



Management's Discussion and Analysis

FOR THE THREE MONTHS ENDED MARCH 31, 2022

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") for Andean Precious Metals Corp. ("Andean" or the "Company") should be read in conjunction with Andean's unaudited interim condensed consolidated financial statements and related notes for the three months ended March 31, 2022 (the "Financials"), which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Chartered Professional Accountants of Canada applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Company uses certain non-IFRS financial measures in this MD&A, as described under "Non-IFRS Measures". Additional information on Andean is available on SEDAR at www.sedar.com and on the Company's website at www.andeanpm.com.

This MD&A contains "forward-looking statements" subject to risk factors about the Company's future or expected financial condition, results of operation or business. Please refer to "Forward-Looking Statements" and "Risk Factors". All dollar amounts are presented in United States dollars, unless otherwise stated. This MD&A is dated as of May 24, 2022 and all information is current as of such date unless otherwise indicated.

BUSINESS DESCRIPTION

Andean is a silver producer and explorer with operations located in Bolivia. Through its wholly owned subsidiary, Empresa Minera Manquiri S.A. ("Manquiri"), Andean produces silver primarily through contracts with the state-owned mining company, Corporación Minera de Bolivia ("COMIBOL"). Andean also purchases mineralized material from third-party mining cooperatives and privately held mining companies. Processing takes place at the San Bartolomé plant, which is the only large-scale commercial oxide plant in Bolivia. The San Bartolomé plant produces silver doré bars and has a design capacity of 1.8 million tonnes of throughput per year. Andean also holds a portfolio of active exploration properties also located in Bolivia.

Andean's mission and strategic focus is to expand its precious metals production safely, sustainably and responsibly through the acquisition of complementary projects in Bolivia and in South and Central America.

On March 19, 2021, Andean completed a reverse take-over transaction (the "RTO Transaction") with 1254688 B.C. Ltd. in accordance with the policies of the TSX Venture Exchange ("TSX-V"). On March 29, 2021, Andean's common shares commenced trading on the TSX-V under the symbol APM. Andean's common shares also trade on the OTCQB Venture Market ("OTCQB") under the symbol ANPMF.

Q1 2022 HIGHLIGHTS

Health and Safety

- Subsequent to quarter end, Andean was saddened to report a fatality at its San Bartolomé processing plant on May 4, 2022. A full investigation is underway and corrective measures have been implemented.

Operational consistency

- Quarterly production of 1.2 million silver equivalent ounces⁽¹⁾, compared to full year 2022 guidance of 5.3 to 5.8 million silver equivalent ounces.
- Processing plant throughput remains consistent with 0.4 million tonnes milled in Q1 2022 and Q1 2021.
- Production at Tatasi-Portugalete began in March 2022 and resulting quarterly silver production is planned to increase compared to the first quarter of 2022.
- Production at Cachi Laguna extended through Q2 2022.

Strong profitability and Adjusted EBITDA

- Revenues of \$29.9 million from sales of 1.2 million silver equivalent ounces⁽¹⁾ in Q1 2022, compared with \$38.3 million from sales of 1.5 million silver equivalent ounces in Q1 2021.
- Realized silver price of \$24.40 per ounce compared to LBMA average close price of \$24.01 per ounce in Q1 2022.
- Cost of sales of \$20.6 million in Q1 2022, compared with \$24.6 million in Q1 2021.
- Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA")⁽²⁾ of \$5.4 million, compared with \$11.1 million in Q1 2021.
- Net income of \$2.3 million, compared with a net loss of \$1.5 million in Q1 2021.
- All-in sustaining costs ("AISC")⁽²⁾ per silver ounce sold of \$18.86, compared to full year 2022 guidance of \$17.25 to \$18.75 per ounce. Planned production increases through remaining quarters of 2022 compared to Q1 2022 are expected to decrease AISC.

Robust financial liquidity and free cash flow generation

- March 31, 2022 ending cash and cash equivalents balance of \$89.5 million and marketable securities balance of \$6.9 million with no debt.
- Free cash flow⁽²⁾ of \$2.2 million, compared with \$10.9 million in Q1 2021. The decrease was driven by lower sales as well as the timing of changes in working capital.
- Operating cash flow of \$2.7 million, compared with \$11.3 million in Q1 2021.

Exploration and mine life extension projects

- Andean completed 1,419 metres of phase two drilling during Q1 2022 at the San Pablo gold exploration property, targeting recently identified porphyry intrusions.
- The Company continued with its Expansion Study, initiating drilling at its dry-stack tailings ("DSF") with the objective to define silver and tin mineral resources. Metallurgical studies and economic estimates continue to progress on the Company's stockpile of fine material in its fines disposal facility ("FDF").

⁽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 the MD&A for further detail on Andean's realized silver and gold prices.

⁽²⁾ Free cash flow ("FCF"), AISC, EBITDA and Adjusted EBITDA are measures of financial performance with no prescribed definition under IFRS. Refer to the "Non-IFRS Measures" section of the MD&A for further detail, including a reconciliation of these metrics to the Financials.

2022 OUTLOOK UPDATE AND GUIDANCE

Andean produced 1.2 million silver equivalent ounces from its operations during the Q1 2022 from its NI 43-101 compliant surface deposits (termed “Pallacos”) at San Bartolomé, reclaimed silver-bearing mine waste stockpiles at Tatasi-Portugalete beginning in March 2022 and purchased ore from its community mining partners. Silver production is expected to increase in subsequent quarters for the remainder of 2022 as compared to Q1 2022 from increased silver production from Tatasi-Portugalete. At Cachi Laguna, Andean extended its purchase contract with RALP Compañía Minera S.R.L. (“RALP”) through to the end of Q2 2022, while drilling is underway to expand resources.

At San Bartolomé, Andean is advancing its Expansion Study. Andean 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 contained in the FDF, as well as an updated Pallacos resource. Initial capital and operating cost estimates have been defined based on an initial flowsheet, while additional metallurgical studies guide the final gravity concentration flowsheet design.

Andean is also reviewing opportunities at the DSF. Initial drill results on 39 of 48 drill holes at the DSF assayed 43 g/t silver and 0.16% tin. These drill results suggest that the Company should conduct further studies for recovery of tin and silver. As with the current FDF study, this evaluation will require a detailed metallurgical test program, engineering and processing review to determine viability. The addition of tin production at San Bartolomé remains an organic opportunity for Andean, and the initial results from this drill program confirm the potential for processing both stockpiles and tailings.

Andean’s expanded drill program at its San Pablo gold exploration program completed 2,532 metres as of the date of this MD&A. This phase two drilling program targets altered porphyry intrusions as the source of gold mineralisation hosted by sedimentary rocks. Recent core logging confirms the Company’s geologic model with signature overprint alteration and host lithologies. Assays are expected to be received by the Company by June 2022.

San Bartolomé is the only large-scale commercial oxide processing plant in the country. Andean continues to leverage this opportunity to expand its ore sourcing business and assessing acquisition opportunities in South and Central America.

The following table sets out Andean’s first quarter results against its full year 2022 production and AISC guidance:

	YTD 2022 Actual	2022 Guidance ⁽¹⁾
Silver equivalent production	1.2M oz	5.3M to 5.8M oz
AISC (by-product)	\$18.86/Ag oz	\$17.25 to \$18.75/Ag oz

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

FINANCIAL AND OPERATIONAL RESULTS

	Q1 2022	Q1 2021
Operational Performance		
Tonnes mined ⁽¹⁾ (k dmt)	478	414
Average mined grade (Ag g/t)	96	102
Tonnes purchased ⁽²⁾ (k dmt)	117	130
Average purchased grade (Ag g/t)	212	192
Tonnes milled ⁽³⁾ (k dmt)	406	420
Daily average throughput (dmt)	4,608	4,941
Average head grade (Ag g/t)	117	118
Silver recovery (%)	78	86
Silver production (k ozs)	1,151	1,385
Gold production (ozs)	898	1,504
Silver equivalent production ⁽⁴⁾ (k ozs)	1,221	1,485
Silver sales (k ozs)	1,173	1,417
Gold sales (ozs)	671	1,251
Silver equivalent sales ⁽⁴⁾ (k ozs)	1,225	1,500

Silver equivalent production breakdown by source (k oz)		
Pallacos	512	603
Mine reclamation stockpiles	90	215
Cachi Laguna	173	104
Oxide purchases	446	563
Total	1,221	1,485

	Q1 2022	Q1 2021
Financial Performance		
Revenue	\$ 29,888	\$ 38,347
Cost of sales	\$ 20,647	\$ 24,646
Income from mine operations	\$ 6,423	\$ 11,276
Net income (loss)	\$ 2,274	\$ (1,523)
Net income per share		
-Basic	\$ 0.01	\$ (0.01)
-Diluted	\$ 0.01	\$ (0.01)
Net cash from operating activities	\$ 2,703	\$ 11,252
Free cash flow ⁽⁵⁾	\$ 2,212	\$ 10,897
Adjusted EBITDA ⁽⁵⁾	\$ 5,368	\$ 11,073
Ending cash and cash equivalents	\$ 89,541	\$ 69,238
Capital expenditures	\$ 491	\$ 355
Cash operating costs (by-product) ⁽⁵⁾	\$ 16.51	\$ 15.90
All-in sustaining costs (by-product) ⁽⁵⁾	\$ 18.86	\$ 17.28

⁽¹⁾ Tonnes mined includes ore mined from the Company's permitted areas, including Santa Rita, Huacajchi, Antuco, El Asiento, Monserrat and Tatasi-Portugalete during 2022 and 2021. Tonnes mined is reported as Run-of-Mine ("ROM").

⁽²⁾ Tonnes purchased includes oxidized material purchased from local mining cooperatives as well as through the Company's contract with RALP.

⁽³⁾ Tonnes milled is reported as +8 mesh.

⁽⁴⁾ 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. Refer to the "Non-IFRS Measures" section of the MD&A for further detail on Andean's realized silver and gold prices.

⁽⁵⁾ FCF, EBITDA, Adjusted EBITDA, Cash operating costs ("COC") and AISC are non-IFRS measures. Please see the "Non-IFRS Measures" section of this MD&A for further detail and reconciliation to the Financials.

SAN BARTOLOMÉ OPERATING RESULTS

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

Andean extracts ore in partnership with the state-owned mining company, COMIBOL. Under a production agreement, the Company currently pays production royalties to COMIBOL in return for the rights to mine, transport and process mineralized Pallacos within the Santa Rita, Huacajchi and Antuco sectors. Production from the Tatasi-Portugalete area, approximately 350 kms south of San Bartolomé, was also previously consolidated under Manquiri's production contract with COMIBOL. In Q1 2022, negotiations were completed with the Tatasi-Portugalete community to enter into a fixed rate production contract, replacing the previous agreements with COMIBOL.

At Cachi Laguna, Andean recently extended its contract with RALP, a privately held Bolivian company, to purchase and transport a fixed number of tonnes of high-grade gold and lesser silver bearing ore to the San Bartolomé plant for processing through the remainder of Q2 2022. The underlying mineral rights of Cachi Laguna are held by RALP through contracts with COMIBOL. Andean is in discussions with RALP to pursue an exploration campaign to define further mining targets at Cachi Laguna.

Andean also maintains various agreements to purchase oxidized, precious metal-bearing material from local miners at market rates for processing at the San Bartolomé plant. Additional ore purchase opportunities in Bolivia are continually being evaluated by Andean's dedicated ore purchasing team.

During the quarter ended March 31, 2022, Andean mined 0.5 million tonnes with an average silver grade of 96 g/t and purchased 0.1 million tonnes with an average silver grade of 212 g/t, compared with 0.4 million tonnes mined with an average silver grade of 102 g/t and 0.1 million tonnes purchased with an average silver grade of 192 g/t during the quarter ended March 31, 2021. Mined and purchased tonnes are reported as ROM.

Of this material, Andean processed 0.4 million tonnes through the San Bartolomé plant during the quarter ended March 31, 2022 and 2021. Milled tonnes are reported as +8 mesh. Undersized mined Pallacos material is pumped to the FDF in the initial stages of processing and not reported as part of Andean's milled tonnes.

The average silver head grade realized during the quarter ended March 31, 2022 was 117 g/t compared with 118 g/t during the comparable period in 2021. Silver recoveries reported were 78% during the quarter ended March 31, 2022, compared to 87% during the quarter ended March 31, 2021 primarily due to the composition of mill feed, and the Company is completing metallurgical investigations to better understand and improve recoveries.

Effective December 31, 2021, Andean released its updated MRE, incorporating silver and tin resources contained in the Company's stockpiles at the FDF as well as an updated resource for the Pallacos areas. The measured and indicated resource at Tatasi-Portugalete was unchanged from the resource estimate completed in 2020. At the FDF, Andean has estimated measured and indicated resources of 16.2 million ounces of silver and 11.9 thousand tonnes of tin contained in 10.15 million tonnes of ore grading 50 g/t silver and 0.12% tin. This represents 87% of the total material in the FDF, the balance of which remains inferred due to delays in receiving assays. Andean has also commenced drilling of the DSF to evaluate quantities and grades of tin expected in DSF material. The DSF contains approximately 18 million tonnes of dry tailings from which silver, but not tin have been recovered. Material in the DSF was not included in the MRE.

EXPLORATION ACTIVITIES

The Company has rights to two exploration projects in Bolivia where the Company has commenced exploration drilling. The priority exploration target areas are at San Pablo where porphyry style mineralisation is being targeted.

San Pablo Exploration Project (100% owned)

The San Pablo Project in the Province of Antonio Quijarro, Department of Potosí comprises 650 hectares. San Pablo is located approximately 138 km southwest of the San Bartolomé operations, in the southern part of the prolific tin-silver and polymetallic belt that hosts several of Bolivia's largest deposits. Gold mineralisation at San Pablo is hosted by diamictites (pebble sandstones of glacio-marine origin) of the Silurian Cancañiri Formation over a large area of at least 2.5 km elongated northwest by 1.5 km wide. The gold mineralisation is related to sulphides in narrow sheeted veins and veinlets, as well as wider discrete veins, and in sulphide-cemented breccias. Veining is related to pervasive silica-sericite alteration which overprints secondary biotite alteration that outcrops at lower elevations and is seen in drill core. The dominant sulphides are pyrrhotite, arsenopyrite and bismuth sulphides, which, together with the geochemical association of gold with arsenic, bismuth and antimony, are characteristic of reduced intrusion-related gold deposits.

From February to May 2021, the Company completed its first phase of its diamond drilling program at the San Pablo project, drilling 3,580 meters. The Company carried out geophysical surveys on the property during Q4 2021, using Quantec Geoscience's Titan-24 DCIP and deep MT. During Q1 2022, 1,419 meters were drilled out of a planned phase two program of up to 3,100 metres over 9 holes were completed, targeting altered porphyry intrusions as the source of gold mineralisation hosted by sedimentary rocks discovered in the phase one drilling program in 2021. As of the date of the MD&A, over 2,532 metres have been drilled, with a recent hole intersecting the target porphyry system at 427 meters (350m vertical) with a planned drill depth of 650 meters. This intersection confirms the Company's geologic model with signature overprint alteration and host lithologies. Assay results from this intercept are expected to be received by the Company by June 2022.

Rio Blanco Exploration Project (100% owned)

Andean is prioritising focus at San Pablo and has suspended operations at Rio Blanco indefinitely. The Company is assessing its options as it relates to the retention or disposal of the exploration rights to the property.

COVID-19

Andean's protocols and procedures in response to the Global COVID-19 Pandemic ("Pandemic") have minimized the impacts on the business. We continue to manage the Pandemic by working closely with our local communities and employees in managing this unprecedented challenge. Andean's ongoing vigilance around social distancing, screening and contact tracing has allowed the Company to continue operations with minimal disruptions and deliver strong operating cash flow since the onset of the Pandemic.

Andean is safeguarding the health of employees, while continuing to operate safely, and responsibly. The Company continues to take comprehensive and proactive measures to respond to the Pandemic; and is working closely with local governments and authorities to ensure proper health protocols are followed. In Bolivia, Manquiri's employees have a vaccination rate of 99% with at least one dose; 96% with a full series and 26% with a third booster. To date, there have been no serious cases requiring hospitalization for COVID-19 or related fatalities at Andean's operations.

In Bolivia, the case rate of COVID-19 has declined steadily since the beginning of 2022, declining from a seven-day average of over 10,000 reported cases per day in January to under 100 reported cases per day in May 2022. Deaths

due to COVID-19 have also decreased over the same time period, declining from a seven-day average of over 50 deaths per day to under 1 death per day.

The Company continues reviewing operational plans to offset any negative effects of the Pandemic and actively managing operating costs while focusing on productivity and cost efficiencies. Capital expenditures and greenfield exploration are also being reviewed.

TRENDS AND ECONOMIC CONDITIONS

For the three months ended March 31, 2022, the spot price of silver fluctuated between a low of \$22.24 per ounce and a high of \$26.18 per ounce. The average spot silver price for the three months ended March 31, 2022 was \$24.01 per ounce, a decrease of \$2.28 per ounce from the comparative prior year period of \$26.29 per ounce.

Andean regularly monitors economic conditions and estimates their impact on its operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

FINANCIAL RESULTS

Quarter ended March 31, 2022 compared to quarter ended March 31, 2021

Andean had a net income of \$2.3 million and income from mine operations of \$6.4 million for the quarter ended March 31, 2022, with basic and diluted earnings per share of \$0.01. This compares with a net loss of \$1.5 million and income from mine operations of \$11.3 million for the quarter ended March 31, 2021, with basic and diluted loss per share of \$0.01. Higher net income for the quarter ended March 31, 2022 was primarily driven by \$3.0 million lower income taxes and a \$2.7 million gain on marketable securities, offset by lower income from operations of \$2.5 million. Details on these factors are as follows:

Revenues

Revenues for the quarter ended March 31, 2022 were \$29.9 million compared to \$38.3 million during the quarter ended March 31, 2021. Andean sold 1.2 million silver equivalent ounces during the quarter ended March 31, 2022 at an average realized price of \$24.40 per silver ounce compared with 1.5 million silver equivalent ounces during the quarter ended March 31, 2021 at an average realized price of \$25.57 per silver ounce.

Cost of sales

Cost of sales, which comprise the full cost of operations excluding depreciation and depletion, were \$20.6 million during the quarter ended March 31, 2022 compared to \$24.6 million during the quarter ended March 31, 2021. Cost of sales consists of direct costs and mining royalty taxes.

Direct costs, consisting of costs attributable to the Company's mining, ore purchasing and plant operations, were \$18.4 million during the quarter ended March 31, 2022 compared to \$21.3 million during the quarter ended March 31, 2021. Operating costs are recognized on a sales basis, and decreased year over year due to the lower volume of inventory sold.

Mining royalty taxes were \$2.2 million during the quarter ended March 31, 2022 compared to \$3.3 million during the quarter ended March 31, 2021. Mining royalty taxes include export taxes and production royalties payable to COMIBOL on certain production areas, both of which are determined by a fixed percentage of gross sales. The decrease in mining royalty taxes is primarily attributable to lower exports as well as changes in royalty rates linked to changes in production areas.

Depreciation and depletion

Depreciation and depletion costs form a component of operating costs and were \$2.8 million during the quarter ended March 31, 2022 compared to \$2.4 million during the quarter ended March 31, 2021. The increase in depreciation and depletion costs is attributable to the increase in processed mineral resources in the first quarter of 2022 compared to 2021.

General and administrative expenses

General and administrative expenses decreased to \$2.9 million during the quarter ended March 31, 2022 compared to \$5.7 million during the quarter ended March 31, 2021. The decrease was primarily driven by one-time transaction costs of \$3.5 million incurred in 2021 related to the Company's reverse take-over transaction.

Exploration expenses

Exploration and evaluation expenditures increased to \$0.9 million for the quarter ended March 31, 2022, consisting primarily of sampling at the Company's tailings facilities as well as the San Pablo exploration property, compared to \$0.3 million during the three months ended March 31, 2021.

Other income

Other income was \$2.6 million during the quarter ended March 31, 2022 compared to other loss of \$0.9 million during the quarter ended March 31, 2021. The primary driver of other income for the quarter ended March 31, 2022 was a \$2.7 million fair value gain recognized on the Company's shareholdings of Santacruz Silver ("Santacruz").

Finance costs

The Company incurred finance costs of \$0.3 million in accretion on its decommissioning liabilities during the quarter ended March 31, 2022. This compares to finance costs of \$0.3 million during the quarter ended March 31, 2021 comprising primarily of accretion on decommissioning liabilities.

Current income tax

The Company recorded \$2.4 million of income tax expenses on Bolivian source income during the quarter ended March 31, 2022. Current income taxes were not recognized in 2021 due to the Company's tax loss carryforward balance at that time. The Company's effective tax rate realized is impacted by the non-deductibility of certain expenditures and a statutory income tax rate of 32.5% in Bolivia. The Company has identified opportunities to reduce non-deductible expenditures in Bolivia and has begun to implement such reductions for fiscal 2022.

Deferred income tax

The Company recorded deferred income taxes of \$0.2 million during the quarter ended March 31, 2022 compared to deferred income taxes of \$5.7 million during the quarter ended March 31, 2021. Deferred income taxes in 2021 related to the utilization of tax loss carryforwards recognized in 2020.

Review of the statement of financial position as at March 31, 2022 compared to December 31, 2021

	March 31, 2022		December 31, 2021	
Assets				
Current	\$	114,950	\$	105,144
Non-current	\$	30,251	\$	35,149
Total	\$	145,201	\$	140,293
Liabilities				
Current	\$	21,482	\$	19,434
Non-current	\$	18,302	\$	18,301
Total	\$	39,784	\$	37,735

Current assets increased to \$115.0 million as at March 31, 2022 from \$105.1 million as at December 31, 2021 primarily as a result of an increase in cash and cash equivalents of \$2.3 million. Marketable securities increased by \$2.7 million due to gains in the underlying share price of the Company's shareholdings of Santacruz Silver. Current VAT receivables increased by \$3.5 million as a result of recent notifications from the Bolivian tax authorities on accelerated VAT audits through 2022, reclassifying a portion of long-term VAT receivables to current.

Non-current assets decreased to \$30.3 million as at March 31, 2022 from \$35.1 million as at December 31, 2021 due to a decrease in VAT recoverable of \$2.0 million and a decrease in property plant and equipment of \$2.7 million due to depreciation and depletion of \$2.8 million offset by capital purchases of \$0.5 million.

Current liabilities increased to \$21.5 million as at March 31, 2022 from \$19.4 million as at December 31, 2021 primarily as a result of an increase in income taxes payable of \$2.2 million on Bolivian source income.

Non-current liabilities remained consistent at \$18.3 million as at March 31, 2022 and December 31, 2021.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

Historically, the Company's principal sources of liquidity have been from cash generated from operations, cash raised from equity financing, and cash borrowed from commercial banks in Bolivia. The Company's liquidity primarily depends on its ability to generate cash flow from its operations, as well as the Company's future operating and capital expenditure requirements. Management expects that the Company's ongoing liquidity requirements will be funded primarily from cash generated from operations. However, the Company may seek further financing, as required, to advance growth projects, including acquisitions.

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

As at March 31, 2022, Andean was not subject to any externally imposed capital requirements.

Cash Flow

	For the three months ended	
	March 31, 2022	March 31, 2021
Cash flows from operating activities	\$ 2,703	\$ 11,252
Cash flows used in investing activities	\$ (447)	\$ (169)
Cash flows (used in) from financing activities	\$ (44)	\$ 19,512

At March 31, 2022, the Company had cash of \$89.5 million compared to \$87.3 million at December 31, 2021. The increase in cash of \$2.3 million from December 31, 2021 was a result of cash inflows from operating activities of \$2.7 million and cash outflows from investing activities of \$0.5 million, as well as a \$0.1 million gain from exchange rate changes on cash holdings.

Cash flows from operating activities for the three months ended March 31, 2022 was \$8.5 million lower than the period ended March 31, 2021, primarily driven by decreases of \$4.9 million in income from mine operations driven by lower production and \$3.4 million in changes in working capital. As noted above, a decrease in silver production drove the decrease in operating income, while changes in working capital were driven primarily by the timing of payments.

Cash flows used for investing activities for the three months ended March 31, 2022 was \$0.5 million for capital expenditures. This compares to cash flows used in investing activities of \$0.2 million for the three months ended March 31, 2021 which included \$0.2 million for capital expenditures and \$0.1 million acquired from the RTO.

Cash flows from financing activities for the three months ended March 31, 2022 consisted primarily of lease payments, and compares against cash flows from financing activities for the three months ended March 31, 2021 comprised primarily of \$19.6 million raised from private placements in August 2020 and February 2021, net of transaction costs, which were released on the completion of the RTO Transaction.

Cash and Working Capital

The Company had \$89.5 million in cash and positive net working capital of \$93.5 million as at March 31, 2022, consisting of current assets of \$115.0 million less current liabilities of \$21.5 million.

Contractual Obligations and Operating Commitments

A summary of contractual obligations and operating commitments as at March 31, 2022, are as follows:

	Total	Within 1 year	1 - 2 years	3 - 5 years	Greater than 5 years
Decommissioning liability ⁽¹⁾	\$ 18,605	\$ 670	\$ 1,312	\$ 16,587	\$ 36
Other provisions	3,839	3,839	-	-	-
	\$ 22,444	\$ 4,509	\$ 1,312	\$ 16,587	\$ 36

⁽¹⁾ The decommissioning liability represents the undiscounted amount of the estimated cash flows required to settle the mine closure obligations of the San Bartolomé mine.

SUMMARY OF QUARTERLY RESULTS

	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenue	\$ 29,888	\$ 31,131	\$ 36,691	\$ 38,038
Net income (loss)	\$ 2,274	\$ 74	\$ 1,846	\$ 3,870
Earnings (loss) per share				
Basic	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.02
Diluted	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.02
Total assets	\$ 145,201	\$ 140,293	\$ 137,472	\$ 132,350
Total financial liabilities	\$ 39,784	\$ 37,735	\$ 35,350	\$ 32,428

	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Revenue	\$ 38,347	\$ 55,567	\$ 38,105	\$ 12,584
Net income (loss)	\$ (1,523)	\$ 39,014	\$ 4,776	\$ (253)
Earnings (loss) per share				
Basic	\$ (0.01)	\$ 0.33	\$ 0.04	\$ (0.00)
Diluted	\$ (0.01)	\$ 0.33	\$ 0.04	\$ (0.00)
Total assets	\$ 127,713	\$ 115,783	\$ 80,457	\$ 103,110
Total financial liabilities	\$ 11,308	\$ 41,539	\$ 23,705	\$ 72,991

RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Ultimate Controlling Shareholder

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

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers, including officers at its subsidiaries. Management fees are payable to 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:

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

NON-IFRS MEASURES

COC, AISC and AIC

COC, AISC and all-in costs ("AIC") are non-IFRS performance measures set out under a guidance note released by the World Gold Council in September 2013 and updated in November 2018. These measures are used by

management to assess the Company's performance and its expected future performance; however, these measures do not have any standardized meaning. As such, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. Accordingly, these measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

COC include total production cash costs incurred at the Company's mining operations, which form the basis of the Company's cash costs, less by-product revenues from gold sales. AISC includes COC plus sustaining capital expenditures, general and administrative expenses, sustaining exploration and evaluation costs and reclamation cost accretion. Reclamation and closure costs represent the gradual unwinding of the discounted liability to rehabilitate the area around the San Bartolomé Mine at the end of its mine life. The Company believes that AISC represents the total costs of producing silver from current operations and provides the Company and other stakeholders of the Company with additional information relating to the Company's operational performance and ability to generate cash flows. AIC represents AISC plus non-sustaining exploration and evaluation costs. Non-sustaining exploration and evaluation costs represent costs associated with the Company's exploration portfolio, primarily relating to activities at San Pablo, Rio Blanco and the FDF. Certain other cash expenditures including tax payments, debt payments, dividends and financing costs are also not included in the calculation of AIC. The Company reports these measures on a silver ounce sold basis.

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

	Q1 2022	Q1 2021
Costs of sales, as reported	\$ 20,647	\$ 24,646
Total cash operating cost before by-product credits		
credits	20,647	24,646
Less: by-product gold credits	(1,283)	(2,116)
Total cash operating cost	\$ 19,364	\$ 22,530
Divided by silver ounces sold (K oz)	1,173	1,417
COC per silver ounce sold, on a by-product basis	\$ 16.51	\$ 15.90

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

	Q1 2022	Q1 2021
Cash costs, net of by-product credits	\$ 19,364	\$ 22,530
General and administrative expenses ⁽¹⁾	1,980	1,480
Sustaining capital expenditures ⁽²⁾	447	248
Lease payments	44	107
Accretion for decommissioning liability	282	64
Sustaining exploration and evaluation ⁽²⁾	-	64
All-in sustaining costs	\$ 22,117	\$ 24,493
Divided by silver ounces sold (K ozs)	1,173	1,417
AISC per silver ounce sold, on a by-product basis	\$ 18.86	\$ 17.28

⁽¹⁾ For the quarter ended March 31, 2022 and March 31, 2021, general and administrative expenses exclude RTO Transaction costs of \$nil and \$3,451, respectively; corporate development costs of \$307 and \$nil, respectively; and non-cash share-based compensation costs of \$585 and \$793, respectively.

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

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

	Q1 2022	Q1 2021
All-in sustaining costs	\$ 22,117	\$ 24,493
Non-sustaining exploration and evaluation ⁽¹⁾	911	264
All-in costs	\$ 23,028	\$ 24,757
Divided by silver ounces sold (K ozs)	1,173	1,417
AIC per silver ounce sold, on a by-product basis	\$ 19.64	\$ 17.47

⁽¹⁾ Non-sustaining exploration and evaluation costs are related to growth projects outside Andean's current production profile.

EBITDA and Adjusted EBITDA

The Company has included EBITDA and adjusted EBITDA as a non-IFRS performance measure in this MD&A. The Company excludes certain items from net income to provide a measure which allows the Company and investors to evaluate the results of the underlying core operations of the Company and its ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of adjusted EBITDA to the Financials for their respective periods:

	Q1 2022	Q1 2021
Net income (loss)	\$ 2,274	\$ (1,523)
Add:		
Income taxes	2,658	5,663
Finance costs	321	281
Depreciation and depletion	2,818	2,425
EBITDA	\$ 8,071	\$ 6,846
Add: RTO Transaction costs	-	3,451
Add: Change in fair value of marketable securities ⁽¹⁾	(2,703)	866
Add: Interest on Santacruz loan	-	(90)
Adjusted EBITDA	\$ 5,368	\$ 11,073

⁽¹⁾ These amounts refer to mark-to-market adjustments on securities held of Santacruz.

Free Cash Flow

The Company has included free cash flow as a non-IFRS performance measure in this MD&A. The Company considers operating cash flow plus capital expenditures to provide a measure which allows the Company and investors to evaluate the ability of the Company to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of free cash flow to the Financials for their respective periods:

	Q1 2022	Q1 2021
Operating cash flows	\$ 2,703	\$ 11,252
Less:		
Expenditures on property, plant and equipment	(447)	(248)
Lease payments	(44)	(107)
Free cash flow	\$ 2,212	\$ 10,897

Realized Gold and Silver Prices

The Company has included realized prices as a non-IFRS performance measure in this MD&A. The Company quantifies average realized price as revenue per the Statement of Operations divided by oz of gold or silver sold.

The following table provides a reconciliation of realized prices to the Financials for their respective periods:

	Q1 2022	Q1 2021
Silver revenue	\$ 28,605	\$ 21,299
Silver oz sold (k ozs)	1,173	1,417
Average realized silver price	\$ 24.40	\$ 25.57

	Q1 2022	Q1 2021
Gold revenue	\$ 1,283	\$ 3,347
Gold oz sold (ozs)	671	1,251
Average realized gold price	\$ 1,913	\$ 1,691

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that has not previously been discussed.

IFRS CRITICAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Management has discussed the development and selection of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosure relating to such estimates in conjunction with its review of this MD&A. The accounting policies and methods we utilize determine how we report our financial condition and results of operations, and they may require management to make estimates or rely on assumptions about matters that are inherently uncertain. The Financials have been prepared in accordance with IFRS under the historical cost convention, as modified by revaluation of certain financial assets. Our critical accounting policies are disclosed in note 2 to the Financials, including a summary of current and future changes in accounting policies.

Critical Accounting Estimates and Judgments

Certain accounting estimates have been identified as being "critical" to the presentation of our financial condition and results of operations because they require us to make subjective and/or complex judgments

about matters that are inherently uncertain; or there is a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions and estimates. Our significant accounting judgments, estimates and assumptions are disclosed in note 2 to the accompanying Financials.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of authorized common shares without par value. The Company does not currently pay dividends and entitlement will only arise upon declaration.

As at March 31, 2022, the Company had 157,914,131 common shares, 2,063,913 options to purchase common shares of the Company and 5,681,250 restricted stock units issued and outstanding. (December 31, 2021 – 157,473,506 common shares, 2,063,913 options and 6,121,875 restricted stock units issued and outstanding.)

As of the date of this filing, Andean had 157,914,131 common shares, 1,913,913 options to purchase common shares of the Company and 5,943,003 restricted stock units issued and outstanding.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the Financials do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the Financials; and (ii) the Financials fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of and annual filings and other reports provided under securities legislation.

RISK FACTORS

The Company's activities expose it to a variety of financial market risks, credit risks and liquidity risks, as described in Note 20 of the audited consolidated financial statements of the Company for the year ended December 31, 2021.

The Company also identified a number of other risks and uncertainties in its Management Discussion and Analysis dated March 17, 2022, including, but not limited to: (i) commodity prices; (ii) supply and quality of purchase ore; (iii) cost estimates; (iv) exploration, development and operating risks; (v) health, safety and environmental risks and hazards; (vi) COVID-19; (vii) nature and climatic conditions; (viii) uncertainty in the estimation of mineral reserves and mineral resources, (ix) uncertainty relating to mineral resources, (x) uncertainty relating to future production estimates, (xi) foreign operations and political risks, (xii) increases in production costs, (xiii) compliance costs, and (xiv) community relations.

FORWARD-LOOKING STATEMENTS

Certain statements and information in this MD&A constitute "forward-looking statements" within the meaning of applicable U.S. securities laws and "forward-looking information" within the meaning of applicable Canadian securities laws, which we refer to collectively as "forward-looking statements". Forward-looking statements are statements and information regarding possible events, conditions or results of operations that are based upon assumptions about future economic conditions and courses of action. All statements and information other than statements of historical fact may be forward-looking statements. In some cases, forward-looking statements can be identified by the use of words such as "seek", "expect", "anticipate", "budget", "plan", "estimate", "continue", "forecast", "intend", "believe", "predict", "potential", "target", "may", "could", "would", "might", "will" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

Forward-looking statements in this MD&A include, but are not limited to statements and information regarding: the Company's future mining activities, including mining capacity, recovery, cash costs, production and mine life; the Company's future ore purchase activities; the Company's exploration and development plans, including anticipated costs and timing thereof; the timing and location of future drilling; the timing of release of drill results and data from the DSF; the timing of assay results; the Company's assessment of acquisition opportunities; the Company's production and AISC decrease for the remaining quarters of 2022; the timing of geological and/or technical reports and studies; the Company's plans for growth through exploration activities, acquisitions or otherwise; expectations regarding future maintenance and capital expenditures, working capital requirements and the availability of financing. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited to: the Company's ability to carry on exploration and development activities; the Company's ability to secure and to meet obligations under property and option agreements and other material agreements; the timely receipt of required approvals and permits; that there is no material adverse change affecting the Company or its properties; that contracted parties provide goods or services in a timely manner; that no unusual geological or technical problems occur; that plant and equipment function as anticipated and that there is no material adverse change in the price of silver, costs associated with production or recovery. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and you are cautioned not to place undue reliance on forward-looking statements contained herein.

Some of the risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking statements contained in this MD&A include, but are not limited to: risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations; results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; risks relating to possible variations in reserves, resources, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined; mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development; the potential for delays in

exploration or development activities or the completion of feasibility studies; risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; risks related to commodity price and foreign exchange rate fluctuations; the uncertainty of profitability based upon the cyclical nature of the industry in which the Company operates; risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental or local community approvals or in the completion of development or construction activities; risks related to environmental regulation and liability; political and regulatory risks associated with mining and exploration; risks related to the uncertain global economic environment; risks related to COVID-19; and other factors contained in the section entitled "Risk Factors" in this MD&A and the Company's Management Discussion and Analysis dated March 17, 2022.

Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward-looking statements, you are cautioned that this list is not exhaustive and there may be other factors that the Company has not identified. Furthermore, the Company undertakes no obligation to update or revise any forward-looking statements included in, this MD&A if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

QUALIFIED PERSONS

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