ANDEAN PRECIOUS METALS

Condensed Interim Consolidated Financial Statements

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(EXPRESSED IN UNITED STATES DOLLARS)

(in thousands of US dollars, unaudited)

	Notes	March 31, 2022	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents		$ 89,541	$ 87,276
Accounts receivable		162	-
Inventories	6	9,449	8,733
VAT receivable	12	6,502	3,050
VAT certificates	12	-	65
Prepaid assets		2,416	1,843
Marketable securities	7	6,880	4,177
Total current assets		114,950	105,144
Non-Current			
VAT receivable	12	6,097	8,072
Other assets		382	388
Deferred tax assets		5,777	5,994
Property, plant and equipment	8	17,995	20,695
Total non-current assets		30,251	35,149
Total assets		$ 145,201	$ 140,293
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 11,836	$ 11,879
Current income taxes payable		5,137	2,911
Decommissioning liability		670	734
Other provisions	9	3,839	3,910
Total current liabilities		21,482	19,434
Non-Current			
Decommissioning liability		17,935	17,840
Other provisions		367	461
Total non-current liabilities		18,302	18,301
Total liabilities		39,784	37,735
EQUITY			
Issued capital	10	22,960	22,564
Accumulated other comprehensive loss		390	390
Contributed surplus		1,811	1,622
Retained earnings		80,256	77,982
Total equity		105,417	102,558
Total liabilities and equity		$ 145,201	$ 140,293

Contingencies (note 14)

Approved on behalf of the Board:

" *Alberto Morales*" , Director

" *Peter Gundy*" , Director

Condensed Interim Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)
(in thousands of US dollars, except per share amounts, unaudited)

	Notes		Three months ended March 31, 2022		March 31, 2021
Revenues	4	$	29,888	$	38,347
Cost of sales	5(a)		(20,647)		(24,646)
Depreciation and depletion	8		(2,818)		(2,425)
Income from mine operations			6,423		11,276
General and administrative	5(b)		(2,872)		(5,724)
Exploration and evaluation			(911)		(328)
Income from operations			2,640		5,224
Other income (loss)	5(c)		2,613		(803)
Finance costs	5(d)		(321)		(281)
Net income before income taxes			4,932		4,140
Income taxes					
Current income tax expense			(2,441)		-
Deferred income tax expense			(217)		(5,663)
Net income (loss)		$	2,274	$	(1,523)
Basic net income (loss) and comprehensive income (loss) per share	11		0.01		(0.01)
Diluted net income (loss) and comprehensive income (loss) per share	11		0.01		(0.01)
Weighted average number of common shares outstanding					
Basic			157,488,194		126,119,407
Diluted			158,641,578		126,119,407

(in thousands of US dollars, unaudited)

	Notes	Three months ended March 31, 2022	March 31, 2021
Operating activities			
Net income (loss)		$ 2,274	$ (1,523)
Adjustments for:			
Depreciation and depletion	8	2,818	2,498
Accretion on decommissioning liability	5(d)	282	229
Non-cash listing expense	3	-	2,366
Share-based compensation	5(b)	585	793
Provision for Santacruz loan		-	90
Interest expense		-	(90)
Change in fair value of marketable securities	5(c)	(2,703)	866
Decommissioning payments		(30)	-
Current income tax expense		2,226	-
Deferred income tax expense		217	5,663
Foreign exchange gain		(53)	(106)
		5,616	10,786
Changes in working capital		(2,913)	466
Net cash from operating activities		2,703	11,252
Investing activities			
Cash acquired on RTO Transaction	3	-	79
Expenditures on property, plant and equipment		(447)	(248)
Net cash used in investing activities		(447)	(169)
Financing activities			
Lease payments		(44)	(107)
Cash received for share issuances, net of transaction costs	10	-	19,583
Proceeds from exercise of options and warrants	10	-	36
Net cash (used in) from financing activities		(44)	19,512
Effect of exchange rate changes on cash		53	106
Net increase in cash		2,265	30,701
Cash, beginning of year		87,276	38,537
Cash, end of period		$ 89,541	$ 69,238
Supplemental disclosure			
Interest paid		$ 24	$ 56
Taxes paid		$ 215	$ -

(in thousands of US dollars, except common share amounts, unaudited)

	Notes	Number of common shares		Issued capital		Contributed Surplus		Retained earnings		Accumulated other comprehensive income		Total equity
Balance, January 1, 2022		157,473,506	$	22,564	$	1,622	$	77,982	$	390	$	102,558
Vested RSUs	10(d)	440,625		396		(396)		-		-		-
Share-based compensation		-		-		585		-		-		585
Net income for the year		-		-		-		2,274		-		2,274
Balance, March 31, 2022		157,914,131	$	22,960	$	1,811	$	80,256	$	390	$	105,417
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		19,583		-		-		-		19,583
Issuances of shares, warrants and options on RTO		2,353,333		1,882		167		-		-		2,049
Exercise of options		200,001		161		(125)		-		-		36
Shares issued to agents		116,667		93		-				-		93
Share based compensation		-		-		793		-		-		793
Net loss for the period		-		-		-		(1,523)		-		(1,523)
Balance, March 31, 2021		157,206,839	$	22,327		835	$	72,191	$	522	$	95,875

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

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting and do not include all the information and disclosures required in the annual consolidated financial statements. Accordingly certain information and disclosures normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. These consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended December 31, 2021. In particular, the Company's significant accounting policies were summarized in Note 3 of the consolidated financial statements for the year ended December 31, 2021 and have been consistently applied in the preparation of these unaudited condensed interim consolidated financial statements.

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2022 were approved and authorized for issuance by the Company's board of directors (the "Board of Directors") on May 23, 2022.

b) Basis of measurement

The condensed interim 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) Significant judgments, estimates and assumptions

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount 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. Judgments, estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. However, actual outcomes may differ materially from these estimates.

The significant judgments, estimates and nature of assumptions made by management in applying the Company's accounting policies were the same as those that applied to the Company's annual consolidated financial statements as at and for the year ended December 31, 2021.

d) Recent accounting pronouncement in effect

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. 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 did not have an impact on the Company.

e) Recent accounting pronouncements not yet in effect

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.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

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.

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 condensed interim consolidated financial statements.

3. REVERSE TAKE-OVER TRANSACTION

On March 19, 2021, 125 BC completed its amalgamation with 1271860 B.C. Ltd., a wholly-owned subsidiary of Buckhaven. 125 BC acquired Buckhaven by way of reverse takeover. 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 condensed interim 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 was 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 its 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 11(b)), as an expense in the statement of operations during the year ended December 31, 2021.

(in thousands of US dollars, unless otherwise noted, unaudited)

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.

4. REVENUES

The breakdown of sales by commodity is as follows:

	Three months ended			
		March 31, 2022		March 31, 2021
Silver	$	28,605	$	36,231
Gold		1,283		2,116
Total revenues	$	29,888	$	38,347

For the three months ended March 31, 2022 and 2021, the Company had one customer. As at March 31, 2022 the outstanding trade receivable balance for this customer was $162 (December 31, 2021 - $nil).

5. EXPENSES

a) Cost of sales

	Three months ended			
		March 31, 2022		March 31, 2021
Direct costs[1]	$	18,412	$	21,299
Mining royalty taxes[2]		2,235		3,347
Total cost of sales	$	20,647	$	24,646

(1) Includes $3,373 in employee benefits expense (March 31, 2021 - $3,601).
(2) Mining royalty taxes refer to sales and exportation taxes payable to government authorities.

b) General and administrative

	Three months ended			
		March 31, 2022		March 31, 2021
Salaries and office administration[1]	$	1,452	$	955
Share based compensation		585		793
RTO Transaction costs (note 3)		-		3,451
Corporate development costs		307		-
Management fee (note 16)		434		422
Community relations		94		103
Total general and administrative expenses	$	2,872	$	5,724

(1) Includes $499 in employee benefits expense (March 31, 2021 - $507).

(in thousands of US dollars, unless otherwise noted, unaudited)

c) Other income (loss)

		Three months ended March 31, 2022		March 31, 2021
Uncollected VAT and VAT adjustments	$	23	$	(56)
Change in fair value of marketable securities		2,703		(866)
Interest income		120		95
Foreign exchange gain		53		106
Other loss		(286)		(82)
Total other income (loss)	$	2,613	$	(803)

d) Finance costs

		Three months ended March 31, 2022		March 31, 2021
Accretion on decommissioning liability	$	282	$	229
Interest and banking expenses		39		52
Total finance costs	$	321	$	281

6. INVENTORIES

		March 31, 2022		December 31, 2021
Ore in stockpiles	$	734	$	453
In-process inventory		1,323		815
Metal at third-party refinery		396		452
Doré		994		1,172
Material and supplies		6,002		5,841
Total inventories	$	9,449	$	8,733

During the period ended March 31, 2022 and December 31, 2021, the Company did not recognize any non-cash inventory writedowns included in cost of sales.

7. MARKETABLE SECURITIES

Marketable securities consist of 17,171,166 common shares of Santacruz Silver ("Santacruz"). The carrying value is based on the estimated fair value of Santacruz common shares determined using quoted market prices. The cost of the common shares was $4,577.

		March 31, 2022		December 31, 2021
Opening balance	$	4,177	$	2,485
Additions		-		4,152
Unrealized gain/(loss)		2,703		(2,460)
Closing balance	$	6,882	$	4,177

(in thousands of US dollars, unless otherwise noted, unaudited)

8. PROPERTY, PLANT AND EQUIPMENT

		Equipment and vehicles		Construction in progress		Plant and mineral properties in production		Total
Net book value, January 1, 2021	$	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		(475)		-		(9,964)		(10,439)
Net book value, December 31, 2021	$	1,011	$	2,272	$	17,412	$	20,695
Additions		-		447		-		447
Transfers		5		(233)		228		-
Disposals		-		-		-		-
Change in decommissioning liability		-		-		(220)		(220)
Depreciation and depletion		(153)		-		(2,774)		(2,927)
Net book value, March 31, 2022	$	863		2,486		14,646		17,995

Summary		Equipment and vehicles		Construction in progress		Plant and mineral properties in production		Total
Total cost		1,486		2,272		27,376		31,134
Accumulated depreciation and depletion		(475)		-		(9,964)		(10,439)
Net book value, December 31, 2021	$	1,011	$	2,272	$	17,412	$	20,695
Total cost		1,491		2,486		27,384		31,361
Accumulated depreciation and depletion		(628)		-		(12,738)		(13,366)
Net book value, March 31, 2022	$	863	$	2,486	$	14,646	$	17,995

As at March 31, 2022, the Company had $373 of right-of-use assets from leases included in property, plant and equipment. (December 31, 2021 - $373).

9. 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.

10. ISSUED CAPITAL

Common shares issued

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.

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.

(in thousands of US dollars, unless otherwise noted, unaudited)

As at March 31, 2022, there were 157,914,131 issued and outstanding shares (December 31, 2021 – 157,473,506).

b) Share-based payments

The Company has two share-based compensation plans: Stock option plan and restricted share units ("RSU"). The following is a summary of the number of common share options issued under the plan outstanding as at March 31, 2022 and the amounts of share-based compensation expense recognized for the three months ended March 31, 2022 and 2021:

	Number Outstanding	Three months ended			
	March 31, 2022		March 31, 2022		March 31, 2021
Stock options	2,063,913	$	64	$	793
Restricted share units	5,681,250		521		-
Share-based compensation expense	7,745,163	$	585	$	793

c) 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	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
Balance, March 31, 2022	2,063,913	$1.175

The following table summarizes information on stock options outstanding and exercisable as at March 31, 2022:

Grant date	Weighted average contractual life	Number of unvested options	Exercise Price (C$)	Number of vested options	Expiry date
March 29, 2021	3.99	488,347	$1.15	1,025,566	March 29, 2026
March 29, 2021	0.48	-	$1.15	400,000	September 21, 2022
May 4, 2021	0.09	12,500	$1.50	137,500	May 4, 2022
		500,847		1,563,066	

The fair value at grant date of the Company's stock options granted during the period ended March 31, 2022 was $nil per share (2021 - C$0.91).

(in thousands of US dollars, unless otherwise noted, unaudited)

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

	Three months ended March 31, 2022	March 31, 2021
Expected stock price volatility [(1)]	-	160%
Risk free interest rate	-	0.99%
Expected life	-	5 Years
Expected forfeiture rate	-	0%
Expected dividend yield	-	0%
Share-based payments included in general and administrative expenses	-	793
Total share-based payments	-	793

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

d) 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 March 31, 2022 are as follows:

	Number outstanding		Fair value
Balance, January 1, 2022	6,121,875	$	819
RSUs vested – share settled	(440,625)		(396)
Balance, March 31, 2022	5,681,250	$	423

11. NET INCOME PER SHARE

As of March 31, 2022, the Company had 2,063,913 stock options and 5,681,250 RSUs outstanding.

		Three months ended March 31, 2022		March 31, 2021
Net income (loss)	$	2,274	$	(1,523)
Weighted average number of common shares outstanding – basic		157,488,194		126,119,407
Weighted average shares dilution adjustments:				
Share options		735,875		-
Restricted share units		417,509		-
Diluted weighted average shares outstanding		158,641,578		126,119,407
Net income (loss) per share – basic	$	0.01	$	(0.01)
Net income (loss) per share – diluted	$	0.01	$	(0.01)

As of March 31, 2022, there were nil anti-dilutive stock options and 4,400,000 RSUs (March 31, 2021 – nil and nil respectively).

12. VAT RECEIVABLE

The following table summarizes the changes in VAT assets:

		March 31, 2022		December 31, 2021
Balance, beginning of the year	$	11,122	$	5,624
Additions		1,503		6,701
Recoveries		(26)		(1,203)
Balance, end of the year	$	12,599	$	11,122
Current	$	6,502	$	3,050
Non-current		6,097		8,072
	$	12,599	$	11,122

(in thousands of US dollars, unless otherwise noted, unaudited)

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 March 31, 2022, the Company had $nil of VAT Certificates on hand (December 31, 2021 - $65).

13. 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 March 31, 2022 and December 31, 2021, 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 periods ended March 31, 2022 and December 31, 2021.

The carrying values and fair values of the Company's financial instruments as at March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	$ 89,541	$ 89,541	$ 87,276	$ 87,276
Accounts receivable	162	162	-	-
Marketable securities	6,880	6,880	4,177	4,177
Total financial assets	$ 96,583	$ 96,583	$ 91,453	$ 91,453
Financial liabilities				
Accounts payable and accrued liabilities	$ 11,836	$ 11,836	$ 11,879	$ 11,879
Total financial liabilities	$ 11,836	$ 11,836	$ 11,879	$ 11,879

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, trade receivables and other receivables. The maximum exposure to credit risk is equal to the carrying value of such financial 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.

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 March 31, 2022, the Company recognized one fixed rate equipment lease on its balance sheet.

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

14. 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.

15. 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.

(in thousands of US dollars, unless otherwise noted, unaudited)

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.

March 31, 2022		Bolivia		Corporate		Total
Total assets	$	128,623	$	16,578	$	145,201
Total liabilities		38,787		997		39,784
Net assets	$	89,836	$	15,581	$	105,417

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

Three months ended March 31, 2022		Bolivia		Corporate		Total
Revenues	$	29,888	$	-	$	29,888
Cost of sales		(20,647)		-		(20,647)
Depreciation and depletion		(2,818)		-		(2,818)
General and administrative		(1,276)		(1,596)		(2,872)
Exploration and evaluation		(911)		-		(911)
Income from operations	$	4,236	$	(1,596)	$	2,640

Three months ended March 31, 2021						
Revenues	$	38,347	$	-	$	38,347
Cost of sales		(24,646)		-		(24,646)
Depreciation and depletion		(2,425)		-		(2,425)
General and administrative		(1,230)		(4,494)		(5,724)
Exploration and evaluation		(328)		-		(328)
Income from operations	$	9,718	$	(4,494)	$	5,224

16. RELATED PARTY TRANSACTIONS

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:

	Three months ended			
		March 31, 2022		March 31, 2021
Management fees[1]	$	759	$	738
RTO Transaction costs		-		520
Salaries and benefits		299		174
Share-based compensation		574		720
Total	$	1,632	$	2,152

[1] Management fees recorded in general and administrative expenses and cost of sales on the consolidated statement of income (loss) and comprehensive income (loss) are $379 and $380 respectively (March 31, 2021 - $369 and $369 respectively).