years as disclosed in a new NI 43-101 technical report filed on SEDAR+ on February 16, 2024.

Production and Costs Review: 2023 compared to 2022.

a) Mine

During Q4 2023 there were no mining activities. For the full year 2023, mining activities were carried out at Pallacos, and Cachi Laguna and total tonnes mined were 1.2 million tonnes at an average grade of 46 g/t Ag (before washing) or 83 g/t Ag (after washing) compared with 2.0 million tonnes at an average grade of 59 g/t Ag (before washing) or 96 g/t Ag (after washing). The 34% or 0.6 million tonnes decrease was largely due to the suspension of mining activities at Pallacos at the request of COMIBOL that occurred during Q3 2023.

During Q4 2023, tonnes purchased were 226,000 tonnes with average grade of 185 g/t Ag compared with 112,000 tonnes purchased with average grade of 241 g/t Ag during Q4 2022. Tonnes purchased during the full year 2023 increased by 50% to 690,000 tonnes and average grade decreased from 226 g/t Ag to 185 g/t Ag when compared with 2022.

The increase in tonnes purchased and delivered to the plant was largely due to (i) the Company's strategic decision to expand sourcing of materials from third party, and (ii) the oxide material purchased from the Empresa Minera Alta Vista project and Paca project.

The decrease in g/t Ag primarily due to purchase of high-grade materials from La Bolsa in 2022 that was not available to the Company for most of 2023.

b) Mill Production and Metal Production

Total process plant throughput for Q4 2023 decreased by 16% to 0.3 million tonnes from Q4 2022, averaging 4,354 tonnes per calendar day, compared to 4,623 tonnes per calendar day in Q4 2022.

Tonnes of ore processed in Q4 2023 decreased compared to 2022, mainly due planned mill shutdown for 15 days for maintenance work to increase reliability and sustain higher throughput levels impacted tonnes of ore processed during Q4 2024. As a result, throughput is expected to improve throughout the 2024 year. During Q4 2023, there was no mined ore feeds impacted by the stoppage of mining activities.

In the full year 2023, total process plant throughput was 1.5 million tonnes, averaging 4,465 tonnes per day compared with 1.6 million tonnes in 2022, averaging 4,715 tonnes per calendar day in 2022.

The decrease between full year 2023 and 2022, was largely due to the hardness of materials from Huacajchi that required balls for the sag mill to be changed from 5" to 6" to improve grinding, plant shut down for preventative maintenance and decrease in the oxide material tonnage mined for feeding to the plant.

Silver equivalent ounces produced during Q4 2023 was 1.2 million ounces comparable to the same silver equivalent ounces produced during Q4 2023. Average head grade and recoveries were 143 g/t Ag and 76% for Q4 2023 compared to 121 g/t Ag and 78% in Q4 2022. Despite the suspension of mining activities during Q4 2023, the Company was able to maintain the same silver equivalent production for the Quarter largely due to an increase in tonnage of material purchased which offset the no mined ore feed.

For the year ended December 31, 2023, silver equivalent ounces produced was 5% or 0.3 million ounces lower than 5.0 million silver equivalent ounces produced in 2022. Average head grade and recoveries were 124 g/t Ag and 78% compared to 120 g/t Ag and 77% in 2022. The 0.3 million ounces decrease was largely due to the suspension of mining activities at high-cost low margin Pallaco deposits. To offset the loss of ounces, the Company accelerated increase in tonnage of material purchased which offset lower recoveries of the mined oxide material. During 2023, material purchased from the Alta Vista project and Paca averaged 440 g/t Ag and 159 g/t Ag, respectively. The high-grade material resulted in the high recovery rate.

c) Costs Per Tonne Produced

In Q4 2023, the mining and haulage costs were $nil per tonne due to the suspension of mining activities at Pallacos at the request of COMIBOL during Q3 2023.

For the year ended 2023, the mining and haulage costs were $9.64 per tonne, a 24% or $1.88 per tonne increase from 2022. The increase was primarily due to the decrease in volume of ore mined at high-cost low margin Pallacos deposits. A total of 1.2 million tonnes of ore were mined at Pallaco deposits compared to 2.0 million tonnes in 2022., a 34% decrease in volume before the suspension of mining activities.

Material ore purchases are negotiated for larger volumes and longer-term contracts at prices and payment terms conditional on the nature and geology of each deposit. The purchase price of the material is significant in the overall profitability of the Company. Material purchasing costs during Q4 2023 was $41.82 per tonne, down $4.37 or 9% compared to $46.19 per tonne in Q4 2022. The decrease was due to a high volume of materials purchased that are fixed costs compare to volume of spot price purchases, 23% decrease in the average head grade of material purchased from average 241 g/t Ag to average 185 g/t Ag, partly offsetting the increase in the tonnage purchased. During Q2 2023, the Company signed a fixed cost mineral purchase agreement with Bedrock for 170,000 metric tonnes over the next 24 months from Bedrock's Alta Vista deposits located 420 km from San Bartolomé. The first delivery arrived in early September 2023. The Company also signed a long-term exclusive agreement to purchase up to 800,000 tonnes of oxide material from Paca. The Company continues to source materials from projects closer to San Bartolomé plant.

Milling and processing costs in Q4 2023 of $29.93 per tonne were 1% below the $30.28 per tonne of Q4 2022 mainly due to ore tonnage e processed in Q4 2023 decrease by 16% compared to 2022, partly offset by inflationary pressures on consumables, fuel shortage, contractors, and maintenance costs.

Milling and processing costs in 2023 increased by 10% or $2.51 per tonne to $28.75 per tonne from 2022. The increase was largely due to inflationary pressures on consumables, especially high cost of griding balls consumed as a result of hardness of the materials processed, fuel shortage, contractors and maintenance costs.

d) *Operating Cash Costs Per Silver Equivalent Ounce Produced, Net of By-Product Credit.*

In Q4 2023, total operating cash cost per Ag Eq ounce, net of by-product credit, was $18.13, a decrease of 2% from $18.53 per Ag Eq ounce in Q4 2022. This slight decrease was attributed to a slight increase in Ag Eq ounces produced compared to Q4 2022. As part of the Company´s strategy to substitute production from high costs low margin Pallacos, the Company increased purchases of material ore by 101% or $3.4 million during Q4 2023, compared to Q4 2022. The increase in material ore purchasing costs was partly offset by an increase of $2.7 million in gold sales in Q4, as by product credit, when compared to Q4 2022, and a decrease of in mining cost.

The operating cash cost per Ag Eq ounce, net of by-product credit, for the full year 2023 was $19.02 per ounce, representing an increase of 9% or $1.54 per ounce in 2022 of $17.48 per ounce. The increase in operating cash costs per Ag Eq ounce, net of by-product credit, during the year was primarily due to the 6% decrease in Ag Eq ounces produced largely driven by lower production in the first half of 2023 due to road blockages by protesting public service workers in Potosi during the month of March 2023 and the extended holiday during the new year by the cooperatives that resulted in 10 days lost production. The Company also experienced a decrease in throughput in the first quarter of 2023 resulting from moisture issues in the material processed.

e) AISC Per Silver Equivalent Ounce Sold, Net of By-Product Credit.

AISC per Ag Eq ounce sold, net of by-product credit, for Q4 2023 was $20.35, comparable to $20.29 of Q4 2022.

In the year 2023, AISC per Ag Eq ounce sold, net of by-product credit, was $21.20. This marked an increase of 10%, or $1.99 per ounce, compared to the AISC of $19.21 per Ag Eq ounce in 2022. The primary factor contributing to this increase was the rise in operating cash costs, along with additional sustaining capital expenditures associated with the expansion of the tailing storage facilities.

As disclosed above, the transition to processing company, during Q4 2023 required management in adopting new metrics of CGOM per equivalent ounces and GMR as opposed to a fixed OCC and AISC numbers starting as from January 1, 2024, in evaluating the performance and profitability of San Bartolomé. These new indicators will provide information on the gross amount of cash which could be generated from the production or sales of one ounce of silver equivalent.

<u>Golden Queen Operations Review</u>

The Soledad Mountain Mine is located approximately 200kms northwest of the City of Los Angeles, California. Gold and silver are extracted from mineralized material by heap leaching. In addition, Golden Queen produces aggregate for construction and landscaping needs.

Golden Queen mine has well developed infrastructure including on-site back up power generation and transmission lines, water, and related supply utilities as well as buildings which support the operations and administration. The water supply for the mine and processing facilities comes from production wells located within the site and powered by a diesel generator. The mining of the open pits progressed during 2023. Mineralized material from the mine is transported to the crusher and conveyor system with the crushed and agglomerated material transported to the heap leach pad via an overland conveyor.

Soledad heap Leach operations

Material mined from the deposit is stacked onto the heap using a radial stacker and then leached with a diluted cyanide solution to extract the precious metal values. Gold and silver is then recovered from the pregnant solution through a Merrill-Crowe processing facility in doré bars. The mine processes an average of approximately 4.0 million tonnes of ore per year. Since its commercial start-up in mid-2016, the mine has produced more than 340,000 ounces of gold and approximately 3.5 million ounces of silver.

Soledad crushing

The following financial and operating results are from the Acquisition Date to December 31, 2023. There are no comparative results presented prior to acquisition. The AISC, as shown below, do not include allocation of corporate general and administration costs

		Since Acquisition Date to December 31, 2023
Operational Performance		
Mining		
Tonnes ore mined	k dmt	**182**
Tonnes mined	k dmt	**2,034**
Strip ratio[15]		**11.1**
Ore mined grade	Au g/t	**0.59**
Heap leach		
Tonnes stacked and processed	k dmt	**105**
Average purchase grade	Ag g/t	**0.56**
Heap leach contained ounces stacked	Au oz	**1,900**
Production		
Silver production	oz	**50,543**
Gold production	oz	**5,108**
Gold equivalent production[16]	oz	**5,711**
Sales		
Silver sales	oz	**50,954**
Gold sales	oz	**5,849**
Gold equivalent sales [15]	oz	**6,528**
Costs profile per ounce		
OCC per equivalent ounce produced [17]	$/oz	**1,769**
OCC per equivalent ounce sold [16]	$/oz	**1.616**
AISC per equivalent ounce sold [16]	$/oz	**1,557**

Production and Costs Review:

a) Mine

Total ore mined from the acquisition date to December 31, 2023, was 0.2 million tonnes, mined ore production was supplemented with stockpile rehandle of 53,000 tonnes. The Golden Queen operations team, based on the recommendation of a third-party haul truck consultant engaged, has initiated a fleet production ramp up plan to capture the full value of new mobile fleets being commissioned and purchased. There is a plan to mobilize a total of eight new trucks by end of 2024, including two delivered in 2023, and another two for 2025. This will completely replace all old trucks in the mine fleet that will increase availability/utilization rate and reduce maintenance costs and the size of the fleet. Average head grade of mine ore was 0.591 g/t Au, which is in line with expectations.

Management has engaged third party external technical consultants to perform in-depth evaluation of the mine to better understand and optimize mine plan, blasting, ore control and recoveries. Reports from the consultants are expected to be received first half of 2024.

b) Heap Leach and Metal Production

Golden Queen stacked 105,000 tonnes at an average grade of 0.56 g/t, containing 1,900 ounces of gold in from acquisition date to December 31, 2023, stacked ore is below planned ore stacking due to a fire incident at the secondary crusher that occurred on December 14, 2023. The secondary crusher was down for approximately 6 weeks that delayed the stacking of new ore on the pad. The Company expects lower production in the first quarter of 2024 due to the fire; however, Golden Queen's 2024 production is not anticipated to be materially affected.

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[15] *Strip ratio is calculated as waste mined divided by ore mined.*

[16] *Gold equivalent production and gold equivalent sales include silver production and sales, respectively. Equivalent ounces are calculated using the Company's average realized gold and silver prices during the referenced period. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the Company's MD&A for further detail.*

[17] *OCC per equivalent ounces produced and OCC per equivalent ounces sold and AISC per equivalent ounces sold on a by-product credit basis were from the Acquisition Date to December 31, 2023. These are measures of financial performance with no prescribed definition under IFRS. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the MD&A for further detail, including a reconciliation of these metrics to the financial statements.*

As of December 31, 2023, the Golden Queen continued to have high levels of recoverable ounces of gold in ore stockpiles and on the heap leach pad which are expected to be processed in the upcoming months.

Gold equivalent ounces produced from acquisition date to December 31, 2023 was 5,711 ounces.

c) *Operating Cash Costs Per Gold Equivalent Ounce Produced, Net of By-Product Credit.*

OCC per Au Eq ounce produced net of by-product credits, during from the Acquisition Date to December 31, 2023 was $1,769 per ounce. OCC is comprised of mine operating costs such as mining, heap leach processing, site administration, royalties and refining, but excludes reclamation costs and depreciation, depletion and amortization. OCC per Au Eq ounce was within the post-acquisition expectation.

Mining and processing costs per Au Eq ounce produced are $1,264 per ounce and $499 per ounce, respectively. Andean management is establishing various initiatives that will lower the costs through mine optimization. One of the initiatives identified is improvement to mine operations including maintenance of equipment. Maintenance practices to improve mine equipment availability is a key pillar of integration stabilization initiatives. These include the implementation of improved maintenance management processes planned for 2024. Beyond maintenance practices, material handling, transportation, and stacking, have a significant impact on heap leach performance. Work has begun to analyze the trade-off among the various alternatives to further enhance mine performance. The benefits of other operational strategy improvements are expected to start to be realized in the second half of 2024

d) AISC Per Silver Equivalent Ounce Sold, Net of By-Product Credit.

AISC per Au Eq ounce sold, net of by-product credit, from the Acquisition Date to December 31, 2023 was $1,557 per ounce. The lower AISC was impacted by reversal of accrued expenses that lower business unit general and administrative expenses. A total of 6,528 Au Eq ounces were sold during the same period from the Acquisition Date to December 31, 2023. Quantities of payable metal sold for the period since Acquisition Date to December 31, 2023 were generally in line with contained Au Eq production during the period.

f) Other

In 2023, the Company engaged Kappes Cassiday and Associates, Independent Mining Consultants, Inc., Respec, and G. Klemmick – the "Qualified Persons") to prepare an updated mineral resource and reserve estimate ("MR&RE"), for the Soledad Mountain Mine and Heap Leach Operation ("Soledad"). The full report including updated MR&RE, was filed in a new NI 43-101 technical report filed on SEDAR+ on January 31, 2024.

8. EXPLORATION ACTIVITIES

Following the Company's review of its capital deployment strategy in Bolivia, exploration and evaluation activities in Q4 2023 and full year 2023 were reduced to $0.4 million and $0.7 million respectively compared to $0.5 million and $3.6 million in Q4 2022 and full year 2022.

Bolivia Exploration

Exploration site in Bolivia

San Pablo

As of December 31, 2023, the Company had completed 9,170 meters of core drilling in 22 drill holes, ground geophysical surveys and geologic mapping and sampling at San Pablo, Bolivia. Despite encountering locally, high-grade gold mineralization, continuity of mineralization was not demonstrated, and a decision was made, in early 2023, to terminate the option and return the project to the owner.

Cachi Laguna

Since 2021, the Company has obtained high-grade, oxidized, precious metal-bearing material from the property owner, RALP. The term of the purchase contract expired on December 31st, 2023, and the Company is negotiating an extension of such contract for one additional year. Such extension will be agreed upon, once the Company finalizes the evaluation of new mining areas with the potential to provide additional, suitable material for processing at its San Bartolomé mill for the next year. As part of this review, which is expected to be completed Q2 2024, the Company completed 1,027 meters of core drilling in 19 new core holes during the third quarter of 2023 and associated costs were expensed in condensed Interim consolidated statement of income.

Paca

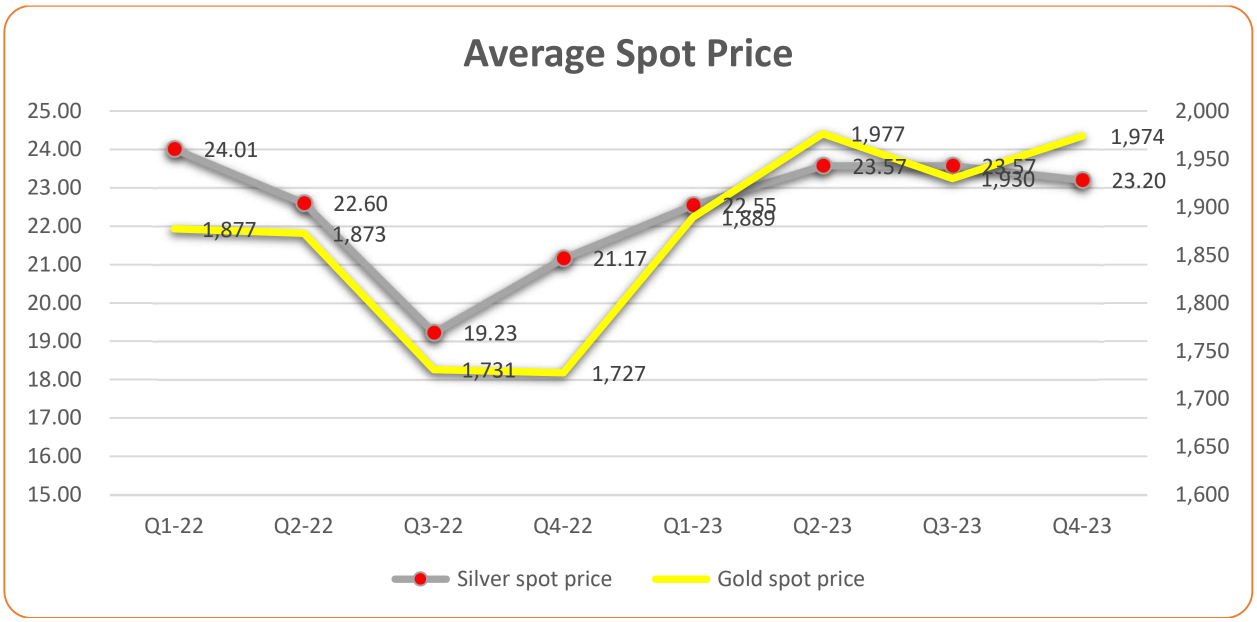
As announced and outlined in a Company press release on September 12, 2023, the Company has obtained the rights to oxidized material from the Paca silver project. Subsequently, the Company continued its evaluation of the Paca project with relogging and resampling of existing, historic drill core and evaluation of other data from the project and commenced its own field work.

Bajaderia

Reconnaissance-level work commenced during Q3 2023 on the Bajaderia property, controlled by Bedrock, is situated adjacent to the Alta Vista underground mine, which as of Q3 2023 is now supplying mill feed to San Bartolomé as part of a third-party contract.

9. TRENDS AND ECONOMIC CONDITIONS

The Company's profitability and cash flow provided from operations are materially affected by the market prices of silver and gold. Historically, the price of silver and gold have been subject to volatile price movements over short periods of time and are affected by numerous macroeconomic, regional conflicts and industry factors that are beyond the Company's control. Specifically, the price of silver is driven by speculation and supply and demand, like most commodities. The spot price of silver is highly volatile compared to that of gold due to the smaller market, lower market liquidity and demand fluctuations between industrial and store of value uses. These fluctuations cause wide-ranging valuations in the market, creating volatility.



Data source: London Bullion Market Association London PM fix Gold Price and Silver Price

	Three months ended December 31,			Twelve months ended December 31,		
Spot price per ounce of silver	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Average	**$23.20**	$21.17	10%	**$23.35**	$21.73	7%
Low	**$21.06**	$18.39	15%	**$20.09**	$17.77	13%
High	**$25.17**	$23.95	5%	**$26.03**	$26.18	(1%)
Average realized price of silver per ounce	**$24.42**	$21.19	15%	**$24.13**	$21.76	11%

	Three months ended December 31,			Twelve months ended December 31,		
Spot price per ounce of gold	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Average	**$1,974**	$1,727	12%	**$1,942**	$1,801	8%
Low	**$1,822**	$1,621	14%	**$1,809**	$1,618	12%
High	**$2,078**	$1,815	14%	**$2,078**	$2,017	3%
Average realized price of gold per ounce	**$2,028**	$1,750	16%	**$2,023**	$1,814	12%

During the fourth quarter of 2023 and full year 2023, there was a noticeable fluctuation in the average price of gold and silver when compared to the corresponding periods in 2022. However, it is important to highlight the considerable volatility that characterized the gold and silver market in 2023. Gold and silver prices fluctuated significantly, ranging from a low of $ $1,809 per ounce and $20.09 per ounce, respectively to a high of $2,078 per ounce and $26.03 respectively.

Multiple factors played a role in these fluctuations, including shifts in monetary policy by the Federal Reserve, changes in demand from central banks, and heightened geopolitical tensions. These dynamics influenced market sentiment and investor behavior, thereby impacting the price of gold and silver throughout the year.

Foreign Exchange

The Company's financial statements are reported in USD, reflecting its primary currency for financial reporting. However, given its operational presence in Bolivia, the United States of America, Mexico, Canada, and Sweden, the Company engages in transactions across various currencies.

Notably, while precious metals sales are predominantly denominated in USD, a portion of operating costs and capital spending occur in local currencies of the respective operating countries. Consequently, fluctuations in the value of the USD against these local currencies can impact the Company's financial performance negatively by strengthening local currencies relative to the USD and positively impacted by the inverse. Of particular significance is the fixed exchange rate between the Bolivian Boliviano and the USD, which has remained constant since 2008 at a rate of 6.96 Bolivian Bolivianos per USD. There can be no guarantee that the Boliviano will continue to be fixed to the USD. Any potential adjustments to this fixed rate could have implications for the Company's financial outcomes.

The Company's corporate office is in Mexico where substantial expenses are denominated in Mexican pesos. During the year ended December 31, 2023, the MXN strengthened against the USD. The average foreign exchange rate was MXN17.44 per USD, with the MXN trading within a range of $16.95 to $19.46. This compares to an average of $20. 11, with a range of $19.19.13 to $21.36 Mexican pesos per USD during the year ended December 31, 2022.

During the year ended December 31, 2023, the CAD average foreign exchange rate was $1.3492 per USD, with the Canadian dollar trading within a range of $1.3113 to $1.3877. This compares to an average of $1.3492 with a range of $1.2482 to $1.3885 per USD for 2022.

The following table shows the spot prices of the Canadian dollar ("CAD") and Mexican peso ("MXN") relative to the USD.

	CAD			MXN		
	Three months ended December 31			**Three months ended December 31**		
Spot price	**2023**	2022	Change	**2023**	**2022**	Change
Closing	**1.3230**	1.3552	(2%)	**16.95**	19.46	(13%)
Low	**1.3195**	1.3254	(0%)	**16.91**	19.13	(12%)
High	**1.3877**	1.3855	0%	**18.33**	20.13	(9%)
Average	**1.3614**	1.3572	1%	**17.55**	19.67	(11%)

Spot price	CAD Twelve months ended December 31			MXN Twelve months ended December 31		
	2023	2022	Change	**2023**	**2022**	Change
Closing	**1.3230**	1.3552	(2%)	**16.95**	19.46	(13%)
Low	**1.3113**	1.2482	5%	**16.68**	19.13	(13%)
High	**1.3877**	1.3855	0%	**19.46**	21.36	(9%)
Average	**1.3492**	1.3002	4%	**17.44**	20.11	(12%)

Andean regularly monitors economic conditions and estimates their impact on its operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Operational improvements and cost control remain a priority and costs managements strategies put in place have been reflected in the 2024 guidance.

10. FINANCE REVIEW

The selected financial results presented within this "Financial Review" section include results from the Golden Queen Mine from acquisition date to December 31, 2023.

(In $ thousands)	Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
Financial Performance						
Revenue	**48,821**	25,666	90%	**125,324**	108,049	16%
Cost of sales	**42,012**	22,902	84%	**105,892**	91,133	16%
Depreciation and depletion	**1,703**	1,666	2%	**5,231**	7,212	(27%)
Gross operating income	**5,106**	1,098	365%	**14,201**	9,704	46%
General and administrative	**5,215**	4,942	6%	**13,491**	14,909	(10)%
Exploration and evaluation	**373**	458	(19%)	**688**	3,615	(81)
Purchase Gain-Golden Queen	**36,512**	-	100%	**36,512**	-	100%
Finance costs	**860**	291	196%	**2,014**	1,279	57%
Other income	**1,021**	1,218	(16%)	**4,059**	832	388%
Net income (loss)	**38,076**	(3,341)	1,240%	**38,540**	(10,091)	482%

The Company reported net income of $38.1 million, or $0.24 per basic share and $0.21 per diluted share for Q4 2023 compared to a net loss of $3.3 million or $0.02 per basic and diluted share for Q4 2022. For 2023, net income of $38.5 million or $0.24 per basic and $0.22 diluted share compared with net loss of $10.1 million or $0.06 per basic and diluted share for 2022.

The following table illustrates the key factors leading to the variances change in net income (loss) from Q4 2022 to Q4 2023 and full year 2022 to 2023:

(In thousands)	Q4	Full Year
Net (loss) prior period	$ **(3,341)**	$ **(10,091)**
Increase in revenue	**23,155**	**17,275**
Increase in cost of sales	**(19,110)**	**(14,759)**
(Increase) decrease in depreciation and depletion	**(37)**	**1,981**
Increase) decrease in general and administrative	**(273)**	**1,418**
Decrease in exploration and evaluation	**85**	**2,927**
(Decrease) increase in other income	**(197)**	**3,227**
Purchase Gain - Golden Queen	**36,512**	**36,512**
Finance costs	**(569)**	**(735)**
Increase in forex gain	**1,894**	**5,154**
Increase in tax expenses	**(43)**	**(4,369)**
Net income (loss)	$ **38,076**	$ **38,540**

Adjusted EBITDA was $7.9 million in Q4 2023, compared to negative of $1.0 million in Q4 2022. The increase in adjusted EBITDA was primarily due to higher earnings from mine operations, higher income tax expense and non-recurring M&A transactions costs.

The most significant adjusting items to adjusted EBITDA in Q4 2023 were:

- $0.4 million non sustainable exploration and evaluation costs.
- $0.2 million change fair value of derivative contracts and marketable securities.
- $3.5 million non-recurring corporate development costs incurred for strategic growth activities.
- $36.5 million Purchase Gain recognized on the acquisition of Golden Queen.

Full year 2023 Adjusted EBITDA was $20.1 million, compared to $3.5 million in 2022. The increase in Adjusted EBITDA predominantly due to the same reasons outlined above.

The details underlying these variances are as follows:

Revenue

For Q4 2023, the Company recognized a record quarterly revenue of $48.8 million, a 90% or $23.2 million increase when compared to Q4 2022. The $23.2 million increase was primarily due to $13.3 million of incremental revenue from Golden Queen subsequent to the acquisition date as well as $9.9 million from higher Ag Eq ounces sales volumes from San Bartolomé operations. During Q4 2023, 1.4 million Ag ounces and 7,290 Au oz were sold, at an average realized price of $24.42 per silver ounce and $2,028 per gold ounce, compared with 1.2 million Ag ounces and 120 Au oz sold during Q4 2022, at an average silver price per ounce of $21.19 and $1,750 per gold ounce. The $3.23 per ounce increase in average realized silver price and $328 per ounce increase in average realized gold price increased revenues by $4.7 million for Q4 2023, while the increase in silver and gold ounces sold increased revenue by $5.2 million during Q4 2023.

Revenue for the year ended December 31, 2023 was $125.3 million, $17.3 million higher than in 2022. The increase of $17.3 million was directly attributable to $13.3 million of incremental revenue from Golden Queen as well as $4.0 million from higher average realized price from lower-than-expected sales of Ag Eq ounces from San Bartolomé operations. During 2023, 4.5 million Ag ounces and 7,705 Au ounces or 5.2 million Ag Eq ounces were sold, at an average realized price of $24.13 per silver ounce and $2,023 per gold ounce compared with 4.8 million Ag ounce and 2,341 Au ounce or 5.0 million Ag Eq ounces sold during the 2022, at an average silver price per ounce of $21.77. The $2.36 per ounce increase in average realized silver price increased revenues by $11.0 million for 2023 which offset the $7.0 million lost in revenue resulting from the decrease of 0.2 million in silver equivalent ounces sold.

During the second quarter of 2023, the San Bartolomé mine entered into zero-cost collar program for 1,000,000 Ag ounces of 2023 silver production over the five-month period from August 2023 through to December 2023 at an average floor price of $23 per ounce and an average cap price of $30 per ounce. The zero cost collar hedges entered into during the year represent less than 25% of San Bartolomé 's expected 2023 production.

In December 2023 the Company entered into new a zero-cost collar to hedge the price on 300,000 ounces of silver associated with the San Bartolomé mine's production and 6,000 ounces of gold from the Golden Queen mine. The silver collar contracts were written at an average put floor price of $23 per ounce and an average cap price of $30 per ounce, for 100,000 ounces per month beginning January 2024 through to March 2024. The gold collar contracts were written at an average floor price of $2,000 per ounce and an average cap price of $2,212 per ounce, for 2,000 ounces per month for the six-month period January 2024 through to June 2024.

As of December 31, 2023, 300,000 ounces of silver zero-cost collars and 6,000 ounces of gold zero-cost collars were unsettled (December 31, 2022- nil) and are expected to settle by the end of the first quarter of 2024.

Cash cost of sales

Total cost of sales in Q4 2023, which comprise the total production costs and royalty taxes, excluding depreciation and depletion were $42.1 million reflecting an increase of 84% or $19.2 million from the same period in 2022 in part due to a $12.0 million cost of sales associated to Golden Queen reported from acquisition date of November 24, 2023 to December 2023 and $7.2 million increase in production costs of San Bartolomé due to the increase in Ag Eq ounces sold.

The largest contributing factors to increased quarter-over-quarter cost of sales, which included the impact of inflationary costs, are described in the operation review of San Bartolomé and Golden Queen Mine in the Operations Results section of this MD&A.

Total cost of sales in Q4 2023 were $42.1 million reflecting an increase of 84% or $19.2 million from the same period in 2022 in part due to a $12.0 million cost of sales associated to Golden Queen and $7.2 million increase in production costs of San Bartolomé due to increase in Ag Eq ounces sold.

The largest contributing factors to increased quarter-over-quarter cost of sales, which included the impact of inflationary costs, are described in the operation review of San Bartolomé and Golden Queen Mine in the Operations Results section of this MD&A.

Depreciation and depletion

Depreciation and depletion ("D&D") costs form a component of operating costs and were 2% lower than Q4 2022. Included in D&D was $0.9 million of Golden Queen D&D from acquisition date to December 31, 2023.

San Bartolomé D&D decreased by $0.9 million during Q4 2023. The decrease was due to a change in estimate of mineral resources, as documented in the 2022 updated San Bartolomé Technical Report.

Total depreciation and depletion ("D&D") costs for the year ended December 31, 2023 were $5.2 million, including Golden Queen D&D of $0.9 million. The decrease in depreciation and depletion costs are primarily attributable to lower production and a change in estimate of mineral resources, as documented in the 2022 updated San Bartolomé technical report (the "San Bartolomé technical report").

General and administrative expenses

General and administrative costs include expenses related to the overall management of the business which are not part of direct mine operating costs, including corporate development costs incurred for strategic growth activities. During Q4 2023 and the year ended December 2023, general and administrative costs recorded were $5.2 million and $13.5 million, respectively, compared with $4.9 million and $14.9 for the same periods of 2022.

The quarter over quarter increase was primarily driven by transaction costs pursuant to the acquisition of Golden Queen incurred and expensed.
General and administrative costs for 2023 marginally decreased by $0.5 million to $13.5 million. The decrease was due to decrease in non-cash share base compensation expenses and management fees, partly off-set by the full year transaction costs related to the acquisition of Golden Queen which were incurred and expensed.

Exploration expenses

Exploration and evaluation expenditures decreased to $0.4 million in the quarter ended December 31, 2023 from $0.5 million in Q4 2022.

During Q1 2023, the San Pablo project exploration activities were terminated, and the project was returned to the previous owner. As a result of the termination, the amount of $0.9 million accrued for payment to the previous owner was reversed and credited to exploration and evaluation expenses in Q1 2023.

Exploration and evaluation expenses, net of a $0.9 million credit resulting from the reversal of an accrual, was $0.6 million 2023, compared to $3.6 million expense for the same period of 2022. The decrease was due to a suspension of exploration activities at the San Pablo properties. During the year 2023, $0.5 million of the $1.5 million exploration and evaluation spending was on the FDF project and $0.3 million on the Kollpani project and $0.4 million on the Paca project.

Other income

During Q4 2023, other income was $1.0 million compared with $1.2 million of Q4 2022. The decrease of $0.2 million reflected a decrease in the fair value "mark-to-market" adjustments on the Company's holdings of common shares of Santacruz Silver Mining Ltd. ("Santacruz") and a $0.1 million decrease in interest income realized from the Company's short-term investment.

Other income was $4.1 million during 2023, up $3.2 million when compared to $0.8 million during the same period of 2022. The increase of $3.2 million was predominantly due to:

- $2.3 million realized gain on the unwinding of forward contracts.
- $0.1 million unrealized gain on the fair value of derivative contracts, which are valued using the option pricing model.
- Increase in interest income of $1.9 million from the short-term investments.
- $2.4 million decrease in the fair value "mark-to-market" adjustments of the Company's holdings of marketable securities.
- $0.4 million increase in the reversal of provision for VAT receivables

Finance costs

Finance costs, consisting of accretion expenses on reclamation provision, interest expenses on long term debt and banking expenses in Q4 2023 were $0.9 million compared to $0.3 million of Q4 2022. Included in finance costs was $0.4 million interest payment on debts and accretion of deferred payments of $0.1 million recorded in Golden Queen from acquisition date to December 31, 2023. $0.4 million of non-Golden Queen finance costs, consist of $0.3 million accretion expenses on the reclamation provision of San Bartolomé and $36 thousand in banking expenses.

Finance costs for full year 2023 were $2.0 million, a $0.8 million increase when compared to 2022. $0.5 million of the increase is from Golden Queen, as explained above and the remining $0.3 million of the increase was predominantly due accretion expenses on the reclamation provision of San Bartolomé.

Tax expenses

Tax expenses for Q4 2023 and full year 2023 were $79 thousand and $4.4 million, respectively, compared to $18 thousand and $36 thousand for the same periods of 2022.

Review of the statement of financial position as of December 31, 2023 compared to December 31, 2022

(in $ thousands)	**December 31, 2023**	December 31, 2022
Assets		
Current		
Cash and cash equivalents	**64,907**	80,729
Marketable securities	**5,162**	5,338
Inventories	**68,391**	11,720
Other current assets	**16,139**	11,513
Total current	**154,599**	109,300
Long-term inventories	**3,047**	-
Property, plant and equipment	**92,353**	16,565
Other noncurrent assets	**19,891**	7,992
Total assets	**269,890**	133,857
Liabilities		
Current		
Other current liabilities	**45,366**	19,025
Short-term debt	**8,870**	-
Total current	**54,236**	19,025
Other noncurrent liabilities	**31,667**	20,405
Deferred tax liabilities	**13,430**	-
Long-term debt	**38,588**	-
Total Liabilities	**137,921**	39,430

The largest factors that increased or decreased year-over-year are described below:

Cash and cash equivalents as of December 31, 2023, was $64.9 million, including Golden Queen cash of $2.7 million, a decrease of $15.8 million from the balance as of December 31, 2022. The decrease was attributable to the following:

- Cash payment on acquisition of Golden Queen of $7.8 million,
- Shares repurchase program cash outlay of $1.6 million,
- Assumed MSLP loan principal and interest repayment of $7.8 million,
- Net investment in property, plant and equipment of $6.0 million, and
- Net cash generated from operating activities of $4.2 million.

Marketable securities increased by $0.1 million largely due to the $1.2 million invested in marketable securities offsetting the $1.3 million gain on the fair value "mark-to-market" adjustments of the Company's holdings of common shares of Santacruz.

Total inventories as of December 31, 2023, were $71.4 million compared to $11.7 million as of December 31, 2022. The $59.7 million increase in inventories was largely attributable to the $59.3 million of Golden Queen inventories acquired.

VAT Receivables, as of December 31, 2023, including VAT certificates, were $12.6 million compared to $11.4 million as at December 2022. When VAT returns are processed and approved by Bolivian tax authorities the resulting receivables are converted to tax certificates. VAT certificates can be used to repay taxes or can be sold for cash at small discount. As of December 31, 2023 and 2022, the Company had $1.8 million and $4.1 million of VAT certificates on hand, respectively.

The Company considers that the outstanding VAT claims are fully recoverable and has classified all VAT balances due to the Bolivian operations based on the expected recovery period. As of December 31, 2023, amounts totalling $5.4 million and $7.2 million are presented as current and non-current respectively.

The carrying value of property, plant and equipment as of December 31, 2023, was $92.4 million compared to $16.6 million as of December 31, 2022. The increase was largely attributable to the $75.0 million of the Golden Queen's property plant and equipment acquired. During the year the Company invested $9.0 million in mobile equipment and FDF project. Depreciation and depletion of property, plant and equipment in their normal course of operations during the year was $7.1 million compared to $7.2 million in full year 2022.

The provision for reclamation at December 31, 2023 was $26.7 million compared to $20.5 million at December 31, 2022. Provision for reclamation include $7.6 million of Golden Queen reclamation provision.

Recorded in 2023 is total debts of $47.5 million related to mobile equipment financing arrangement and MSLP loan assumed as part of the acquisition of Golden Queen.

11. LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

Historically, the Company's principal sources of liquidity have been mostly from cash flow 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 expects that the Company's ongoing liquidity requirements will be funded primarily from cash generated from operations. However, the Company may seek further financing, as required, to advance growth projects, including acquisitions.

The Company's ability to generate sufficient cash is dependent on several factors, including the acquisition or discovery of economically recoverable reserves and resources, the market price of silver and the ability of the Company to sustain profitable operations. If required, the Company's ability to secure additional financing is dependent on overall market conditions, commodity prices and other factors that may be outside the Company's control. There is no guarantee that the Company would be able to secure any or all additional financing it might require in the future.

Liquidity

The Company had positive net working capital of $100.4 million as at December 31, 2023, consisting of current assets of $154.6 million less current liabilities of $54.2 million. The Company's liquidity includes $64.9 million in cash, $5.2 million of marketable securities and VAT certificates of $1.8 million.

Zero-cost collar

In April 2023, to mitigate the risks associated with fluctuating silver prices, the Company entered into a zero-cost collar to hedge the price on a portion of silver associated with San Bartolomé's s production. The collar contracts were written at an average put strike price of $23 per ounce and an average call strike price of $30 per ounce, for 200,000 ounces per month beginning August 2023 through to December 2023.

In December 2023 entered into a new zero-cost collar to hedge the price on 300,000 ounces of silver associated with San Bartolomé's production and 6,000 ounces of gold from the Golden Queen mine. The silver collar contracts were written at an average put strike price of $23 per ounce and an average call strike price of $30 per ounce, for 100,000 ounces per month beginning January 2024 through to March 2024. The gold collar contracts were written at an average put strike price of $2,000 per ounce and an average call strike price of $2,212 per ounce, for 2,000 ounces per month beginning January 2024 through to March 2024

As of December 31, 2023, 300,000 ounces of silver collars and 6,000 ounces of gold collars were unsettled and are expected to settle by the end of the first quarter of 2024.

Silver sales forward

During the second quarter of 2023, the Company entered into silver sales forward contracts for the delivery of 1,025,000 ounces of silver at an average price of $25.75 per ounce. As a result of the decrease in the silver price, the forward contracts were unwound, and net cash settled in May 2023. The unwinding of silver forward contracts resulted in the Company recognizing a realized gain of $2.3 million for year ended December 31, 2023, in other income or loss line item of consolidated statements of income (loss).

Revolving Line of Credit

Subsequent to year end, the Company through a subsidiary entered into an agreement for a 12-month $25 million renewable secured revolving line of credit ("LOC") with Banco Santander International. The agreement is effective as of February 28, 2024. The LOC provides for $25 million to be used for general corporate purposes, secured by short-term investments and cash equivalents and it bears interest on any outstanding borrowings at the 3-month Secured Overnight Financing Rate (SOFR) plus 90 basis points.

MSP Loan Payable

As the Acquisition, Golden Queen retained $51.6 million of the MSPL with CommerceWest Bank of California ("CommerceWest"). The MSPL was entered into on November 24, 2020, with CommerceWest as part of Federal Reserve's Main Street Priority Lending Facility program. The MSPL bears interest at the 3-month SOFR rate plus 3%. Interest for the first year was deferred and added to the outstanding principal amount on the first anniversary date. Beginning December 24, 2021, accrued interest is payable monthly for the remainder of the loan on the first anniversary date. The MSPL is secured by the Deed of Trust and all business assets of Golden Queen.

A first principal payment of $7.5 million and $0.2 million of accrued interest was paid concurrent with the closing of the Acquisition, reducing the total amount owing on the MSPL from $51.6 million to $43.8 million. A second principal payment of $7.5 million is due on November 24, 2024, with the remaining principal balance due upon maturity on November 24, 2025.

Loan Payable-Equipment

As part of the Acquisition (note 5), on November 24, 2023, the Company assumed Golden Queen's equipment financing loan payable owed to Road Machinery LLC ("Road Machinery"), a f Komatsu's mobile truck dealer, in relation to the mobile fleet equipment for the Golden Queen mine. The assumed loan payable is secured by the underlying assets and has a remaining term of 7 months. The loan bears interest at 6.5% and has a monthly payment of $70 thousand, including principal and interest.

On December 1, 2023, Golden Queen entered into a new purchase financing arrangement with Road Machinery to finance two new mobile trucks. The equipment loan is for the period of January 10, 2024, to December 10, 2028. The loan bears interest at 6.99% and has a monthly payment of $60 thousand, including principal and interest. The equipment loan is secured by the underlying assets.

Surety Bonds

As at December 31, 2023, Golden Queen had $12.0 million in surety bonds issued to support future reclamation and closure obligations, partially secured by a cash deposit of $4.8 million.

Cash Flow

The following table summarizes the Company's cashflow activity:

		Q4 2023		Q4 2022		FY 2023		FY 2022
Cash flows provided from (used in) operating activities	**$**	**5,121**	$	(2,985)	**$**	**4,166**	$	(2,740)
Cash flow used in investing activities	**$**	**(11,202)**	$	(1,901)	**$**	**(15,015)**	$	(3,724)
Cash flow (used in) provided from financing activities	**$**	**(7,799)**	$	859	**$**	**(9,320)**	$	724
Effect of exchange rate changes on cash and cash equivalents	**$**	**1,964**	$	82	**$**	**4,347**	$	(807)
Net cash (outflow) inflow	**$**	**(11,916)**	$	(3,945)	**$**	**(15,822)**	$	(6,547)
Cash balance	**$**	**64,907**	$	80,729	**$**	**64,907**	$	80,729

Net cash provided from (used in) operating activities increased by $8.1 million and $6.9 million in Q4 2023 and full year 2023 when compares to the same periods in 2022. The increase was largely due to higher income and favourable working capital.

Net cash flow used in investing activities was $11.2 million and $15.0 million in Q4 2023 and full year 2023, compared to $$1.9 million and $3.7 million of the same periods in 2022 respectively. The primary uses of cash in 2023 were for capital expenditures of $6.0 million, the acquisition of Golden Queen of $7.8 million and investment in marketable securities of $1.2 million.

Net cash flow used in financing activities was $7.8 million and $9.3 million in Q4 2023 and full year 2023 compared to net cash flow provided from financing activities of $0.9 million and $0.7 million in the same periods in 2022, respectively. Net cash flows used in financing activities in 2023 included total debt repayments of $7.8 million and $1.7 million returned to shareholders through NCIB.

Working Capital

Contractual Obligations and Operating Commitments

A summary of undiscounted liabilities and future operating commitments at December 31, 2023, are as follows:

		Total		Less than 1 year		1-2 years		3-5 years		Greater than 5 years
MSPL payable	**$**	**43,819**	$	7,733	$	36,086	$	-	$	-
Equipment loan		**3,639**		1,137		1,164		1,338		-
Undiscounted provision for reclamation		**43,003**		9		65		23,372		19,557
Deferred payments		**10,000**		5,000		5,000				
Silver Elephant		**3,800**		1,800		2,000		-		-
	$	**104,261**	**$**	**15,679**	**$**	**44,315**	**$**	**24,710**	**$**	**19,557**

12. SELECTED ANNUAL FINANCIAL INFORMATION

		FY 2023		FY 2022		FY 2021
Revenue	**$**	**125,324**		108,049	$	144,207
Gross operating income	**$**	**14,201**		9,704	$	38,806
Net income (loss)	**$**	**38,540**		(10,091)	$	4,268
Net income (loss) per share						
-Basic	**$**	**0.24**		(0.06)	$	0.03
-Diluted	**$**	**0.22**		(0.06)	$	0.03
Total assets	**$**	**269,890**		133,857	$	140,293
Total liabilities	**$**	**137,921**		39,430	$	18,844

13. SUMMARY OF QUARTERLY RESULTS

		Q4 2023		Q3 2023		Q2 2023		Q1 2023
Revenue	**$**	**48,821**		38,174	$	15,284	$	23,045
Net income (loss)	**$**	**38,076**		(70)	$	169	$	219
Earnings income (loss) per share								
Basic	**$**	**0.24**		(0.00)	$	0.00	$	0.00
Diluted	**$**	**0.21**		(0.00)	$	0.00	$	0.00
Total assets	**$**	**269,890**		137,052	$	135,194	$	128,736
Total liabilities	**$**	**137,921**		43,331	$	41,289	$	34,361

		Q4 2022		Q3 2022		Q2 2022		Q1 2022
Revenue	$	**25,666**		23,603	$	28,892	$	29,888
Net income (loss)	$	**(3,341)**		(2,840)	$	(6,184)	$	2,274
Earnings income (loss) per share								
Basic	$	**(0.02)**		(0.02)	$	(0.04)	$	0.01
Diluted	$	**(0.02)**		(0.02)	$	(0.04)	$	0.01
Total assets	$	**133,857**		139,050	$	144,198	$	145,201
Total liabilities	$	**39,430**		41,757	$	44,515	$	39,784

14. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Ultimate Controlling Shareholder

The ultimate controlling shareholder is PMB Partners LP, a Canadian partnership directly owned by the Company's Executive Chairman and Chief Executive Officer.

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 were paid to companies controlled by the Executive Chairman and Chief Executive Officer of the Company. The management fees paid includes administrative costs for the corporate office in Mexico and costs and benefits of certain employees in Mexico that provides administrative and operational services to the Company.

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

		FY 2023		FY 2022
Management fees	**$**	**-**	$	3,409
Other expenses		**674**		-
Salaries and benefits		**2,341**		1,617
Severance costs		**-**		776
Share-based compensation		**536**		1,548
Total	**$**	**3,551**	$	7,350

15. NON-GAAP FINANCIAL MEASURES, RATIOS AND SUPPLEMENTARY FINANCIAL MEASURES

This MD&A "specified financial measures" within the meaning of National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclousre ("NI 52-112"I), , specifically the non-GAAP financial measures, non-GAAP ratios and supplementary financial measures described below. Management believes that the use of these measures assists analysts, investors and other stakeholders of the Company in understanding the costs associated with producing silver and gold, understanding the economics of silver and gold mining, assessing operating performance, the Company's ability to generate free cash flow from current operations and on an overall Company basis, and for planning and forecasting of future periods.

The specified financial measures used in this MD&A do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers, even as compared to other issuers who may be applying the World Gold Council ("WGC") guidelines. 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.

The following is a description of the non-GAAP financial measures, non-GAAP ratios and supplementary financial measures used in this MD&A:

(i) OCC includes total production cash costs incurred at the Company's mining operations, which form the basis of the Company's cash costs, less by-product revenue.

(ii) AISC on a by-product basis per ounce is a non-GAAP ratio calculated as AISC on a by-product basis divided by ounces of silver equivalent ounces sold for San Bartolomé operations. For Golden Queen operations, AISC on a by-product basis per ounce is calculated on a by-product basis divided by ounces of gold equivalent ounces sold . AISC on a by-product basis is a non-GAAP financial measure calculated as the aggregate of production costs as recorded in the consolidated statements of income (loss), refining and transport costs, cash component of sustaining capital expenditures, lease payments related to sustaining assets, corporate general and administrative expenses and accretion expenses. When calculating AISC on a by-product basis, all revenue received from the sale of gold at San Bartolomé or silver at Golden Queen are treated as a reduction

of costs incurred. The Company believes that AISC represents the total costs of producing silver and gold 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 flow.

(iii) AIC represents AISC plus growth capital and non-sustaining exploration and evaluation costs.

Non-sustaining exploration and evaluation costs represent costs associated with the Company's exploration portfolio, primarily relating to activities at the FDF and DSF. 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 per silver or gold ounce sold basis.

(iv) Cash gross operating margin ("CGOM") per equivalent ounce sold is calculated by subtracting the average cash cost of sale (cost of sales and business unit general and administration cost per equivalent ounce from the average selling price per equivalent ounce. It is a measure of financial performance with no prescribed definition under IFRS and may not be comparable to similar financial measures disclosed by other issuers.

(v) Gross margin ratio ("GMR") is calculated by subtracting the cost of sale as reported in the income statement from the revenue of equivalent ounces divided by revenue from sales of equivalent ounces. GMR is a measure of financial performance with no prescribed definition under IFRS and may not be comparable to similar financial measures disclosed by other issuers.

(vi) EBITDA is defined as earnings before interest, tax, depreciation and amortization. Adjusted EBITDA is a non-GAAP financial measure calculated by adjusting net income (loss) as recorded in the condensed interim consolidated statements of income (loss) for items not associated with ongoing operations. The Company believes that this generally accepted industry measure allows the evaluation of the results of income-generating capabilities and is useful in making comparisons between periods. This measure adjusts for the impact of items not associated with ongoing operations. A reconciliation of adjusted net income (loss) to the nearest IFRS measures is set out below. Management uses this measure to monitor and plan for the operating performance of the Company in conjunction with other data prepared in accordance with IFRS.

(vii) Free cash flow is a non-GAAP financial measure calculated as cash provided by operating activities from continuing operations less property, plant and equipment additions. A reconciliation of free cash flow to the nearest IFRS measures is set out below. Management uses this measure to monitor the amount of cash available to reinvest in the Company and allocate for shareholder returns.

(viii) Average realized price is a supplementary financial measure calculated by dividing the different components of precious metal sales by the number of ounces sold. Management uses this measure to monitor its sales of precious metal ounces against the average market gold price

OCC

The following table provides a reconciliation of the OCC per ounce sold on a by-product basis to the Financial Statements:

San Bartolomé		**Q4 2023**		**Q4 2022**		**FY 2023**		**FY 2022**
Costs of sales, as reported	**$**	**30,051**	$	22,902	**$**	**93,931**	$	**91,133**
Total OCC before by-product credits		**30,051**		22,902		**93,931**		**91,133**
Less: by-product gold credits		**(2,904)**		(210)		**(3,711)**		**(4,245)**
Total OCC	**$**	**27,147**	$	22,692	**$**	**90,220**	$	**86,888**
Divided by Ag Eq sold (koz)		**1,456**		1,213		**4,643**		**4,965**
OCC per silver equivalent ounce sold, on a by-product basis	**$**	**18.65**	$	18.71	**$**	**19.43**	$	**17.50**

Golden Queen		**Q4 2023**		**Q4 2022**		**FY 2023**		**FY 2022**
Costs of sales, as reported	**$**	**11,961**	$	-	**$**	**11,961**	$	-
Total OCC before by-product credits		**11,961**		-		**11,961**		-
Less: by-product silver credits		**(1,410)**		-		**(1,410)**		-
Total OCC	**$**	**10,551**	$	-	**$**	**10,551**	$	-
Divided by Au Eq ounces sold		**6,528**		-		**6,528**		**-**
OCC per Au Eq sold, on a by-product basis	**$**	**1,616**	$	-	**$**	**1,616**	$	**-**

AISC

The following table provides a reconciliation of the AISC per ounce on a by-product basis to the Financial Statements:

San Bartolomé		**Q4 2023**		**Q4 2022**		**FY 2023**		**FY 2022**
OCC, net of by-product credits	**$**	**27,147**	$	22,692	**$**	**90,220**	$	86,888
General and administrative expenses[18]		**1,392**		1,270		**5,581**		5,063
Sustaining capital expenditures[19]		**745**		381		**1,316**		2,204
Lease payments		**-**		14		**-**		150
Accretion for decommissioning liability		**332**		252		**1,330**		1,094
AISC	**$**	**29,616**	$	24,609	**$**	**98,447**	$	95,399
Divided by Ag Eq ounces sold (koz)		**1,456**		1,213		**4,643**		4,965
AISC per silver equivalent ounce sold, on a by-product basis	**$**	**20.35**	$	20.29	**$**	**21.20**	$	19.21

Golden Queen		**Q4 2023**		**Q4 2022**		**FY 2023**		**FY 2022**
OCC, net of by-product credits	**$**	**10,551**	$	-	**$**	**10,551**	$	-
General and administrative expenses [17]		**(769)**		-		**(769)**		-
Sustaining capital expenditures [18]		**337**		-		**337**		-
Accretion for decommissioning liability		**47**		-		**47**		-
AISC	**$**	**10,166**	$	-	**$**	**10,166**	$	-
Divided by Au Eq ounces sold		**6,528**		-		**6,528**		-
AISC per Au Eq ounces sold, on a by-product basis	**$**	**1,557**	$	-	**$**	**1,557**	$	-

[18] *For the quarter and year ended December 31, 2023, general and administrative expenses reflect the operating segment information only.*
[19] *Sustaining capital expenditures and exploration and evaluation reflect costs necessary to maintain current production.*

AIC

The following table provides a reconciliation of the AIC per ounce on a by-product basis to the Financials Statements:

San Bartolomé		**Q4 2023**		**Q4 2022**		**FY 2023**		**FY 2022**
AISC	**$**	**29,616**	$	24,609	**$**	**98,447**	$	95,399
Non-sustaining capital		**2,167**		-		**4,211**		-
Non-sustaining exploration and evaluation [20]		**1,273**		458		**1,588**		3,615
AIC	**$**	**33,056**	$	25,067	**$**	**104,246**	$	99,014
Divided by Ag Eq ounces sold (koz)		**1,456**		1,213		**4,643**		4,965
AIC per Ag Eq ounce sold, on a by-product basis	**$**	**22.71**	$	20.66	**$**	**22.45**	$	19.94

Golden Queen		**Q4 2023**		**Q4 2022**		**FY 2023**		**FY 2022**
AISC	**$**	**10,166**	$	-	**$**	**10,166**	$	-
Non-sustaining capital		**3,177**		-		**3,177**		-
AIC	**$**	**13,343**	$	-	**$**	**13,343**	$	-
Divided by Au Eq ounces sold		**6,528**		-		**6,528**		-
AIC per Ag Eq ounce sold, on a by-product basis	**$**	**2,044**	$	-	**$**	**2,044**	$	-

CGOM

The following table provides a reconciliation of the CGOM per ounce to the Financial Statements and the most directly comparable IFRS measure:

San Bartolomé		**Q4 2023**		**Q4 2022**		**FY 2023**		**FY 2022**
Costs of sales, as reported	**$**	**30,051**	$	22,902	**$**	**93,931**	$	**91,133**
Total OCC before by-product credits		**30,051**		22,902		**93,931**		**91,133**
General and administration-site		**1,392**		1,270		**5,581**		**5,063**
Total gross operating costs	**$**	**31,443**	$	24,172	**$**	**98,235**	$	**98,345**
Divided by Ag Eq ounces sold (koz)		**1,456**		1,213		**4,643**		**4,965**
Gross operating cost per Ag Eq ounce sold	**$**	**21.60**	$	19.93	**$**	**21.43**	$	**19.37**
Average realized silver price per oz [21]	**$**	**24.43**	$	21.19	**$**	**24.14**	$	21.76
CGOM per silver equivalent oz	**$**	**2.83**	$	1.27	**$**	**2.70**	$	2.40

GMR

The following table provides a reconciliation of the GMR per ounce to the most directly comparable IFRS measure:

San Bartolomé		**Q4 2023**		**Q4 2022**		**FY 2023**		**FY 2022**
Gross operating cost per silver equivalent oz sold	**$**	**21.60**	$	19.93	**$**	**21.43**	$	**19.37**
Average realized silver price per oz[(i)]	**$**	**24.43**	$	21.19	**$**	**24.14**	$	21.76
CGOM per silver equivalent oz sold	**$**	**2.83**	$	1.27	**$**	**2.70**	$	2.40
GMR per silver equivalent oz sold		**13.3%**		4.4%		**12.3%**		9.0%

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[20] *Non-sustaining exploration and evaluation costs are related to growth projects outside current production profile.*

[21] Average realized silver price is specific to *San Bartolomé* revenue from sale of silver equivalent ounces.

EBITDA and Adjusted EBITDA

The Company has included EBITDA and Adjusted EBITDA as a non-GAAP financial measure in this MD&A. The Company excludes certain items from net income (loss)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 flow. 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 Financial Statements:

		Q4 2023		Q4 2022		FY 2023		FY 2022
Net income (loss)	**$**	**38,076**	$	(3,341)	**$**	**38,540**	$	(10,091)
Add:								
Income taxes		**79**		36		**4,386**		17
Finance costs		**860**		291		**2,014**		1,279
Depreciation and depletion		**1,703**		1,666		**5,231**		7,212
EBITDA	**$**	**40,718**	$	(1,348)	**$**	**50,171**	$	(1,583)
Add: Purchase Gain		**(36,512)**		-		**(36,512)**		-
Add: Non-sustaining exploration and evaluation costs		**373**		459		**688**		3,615
Add: Severance costs (1)		**-**		785		**-**		785
Add: Corporate development costs		**3,497**		105		**4,598**		1,883
Add: Change in fair value of derivative contracts		**658**		-		**(139)**		-
Add: Change in fair value of marketable securities (2)		**(871)**		(957)		**1,257**		(1,161)
Adjusted EBITDA	**$**	**7,863**	$	(956)	**$**	**20,063**	$	3,539

(1) Severance costs relate to amounts payable to the former officers of the Company.
(2) These amounts refer to mark-to-market adjustments on securities held of Santacruz.

Free Cash Flow

The Company has included free cash flow as a non-GAAP financial measure in this MD&A. The Company considers net cash provided from (used in) operating cash flow less capital expenditures to be a measure that allows the Company and investors to evaluate the ability of the Company to generate cash flow. Accordingly, free cash flow 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 Financial Statements:

		Q4 2023		Q4 2022		FY 2023		FY 2022
Net cash flow provided from (used in) operating activities	**$**	**5,121**	$	(2,985)	**$**	**4,166**	$	(2,740)
Less:								
Expenditures on property, plant and equipment		**(3,402)**		(381)		**(6,017)**		(2,204)
Lease payments		**-**		(15)		**-**		(150)
Free cash flow	**$**	**1,719**	$	(3,381)	**$**	**(1,851)**	$	(5,094)

Average Realized Gold and Silver Prices Per Ounce

The Company has included average realized prices as a supplementary non-GAAP financial measure in this MD&A. The Company quantifies average realized price per ounce as revenue per the Statement of Income (loss) divided by ounce of gold or silver sold. Management uses this measure to monitor sales of silver and gold ounces against the average market silver and gold prices.

The following table provides a reconciliation of average realized prices to the most directly comparable IFRS measure:

		Q4 2023		Q4 2022		FY 2023		FY 2022
Silver revenue	**$**	**34,010**	$	25,456	**$**	**109,761**	$	103,804
Silver sold (k oz)		**1,392**		1,201		**4,547**		4,769
Average realized silver price per oz	**$**	**24.42**	$	21.19	**$**	**24.13**	$	21.76

		Q4 2023		Q4 2022		FY 2023		FY 2022
Gold revenue	**$**	**14,781**	$	210	**$**	**15,587**	$	4,245
Gold sold (oz)		**7,290**		120		**7,705**		2,341
Average realized gold price per oz	**$**	**2,028**	$	1,750	**$**	**2,023**	$	1,814

16. MINERAL RESOURCE STATEMENT

San Bartolomé Mine

In December 2023, the Company announced updated mineral reserve and resource estimate ("MR&RE") for San Bartolomé mine and mill operations. MR&RE for the project was calculated in accordance with NI 43-101 and generally accepted CIM Guidelines. Methodology for estimation of mineral resources is disclosed in the San Bartolomé Technical Report that has been filed on SEDAR+.

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Material Source	Area	Category	Tonnes(1) (000s)	Ave. Silver Grade (g/t)	Contained Silver (Moz)
San Bartolomé Tailings	FDF (ii)	Measured	-	-	-
		Indicated	3,813	56	6.90
		M+I	**3,813**	**56**	**6.90**
		Inferred	92	52	0.15
Tollojchi Area - Contracted	Manto (iii)	Measured	-	-	-
		Indicated	773	127	3.15
		M+I	773	127	3.15
		Inferred	35	131	0.15
	Platera (iii)	Measured	-	-	-
		Indicated	636	160	3.28
		M+I	636	160	3.28
		Inferred	445	145	2.07
	Rosario (iii)	Measured	-	-	-
		Indicated	183	148	0.87
		M+I	183	148	0.87
		Inferred	115	136	0.50
Other Areas - Contracted	Alta Vista (iv)	Measured	-	-	-
		Indicated	34	354	0.39
		M+I	**34**	**354**	**0.39**
		Inferred	55	371	0.66
	Paca (v)	Measured	-	-	-
		Indicated	666	223	4.78
		M+I	666	223	4.78
		Inferred	223	230	1.65
Owner + Contracted	**Totals**	**Measured**	0	0	0
		Indicated	6,105	98	19
		M+I	6,105	98	19
		Inferred	965	167	5

Notes:

(i) Mineral resources cited herein are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserve.

(ii) The following assumptions are considered for the FDF mineral reserves:
- (a) Assumed silver price of $23/oz. Metallurgical recovery is estimated to be in the range of 76% to 78%. Assume metallurgical recovery of 78%.
- (b) Mineral reserves are reported at an in-situ cut-off of 50 g/t Ag, grade of material above mesh #14, has been used for reporting the mineral reserves at the FDF. This cut-off considers, on a per tonne basis, $1.42 mining cost, $17.89 processing costs, $6.1 G&A and indirect costs, $0.63 capital, $0.65 refining, shipping, and laboratory costs. Other costs considered are the COMIBOL royalty of 4% and the silver Bolivian royalty of 6%.
- (c) 100% mining recovery and dilution of approximately 5%.

(iii) The following assumptions are considered for the mineral reserves deriving Manto, Platera, and Rosario:
- (a) The mineral reserves are reported at an in-situ cut-off of 70 g/t Ag.
- (b) The mineral reserves are reported within a constraining pit shell. Assumed silver price of $23/oz; assumed metallurgical silver recovery: 80%; mining and transport: $6.49/t; process costs: $22.98/t; G&A and other indirect costs: $3.67/t. Other costs considered included smelting; administrative costs: $2.74; capital expenditures: $2.65/t. Other costs are the COMIBOL royalty of 4%, the silver Bolivian royalty of 6%, and refining and shipping and laboratory costs of $0.66/t.
- (c) 100% mining recovery and dilution of approximately 5%.

(i) The following assumptions are considered for the mineral reserves deriving from Alta Vista:
- (a) The mineral reserves are reported at an in-situ cut-off of 250 g/t Ag, considering underground mining methods.
- (b) Oxidized and transitional (partially oxidized) materials are reported.
- (c) Assumed silver price of $23/oz; assumed metallurgical silver recovery: 70%; transport: $29.58/t; mining: $63,8/t; process costs: $24.69/t; G&A and other indirect costs: $3.8/t; administrative costs: $4.57/t; capital expenditures: $0.41/t. Other costs are the silver Bolivian royalty of 6%, and refining and shipping and laboratory costs of $0.66/t.
- (d) 100% mining recovery and dilution of approximately 20%.

(ii) The following assumptions are considered for the mineral reserves deriving from Paca:
- (a) The mineral reserves are reported at an in-situ cut-off of 180 g/t Ag.
- (b) Oxidized and transitional (partially oxidized) materials are reported.
- (c) Mineral reserves are reported within a constrained pit shell. Assumed silver price of $23/oz; assumed metallurgical silver recovery: 80%; ore purchase, mining and haulage costs: $60.80/t; process costs: $20.29/t; refining, shipping, and laboratory costs: $0.45/oz Ag. Other costs are the COMIBOL royalty of 4%, the silver Bolivian royalty of 6%.
- (d) 100% mining recovery and dilution of approximately 5%.
- (e) Mining plan assumes use of Paca instead of other contracted material.

Golden Queen Mine

On January 31, 2024, the Company announced updated MR&RE for Golden Queen mine. The MR&RE for the project was calculated in accordance with the NI 43-101 and generally accepted CIM Guidelines and has been filed on SEDAR+.

Updated Mineral Resources – as of September 30, 2023

			In-Situ Grade				Contained Metal	
			Gold		Silver		Gold	Silver
Classification	**Tonnes**	**Tons**	**g/t**	**oz/ton**	**g/t**	**oz/ton**	**oz**	**oz**
Measured	2,667,000	2,940,000	0.99	0.029	12.93	0.377	86,000	1,108,000
Indicated	39,147,000	43,152,000	0.58	0.017	8.06	0.235	736,000	10,133,000
Measured + Indicated	**41,814,000**	**46,092,000**	**0.62**	**0.018**	**8.37**	**0.244**	**822,000**	**11,241,000**
Inferred	**3,625,000**	**3,996,000**	**0.45**	**0.013**	**6.27**	**0.183**	**53,000**	**732,000**

Notes
- *(i)* Mineral resources are inclusive of mineral reserves.
- *(i)* Mineral resources that are not mineral reserves do not have demonstrated economic viability.
- *(ii)* Mineral resources are reported by applying cutoffs of 0.008 oz AuEq/ton (0.274 g/t) at the Silver Queen zone and 0.005 oz AuEq/ton (0.171 g/t) at all other areas to all model blocks lying within optimized resource pits, in consideration of potential open-pit mining and heap-leach processing.
- *(iii)* Gold equivalent grades were calculated as follows: oz AuEq/ton = oz Au/ton + (oz Ag/ton / AuEq Factor). The AuEq Factor is derived from metal prices ($2,000/oz Au and $23/oz Ag) and recoveries of 55% for Au and 40% for Ag for model blocks lying within the Silver Queen zone (AuEq Factor = 120), and 85% for Au and 40% for Ag in all other areas (AuEq Factor = 185).
- *(iv)* The effective date of the mineral resources is September 30, 2023.
- *(v)* Tonnage and grade estimations are presented in both U.S. and metric units. Grades are reported in troy ounces per short ton (U.S.) and in grams per metric tonne.
- *(vi)* The Qualified Person for estimation of mineral resources is Michael Gustin of RESPEC.
- *(vii)* Rounding may result in apparent discrepancies between tons, grade, and contained metal content.

Updated Mineral Reserves – as of September 30, 2023

	Mineralization		Contained (In-Situ) Grade					Contained Metal	
	Metric	Imperial	NSR	Gold	-	Silver	-	Gold	Silver
Classification	**(ktonnes)**	**(ktons)**	**($/ton)**	**(g/t)**	**(opt)**	**(g/t)**	**(opt)**	**(oz)**	**(oz)**
Proven	1,671	1,842	42.6	1.11	0.032	14.29	0.417	59,744	767,876
Probable	19,338	21,316	29.3	0.68	0.020	9.79	0.285	424,931	6,085,430
Total Proven + Probable	**21,009**	**23,158**	**30.3**	**0.72**	**0.021**	**10.15**	**0.296**	**484,675**	**6,853,306**

Notes
- *(i)* Mineral reserves were tabulated based on a $1,850/oz gold price and $23/oz silver price within a pit designed.
- *(i)* Mineral reserves are based on the economic input parameters provided in Tables 15.1-2, 15.1-3 & 15.1-4 of the Technical Report, which is available under the Company's profile on SEDAR+.
- *(ii)* The mineral reserves cutoff grade is based on a net smelter return of $8.44/ore ton ($9.30/ore tonne).
- *(iii)* Includes 389 ktons (353 ktonnes) from a low-grade stockpile, grading 0.48 g/t (0.014 opt) gold grade applied to probable reserves, not verified by QP, but is not material to the mineral reserves.
- *(iv)* Based on end of September 2023 topography.
- *(v)* Imperial: ktons means 1000 short tons; where, 1 short ton = 2000 lbs.
- *(vi)* Metric: ktonnes means 1000 metric tonnes; where, 1 metric tonne = 2204.6 lbs.
- *(vii)* Gold and silver are all reported as contained grades and contained metal where:
- *(viii)* "opt" is troy ounce per short ton and "g/t" is grams per metric tonne

(ix) "g/t" is grams per metric tonne
(x) "oz" is 1 troy ounce.
(xi) The columns may not sum exactly due to rounding.

17. LEGAL PROCEEDINGS

In the normal course of business, the Company and its subsidiaries may become defendants in certain employment claims and other litigation. The Company records a liability when it is probable that a loss has been incurred and the amount is reliably estimable. The Company is not involved in any legal proceedings other than routine litigation arising in the normal course of business, none of which the Company believes will have a material adverse effect on the Company's business, financial condition or results of operations.

18. SUBSEQUENT EVENT

Renewal of NCIB

On January 12, 2024, the Company initiated the Automatic Share Purchase Plan ("ASPP") under the NCIB program by authorizing its independent broker to repurchase for cancellation up to 7,833,291 of its common shares or aggregate dollar value of all purchases up to $3.7 million (C$5.0 million) during the period ending December 31, 2024. As of March 25, 2024, the Company has repurchased and cancelled 5,333,291 common shares at an average purchase price of C$0.70 for a total amount of $2.7 million (C$3.6 million). The number of common shares remaining for repurchase under the ASPP authorization is 2,500,000. The Company will recognize a financial liability associated with the total maximum amount that may be repurchased during that period by the broker, with an offsetting entry in the share capital line.

Revolving Line of Credit

On February 28, the Company through its wholly-owned subsidiary, Andean PM, AB closed an agreement for a 12-month $25 million renewable secured revolving line of credit ("LOC") with Banco Santander International. The LOC provides for $25 million to be used for general corporate purposes and is secured by short-term investments and cash equivalents. It bears interest on any outstanding borrowings at the 3-month Secured Overnight Financing Rate (SOFR) plus 90 basis points.

Amendment to Silver Elephant

Paca Project

The Bolivian environmental authority delayed the required environmental authorization to mine the additional tonnage beyond the original 36,000 tonnes from Temeridad, one of the three mining areas of Silver Elephant, which was subsequently obtained. Also, in January 2024, COMIBOL requested Silver Elephant to replace and sign a new mining agreement with respect to the other two mining areas (Apuradita and Real del Monte). This was signed.

As a result of the two events described above, on January 30, 2024, the Company and Manquiri entered into an amendment agreement with Silver Elephant extending the date to achieve the milestones from January 31, 2024 to April 30, 2024 by paying to Silver Elephant an Extension Fee of $0.2 million (the "Paca CP Outside Date). It also changed the terms of the second non-refundable $1.8 million payment as follows:

(i) First installment of $0.9 million to be paid prior to any further product delivery to Manquiri from January 25, 2024. Andean will have the right to recommence the purchases up to an amount in the aggregate of 90,000 tonnes. This payment was made in March 2024.

(ii) A second installment of $0.9 million is expected to be paid in April 2024.

As of March 25, 2024, Manquiri has paid the first installment, Silver Elephant has signed with COMIBOL the new mining agreement for the Temeridad and Real del Monte mining areas and has filed the environmental request for the Temeridad mining area. Consequently, the Company has reestablished the purchase of products from the three mining areas.

The Company anticipates that Silver Elephant will be able to renew and obtain all the necessary governmental approvals as per the original agreement during the agreed five-year term up to the maximum 800,000 tonnes.

19. 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.

20. IFRS CRITICAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Management has discussed the development and selection of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosure relating to such estimates in conjunction with its review of this MD&A. The accounting policies and methods we utilize determine how we report our financial condition and results of operations, and they may require management to make estimates or rely on assumptions about matters that are inherently uncertain. The financial statements have been prepared in accordance with IFRS under the historical cost convention, as modified by revaluation of certain financial assets. Our critical accounting policies are disclosed in note 3 to the financial statements, including a summary of current and future changes in accounting policies.

Recent accounting pronouncements

New and amended IFRS standards that are effective for the current year:

In the current year, the Company has applied a number of new amendments to existing IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

In May 2023, the International Accounting Standards Board issued International Tax Reform – Pillar Two Model Rules, which amended IAS 12, Income Taxes (IAS 12). The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments apply to income taxes arising from changes to tax law enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development("OECD"). The amendments became effective upon issuance, except for certain disclosure requirements which became effective for annual reporting periods beginning on or after January 1, 2023.

Future changes in accounting policies not yet effective in the current period

Certain pronouncements were issued by IASB or the IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2023. Pronouncements that are not applicable to the Company have been excluded from this note.

In April 2021, the IASB issued amendments to IAS 1- Presentation of Financial Statements ("IAS 1"). The amendments to IAS 1 clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted.

The Company will adopt the amendment on the date it becomes effective and is currently evaluating the impact of the amendment on its consolidated financial statements. Based on the currently available information, the Company does not anticipate any impact from this amendment on its financial statements.

In May 2023, the IASB issued amendments to IAS 7 requiring entities to provide qualitative and quantitative information about their supplier finance arrangements. In connection with the amendments to IAS 7, the IASB also issued amendments to IFRS 7 requiring entities to disclose whether they have accessed, or have access to, supplier finance arrangements that would provide the entity with extended payment terms or the suppliers with early payment terms. These amendments are effective on January 1, 2024, and are not expected to have a significant impact on the Company's financial statements.

Critical Accounting Estimates and Judgments

Certain accounting estimates have been identified as being "critical" to the presentation of our financial condition and results of operations because they require us to make subjective and/or complex judgments about matters that are inherently uncertain; or there is a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions and estimates.

Management's estimates and underlying assumptions are reviewed on an ongoing basis. Any changes or revisions to estimates and underlying assumptions are recognized in the period in which the estimates are revised and in any future periods affected. Changes to these critical accounting estimates could have a material impact on the consolidated financial statements.

Our significant accounting judgments, estimates and assumptions are disclosed in note 4 to the accompanying financial statements.

21. 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.

At December 31, 2023 and the date of this filing, the Company had 156,704,102 common shares , 1,065,455 options to purchase common shares of the Company and 3,040,195 restricted share units issued and outstanding (December 31, 2022 the Company had 158,032,756 common shares , 2,313,913 options to purchase common shares of the Company and 2,112,913 restricted share units issued and outstanding).

22. 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 financial statements 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 financial statements; and (ii) the financial statements 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.

23. RISK FACTORS

The Company's activities expose it to a variety of financial market risks, credit risks and liquidity risks, as described in Note 18 of the accompanying financial statements.

The Company also identified a number of other risks and uncertainties:

Commodity Prices and Availability

Andean's profitability and long-term viability depend, in large part, upon the market prices of metals that may be produced from its properties and processed at its plant, primarily silver. Market price fluctuations of this commodity could adversely affect profitability of Andean operations and lead to impairments of mineral properties and inventory. Metal prices fluctuate widely and are affected by numerous factors beyond Andean's control, including:

- global and regional supply and demand for industrial products containing metals generally;
- changes in global or regional investment or consumption patterns;
- increased production due to new mine developments and improved mining and production methods;
- decreased production due to mine closures;
- interest rates and interest rate expectation;
- expectations with respect to the rate of inflation or deflation;
- availability and costs of metal substitutes;
- global or regional political or economic conditions; and
- sales by central banks, holders, speculators and other producers of metals in response to any of the above factors.

There can be no assurance that metal prices will remain at current levels or that such prices will improve. A decrease in the market prices could adversely affect the profitability of Andean's existing mines, processing plant and projects as well as its ability to finance the exploration and development of additional properties, which would have a material adverse effect on Andean's results of operations, cash flows and financial position. A decline in metal prices may require Andean to write-down mineral reserve and mineral resource estimates by removing ores from mineral reserves that would not be economically processed at lower metal prices and revise life-of-mine plans, which could result in material write-downs of investments in mining properties. Any of these factors could result in a material adverse effect on Andean's results of operations, cash flows and financial position. Further, if revenue from metal sales declines, Andean may experience liquidity difficulties. Its cash flow from mining and ore processing operations may be insufficient to meet its operating needs, and as a result Andean could be forced to discontinue production and could lose its interest in, or be forced to sell, some or all of its properties.

In addition to adversely affecting mineral reserve and mineral resource estimates and Andean's results of operations, cash flows and financial position, declining metal prices can impact operations by requiring a reassessment of the feasibility of a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays and/or may interrupt operations until the reassessment can be completed, which may have a material adverse effect on Andean's results of operations, cash flows and financial position. In addition, lower metal prices may require Andean to reduce funds available for exploration with the result that the depleted reserves may not be replaced.

The profitability of Andean's operations is dependent upon the cost and availability of critical consumables supplies, which are consumed or otherwise used in connection with Andean's operations and projects, including, but not limited to, cyanide, lime, zinc, borax and diatomaceous earth. Prices of such consumables supplies also fluctuate widely and are affected by numerous factors beyond the control of the Company. Further, as many of Andean's mines are in remote locations and energy is generally a limited resource, Andean faces the risk that there may not be sufficient energy available to carry out mining activities efficiently or that certain sources of energy may not be available.

Supply and Quality of Purchased Material

Andean's operations include the purchase of materials from local mining cooperatives as well as through the Company's contract with RALP, which is then used to supply the production of its San Bartolomé plant. The production and revenues of the Company depend on the availability of the mineral material being supplied from these suppliers. To mitigate this risk, the Company maintains a department to evaluate purchasing opportunities throughout Bolivia.

The Company does not have control over the volume of mineralized material and material grade purchased from its suppliers. The variability of volume of mineralized material and material grade can have an impact over the volume of metals produced and sold. The Company mitigates this risk by working with a minimum cut-off purchase grade to ensure best efficiency and profitability of its plant operations.

Cost Estimates May Not be Accurate

The Company prepares budgets and estimates of cash costs and capital costs for its operations and its main costs relate to material costs, workforce and contractor costs, and energy costs. As a result of the substantial expenditures involved in the development of mineral projects and the fluctuation of costs over time, development projects may be prone to material cost overruns. The Company's actual costs may vary from estimates for a variety of reasons, including short-term operating factors; revisions to development plans; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability and unexpected labour issues, labour shortages, strikes or community blockades and quality of existing infrastructure being less than expected. Many of these factors are beyond our control and the inaccuracy of any estimates may result in the Company requiring additional capital and time to execute on its development and exploration plans.

Exploration, Development and Operating Risks

Mining operations are inherently dangerous and generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of silver and gold, including, without limitation, unusual and unexpected geologic formations, seismic activity, flooding, pit wall failure and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, personal injury or loss of life, damage to property and environmental damage, all of which may result in possible legal liability. Although the Company expects that adequate precautions to minimize risk will be taken, mining operations are subject to hazards such as fire, rock falls, geomechanical issues, equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. The occurrence of any of these events could result in a prolonged interruption of the Company's operations that would have a material adverse effect on its business, financial condition, results of operations and prospects.

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices that are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Health, Safety and Environmental Risks and Hazards

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death and/or material damage to the environment and Company assets. The impact of such accidents could affect the profitability of the operations, potentially result in fines, penalties or other prosecutions, cause an interruption to operations, lead to a loss of licenses, affect the reputation of Andean and its ability to obtain further licenses, damage community relations and reduce the perceived appeal of Andean as an employer.

All phases of Andean's operations are subject to environmental and safety regulations in the jurisdictions in which it operates. These regulations mandate, among other things, worker safety, water quality, water management, land reclamation, waste disposal (including the generation, transportation, storage and disposal of hazardous waste), mine development and protection of endangered and other special status species. Failure to comply with applicable health, safety and environmental laws and regulations could result in injunctions, fines, suspension or cancellation of permits and approvals and could include other penalties including negligence claims or criminal prosecution. Health, safety and environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that Andean has been or will at all times be in full compliance with all environmental laws and regulations or hold, and be in full compliance with, all required environmental and health and safety permits. In addition, no assurances can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could have an adverse effect on Andean's financial position and operations. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, including Andean, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. The potential costs and delays associated with compliance with such laws, regulations and permits could prevent Andean from proceeding with the development of a project or the operation or further development of a mine, and any non-compliance therewith may adversely affect Andean's business, financial condition and results of operations.

Government environmental approvals and permits are currently, or may in the future be, required in connection with Andean's operations. To the extent such approvals are required and not obtained, Andean may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Andean may also be held financially responsible for remediation of contamination at current or former sites, or at third party sites. Andean could also be held responsible for exposure to hazardous substances. The costs associated with such instances and liabilities could be significant.

Andean may be required to submit, for government approval, a reclamation or closure plan for each of its mining/project sites. The reclamation plan establishes Andean's obligation to reclaim property after certain mining or exploration activities have been carried out by Andean. In some jurisdictions, bonds or other forms of financial assurances are required as security to ensure performance of the required reclamation activities. Andean may incur significant reclamation costs which may materially exceed the provisions Andean has made for such reclamation. In addition, the potential for additional regulatory requirements relating to reclamation or additional reclamation activities may have a material adverse effect on Andean's financial condition, liquidity or results of operations. When a previously unrecognized reclamation liability becomes known or a previously estimated cost is increased, the amount of that liability or additional cost may be expensed, which may materially reduce net income in that period.

The extraction process for silver and gold can produce tailings, which are the sand-like materials which remain from the extraction process. Tailings are stored in engineered facilities, which are designed, constructed, operated and closed in conformance with local requirements and best practices.

In 2008, a three-stage tailings impoundment was commissioned at Manquiri under previous management, which serves to store both dry and wet tailings from the mill. The stages are fines disposal, dry-stack facility, and water recovery operations, and are located approximately two kilometers to the southeast of the mill operations. The fines disposal facility is a zero-discharge facility which is designed to also hold storm water and leads to a separate water impoundment for recycling to the mill as needed. Both the fines disposal facility and dry-stack facilities are fully lined. The tailings facility is designed to maximize water efficiency and minimize long-term environmental impacts by creating a highly concentrated tailing. The low level of water concentrated in the tailings provides structural stability, which is also a critical component to site closure.

Should a breach of these facilities occur due to extreme weather, seismic event, or other incident, Andean could suffer a material financial impact on its operations and financial condition, including the potential for criminal and financial liability. In order to mitigate and substantially reduce these risks, the Company utilizes specialist tailings dam consultant Knight Piesold to oversee the design, construction methodology and monitoring.

Andean actively engages with local communities to provide timely information about the operations and participates in a variety of activities to contribute to the wellbeing of local communities. Health, safety, environmental or other incidents, real or perceived, could cause community unrest that manifest into protests, road blockages, or other civil disobedience activities that could materially disrupt Andean's operations.

The operations of Andean are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although Andean believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, new rules and regulations may be enacted or existing rules and regulations may be applied in a manner that could limit or curtail production or development of Andean's properties. Amendments to current laws and regulations governing the operations and activities of Andean or more stringent implementation thereof could have a material adverse effect on Andean's business, financial condition and results of operations.

Public Health Crises

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, such as the outbreak of the COVID-19. The international response to the spread of COVID-19 led to significant restrictions on travel, temporary business closures, quarantines, stay-at-home orders, global stock market volatility, disruptions in supply chains, a reduction in consumer activity and increased volatility of commodity prices. Such public health crises can result in operating, supply chain and project delays and disruptions, unavailability of parts and supplies, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The Company may experience business interruptions, including suspended or reduced operations at the Company's operations and at third-party processing facilities, expenses and delays, relating to such events outside of the Company's control, which could have a material adverse impact on its business, operating results, financial condition and the market for its securities. In particular, Bolivia, in which the Company operates, may not have sufficient public infrastructure to adequately respond or efficiently and quickly recover from such events, which could have a materially adverse effect on the Company's operations. The Company's exposure to such public health crises also includes risks to employee health and safety. The Company's operations are located in a remote and isolated area and represent a concentration of personnel working and residing in close proximity to one another. Should an employee or visitor become infected with a serious illness that has the potential to spread rapidly, this could place our workforce and ongoing operations at risk.

Nature and Climatic Condition Risk

Andean and the mining industry as a whole face geotechnical challenges, which could adversely impact Andean's production and profitability. Unanticipated adverse geotechnical and hydrological conditions, such as landslides, droughts, pit wall failures and rock fragility may occur in the future and such events may not be detected in advance. Geotechnical instabilities and adverse climatic conditions can be difficult to predict and are often affected by risks and hazards outside of Andean's control, such as seismic activity, severe weather and considerable rainfall, which may lead to periodic floods, mudslides and wall instability, which could potentially result in slippage of material or a tailings dam failure. Geotechnical failures could result in limited or restricted access to mine sites, suspension of operations, government investigations, increased monitoring costs, remediation costs, loss ore and other impacts including financial liability, which could cause one or more of Andean's projects to be less profitable than currently anticipated and could result in a material adverse effect on Andean's results of operations and financial position.

Furthermore, the occurrence of physical climate change events may result in substantial costs to respond to the event and/or recover from the event, and to prevent recurrent damage, through either the modification of, or addition to, existing infrastructure at our operations. The scientific community has predicted an increase, over time, in the frequency and severity of extraordinary or catastrophic natural phenomena as a result of climate change. Andean can provide no assurance that it will be able to predict, respond to, measure, monitor or manage the risks posed as a result.

In addition, as climate change is increasingly perceived as an international and community concern, stakeholders may increase demands for emissions reductions and call-upon mining companies to better manage their consumption of climate-relevant resources. Physical climate change events, and the trend toward more stringent regulations aimed at reducing the effects of climate change, could impact Andean's decisions to pursue future opportunities, or maintain existing operations, which could have an adverse effect on its business and future operations. Andean can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on its operations and profitability.

Uncertainty in the Estimation of Mineral Reserves and Mineral Resources

To extend the lives of its mines and projects, ensure the continued operation of the business and realize its growth strategy, it is essential that Andean continues to realize its existing identified mineral reserves, convert mineral resources into mineral reserves, increase its mineral resource base by adding new mineral resources from areas of identified mineralized potential, and/or undertake successful exploration or acquire new mineral resources.

No assurance can be given that the anticipated tonnages and grades in respect of mineral reserves and mineral resources contained in this MD&A will be achieved, that the indicated level of recovery will be realized or that mineral reserves will be mined or processed profitably. Actual mineral reserves may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may differ from estimated levels. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond Andean'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 judgments 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. In addition, there can be no assurance that silver recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. 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 Andean's mineral reserves uneconomic to exploit. Mineral reserve data is not indicative of future results of operations. If Andean's actual mineral reserves and mineral resources are less than current estimates or if Andean fails to develop its mineral resource base through the realization of identified mineralized potential, its results of operations or financial condition may be materially and adversely affected. Evaluation of mineral reserves and mineral resources occurs from time to time and they may change depending on further geological interpretation, drilling results and metal prices. The category of inferred mineral resource is often the least reliable mineral resource category and is subject to the most variability. Andean regularly evaluates its mineral resources and it often determines the merits of increasing the reliability of its overall mineral resources.

Replacement of Depleted Mineral Reserves

Given that mines have limited lives based on proven mineral reserves and probable mineral reserves, Andean must continually replace and expand its mineral reserves at its mines. Andean's ability to maintain or increase its annual production will be dependent in part on its ability to bring new Mineral Reserves into production.

Uncertainty Relating to Mineral Resources

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to proven mineral reserves and probable mineral reserves as a result of continued exploration.

Uncertainty Relating to Future Production Estimates

Andean prepares estimates and projections of future production for its existing and future mine operations. Any such information is forward-looking and no assurance can be given that such estimates will be achieved. These estimates are based on existing mine plans and other assumptions which change from time to time, including:

mineral reserve and mineral resource estimates, including estimates for Cachi Laguna; the availability, accessibility, sufficiency and quality of material; the availability, accessibility, sufficiency and quality of material purchased from local Bolivian miners and RALP; Andean's costs of production; Andean's costs of purchased material, including material purchased from RALP; Andean's ability to sustain and increase production levels; the sufficiency of Andean's infrastructure; the performance of Andean's workforce and equipment, Andean's ability to maintain and obtain mining interests and permits; and Andean's compliance with existing and future laws and regulations. Andean's actual production may vary from estimates for a variety of reasons, including: actual material mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; actual material purchased varying from estimates of grade, tonnage and metallurgical and other characteristics; revisions to mine plans; unusual or unexpected material body formations; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability, floods, and seismic activity; and unexpected labour shortages, strikes, local community opposition or blockades. Failure to achieve the estimated forecasts could have an adverse impact on Andean's profitability, future cash flows, earnings, results of operations and financial condition.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Andean's operations, financial condition and results of operations.

Permitting

Andean's operations are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of permits for Andean's existing operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, Andean must receive permits from appropriate governmental authorities. There can be no assurance that Andean will continue to hold all permits necessary to develop or continue operating at any particular property. Any of these factors could have a material adverse effect on Andean's results of operations and financial position.

Insurance and Uninsured Risks

Andean's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, catastrophic equipment failures or unavailability of materials and equipment, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Andean's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Andean's insurance will not cover all the potential risks associated with Andean's operations. Even if available, Andean may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Andean or to other companies in the mining industry on acceptable terms. Andean might also become subject to liability for pollution or other hazards that may not be insured against or that Andean may elect not to insure against because of premium costs or other reasons. Losses from these events could cause Andean to incur significant costs that could have a material adverse effect upon its financial performance and results of operations. Should Andean be unable to fully fund the cost of remedying an environmental problem, Andean might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy, which may have a material adverse effect. Andean may suffer a material adverse effect on its business, results of operations, cash flows and financial position if it incurs a material loss related to any significant event that is not covered, or adequately covered, by its insurance policies.

Andean may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs or for other reasons. Furthermore, Andean may incur liability to third parties in excess of any insurance coverage or for which Andean is not insured arising from any damage or injury caused by Andean's operations, which may have a material adverse effect on Andean's financial position.

Foreign Operations and Political Risk

Andean holds mining and exploration properties in Bolivia, exposing it to the socioeconomic conditions as well as the laws governing the mining industry in this country. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; military repression; war or civil war; social and labour unrest; organized crime; hostage taking; terrorism; violent crime; extreme fluctuations in currency exchange rates; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political norms, currency controls and governmental regulations that favour or require Andean to award contracts in, employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in any of the jurisdictions in which Andean operates may adversely affect Andean's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of parts and supplies, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. In addition, changes in government laws and regulations, including taxation, royalties, the repatriation of profits, restrictions on production, export controls, changes in taxation policies, environmental and ecological compliance, expropriation of property and shifts in the political stability of the country, could adversely affect Andean's exploration, development and production initiatives in these countries.

In Bolivia, a new constitution, enacted in 2009, confirmed the concept that all natural resources in Bolivia belong to the Bolivian people. On May 28, 2014, Law 535 of Mining and Metallurgy (the "New Mining Law") was enacted. Among other things, the New Mining Law established a new Bolivian mining authority and set out a number of new economic and operational requirements relating to State participation. The New Mining Law did not make any substantial changes to the tax and royalty regimes related to mining activities. Further, the New Mining Law provided that all pre-existing contracts, which at San Bartolomé consisted of various joint venture and lease agreements, were to migrate to one of several new forms of agreement with COMIBOL within a prescribed period of time. As of September 2020, all contracts at the San Bartolomé project had been migrated successfully. As San Bartolomé's contracts were considered to be pre-existing contracts, required terms for new mining contracts resulting from the New Mining Law did not apply to San Bartolomé's contracts.

Additionally, the Bolivian government issued Supreme Decree 1802 on December 20, 2013, which provides that when Bolivian annual gross domestic product ("GDP") grows more than 4.5%, an extra month of salary must be paid to all salaried workers in Bolivia, including the private sector, in respect of the month of December (the "Esfuerzo por Bolivia"). In 2021, Bolivian GDP grew less than 4.5% and, therefore, the Ministry of Labor did not apply the Esfuerzo por Bolivia rule.

There is, however, no guarantee that Bolivian governmental actions, including possible expropriation or additional changes in the law will not impact Andean's involvement in the San Bartolomé Operations in an adverse way and such actions could have a material adverse effect on us and our business.

Andean continues to monitor developments and policies in all the jurisdictions in which it operates and the potential impact such developments and policies may have on its operations; however they cannot be accurately predicted and could have an adverse effect on Andean's operations or profitability.

Compliance with Anti-Corruption Laws

Andean is subject to various anti-corruption and anti-bribery laws and regulations including but not limited to the Canadian Corruption of Foreign Public Officials Act and the Extractive Sector Transparency Measure Act ("ESTMA"), as well as similar laws in the countries in which Andean conducts business. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. ESTMA, which became effective June 1, 2015, requires public disclosure of payments to governments by mining and oil and gas companies engaged in the commercial development of oil, gas and minerals who are either publicly listed in Canada or with business or assets in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments.

In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such anti-corruption and anti-bribery laws, resulting in greater scrutiny and punishment of companies found in violation of such laws. Failure to comply with the applicable legislation and other similar foreign laws could expose Andean and its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect Andean's business, financial condition and results of operations, as well as have an adverse effect on the market price of Andean's Shares. Andean has instituted policies designed to facilitate compliance with such requirements that apply to all employees, consultants, contractors and other agents, including a code of business conduct and ethics and a whistleblower policy, an anti-bribery and anti-corruption policy, as well as mandatory training. However, there can be no assurance or guarantee that such efforts have been and will be completely effective in ensuring Andean's compliance, and the compliance of its employees, consultants, contractors and other agents, with all applicable anti-corruption and anti-bribery laws.

Increase in Production Costs

Changes in Andean's production costs could have a major impact on its profitability. Its main production expenses are personnel and contractor costs, materials, including purchased ore, and energy. Changes in costs of Andean's mining and processing operations could occur as a result of unforeseen events, including international and local economic and political events, a change in commodity prices, increased costs (including purchased ore costs, oil, steel and diesel) and scarcity of labour, and could result in changes in profitability or mineral reserve estimates. Many of these factors may be beyond Andean's control.

Andean relies on third party suppliers for a number of raw input materials. Any material increase in the cost of raw materials, or the inability by Andean to source third party suppliers for the supply of its raw materials, could have a material adverse effect on Andean's results of operations or financial condition. Andean prepares estimates of future cash costs and capital costs for its operations and projects. There is no assurance that actual costs will not exceed such estimates. Exceeding cost estimates could have an adverse impact on Andean's future results of operations or financial condition.

Competition

The mining industry is intensely competitive in all its phases and Andean competes with many companies possessing greater financial and technical resources than itself. Competition in the precious metals mining industry is primarily for: mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but also conduct refining and marketing operations on a global basis. Such competition may result in Andean being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect Andean's prospects for mineral exploration and success in the future.

Compliance Costs

Andean is subject to various laws and regulations. The costs associated with compliance with such laws and regulations may cause substantial delays and require significant cash and financial expenditure, which may have a material adverse effect on the Company or the development of its mineral properties. Although Andean believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of Andean's properties. Amendments to current laws and regulations governing the operations and activities of Andean or more stringent implementation thereof could have a material adverse effect on Andean's business, financial condition and results of operations.

The officers and directors of the Company rely, to a great extent, on the Company's legal counsel and local consultants and advisors in respect of legal, environmental compliance, banking, financing and tax matters in order to ensure compliance with material legal, regulatory and governmental developments as they pertain to and affect the Company's operations. Despite these resources, the Company may fail to comply with a legal or regulatory requirement, which may lead to the revocation of certain rights or to penalties or fees and in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the operational activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Any of the foregoing may have a material adverse effect on the Company or the development of its mineral properties.

Community Relations

Andean's relationships with the communities in which it operates and other stakeholders are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. The evolving expectations related to human rights, indigenous rights, and environmental protection may result in opposition to Andean's current and future operations or further development or new development of Andean's projects and mines. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against Andean's activities, and may have a negative impact on Andean's reputation and operations.

Opposition by any of the aforementioned groups to Andean's operations may require modification of, or preclude the operation or development of, Andean's projects and mines or may require Andean to enter into agreements with such groups or local governments with respect to Andean's projects and mines, in some cases, causing increased cost and considerable delays to the advancement of Andean's projects. Further, publicity adverse to Andean, its operations or extractive industries generally, could have an adverse effect on Andean and may impact relationships with the communities in which Andean operates and other stakeholders. While Andean is committed to operating in a socially responsible manner, there can be no assurance that its efforts in this respect will mitigate this potential risk.

Andean's other projects, including exploration projects, may also be impacted by relations with various community stakeholders, and Andean's ability to develop related mining assets may still be affected by unforeseen outcomes from such community relations.

Non-Governmental Organizations

Certain non-governmental organizations ("NGOs") that oppose globalization and resource development are often vocal critics of the mining industry and its practices, including the use of hazardous substances in processing activities. Adverse publicity generated by such NGOs or other parties generally related to extractive industries or specifically to Andean's operations, could have an adverse effect on Andean's reputation, impact Andean's relationship with the communities in which it operates and ultimately have a material adverse effect on Andean's business, financial condition and results of operations.

NGOs may organize protests, install road blockades, apply for injunctions for work stoppage, file lawsuits for damages and intervene and participate in lawsuits seeking to cancel Andean's rights, permits and licences. NGOs may also lobby governments for changes to laws, regulations and policies pertaining to mining and relevant to

Andean's business activities, which, if made, could have a material adverse effect on Andean's business, financial condition and results of operations.

Litigation Affecting Mineral Properties

Potential litigation may arise on a mineral property on which Andean has an interest (for example, litigation with the original property owners or neighbouring property owners). The results of litigation cannot be predicted with certainty and defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. If Andean is unable to resolve these disputes favourably or if the cost of the resolution is substantial, such events may have a material adverse impact on the ability of Andean to carry out its business plan.

Foreign Subsidiaries

Andean is a holding company that conducts operations through subsidiaries, including foreign subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict Andean's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on Andean's valuation and stock price.

Reliance on Local Advisors and Consultants in Foreign Jurisdictions

Andean holds mining and exploration properties in Bolivia. The legal and regulatory requirements in this country with respect to conducting mineral exploration and mining activities, banking system and controls, as well as local business culture and practices are different from those in Canada. The officers and directors of Andean must rely, to a great extent, on Andean's local legal counsel and local consultants retained by Andean in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect Andean's business operations, and to assist Andean with its governmental relations. Andean must rely, to some extent, on those members of management and Andean's board of directors who have previous experience working and conducting business in this country in order to enhance its understanding of and appreciation for the local business culture and practices. Andean also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing, labour, litigation and tax matters in these countries. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the control of the Company. The impact of any such changes may adversely affect the business of the Company.

Enforcement of Legal Rights

Andean has material subsidiaries organized under the laws of Sweden and Bolivia and certain of Andean's directors, management and personnel are located in foreign jurisdictions. Given that the majority of Andean's material assets and certain of its directors, management and personnel are located outside of Canada, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Company, or its directors and officers, any judgments issued by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or other laws of Canada. Similarly, in the event a dispute arises in connection with Andean's foreign operations, Andean may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada.

Expansion Risk

Expansion of Andean's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that Andean will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that Andean will be able to manage growth successfully. Any inability of Andean to manage growth successfully could have a material adverse effect on Andean's business, financial condition and results of operations.

Dependence on Management and Key Personnel

The success of Andean for the foreseeable future will depend largely upon the ability of its management team and other key personnel. The loss of any one of these individuals could have a material adverse effect on Andean's business, and Andean would need to devote substantial resources to finding replacements. Andean currently does not carry "key-man" life insurance policies covering any of these officers.

Competition for qualified and experienced personnel in the field in which Andean operates is generally intense, and Andean relies heavily on its ability to attract and retain qualified personnel in order to successfully implement its business objectives. The failure to attract or retain key executives and personnel could impact Andean's operations.

Dependence on Employees

Exploration and production from the properties in which Andean holds an interest and purchasing and processing ore from third parties depends on the efforts of employees. There is competition for persons with such expertise. The ability of the Company to hire and retain geologists and persons with such expertise is key to those operations. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in the jurisdictions in which those operations are conducted. Changes in such legislation or otherwise in the relationships with employees may result in strikes, lockouts or other work stoppages, any of which could have a material adverse effect on the operations, results of operations and financial condition of Andean. If these factors cause the exploration to be ceased or curtailed at one or more of the Company's mineral properties or processing plants, such decision could have a material adverse effect on the business and financial condition of Andean.

24. FORWARD-LOOKING STATEMENTS

Certain statements and information 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 include, but are not limited to statements and information regarding: the Company's future mining activities; the Company's exploration and development plans; the timing of completion of the FDF tailings silver recovery project, completion of the technical consultants report and the timing of benefits from the operation strategy improvements; the Company's assessment of acquisition opportunities; the Company's production, cost and capital expenditure guidance for fiscal 2024; the Company's expectation that Golden Queen's full-year 2024 production will not be materially affected by the fire that occurred at the secondary crusher; 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; expectations regarding future maintenance and capital expenditures, working capital requirements, the availability of financing and near-term cost efficiencies. 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 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" in this MD&A.

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, this MD&A if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

25. QUALIFIED PERSONS

The scientific and technical content disclosed in this MD&A was reviewed and approved by Donald J. Birak, Senior Consulting Geologist to the Company, a Qualified Person as defined by Canadian National Instrument 43-101, Registered Member, Society for Mining, Metallurgy and Exploration (SME), Fellow, Australasian Institute of Mining and Metallurgy (AusIMM). Mr. Birak's experience in Bolivia and at San Bartolomé commenced in 2004 with Coeur Mining Inc.