

Andean Precious Metals Reports 2021 Earnings; Delivers on Silver Production and Cost Guidance

Company reports positive fourth quarter and full year results and provides guidance for 2022

Toronto, Ontario--(Newsfile Corp. - March 17, 2022) - Andean Precious Metals Corp. (TSXV: APM) (OTCQB: ANPMF) ("Andean" or the "Company"), today reported its positive financial results for the fourth quarter and year ended December 31, 2021 ("Q4" and "FY" respectively). All currency amounts are expressed in U.S. dollars unless indicated otherwise.

"2021 exceeded all expectations in our inaugural year as a public company," said Simon Griffiths, President and CEO of Andean. "We met our full year guidance but most importantly, we accomplished this while completing another year without a lost time or environmental incident. We also advanced our exploration drill programmes at our prospective San Pablo porphyry gold target."

Mr. Griffiths went on to say, "As a result of our operational and financial performance in 2021, we entered 2022 with a clean balance sheet that provides us a strategic advantage for negotiating mergers and acquisition transactions. We will build on this success through executing on plans to expand the life-of-mine at San Bartolomé, and supported by consistent production and cashflows, this continues to position Andean well as a consolidator of assets."

FY 2021 Operational and Financial Highlights

- Production of 5.8 million silver equivalent ounces¹, compared to FY 2021 guidance of 5.8 to 6.1 million ounces, and includes 1.4 million ounces in Q4 2021;
- All-in sustaining costs ("AISC")² per silver ounce sold of \$18.17, compared to FY 2021 guidance of \$17.50 to \$19.50 per ounce;
- Processing plant throughput increase of 16% to 1.7 million tonnes, compared to 1.5 million tonnes in FY 2020;
- Revenues of \$144.2 million from sales of 5.8 million silver equivalent ounces, compared with \$130.7 million from sales of 6.0 million silver equivalent ounces for FY 2020;
- Free cash flow² ("FCF") of \$30.0 million compared with \$35.3 million for FY 2020.
- Adjusted EBITDA² of \$34.4 million, compared with \$39.7 million for FY 2020;
- Completed over 5,700 metres of drilling in 2021 at San Pablo and Rio Blanco gold exploration properties;
- Increased measured and indicated resource estimate to 27.5 million ounces of silver and 11.9 thousand tonnes of tin. Inferred resource estimate is 3.8 million ounces of silver and 1.3 thousand tonnes of tin. Mineral resource estimates are effective December 31, 2021.

Operational and Financial Results

	Q4 2021	Q4 2020	FY 2021	FY 2020
Financial Performance³				
Revenue	\$ 31,131	\$ 55,568	\$ 144,207	\$ 130,672
Cost of sales	\$ 21,382	\$ 32,830	\$ 95,013	\$ 82,697
Income from mine operations	\$ 6,587	\$ 20,462	\$ 38,806	\$ 37,615
Net income	\$ 74	\$ 39,014	\$ 4,268	\$ 45,959
Net cash from operating activities	\$ 5,569	\$ 23,908	\$ 33,615	\$ 37,436
Free cash flow ²	\$ 4,772	\$ 23,211	\$ 30,009	\$ 35,257
Adjusted EBITDA ²	\$ 5,411	\$ 20,999	\$ 34,429	\$ 39,672
Ending cash and cash equivalents	\$ 87,276	\$ 38,537	\$ 87,276	\$ 38,537
Capital expenditures	\$ 797	\$ 697	\$ 3,606	\$ 2,179
Cash operating costs (by-product) ²	\$ 15.34	\$ 13.68	\$ 15.77	\$ 13.06
All-in sustaining costs (by-product) ²	\$ 18.47	\$ 15.18	\$ 18.17	\$ 14.75

1. Silver equivalent ounces include gold ounces and are converted to a silver equivalent based on a ratio of realized silver and gold prices during the periods discussed. Refer to the "Non-IFRS Measures" section of this release for details on realized silver and gold prices.

2. Free cash flow, Adjusted EBITDA, Cash operating costs ("COC") and AISC are measures of financial performance with no prescribed definition under IFRS. Refer to the "Non-IFRS Measures" section of this release for further details.

3. Figures in this table are presented in thousands except for COC and AISC.

Revenue for FY 2021 was \$144.2 million compared to \$130.7 million for the previous fiscal year. Revenue for Q4 2021 was \$31.1 million compared to \$55.6 million in Q4 2020. The decline in revenue in Q4 2021 was driven by a year-over-year decline in the average realized price of silver and ounces sold. The Company sold 1.3 million silver equivalent ounces during Q4 2021 at an average realized price of \$23.21 per silver ounce and 2.2 million silver equivalent ounces during Q4 2020 at an average realized price of \$24.99 per silver ounce.

Cost of sales, which comprise the full cost of operations excluding depreciation and depletion, totaled \$95.0 million in FY 2021 compared to \$82.7 million in FY 2020. The year-over-year increase was driven by a rise in direct costs, due to the higher volume ore purchases, and a rise in mining royalty taxes, due to higher revenues realized during 2021. The cost of sales in Q4 2021 totaled \$21.4 million compared to \$32.8 million in Q4 2020. The decline in cost in sales corresponded to the decline in ounces sold.

General and administrative expenses totaled \$14.7 million in FY 2021, rising from \$6.0 million in FY 2020. The year-over-year increase was attributable to the Company's public listing in March 2021, new executive management, and regulatory compliance costs. Significant components of the increased expenses include reverse takeover transaction costs of \$3.5 million, non-cash share-based compensation of \$2.0 million, salaries and office administration of \$2.2 million, one-time severance costs of \$0.7 million and corporate development expenses of \$0.2 million. General and administrative expenses increased to \$3.4 million during Q4 2021 compared to \$2.0 million in Q4 2020 due to increased expenses of \$0.8 million for salaries and office administration and \$0.6 million for non-cash share-based compensation.

Deferred income taxes totaled \$12.8 million in FY 2021 compared to a recovery of \$19.0 million in FY 2020. In Q4 2021, deferred income tax recoveries totaled \$0.4 million compared to \$19.0 million in Q4 2020. Deferred tax recoveries were recognized in FY 2020 due to the expected usage of Bolivian tax loss carryforwards. As a portion of these carryforwards were used through FY 2021, a corresponding deferred tax expense was recognized.

	Q4 2021	Q4 2020	FY 2021	FY 2020
Operational Performance				
Mined ore ¹ (k dmt)	401	647	1,768	2,235
Average ore mined grade (Ag g/t)	74	103	92	96
Purchased ore ² (k dmt)	151	169	546	421
Average purchased ore grade (Ag g/t)	205	194	201	220
Ore milled (k dmt)	424	421	1,715	1,484
Daily average throughput (dmt)	4,840	4,725	4,942	4,667
Average head grade (Ag g/t)	112	140	115	132
Silver recovery (%)	83	84	84	87
Silver production (k ozs)	1,271	1,588	5,358	5,473
Gold production (ozs)	1,392	2,205	6,075	5,335
Silver equivalent production ³ (k ozs)	1,379	1,754	5,791	5,896
Silver sales (k ozs)	1,240	2,011	5,366	5,516
Gold sales (ozs)	1,313	2,835	5,888	6,198
Silver equivalent sales ³ (k ozs)	1,341	2,224	5,783	6,006

1. Mined ore includes ore mined from the Company's permitted areas, including Santa Rita, Huacajichi, Antuco, El Asiento, and Monserrat during 2021 and 2020. Mined ore is reported as ROM.
2. Purchased ore includes oxidized material purchased from local mining cooperatives as well as through the Company's contract with RALP.
3. Silver equivalent production and silver equivalent sales include gold production and sales, respectively. Equivalent ounces are calculated using the Company's realized gold and silver prices during the referenced period.

Silver equivalent production by source (k ozs)	Q4 2021	Q4 2020	FY 2021	FY 2020
Pallacos	464	700	2,033	2,755
Mine waste stockpiles	51	201	788	366
Cachi Laguna	166	116	603	615
Oxide purchases	698	737	2,367	2,160
Total	1,379	1,754	5,791	5,896

2022 Outlook and Guidance

During 2022, Andean will continue to process ore from its surface deposits (termed "Pallacos") at San Bartolomé and expects to begin reclaiming silver bearing mine waste stockpiles at Tatasi-Portugalete. Andean will also continue to purchase ore from its community mining partners. At Cachi Laguna, remaining tonnes under Andean's purchase contract with RALP Compañía Minera S.R.L. ("RALP") are expected to be fully depleted in early 2022.

At San Bartolomé, Andean is advancing its recently announced Expansion Study, targeting completion of a Preliminary Economic Assessment ("PEA") on the FDF by Q2 2022. Andean has recently released a Mineral Resource Estimate ("MRE") prepared by SRK Consulting (U.S.) Ltd. ("SRK") for San Bartolomé, effective December 31, 2021. The MRE includes measured and indicated resource estimates of 16.2 million ounces of silver and 11.9 thousand tonnes of tin and inferred resource estimates of 1.5 million ounces of silver and 1.3 thousand tonnes of tin contained in the FDF, as well as an updated Pallacos resource. A technical report on the updated MRE, in accordance with Canadian securities law, is expected to be filed on SEDAR on or before March 26, 2022, which is 45 days following Andean's press release on February 9, 2022. Andean is reviewing opportunities at its dry-stack tailings facility ("DSF"), which also contains silver and tin, and will release results from the DSF drilling program as they become available in 2022.

Andean completed geophysical surveys with Quantec Geoscience's Titan 24 DCIP and magnetotelluric technology ("MT") at its San Pablo exploration property in Q4 2021. Low resistivity and chargeability anomalies were identified and a second stage drilling program is planned to target the primary anomalies. Up to 15,000 metres are budgeted based on the results. Additionally, Andean continues to pursue exploration opportunities at its Rio Blanco property.

Andean's production for fiscal 2022 is expected to result in silver equivalent production of 5.3 to 5.8 million ounces at an AISC (by-product) of \$17.25 to \$18.75 per silver ounce sold. The following table sets out Andean's production and AISC guidance for 2022 along with its results for 2021:

	2022 Guidance ⁽¹⁾	2021 Actual
Silver equivalent production	5.3M to 5.8M oz	5.8M oz
AISC (by-product)	\$17.25 to \$18.75/Ag oz	\$18.17/Ag oz

(1) Andean's commodity price assumptions supporting this estimate are \$23.00/ounce silver and \$1,750/ounce gold.

Growth Program

In May 2021, the Company completed the first phase of its diamond drilling program at the San Pablo project, drilling 3,580 metres. The Company carried out geophysical surveys on the property during Q4 2021, using Quantec Geoscience's Titan-24 DCIP and deep MT. Upon completion of analysis of the results, the Company plans to drill the identified anomalies with deep drill holes. A program of up to 15,000 metres is planned based on the results of the final 3D geophysical model.

As part of the Company's stated growth strategy, Andean continues to assess potential acquisition opportunities in Bolivia and other parts of South and Central America.

Notice of Conference Call and Webcast

Management of Andean will host a conference call today, March 17, 2022, at 8:30 am ET to discuss its fourth quarter and full year financial results. All interested parties may join the conference call by dialing 416-915-3239 or 1-800-319-4610 approximately 15 minutes prior to the call to secure a line.

A live audio webcast of the call will be available at www.gowebcasting.com/11748. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. An archived replay of the webcast will be available for 90 days.

Qualified Person Statement

The scientific and technical content disclosed in this press release was reviewed and approved by Donald J. Birak, Independent 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).

About Andean Precious Metals Corp.

Andean Precious Metals is a Canadian, growth-focused silver producer that owns and operates the San Bartolomé project located in the department of Potosí, Bolivia. San Bartolomé has been operating consistently since 2008, producing an average of over five million ounces of silver per year. The Company is also exploring its wholly-owned San Pablo and Rio Blanco gold projects and seeking other accretive opportunities in Bolivia and Latin America. Andean Precious Metals is committed to fostering safe, sustainable and responsible operations. For more information, please visit www.andeanpm.com.

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Caution Regarding Forward-Looking Statements

This press release contains statements which constitute "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking statements"), including statements regarding the plans, intentions, beliefs and current expectations of Andean with respect to future business activities and operating performance. Forward-looking statements are often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions. Forward-looking statements in this news release include statements made under the heading Andean's 2022 Outlook and Guidance, regarding Andean's plans to continue to process ore from its surface deposits at San Bartolomé, begin reclaiming silver bearing mine waste stockpiles at Tatasi-Portugalete and purchase ore from its community mining partners, Andean's expectation that remaining tonnes under its purchase contract with RALP will be fully depleted in 2022, Andean's expectation of completing a technical report on the updated MRE on or before March 26, 2022, Andean's expectation of releasing a PEA on the FDF in 2022, Andean's expectation of releasing results from the DSF drilling program in 2022, Andean's production estimates for 2022 and Andean's expectation of restarting exploration work in the second half of 2022 at the Rio Blanco Exploration Project.

Investors are cautioned that forward-looking statements are not based on historical facts but instead reflect Andean's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although Andean believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed thereon, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of Andean. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following: changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws and regulations both locally and in foreign jurisdictions; compliance with extensive government regulation; the risks and uncertainties associated with foreign markets. These forward-looking statements may be affected by risks and uncertainties in the business of Andean and general market conditions, including COVID-19 and the ongoing conflict between Russia and Ukraine and any actions taken by other countries in response thereto, such as sanctions or export controls.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although Andean has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended and such changes could be material. Andean does not intend, and does not assume any obligation, to update the forward-looking statements except as otherwise required by applicable law.

Non-IFRS Measures

COC and AISC

COC and AISC are non-IFRS performance measures. COC include total production cash costs incurred at the Company's mining operations, which form the basis of the Company's cash costs, less by-product revenues from gold sales. AISC includes COC plus sustaining capital expenditures, general and administrative expenses, sustaining exploration and evaluation costs and reclamation cost accretion. Reclamation and closure costs represent the gradual unwinding of the discounted liability to rehabilitate the area around San Bartolomé at the end of its mine life. The Company reports these measures on a silver ounce sold basis. The Company believes that AISC represents the total costs of producing silver from current operations and provides the Company and other stakeholders of the Company with additional information relating to the Company's operational performance and ability to generate cash flows. These measures are used by management to assess the Company's performance and its expected future performance; however, these measures do not have any standardized meaning. As such, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. Accordingly, these measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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

		Q4 2021		Q4 2020		FY 2021		FY 2020
Costs of sales, as reported	\$	21,382	\$	32,830	\$	95,013	\$	82,697
Total cash operating cost before by-product credits		21,382		32,830		95,013		82,697
Less: by-product gold credits		(2,356)		(5,324)		(10,403)		(10,676)
Total cash operating costs		19,026		27,506		84,610		72,021
Divided by silver ounces sold (k ozs)		1,240		2,010		5,366		5,516
COC per silver ounce sold, on a by-product basis	\$	15.34	\$	13.68	\$	15.77	\$	13.06

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

		Q4 2021		Q4 2020		FY 2021		FY 2020
Cash costs, net of by-product credits	\$	19,026	\$	27,506	\$	84,610	\$	72,021
General and administrative expenses ¹		2,847		2,045		8,319		6,016
Sustaining capital expenditures ²		753		697		3,383		2,179
Lease payments		44		-		223		-
Accretion for decommissioning liability		227		254		941		1,015
Sustaining exploration and evaluation ²		-		6		31		97
All-in sustaining costs		22,897		30,508		97,507		81,328
Divided by silver ounces sold (k ozs)		1,240		2,010		5,366		5,516
AISC per silver ounce sold, on a by-product basis	\$	18.47	\$	15.18	\$	18.17	\$	14.75

1. For the quarter and year ended December 31, 2021 and December 31, 2020, general and administrative expenses exclude RTO Transaction costs of \$nil, \$nil, \$3,451 and \$nil, respectively; severance costs of \$nil, \$nil, \$677 and \$nil, respectively; corporate development costs of \$97, \$nil, \$231 and \$nil, respectively; and non-cash share-based compensation costs of \$494, \$nil, \$2,017 and \$nil, respectively.

2. Sustaining capital expenditures and exploration and evaluation reflect costs necessary to maintain current production.

Adjusted EBITDA

The Company has included adjusted EBITDA as a non-IFRS performance measure. The Company excludes certain items from net income to provide a measure which allows the Company and investors to evaluate the results of the underlying core operations of the Company and its ability to generate cash flows. As this measure does not have any standardized meaning, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. 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:

	Q4 2021		Q4 2020		FY 2021		FY 2020
Net income	\$	74	\$	39,014	\$	4,268	\$ 45,959
Add:							
Income taxes		2,329		(18,983)		15,713	(18,983)
Finance costs		385		381		1,292	3,759
Depreciation and depletion		3,162		2,276		10,388	10,360
EBITDA	\$	5,950	\$	22,688	\$	31,661	\$ 41,095
Add: RTO Transaction costs		-		-		3,451	-
Add: Severance costs ¹		-		-		677	-
Add: Change in fair value of marketable securities ²		(539)		(1,777)		2,460	(1,731)
Less: Santacruz Loan recovery		-		88		(3,820)	308
Adjusted EBITDA	\$	5,411	\$	20,999	\$	34,429	\$ 39,672

1. Severance costs relate to amounts payable to the former CEO in September 2021, including related advisory fees.

2. These amounts refer to mark-to-market adjustments on securities held of Santacruz Silver.

Free cash flow

The Company has included free cash flow as a non-IFRS performance measure. The Company considers operating cash flow plus capital expenditures to provide a measure which allows the Company and investors to evaluate the ability of the Company to generate cash flows. As this measure does not have any standardized meaning, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of free cash flow:

	Q4 2021		Q4 2020		FY 2021		FY 2020
Operating cash flows	\$	5,569	\$	23,908	\$	33,615	\$ 37,436
Less:							
Expenditures on property, plant and equipment		(753)		(697)		(3,383)	(2,179)
Lease payments		(44)		-		(223)	-
Free cash flow	\$	4,772	\$	23,211	\$	30,009	\$ 35,257

Realized Gold and Silver Prices

The Company has included realized prices as a non-IFRS performance measure. The Company quantifies average realized price as revenue per the Statement of Operations divided by ounces of silver or gold sold. As this measure does not have any standardized meaning, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. 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 realized prices:

	Q4 2021		Q4 2020		FY 2021		FY 2020
Silver revenue	\$	28,775	\$	50,244	\$	133,804	\$ 119,996
Silver oz sold (k ozs)		1,240		2,011		5,366	5,516
Average realized silver price	\$	23.21	\$	24.99	\$	24.94	\$ 21.76

	Q4 2021		Q4 2020		FY 2021		FY 2020
Gold revenue	\$	2,356	\$	5,324	\$	10,403	\$ 10,676
Gold oz sold (ozs)		1,313		2,835		5,888	6,198
Average realized gold price	\$	1,794	\$	1,878	\$	1,767	\$ 1,723



To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/117117>