ANDEAN PRECIOUS METALS

Consolidated Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN UNITED STATES DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited consolidated statements of financial position of Andean Precious Metals Corp. (the "Company") as at December 31, 2021 and 2020 and the related consolidated statements of operations and comprehensive income, changes in shareholders' equity and cash flows for the years ended December 31, 2021 and 2020 were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the audited annual consolidated financial statements, including responsibility for significant judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management maintains accounting systems and internal controls to produce reliable consolidated financial statements and provide reasonable assurance that assets are properly safeguarded.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board of Directors carries out this responsibility through its Audit Committee. The Audit Committee meets periodically with management and the Company's independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to recommending the consolidated financial statements to the Board of Directors for approval.

The consolidated financial statements have been audited by KPMG LLP, Chartered Professional Accountants, on behalf of the shareholders. Their report follows.

"Simon Griffiths"
Simon Griffiths (signed)
Chief Executive Officer

"Jeffrey Chan"
Jeffrey Chan (signed)
Chief Financial Officer

March 16, 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Andean Precious Metals Corp.

Opinion

We have audited the consolidated financial statements of Andean Precious Metals Corp. (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of income and comprehensive income (loss) for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of changes in equity for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies.

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Comparative Information

The consolidated financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 30, 2021.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors’ report is Lee Hodgkinson.

Toronto, Canada
March 16, 2022

Consolidated Statements of Financial Position
(in thousands of US dollars)

	Notes		December 31, 2021		December 31, 2020
ASSETS					
Current					
Cash and cash equivalents		**$**	**87,276**	$	38,537
Restricted cash held in escrow	5		**-**		9,648
Inventories	8		**8,733**		10,619
VAT receivable	19		**3,050**		5,614
VAT certificates	19		**65**		711
Prepaid assets			**1,843**		2,531
Marketable securities	9		**4,177**		2,485
Total current assets			**105,144**		70,145
Non-Current					
VAT receivable	19		**8,072**		10
Other assets			**388**		770
Deferred tax asset	18(b)		**5,994**		18,732
Property, plant and equipment	10		**20,695**		26,126
Total non-current assets			**35,149**		45,638
Total assets		**$**	**140,293**	$	115,783
LIABILITIES					
Current					
Accounts payable and accrued liabilities	11	**$**	**11,879**	$	11,269
Current income taxes payable			**2,911**		-
Decommissioning liability	14		**734**		-
Other provisions	15		**3,910**		3,416
Debt	13		**-**		10
Subscription receipt liability	12		**-**		10,000
Total current liabilities			**19,434**		24,695
Non-Current					
Decommissioning liability	14		**17,840**		16,380
Other provisions			**461**		464
Total non-current liabilities			**18,301**		16,844
Total liabilities			**37,735**		41,539
EQUITY					
Issued capital	16		**22,564**		8
Accumulated other comprehensive loss			**390**		522
Contributed surplus	16		**1,622**		-
Retained earnings			**77,982**		73,714
Total equity			**102,558**		74,244
Total liabilities and equity		**$**	**140,293**	$	115,783

Contingencies (note 22)

Approved on behalf of the Board:

"*Alberto Morales*", Director

"*Peter Gundy*", Director

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands of US dollars, except per share amounts)

	Notes		Year Ended December 31, 2021		December 31, 2020
Revenues	6	$	**144,207**	$	130,672
Cost of sales	7(a)		**(95,013)**		(82,697)
Depreciation and depletion	10		**(10,388)**		(10,360)
Income from mine operations			**38,806**		37,615
General and administrative	7(b)		**(14,725)**		(6,016)
Exploration and evaluation	10		**(3,894)**		(1,888)
Income from operations			**20,187**		29,711
Other income (loss)	7(c)		**(2,368)**		543
Finance costs	7(d)		**(1,292)**		(3,759)
Reversal (impairment) of Santacruz Loan	9		**3,263**		(308)
Gain on settlement of Santacruz Loan	9		**557**		-
Foreign exchange (loss) gain			**(366)**		789
Net income before income taxes			**19,981**		26,976
Income taxes					
Current income tax expense			**(2,911)**		-
Deferred income tax (expense) recovery	18(b)		**(12,802)**		18,983
Net income		$	**4,268**	$	45,959
Basic net income per share	17		**0.03**		0.38
Diluted net income per share	17		**0.03**		0.38
Weighted average number of common shares outstanding					
Basic			**149,641,719**		120,000,078
Diluted			**151,635,831**		120,000,078

(in thousands of US dollars, except per share amounts)

	Notes		Year Ended December 31, 2021		December 31, 2020
Net income for the year		**$**	**4,268**	$	45,959
Items that may not be reclassified to profit or loss:					
Net change in other provision	15		**(132)**		425
Other comprehensive income (loss)			**(132)**		425
Comprehensive income		**$**	**4,136**	$	46,384
Basic and diluted comprehensive income per share		**$**	**0.03**	$	0.39
Weighted average number of common shares outstanding					
Basic			**149,641,719**		120,000,078
Diluted			**151,635,831**		120,000,078

Consolidated Statements of Cash Flows
(in thousands of US dollars)

	Notes	Year Ended December 31, 2021	December 31, 2020
Operating activities			
Net income		**$ 4,268**	$ 45,959
Items not affecting cash:			
Depreciation and depletion	10	**10,388**	10,228
Accretion on decommissioning liability	7(d)	**941**	1,015
Non-cash listing expense	4	**2,366**	-
Share-based compensation	16	**1,802**	-
Non-cash changes in provisions		**913**	1,005
(Reversal) impairment of Santacruz Loan	9	**(3,263)**	308
Gain on settlement of Santacruz Loan	9	**(282)**	-
Interest expense		**-**	1,557
Change in fair value of marketable securities	7(c)	**2,460**	(1,730)
Current income taxes expense		**2,911**	-
Deferred income taxes expense	18(b)	**12,802**	(18,983)
Foreign exchange loss (gain)		**366**	(789)
		35,672	38,570
Changes in non-cash working capital items:			
Inventories	8	**1,937**	(581)
VAT receivable	19	**(5,498)**	(2,261)
VAT certificates	19	**646**	1,009
Prepaid and other assets		**718**	(1,103)
Other provisions		**(618)**	(426)
Account payables	11	**758**	2,228
Net cash from operating activities		**33,615**	37,436
Investing activities			
Cash acquired on RTO Transaction	4	**79**	-
Expenditures on property, plant and equipment		**(3,383)**	(2,179)
Investment in marketable securities	9	**(607)**	(708)
Restricted cash		**-**	33,130
Net cash from (used in) investing activities		**(3,911)**	30,243
Financing activities			
Lease payments		**(223)**	-
Cash received for share issuances, net of transaction costs	16	**19,576**	10,002
Restricted cash held in escrow	5	**-**	(9,648)
Proceeds from exercise of options and warrants	16	**48**	-
Loans from BISA	13	**-**	3,775
Repayments to BISA	13	**-**	(5,340)
Payments to Coeur	13	**-**	(5,072)
Repayments of Greenteck loan and interest	13	**-**	(34,187)
Repayment of Centrum loan	24(a)	**-**	(3,523)
Net cash from (used in) financing activities		**19,401**	(43,993)
Effect of exchange rate changes on cash		**(366)**	789
Net increase in cash		**48,739**	24,475
Cash, beginning of year		**38,537**	14,062
Cash, end of year		**$ 87,276**	$ 38,537
Supplemental disclosure			
Interest paid see Notes 13 and 20			

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity
(in thousands of US dollars, except common share amounts)

	Notes	Number of common shares	Issued capital	Contributed Surplus	Retained earnings	Accumulated other comprehensive loss (income)	Total equity
Balance, January 1, 2021		**120,000,100**	**$ 8**	**$ -**	**$ 73,714**	**$ 522**	**$ 74,244**
Share based payment		1,025,000	600	-	-	-	600
Shares issued for cash		33,511,738	19,576	-	-	-	19,576
RTO Transaction issuances	4	2,353,333	1,882	167	-	-	2,049
Exercise of options		200,001	161	(125)	-	-	36
Exercise of warrants		66,667	54	(42)	-	-	12
Shares issued to agents		116,667	93	-	-	-	93
Vested RSUs		200,000	180	-	-	-	180
Share-based compensation		-	-	1,622	-	-	1,622
Reallocation of capital		-	10	-	-	-	10
Net change in other provision		-	-	-	-	(132)	(132)
Net income for the year		-	-	-	4,268	-	4,268
Balance, December 31, 2021		**157,473,506**	**$ 22,564**	**1,622**	**$ 77,982**	**$ 390**	**$ 102,558**
Balance, January 1, 2020		**1,000**	**$ 6**	**-**	**$ 27,755**	**$ 97**	**$ 27,858**
Issuance of shares		500	2	-	-	-	2
Common shares exchanged		119,998,600	-	-	-	-	-
Net change in other provision		-	-	-	-	425	425
Net income for the year		-	-	-	45,959	-	45,959
Balance, December 31, 2020		**120,000,100**	**$ 8**	**-**	**$ 73,714**	**$ 522**	**$ 74,244**

1. NATURE OF OPERATIONS

1254688 B.C. Ltd. ("125 BC") was incorporated on June 25, 2020 under the laws of British Columbia, Canada. Effective September 30, 2020, 125 BC entered into an arrangement and exchange agreement (the "Agreement") with Ag-Mining Investments AB ("AG Mining"). AG Mining was incorporated on November 30, 2017 under the laws of Sweden, issuing 1,000 shares for 50,000 SEK ($6). Under the Agreement, the shareholders of AG Mining became shareholders of 125 BC by exchanging 100% of their outstanding common shares of AG Mining for common shares of 125 BC, proportionally based on each shareholder's respective interest of AG Mining. Upon the completion of the Agreement, AG Mining became a wholly owned subsidiary of 125 BC. The transaction was accounted for as a capital transaction using the continuity of interest method.

On March 19, 2021, 125 BC completed its amalgamation with 1271860 B.C. Ltd., a wholly owned subsidiary of Buckhaven Capital Corp. ("Buckhaven"). 125 BC acquired Buckhaven by way of reverse takeover (the "RTO Transaction") in accordance with the policies of the TSX-V, and will continue to carry on business of 125 BC. Buckhaven was renamed Andean Precious Metals Corp. (the "Company") and commenced trading on the TSX-V on March 29, 2021 under the symbol APM. The comparative figures presented are those of 125 BC. The address of the Company's registered office is 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117 Vancouver, BC V6E 4N7. The Company's ultimate controlling shareholder is PMB Partners LP, a Canadian partnership.

The Company owns a 100% interest in Empresa Minera Manquiri S.A. ("Manquiri") through direct and indirect interests, which is the operator of the San Bartolomé mine and processing facility, near Potosì, Bolivia. The Company is engaged in the exploration, exploitation, treatment, refining and commercialization of doré containing silver and gold, which it extracts from its own mining rights and purchased third-party ore. The Company also holds a portfolio of earlier-stage mineral properties located in Bolivia and is in the process of exploring these mineral properties.

2. BASIS OF PRESENTATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The policies set out below have been consistently applied to all years presented. These consolidated financial statements were approved and authorized for issuance by the Company's board of directors (the "Board of Directors") on March 16, 2022.

b) Basis of measurement

The consolidated financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income and expense as set out in the accounting policies below.

c) Presentation currency and functional currency

The functional and presentation currency of the Company and each of its subsidiaries is the United States ("US") dollar.

d) Judgements

The critical judgments made by management of the Company in the application of the accounting policies that are presented in note 3 and have the most significant effect on the amounts recognized in these consolidated financial statements are as follows:

i. Impairment of non-financial assets

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

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

ii. *Functional Currency*

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgments to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

iii. *Income taxes*

Judgment is required in determining whether deferred tax assets are recognized. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

e) Significant estimates and uncertainties

Estimates are continuously evaluated and are based on management's experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

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

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

i. *Inventories*

The measurement of inventory including the determination of its net realizable value, especially as it relates to ore in stockpiles, involves the use of estimates. Estimation is required in determining the tonnage, recoverable silver contained therein, and in determining the remaining costs of completion to bring inventory to its saleable form. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories. Further, in determining the net realizable value of ore in stockpiles, the Company estimates future metal selling prices, production forecasts, realized grades and recoveries, timing of processing, and future costs to convert the inventories into saleable form. Reductions in metal price forecasts, increases in estimated future costs to convert, reductions in the amount of recoverable ounces, and a delay in timing of processing can result in a write down of the carrying amounts of the Company's work in process and ore in stockpiles inventory.

ii. *Mineral reserve and mineral resource estimates*

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects, issued by the Canadian Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and mineral resources. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and 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.

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

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

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

Estimates of the quantities of proven and probable mineral reserves and mineral resources form the basis for the Company's life-of-mine ("LOM") plans, which are used for a number of important business and accounting purposes, including: determination of the useful life of property, plant and equipment and measurement of the depreciation expense, exploration and evaluation of mineral resources and determination of technical feasibility and commercial viability, forecasting the timing of the payments related to the decommissioning liability and estimating future profitability in determining the recognition of deferred tax assets. In addition, the underlying LOM plans are used in the impairment tests for non-current assets.

iii. Decommissioning liability

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

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

Basis of consolidation

The financial statements consolidate the accounts of the Company and its wholly-owned subsidiaries. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Name	Property & Location	December 31, 2021	December 31, 2020	Accounting Method
Empresa Minera Manquiri S.A.	San Bartolome, Bolivia	100%	100%	Consolidation
Minera Pukaraju S.A. ("Pukaraju")	San Pablo, Bolivia	100%	100%	Consolidation

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Chief Executive Officer of the Company.

Cash and cash equivalents

Cash and cash equivalents consist of cash in the bank and short-term highly liquid deposits with original maturities of 90 days or less. Cash that is held in escrow, or otherwise restricted from use, is excluded and is reported separately from cash and cash equivalents.

Financial Instruments

(a) Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write off of a financial asset (or a portion thereof) constitutes a derecognition event. Write off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

(b) Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensiveincome ("FVTOCI"); and,
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting date. All other financial assets are measured at their fair values at each subsequent reporting date, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial instruments are classified and measured as follows:

	Classification
Financial assets	
Cash and cash equivalents	Amortized cost
Restricted cash	Amortized cost
Marketable securities	FVTPL
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Subscription receipt liabilities	Amortized cost
Due to related parties	Amortized cost
NSR payments	FVTPL
Debt	Amortized cost

(c) Impairment model – Expected credit loss

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in the consolidated statements of income (loss), the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

For the Company's trade receivables, the simplified approach for determining expected credit losses is used under IFRS 9, which requires the Company to determine the lifetime expected losses for all its trade receivables. The expected lifetime credit loss provision for its trade receivables is based on historical default rates and other relevant forward-looking information.

Marketable securities

Marketable securities consist of common shares and warrants to purchase common shares of a publicly traded company, which has been designated as FVTPL and is recorded in the consolidated statements of financial position at fair value. For common shares, fair value is determined by reference to the quoted market closing prices in active markets. For warrants, fair value is determined by using the Black-Scholes pricing model by reference to the quoted market closing prices in active markets.

Inventories

Inventory, which consists of ore in stockpiles, in-process inventory, doré, and metal at third-party refineries are stated at the lower of cost and net realizable value. Net realizable value is the amount estimated to be obtained from sale of the inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale. The production cost of inventories is determined on a weighted average basis and includes direct consumables, direct labour, minesite overhead and depreciation and depletion of mine properties and plant and equipment. Joint-product costing is applied as both silver and gold content contribute to the profitability of the operation. Joint costing allocates total production costs based on the relative values of the products.

Supplies and spare parts inventory consist of consumables used in operations, such as fuel, chemicals, reagents and spare parts, which are valued at the lower of average cost and net realizable value and, where appropriate, less a provision for obsolescence. Costs include acquisition, freight and other directly attributable costs. Net realizable value is estimated based on replacement costs.

Property plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and amortization. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the consolidated statement of income during the period in which they occur.

Effective from the point that they are ready for their intended use, plant and equipment; furniture and equipment; equipment under finance leases; corporate equipment and mineral properties are amortized on a straight-line basis or using the units-of production method over the shorter of the estimated economic life of the asset or mineral property. The method of depreciation is determined based on that which best represents the use of the assets.

The reserve and resource estimates for each operation are the prime determinants of the life of a mine. In general, an ore body where a mineralization is reasonably well defined is amortized over its proven and probable mineral reserves. Non-reserve material may be included in the depreciation calculations in limited circumstances where there is a high degree of confidence in economic extraction. Changes in the estimate of mineral reserves and resources will result in changes to depreciation and will be accounted for on a prospective basis over the remaining life of mine.

Exploration and evaluation

Exploration activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration expenditures, which include costs associated with researching and analyzing historical data, gathering data, exploration drilling and sampling, determining infrastructural requirements and preparing financial viability studies, are expensed until the Company concludes that it is more likely than not that economically recoverable mineral resources exist.

Exploration and evaluation costs of mineral properties, including the cost of acquiring mining rights and expenses directly related to the exploration and evaluation of the mining properties are expensed in the year they are incurred.

Mineral properties in development and production

Mineral properties in development and production are classified as property, plant and equipment. The Company assesses each mine development project to determine when a mine has advanced to the production stage. The criteria used to assess the start date are determined based on the nature of each mine development project, such as the complexity of a plant and its location. The Company considers various relevant criteria to assess when a mine is substantially complete and ready for its intended use and has advanced to the production stage. The criteria considered include: (1) the completion of a reasonable period of testing of mine plant and equipment; (2) the ability to produce materials in saleable form (within specifications); and (3) the ability to sustain ongoing production of minerals. When a mine construction project has advanced into the production stage, the capitalization of certain mine construction costs cease and costs are either included in inventory or expensed, except for sustaining capital costs related to property, plant and equipment and underground mine development or reserve development, which are re-measured at the end of each reporting period.

Impairment of non-financial assets

Property, plant and equipment, including intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. To measure recoverable amounts, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of income.

At each financial position reporting date, the carrying amounts of the Company's assets, including mineral properties under exploration and mineral properties under development, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Decommissioning liabilities

The Company recognizes a decommissioning liability when a legal or constructive obligation exists to dismantle, remove or restore its assets, including any obligation to rehabilitate environmental damage on its mineral properties. Decommissioning liabilities are recognized as incurred. Decommissioning liabilities are discounted using a rate reflecting risks specific to the liability, and the unwinding of the discount is included in finance costs. At the time of establishing the liability, a corresponding asset is capitalized and is depreciated over future production from the mining property to which it relates. The liabilities are reviewed on a regular basis for changes in cost estimates, discount rates and operating lives.

Revenue recognition

The Company's primary source of revenue is from the sale of refined silver and gold metal content in doré bars produced from the San Bartolomé project under contracts with third party refiners, who refine the doré bars on the Company's behalf. A doré bar is a semi-pure alloy of silver and gold. Delivery of doré to the refiners is completed at the mine site when control has been passed as contractually agreed with the buyer.

Control over the refined silver and gold produced from doré are transferred to the customer upon delivery to the customer's bullion account. Refined metals are sold at spot prices and revenue is recognized on the trade settlement date.

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognized when control has transferred, which is generally considered to occur when title passes to the customer. Once the title has passed to the customer, the significant risks and rewards of ownership have been transferred and the customer is able to direct the use of and obtain substantially all of the remaining benefits from the goods.

Provision for statutory labour obligations

Certain employee benefits are specifically payable when employment is terminated. The expected costs of these benefits are accrued in the period of employment. Changes arising from adjustments are charged or credited to other comprehensive income in the period in which they arise.

Earnings per share

The Company calculates basic earnings per share by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting profit or loss attributable to common shareholders and the weighted average number of common shares outstanding.

Share-based payments

The Company has two share-based compensation plans: the stock option plan and the Restricted Share Unit Plan ("the RSU Plan"). The Company measures share-based awards based on the fair value of the options or units on the date of grant. Awards that the Company intends to settle through the issuance of common shares expensed over the vesting period on a straight-line basis based on the grant date fair value and are not remeasured. Awards which may be settled in cash are accounted for using the liability method whereby they are subsequently remeasured at fair value at each reporting date until the awards are settled with fair value changes recognized in the statements of income and comprehensive income within general and administrative expenses.

RSU Plan

The Corporation adopted a RSU Plan to reward certain employees, officers and directors of the Corporation (the "Participants"), at the Company's Annual and Special Meeting of Shareholders on July 7, 2021. Pursuant to the terms of each Restricted Share Unit ("RSU") Award Agreement, Participants will receive, upon vesting of the RSUs, cash or common shares of the Company, issued from treasury, at the Company's discretion. RSU vesting terms are specific to each individual grant as determined by the Board of Directors. The Company currently has RSUs vesting based on time, market and non-market conditions. The fair value of the RSUs is expensed over the vesting period specific to the grant or at the grant date for those that vest immediately.

For time-based RSUs, initial fair value on grant date is based on the five day volume-weighted average price of the Company's common shares prior to grant date. For market-based RSUs, initial fair value is measured using a Monte Carlo simulation to determine probability of vesting. For non-market based RSUs, initial fair value is measured using management's estimates of probability of vesting at the grant date.

Income taxes

The income tax expense or benefit for the period consists of two components: current and deferred.

Current income tax is the expected tax payable on the taxable profit for the year. The tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Deferred income tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities in the consolidated statements of financial position and the corresponding tax basis used in the computation of taxable profit. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted by the statements of financial position date and are expected to apply when the related future income tax asset is realized or the future income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent it is probable future taxable profits will be available against which they can be utilized. The carrying amount of deferred tax assets is reviewed at each statements of financial position date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. Income tax expense is recognized in the consolidated statement of income and comprehensive income except to the extent it relates to a business combination or other items recognized directly in equity.

Deferred tax assets and/or liabilities are not recognized on temporary differences that arise in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and with respect to taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Recent accounting pronouncements

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") or the IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2021. Pronouncements that are not applicable to the Company have been excluded from this note.

On April 1, 2020, 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 from January 1, 2023.

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use

On May 14, 2020, the IASB issued amendments to IAS 16 Property, Plant and Equipment ("IAS 16"). The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments to IAS 16 are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted. The amendments apply retrospectively only to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. The implementation of this amendment is not expected to have a material impact on the company.

Deferred tax related to assets and liabilities arising from a single transaction

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

4. REVERSE TAKE-OVER TRANSACTION

As noted above on March 19, 2021, 1254688 B.C. Ltd. ("125 BC") completed its amalgamation with 1271860 B.C. Ltd., a wholly-owned subsidiary of Buckhaven Capital Corp. 125 BC acquired Buckhaven by way of reverse takeover in accordance with the policies of the TSX Venture Exchange and will continue to carry on business of 125 BC. In connection with the RTO Transaction, the Company completed (i) a non-brokered private placement offering in August 2020 pursuant to which it issued 19,854,738 subscription receipts raising gross proceeds of $10,000 at a price of US$0.50366 per subscription receipt; and (ii) a brokered private placement offering in February 2021 pursuant to which it issued 13,657,000 subscription receipt raising gross proceeds of C$13,657,000 ($10,943) at a price of C$1.00 per subscription receipt. The subscription receipts issued in August 2020 and February 2021 were each converted to one common share of the Company on the closing of the amalgamation.

Although Buckhaven was the legal acquirer of 125 BC, 125 BC was deemed to be the accounting acquirer and Buckhaven was deemed to be the acquiree for accounting purposes. The consolidated financial statements of the combined entity therefore represent the continuation of 125 BC, and the assets and liabilities of 125 BC have been accounted for at historical value while the Buckhaven assets and liabilities have been accounted for their fair value on acquisition. Buckhaven's operations did not constitute a business and, as such, the transaction has been accounted for as a share-based payment. Therefore, Buckhaven's share capital, equity reserve and deficit at the time of the RTO Transaction were eliminated and the costs of the RTO Transaction were expensed. The Company considered the price of the shares post-closing of the transaction and the price per share of the Company's recent private placements, and concluded that the fair value of the share consideration was C$1.00 per share based on the Company's private placement completed in February 2021. Consideration for the RTO Transaction consisted of common shares, options and warrants of the Company issued to the shareholders of Buckhaven based on Buckhaven's pre-consolidated 3,530,000 common shares, 300,000 options and 100,000 warrants, with a consolidation ratio of 1.5:1 as defined in the Company's Master Agreement with Buckhaven dated October 30, 2020.

The Company recognized the excess of the fair value of the RTO Transaction consideration over the net liability assumed of approximately $2,272 and the consideration of approximately $2,049, including the fair value of stock options and warrants honoured (Note 16(b)), as an expense in the statement of operations during the year ended December 31, 2021.

(in thousands of US dollars, unless otherwise noted)

Fair value of net assets acquired		
Cash and cash equivalents	$	79
Accounts payable and accrued liabilities		(302)
Listing expense		2,272
Total	**$**	**2,049**

Consideration given		
Common shares	$	1,882
Options and warrants honoured		167
Total	**$**	**2,049**

RTO Transaction costs inclusive of the listing expense incurred by the Company during the year ended December 31, 2021 were $3,451.

5. RESTRICTED CASH HELD IN ESCROW

As at December 31, 2021, $nil was held in escrow associated with a private placement that closed on August 24, 2020 (note 16) (December 31, 2020 - $9,648).

6. REVENUES

The breakdown of sales by commodity is as follows:

		Year ended		
		December 31, 2021		December 31, 2020
Silver	**$**	**133,804**	$	119,996
Gold		**10,403**		10,676
Total revenues	**$**	**144,207**	$	130,672

For the years ended December 31, 2021 and 2020, the Company only had one customer. This customer was considered to have low default risk and has had no historical defaults. As at December 31, 2021 and 2020, the outstanding trade receivable balance for this customer was $nil.

As at December 31, 2021 and 2020 there were no doré sales outstanding in accounts receivables.

7. EXPENSES

a) Cost of sales

		Year ended		
		December 31, 2021		December 31, 2020
Direct costs (1)	**$**	**82,921**	$	71,666
Mining royalty taxes (2)		**12,092**		11,031
Total cost of sales	**$**	**95,013**	$	82,697

(1) Includes $957 in employee benefits expense (2020 - $552).

(2) Mining royalty taxes refer to sales and exportation taxes payable to government authorities.

(in thousands of US dollars, unless otherwise noted)

b) General and administrative

		Year ended		
		December 31, 2021		December 31, 2020
Salaries and office administration [(1)]	**$**	**6,831**	$	3,871
Share based compensation		**2,017**		-
RTO Transaction costs		**3,451**		-
Corporate development costs		**189**		-
Management fee (note 24(b))		**1,687**		1,771
Community relations		**550**		374
Total general and administrative expenses	**$**	**14,725**	$	6,016

(1) Includes $104 in employee benefits expense (2020 - $38).

c) Other income (loss)

		Year ended		
		December 31, 2021		December 31, 2020
Uncollected VAT and VAT adjustments	**$**	**(159)**	$	(76)
Change in fair value of marketable securities		**(2,460)**		1,730
Interest income		**120**		672
Other income (loss)		**131**		(1,783)
Total other (loss) income	**$**	**(2,368)**	$	543

d) Finance costs

		Year ended		
		December 31, 2021		December 31, 2020
Accretion on decommissioning liability	**$**	**941**	$	1,015
Interest and banking expenses		**351**		2,744
Total finance costs	**$**	**1,292**	$	3,759

8. INVENTORIES

		December 31, 2021		December 31, 2020
Ore in stockpiles	**$**	**453**	$	2,304
In-process inventory		**815**		1,078
Metal at third-party refinery		**452**		536
Doré		**1,172**		1,065
Material and supplies		**5,841**		5,636
Total inventories	**$**	**8,733**	$	10,619

During the years ended December 31, 2021 and 2020, the Company did not recognize any non-cash inventory writedowns included in cost of sales.

9. MARKETABLE SECURITIES

On March 6, 2018 the Company entered into a $2,300 loan agreement ("Santacruz Loan") with Santacruz Silver Mining Ltd. ("Santacruz"). The Santacruz Loan bore interest at 9% per annum and was repayable to the Company by July 1, 2018. In connection with the Santacruz Loan, Santacruz issued 2,000,000 warrants to purchase common shares of Santacruz (the "Warrants") exercisable at CAD$0.16 per share until March 6, 2019, with a fair value of $109.

On July 2, 2018, the Company reached an agreement with Santacruz to extend the repayment date of the loan to October 1, 2018. As consideration for the extension, the interest rate under the Santacruz Loan was increased to 12% per annum effective July 1, 2018. In addition, Santacruz agreed to increase the number of Warrants to 2,500,000 at an exercise price of $0.16 per share, and to extend the expiry date to March 6, 2020. On October 2, 2018, the repayment date of the loan was extended to January 31, 2020.

On October 5, 2020, the Company renegotiated with Santacruz to extend the repayment date of the Santacruz Loan to March 31, 2021. As part of this extension, 2,300,000 stock options to purchase common shares of Santacruz were issued by Santacruz, expiring on October 31, 2020 and exercisable at $0.163 per share. These stock options were exercised in October 2020 and 2,300,000 common shares of Santacruz were purchased for C$375,000 ($288).

(in thousands of US dollars, unless otherwise noted)

On October 5, 2020, the Company participated in a private placement of Santacruz, purchasing 2,481,818 units of Santacruz for C$0.22 per unit totaling C$545,999 (approximately $420). Each unit consisted of 1 common share of Santacruz and 1 warrant to purchase a common share of Santacruz, exercisable at C$0.30 per warrant. On June 25, 2021 the Company exercised the 2,481,818 Santacruz warrants for $607.

On June 7, 2021, the Company entered into an agreement with Santacruz to amend the terms of the Santacruz Loan. Under the terms of the agreement, the loan was settled by an issuance of 9,907,530 common shares of Santacruz and a cash payment of $275. As a result, during the year ended December 31, 2021, the Company recorded a reversal of loan impairment of $3,263 respectively on the Santacruz loan and a gain on recovery of Santacruz loan of $557.

As at December 31, 2020, the Company recognized cumulative lifetime expected credit losses of $3,111 related to principal and interest outstanding on the Santacruz Loan.

As at December 31, 2021, the Company held 17,171,166 common shares of Santacruz with a fair value of $4,177 based on Santacruz's closing share price of C$0.31 per share (December 31, 2020 – 4,781,818 common shares with a fair value of $1,765) and nil warrants of Santacruz (December 31, 2020 - $720).

10. PROPERTY, PLANT AND EQUIPMENT

		Computer equipment and vehicles		Construction in progress		Plant and mineral properties in production		Total
Net book value, January 1, 2020	**$**	**1,000**	**$**	**1,735**	**$**	**33,705**	**$**	**36,440**
Additions		-		2,146		33		2,179
Transfers		326		(2,034)		1,708		-
Disposals		-		-		-		-
Change in decommissioning liability		-		-		(2,265)		(2,265)
Depreciation and depletion		(333)		-		(9,895)		(10,228)
Net book value, December 31, 2020	**$**	**993**	**$**	**1,847**	**$**	**23,286**	**$**	**26,126**
Additions		-		3,740		-		3,740
Transfers		493		(3,315)		2,822		-
Disposals		-		-		-		-
Change in decommissioning liability		-		-		1,268		1,268
Depreciation and depletion [1]		(475)		-		(9,964)		(10,439)
Net book value, December 31, 2021	**$**	**1,011**	**$**	**2,272**	**$**	**17,412**	**$**	**20,695**

[1] Depreciation includes amounts recorded in inventory for $51 (2020 - $132).

Summary		Computer equipment and vehicles		Construction in progress		Plant and mineral properties in production		Total
Total cost		1,686		1,847		60,662		64,195
Accumulated depreciation and depletion		(693)		-		(37,376)		(38,069)
Net book value, December 31, 2020	**$**	**993**	**$**	**1,847**	**$**	**23,286**	**$**	**26,126**
Total cost		493		425		4,090		5,008
Accumulated depreciation and depletion		(475)		-		(9,964)		(10,439)
Net book value, December 31, 2021	**$**	**1,011**	**$**	**2,272**	**$**	**17,412**	**$**	**20,695**

As at December 31, 2021, the Company had $373 of right-of-use assets from leases included in property, plant and equipment.

Exploration and evaluation

On January 23, 2020, Manquiri entered into a share purchase agreement to acquire 100% of the outstanding shares of Pukaraju, which holds rights to the San Pablo exploration property in Bolivia. The amount to be paid to former shareholders was agreed as follows: (i) an initial payment of $400, and (ii) after 18 months of the execution date, to the exclusive option of Manquiri, either: (i) a payment of $1,100 or (ii) a 2% NSR on the processing and sale of minerals extracted from mineral properties held by Pukaraju. During January 2021, an amendment was signed agreeing to the payment of $1,100 in July 2022.

(in thousands of US dollars, unless otherwise noted)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2021		December 31, 2020
Accounts payable	**$**	**7,655**	$	7,615
Accrued liabilities		**4,224**		3,654
	$	**11,879**	$	11,269

12. SUBSCRIPTION RECEIPT LIABILITY

On August 24, 2020, the Company closed a private placement for 19,854,738 Subscription Receipts at a price of US$0.50366 per Subscription receipt for total proceeds of $10,000 which were held in escrow. Upon completion of the RTO Transaction, each subscription receipt converted to receive one common share of the Company. Refer to note 16.

13. DEBT

		Banco BISA SA[(a)]		Coeur NSR[(b)]		Shareholder loans		Greenteck[(c)]		Total
January 1, 2020	**$**	**1,410**	**$**	**5,072**	**$**	**10**	**$**	**32,499**	**$**	**38,991**
Additions, net of transaction costs		3,775		-		-		-		3,775
Interest accrued		155		-		-		1,688		1,843
Repayments		(5,340)		(5,072)		-		(34,187)		(44,599)
December 31, 2020	**$**	**-**	**$**	**-**	**$**	**10**	**$**	**-**	**$**	**10**
Reallocation of capital	$	-	$	-	$	(10)	$	-	$	(10)
December 31, 2021	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**

Notes:

(a) In May 2019, Manquiri entered into a Bs34,300,000 (approximately $5,000) working capital facility with BISA Bank in Bolivia (the "BISA Loan"). The BISA Loan bore an interest rate of 5.5% per annum, with amounts to be drawn down as required by the Company. Security for the BISA Loan included a standby letter of credit guaranteeing the outstanding principal amount of the BISA Loan. The BISA Loan was fully repaid in August 2020.

In May 2020, Manquiri obtained a Bs2,266,296 (approximately $326) loan with BISA Bank for the payment of payrolls and wages of workers within the scope of the regulations issued by the Bolivian government as part of the support to companies for the emergency of COVID-19. This loan was fully repaid in December 2020.

(b) On February 28, 2018, the Company acquired its wholly-owned subsidiary Manquiri. As part of the consideration paid, the Company agreed to a 2.0% net smelter royalty ("Coeur NSR") payable to Coeur Mining Ltd. ("Coeur") on minerals processed through the San Bartolome project. On January 29, 2020, the Company repurchased the obligation to pay the Coeur NSR, by making a payment to Coeur of $4,500, which was paid, together with a payment corresponding to the January 2020 payment required under the Coeur NSR

(c) On December 31, 2019, Greenteck Holdings Ltd ("Greenteck") as the Lender and the Company as the Borrower entered into a Master Credit Facility Agreement (the "Agreement") by which Greenteck granted to the Company a credit facility in an amount of up to $33,000 (the "Commitment Amount") to settle intercompany loans to meet Bolivian statutory requirements. An initial commitment fee of 2.75% of the Commitment Amount was required to be paid on closing, totaling $908.

The Company drew down the full Commitment Amount from the credit facility on October 10, 2019, accruing interest of 4.90% per annum for the nine-month period to April 10, 2020. Interest was calculated daily and payable monthly in arrears based on a 360 day calendar year. The Commitment Amount was renewed on April 10, 2020, incurring a renewal fee of 0.35%, and the Commitment Amount was subject to an interest rate of 3.90% per annum for a nine-month period. As part of this financial commitment, 1,050 common shares of 125 BC, representing 75% of the issued and outstanding common shares of 125 BC, were transferred to Greenteck in respect of additional security on the Commitment Amount. Voting rights associated with the shares and control over 125 BC were not transferred under this arrangement. On September 21, 2020, as part of the repayment of the Commitment Amount, the shares were transferred back to the ultimate controlling party described in Note 1.

(in thousands of US dollars, unless otherwise noted)

On December 31, 2020, the Commitment Amount was fully repaid subject to an early breakage fee of $398.

14. DECOMMISSIONING LIABILITY

		December 31, 2021		December 31, 2020
Balance, beginning of year	**$**	**16,380**	$	17,630
Accretion		**941**		1,015
Payments		**(8)**		-
Remeasurement		**1,261**		(2,265)
Balance, end of year	**$**	**18,574**	$	16,380

Current	**$**	**734**	$	-
Non-current		**17,840**		16,380
	$	**18,574**	$	16,380

At December 31, 2021, the undiscounted cash flows and discount rate used to calculate the decommissioning liability are as follows:

	Inflation rate		**Undiscounted cash flows required to settle decommissioning liabilities**	**Discount rate[(a)]**		**Discounted cash flows required to settle decommissioning liabilities**
December 31, 2021	1.01%	$	23,675	6.07%	$	18,574
December 31, 2020	0.67%	$	21,720	5.59%	$	16,380

[(a)] The discount rate used to measure decommissioning liabilities under IFRS is based on current borrowing rates, approximating a credit-adjusted risk-free rate of the applicable country and of term that matches the time period to the commencement of the decommissioning liability being incurred.

15. OTHER PROVISIONS

The Company has a legal obligation in Bolivia to pay severance payments based on the years of service provided by an employee without regard to the cause of termination.

16. ISSUED CAPITAL

Common shares issued

On March 23, 2020, AG Mining issued 400 common shares for gross proceeds of $2 (20,000 SEK).

Upon incorporation of the Company on September 25, 2020, 1254688 BC Ltd., issued 100 common shares.

On September 30, 2020, the Company entered into the Agreement with AG Mining. Under the Agreement, the shareholders of AG Mining became shareholders of the Company by exchanging 100% of their outstanding common shares of AG Mining for common shares of the Company, proportionally based on each shareholder's respective interest of AG Mining, issuing 120,000,000 common shares. Upon the completion of the Agreement, AG Mining became a wholly owned subsidiary of the Company. The Agreement was approved by the shareholders of AG Mining on September 30, 2020.

On January 12, 2021, the Company issued 1,025,000 common shares to a director of the Company in respect of accrued consulting fees totaling $600.

On March 19, 2021, following the completion of the RTO Transaction, 19,854,738 subscription receipts issued in August 2020 raising gross proceeds of $10,000 at a price of US $0.50366 per subscription receipt and a brokered private placement offering in February 2021 issued 13,657,000 subscription receipts raising gross proceeds of C$13,657,000 ($10,943) at a price of C$1.00 per subscription receipt were converted into common shares. Total transaction costs of $1,360 for both the August and February private placements were incurred and offset against issued capital on the statement of financial position. In connection with the RTO Transaction, 2,353,333 shares were issued to the shareholders of Buckhaven and 116,667 shares were issued as a finder's fee.

(in thousands of US dollars, unless otherwise noted)

a) Authorized share capital

Unlimited number of common shares without par value. The Company does not currently pay dividends and entitlement will only arise upon declaration.

As at December 31, 2021, there were 157,473,506 issued and outstanding shares (December 31, 2020 - 120,000,100).

b) Stock option plan

The number of shares reserved for issuance under the Company's stock option plan is limited to 10% of the number of common shares which are issued and outstanding on the date of a particular grant of options. Under the plan, the Board of Directors determine the term of a stock option to a maximum of 10 years, the period of time during which the options may vest and become exercisable as well as the option exercise price which shall not be less than the closing price of the Company's share on the Toronto Stock Exchange on the date immediately preceding the date of grant. The Compensation Committee determines and makes recommendations to the Board of Directors as to the recipients of, and nature and size of, share-based compensation awards in compliance with applicable securities law, stock exchange and other regulatory requirements.

A summary of changes in the Company's outstanding stock options is presented below:

	Number	**Weighted average exercise price (C$)**
Balance, January 1, 2021	-	-
Honoured pursuant to the RTO transaction	200,001	$0.225
Granted	2,477,826	$1.171
Exercised	(200,001)	$0.225
Forfeited	(413,913)	$1.150
Balance, December 31, 2021	2,063,913	$1.175

The following table summarizes information on stock options outstanding and exercisable as at December 31, 2021:

Grant date	**Weighted average contractual life**	**Number of unvested options**	**Exercise Price (C$)**	**Number of vested options**	**Expiry date**
March 29, 2021	4.24	651,130	$1.15	862,783	March 29, 2026
March 29, 2021	0.72	-	$1.15	400,000	September 21, 2022
May 4, 2021	0.34	50,000	$1.50	100,000	May 4, 2022
		701,130		1,362,783	

The weighted average fair value at grant date of the Company's stock options granted during the year ended December 31, 2021 was C$0.91 per share (2020 – N/A).

The Company used the Black-Scholes option pricing model to estimate fair value using the following assumptions:

	Year ended	
	December 31, 2021	December 31, 2020
Expected stock price volatility [1]	**81% - 160%**	-
Risk free interest rate	**0.30% - 0.99%**	-
Expected life	**1 - 5 years**	-
Expected forfeiture rate	**0%**	-
Expected dividend yield	**0%**	-
Share-based payments included in general and administrative expenses	**1,198**	-
Total share-based payments	**1,198**	-

[1] Expected stock price volatility measured based on average of peer group.

(in thousands of US dollars, unless otherwise noted)

c) Restricted share units

The RSU Plan provides for a maximum number of common shares available and reserved for issuance to 10% of the Company's issued and outstanding common shares, less any shares reserved for issuance under the stock option plan.

The outstanding RSUs as at December 31, 2021 are as follows:

	Number outstanding		Fair value
Balance, January 1, 2021	-	$	-
Granted	6,562,500		424
RSUs issued – share settled	(200,000)		180
RSUs issued – cash settled	(240,625)		215
Balance, December 31, 2021	**6,121,875**	**$**	**819**

17. NET INCOME PER SHARE

For the year ended December 31, 2021, basic and diluted net income per share has been calculated based on the income and comprehensive income attributable to common shareholders of $4,492 and $4,360 respectively (December 31, 2020 – $45,959 and $46,384 respectively). The weighted average number of common shares outstanding basic and diluted for the year ended December 31, 2021 was 149,641,719 and 151,635,831 respectively (December 31, 2020 – 120,000,078 and 120,000,078 respectively). As of December 31, 2021, the Company had 2,063,913 stock options and 6,121,875 RSUs outstanding.

	Year ended			
		December 31, 2021		December 31, 2020
Net income	**$**	**4,492**	$	45,959
Weighted average number of common shares outstanding – basic		**149,641,719**		120,000,078
Weighted average number of common shares outstanding – diluted		**151,635,831**		120,000,078
Net income per share – basic	**$**	**0.03**	$	0.38
Net income per share – diluted	**$**	**0.03**	$	0.38

As of December 31, 2021, there were 150,000 anti-dilutive stock options and 4,800,000 RSUs (December 31, 2020 – nil and nil respectively).

18. INCOME TAXES

a) Income taxes

Taxation on income comprises current and deferred income tax. Current income tax is generally the expected tax payable on the taxable income for the year calculated using rates enacted or substantively enacted at the statements of financial position date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred income tax is recognized using the liability method, based on temporary differences between consolidated financial statements carrying amounts of assets and liabilities and their respective income tax bases.

The Company operates in a specialized industry and in several tax jurisdictions. As a result, its income is subject to various rates of taxation. The breadth of its operations and the global complexity of tax regulations require assessments of uncertainties and judgements in estimating the taxes the Company will ultimately pay. The final taxes paid may be dependent upon many factors, including, but not limited to, negotiations with taxing authorities in various jurisdictions, outcomes of tax litigation and resolution of disputes arising from federal, provincial, state and local tax audits.

The resolution of these uncertainties and the associated final taxes may result in adjustments to the Company's tax assets and liabilities.

The Company estimates deferred income taxes based upon temporary differences between the assets and liabilities that it reportsin its consolidated financial statements and the tax basis of its assets and liabilities as determined under applicable tax laws. The amount of deferred tax assets recognized is generally limited to the extent that it is probable that taxable profit will be available against which the related deductible temporary differences can be utilized. Therefore, the amount of the deferred income tax asset recognized and considered unrealizable could be reduced if projected income is not achieved.

The income tax rate in Bolivia remains unchanged from the prior year at 32.5%.

(in thousands of US dollars, unless otherwise noted)

The tax on the Company's income before tax differs from the amount that would arise using the Canadian statutory income tax rate applicable to income of the consolidated entities as follows:

	Year ended			
		December 31, 2021		December 31, 2020
Earnings (loss) before taxes at statutory rates	**$**	**19,981**	$	26,976
Tax rate		**26.5%**		26.5%
Tax expense (recovery) at statutory rates	**$**	**5,295**	$	7,149
Items that cause an increase (decrease):				
Impact of foreign tax rates		**1,930**		1,947
Non-deductible expenses		**7,874**		6,123
Tax deductions recognized		**614**		(34,202)
Income tax expense (recovery)	**$**	**15,713**	$	(18,983)

b) Deferred tax assets and liabilities

The Company's net deferred tax asset arises from the following items:

	Year ended			
		December 31, 2021		December 31, 2020
Property, plant & equipment	**$**	**5,010**	$	6,465
Net operating losses – Bolivia		**-**		12,507
Provisions & other		**984**		(240)
Net deferred tax assets	**$**	**5,994**	$	18,732

The movement in deferred tax assets for the year is as follows:

	Year ended			
		December 31, 2021		December 31, 2020
Opening net deferred tax assets	**$**	**18,732**	$	-
Deferred tax (expense)/benefit recorded in the statement of income		**(12,802)**		18,983
Deferred tax benefit/(expense) recorded in other comprehensive income		**64**		(251)
Ending net deferred tax assets	**$**	**5,994**	$	18,732

As at December 31, deferred income taxes have not been recognized in respect of the following tax losses and deductible temporary differences, as management does not yet consider their utilization to be probable in the foreseeable future:

		December 31, 2021		December 31, 2020
Canadian tax losses (expiring 2040)	**$**	**3,772**	$	249
Swedish tax losses		**9,319**		7,678
Other		**1,682**		-
Deferred tax assets	**$**	**14,773**	$	7,927

The Company has not recognized deferred taxes in respect of temporary differences of $83,100 in 2021 (December 31, 2020 – $69,691) related to its investment in subsidiaries, as this is not expected to reverse in the foreseeable future.

(in thousands of US dollars, unless otherwise noted)

19. VAT RECEIVABLE

The following table summarizes the changes in VAT assets:

		December 31, 2021		December 31, 2020
Balance, beginning of the year	**$**	**5,624**	$	3,363
Additions		**6,701**		5,323
Recoveries		**(1,203)**		(3,062)
Balance, end of the year	**$**	**11,122**	$	5,624
Current	**$**	**3,050**	$	5,614
Non-current		**8,072**		10
	$	**11,122**	$	5,624

As VAT is recovered, the Company receives VAT Certificates from the Bolivian taxation authorities. Such VAT Certificates can be used to repay taxes or can be sold for cash at a small discount. As at December 31, 2021, the Company had $65 of VAT Certificates on hand (December 31, 2020 - $711).

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value measurement of financial assets and liabilities

The Company has established a fair value hierarchy that reflects the significance of inputs of valuation techniques used in making fair value measurements as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and,

Level 3 - inputs for the asset or liability that are not based upon observable market data.

The carrying values of cash, restricted cash, trade payables and accrued liabilities, debt, and subscription receipt liability approximate their fair value due to their short-term nature and are classified at amortized cost.

Marketable securities are classified as financial assets at FVTPL, are based on observable inputs and therefore considered to be Level 1.

As at December 31, 2021 and December 31, 2020, there were no financial assets or liabilities measured and recognized in the statements of financial position at fair value that would be categorized as Level 2 in the fair value hierarchy above.

There were no transfers between Level 1 and Level 2 or Level 3 during the years ended December 31, 2021 and December 31, 2020.

The carrying values and fair values of the Company's financial instruments as at December 31, 2021 and December 31, 2020 are as follows:

		December 31, 2021				December 31, 2020		
		Carrying Value		**Fair Value**		Carrying Value		Fair Value
Financial Assets								
Cash and cash equivalents	**$**	**87,276**	**$**	**87,276**	$	38,537	$	38,537
Restricted cash		-		-		9,648		9,648
Marketable securities		**4,177**		**4,177**		2,485		2,485
Total financial assets	**$**	**91,453**	**$**	**91,453**	$	50,670	$	50,670
Financial Liabilities								
Accounts payable and accrued liabilities	**$**	**11,879**	**$**	**11,879**	$	11,269	$	11,269
Debt		-		-		10		10
Subscription receipt liability		-		-		10,000		10,000
Total financial liabilities	**$**	**11,879**	**$**	**11,879**	$	21,279	$	21,279

Financial risk management

The Company's primary business activities consist of the acquisition, exploration, development and operation of mineral resource properties in Bolivia. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, commodity price risk, currency risk, liquidity risk, and interest rate risk. The Company's risk management program strives to evaluate the unpredictability of financial and commodity markets and its objective is to minimize the potential adverse effects of such risks on the Company's financial performance, where financially feasible to do so. When deemed material, these risks may be monitored by the Company's finance group and they are regularly discussed with the Board of Directors or one of its committees.

i. *Credit risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the consolidated financial statements.

The Company's credit risk is predominantly limited to cash and cash equivalent balances held in financial institutions, restricted cash, trade receivables and other receivables. The maximum exposure to credit risk is equal to the carrying value of such financial assets. As at December 31, 2021, the Company expects to recover the full amount of such assets.

The objective of managing counterparty credit risk is to minimize potential losses in financial assets. The Company assesses the quality of its counterparties, considering their credit worthiness and reputation, past performance and other factors.

The Company's cash is only deposited with or held by highly rated financial institutions. To manage credit and liquidity risk, the Company invests only in highly rated investment grade instruments that have maturities of one year or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

Silver and gold sales are made to one international organization specializing in the precious metals markets. The Company believes the international organization to be of sound credit worthiness, and to date, all receivables have been settled in accordance with agreed upon terms and conditions.

ii. *Commodity price risk*

The Company is exposed to price risk associated with the volatility of the market price of commodities, in particular silver and gold, and also to many consumables that are used in the production of silver and gold.

The prices of most commodities are determined in international markets and as such the Company has limited or no ability to control or predict the future level of most commodity prices. In some instances, the Company may have the ability to enter into derivative financial instruments to manage the Company's exposure to changes in the price of commodities such as gold, silver, oil and electricity.

iii. *Currency risk*

The Company's functional currency is the US dollar. The Company is exposed to currency risk associated with the volatility of the currencies of the countries it operates in, relative to the US dollar, primarily with respect to the Bolivian Boliviano.

The Bolivian Boliviano has been fixed against the US dollar at a rate of 6.96 Bolivian Bolivianos to US dollars since 2008. There can be no guarantees that the Boliviano will continue to be fixed to the US dollar.

iv. *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements and its exploration and production plans.

In the normal course of business, the Company enters into contracts and performs business activities that give rise to commitments for future minimum payments. The Company has no concentrations of liquidity risk.

(in thousands of US dollars, unless otherwise noted)

v. *Interest rate risk*

The interest rate risk for the Company arises primarily from long-term debt. Debt at variable rates expose the Company to interest rate risk on its cash flows and debt and leases at fixed rates expose the Company to fair value risk of financial liabilities. As at December 31, 2021, the Company recognized one fixed rate equipment lease on its balance sheet.

The Company does not enter into derivative contracts, interest rate swaps or other instruments to actively manage these risks.

21. CAPITAL MANAGEMENT

Capital is defined as equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern and to maximize returns for shareholders over the long-term. The Company manages capital in light of changes in economic conditions and the risk characteristics of its underlying assets. In order to meet its capital management objectives, the Company may issue new shares through private placements, asset acquisitions or return capital to shareholders. As at December 31, 2021, the Company is not subject to externally imposed capital requirements.

22. COMMITMENTS AND CONTINGENCIES

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.

A summary of undiscounted liabilities and future operating commitments at December 31, 2021, are as follows:

	Note	Total	Less than 1 year	1-2 years	3-5 years	Greater than 5 years
Decommissioning liability	14	**$ 23,675**	$ 734	$ 891	$ 21,906	$ 144
Other provisions	15	**3,910**	3,910	-	-	-
		$ 27,585	$ 4,644	$ 891	$ 21,906	$ 144

COVID-19

The Company has been closely monitoring developments in the COVID-19 outbreak declared as a global pandemic on March 11, 2020. Preventative measures to ensure the safety of the Company's workforce and local communities have been implemented and there have been no outbreaks of COVID-19 at any of the Company's operations to date. All the Company's mining and corporate operations continue to operate. The Company continues to manage and respond to COVID-19 to mitigate and minimize the potential impacts to this global pandemic, in addition to other uncertainties, such as the price of commodities.

23. SEGMENTED INFORMATION

The Company primarily operates in the silver and gold mining industry and its major product is silver doré. The Company's primary mining operation is the San Bartolomé mine, which operates in Bolivia.

The reported segments are those operations whose operating results are reviewed by the Chief Executive Officer and that pass certain quantitative measures. Operations whose revenue, earnings or losses or assets exceed 10% of the total consolidated revenues, earnings or losses, or assets are reportable segments.

(in thousands of US dollars, unless otherwise noted)

December 31, 2021		**Bolivia**		**Corporate**		**Total**
Total assets	$	122,909	$	17,384	**$**	**140,293**
Total liabilities		36,796		939		**37,735**
Net assets	$	86,113	$	16,445	**$**	**102,558**
Other information						
Inventories	$	8,733	$	-	**$**	**8,733**
Property, plant and equipment		20,695		-		**20,695**
Additions to property, plant and equipment		3,740		-		**3,740**
December 31, 2020		**Bolivia**		**Corporate**		**Total**
Total assets	$	104,085	$	11,698	**$**	115,783
Total liabilities		30,881		10,658		41,539
Net assets	$	73,204	$	1,040	**$**	74,244
Other information						
Inventories	$	10,619	$	-	**$**	10,619
Property, plant and equipment		26,126		-		26,126
Additions to property, plant and equipment		2,179		-		2,179

Year ended December 31, 2021		**Bolivia**		**Corporate**		**Total**
Revenues	$	144,207	$	-	**$**	**144,207**
Cost of sales		(95,013)		-		**(95,013)**
Depreciation and depletion		(10,388)		-		**(10,388)**
General and administrative		(4,792)		(9,933)		**(14,725)**
Exploration and evaluation		(3,894)		-		**(3,894)**
Income from operations	$	30,120	$	(9,933)	**$**	**20,187**
Year ended December 31, 2020						
Revenues	$	130,672	$	-	**$**	130,672
Cost of sales		(82,697)		-		(82,697)
Depreciation and depletion		(10,360)		-		(10,360)
General and administrative		(4,512)		(1,504)		(6,016)
Exploration and evaluation		(1,888)		-		(1,888)
Income from operations	$	31,215	$	(1,504)	**$**	29,711

24. RELATED PARTY TRANSACTIONS

(a) On December 26, 2018, Centrum Metals Company Inc. ("Centrum") and Manquiri entered into a loan agreement for a principal balance of $5,000. Centrum is controlled by a Director of the Company. The loan originally matured on December 20, 2019 and was subject to an interest rate of the Wall Street Journal Prime Rate less 0.5% per annum. The loan was also subject to a monthly credit acquisition fee payable quarterly. On December 20, 2019, the loan was amended to extend the maturity date to March 20, 2020 and the Centrum loan was fully repaid.

(b) Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers, including officers at its subsidiaries. Management fees are payable to companies controlled by the Executive Chairman of the Company and includes administrative costs and salaries and benefits of certain key management in addition to other operational and administrative staff. The total compensation paid or payable to key management, amounted to:

		Year ended		
		December 31, 2021		December 31, 2020
Management fees	**$**	**3,255**	$	2,850
RTO Transaction costs		**520**		600
Salaries and benefits		**1,722**		512
Severance costs		**560**		-
Stock-based compensation		**1,989**		-
Total	**$**	**8,046**	$	3,962