ANDEAN
PRECIOUS METALS

Condensed Interim Consolidated Financial Statements

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(EXPRESSED IN UNITED STATES DOLLARS)

Condensed Interim Consolidated Statements of Financial Position
(in thousands of US dollars, unaudited)

	Notes		June 30, 2022		December 31, 2021
ASSETS					
Current					
Cash and cash equivalents		**$**	**88,449**	$	87,276
Inventories	6		**10,590**		8,733
VAT receivable	13		**6,486**		3,115
Prepaid assets			**2,365**		1,843
Marketable securities	7		**3,998**		4,177
Total current assets			**111,888**		105,144
Non-Current					
VAT receivable	13		**7,749**		8,072
Other assets			**528**		388
Deferred tax assets			**5,322**		5,994
Property, plant and equipment	8		**18,711**		20,695
Total non-current assets			**32,310**		35,149
Total assets		**$**	**144,198**	$	140,293
LIABILITIES					
Current					
Accounts payable and accrued liabilities		**$**	**14,466**	$	11,879
Current income taxes payable			**6,063**		2,911
Decommissioning liability			**677**		734
Other provisions	9		**3,956**		3,910
Total current liabilities			**25,162**		19,434
Non-Current					
Decommissioning liability			**18,986**		17,840
Other provisions			**367**		461
Total non-current liabilities			**19,353**		18,301
Total liabilities			**44,515**		37,735
EQUITY					
Issued capital	11		**22,960**		22,564
Accumulated other comprehensive loss			**390**		390
Contributed surplus			**2,260**		1,622
Retained earnings			**74,073**		77,982
Total equity			**99,683**		102,558
Total liabilities and equity		**$**	**144,198**	$	140,293

Contingencies (note 15)

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	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Revenues	4	**$ 28,892**	$ 38,038	**$ 58,780**	$ 76,385
Cost of sales	5(a)	**(24,532)**	(24,373)	**(45,179)**	(49,019)
Depreciation and depletion	8	**(747)**	(2,376)	**(3,564)**	(4,800)
Income from mine operations		**3,613**	11,289	**10,037**	22,566
General and administrative	5(b)	**(3,550)**	(2,246)	**(6,422)**	(7,970)
Exploration and evaluation		**(993)**	(1,335)	**(1,904)**	(1,663)
Income from operations		**(930)**	7,708	**1,711**	12,933
Other income (loss)	5(c)	**(3,414)**	166	**(801)**	(636)
Finance costs	5(d)	**(339)**	(327)	**(660)**	(608)
Reversal (impairment) of loan receivable		**-**	3,268	**-**	3,268
Gain on loan settlement		**-**	552	**-**	552
Net income (loss) before income taxes		**(4,683)**	11,367	**250**	15,509
Income taxes					
Current income taxes		**(1,045)**	(348)	**(3,487)**	(348)
Deferred income taxes		**(456)**	(7,149)	**(672)**	(12,813)
Net income (loss) and comprehensive income (loss)		**$ (6,184)**	$ 3,870	**$ (3,909)**	$ 2,348
Basic net income (loss) per share	12	**(0.04)**	0.02	**(0.02)**	0.02
Diluted net income (loss) per share	12	**(0.04)**	0.02	**(0.02)**	0.02
Weighted average number of common shares outstanding					
Basic		**157,914,131**	157,269,843	**157,701,708**	141,720,674
Diluted		**157,914,131**	159,691,625	**157,701,708**	142,973,377

(in thousands of US dollars, unaudited)

	Notes		Six months ended June 30, 2022		June 30, 2021
Operating activities					
Net (loss) income		**$**	**(3,909)**	$	2,348
Adjustments for:					
Depreciation and depletion	8		**3,564**		5,163
Accretion on decommissioning liability	5(d)		**565**		477
Non-cash listing expense			**-**		2,366
Share-based compensation	5(b)		**1,034**		954
Provision for Santacruz loan			**-**		399
Reversal of loan impairment			**-**		(3,268)
Gain on loan settlement			**-**		(552)
Change in fair value of marketable securities	5(c)		**179**		682
Current income tax expense			**3,152**		348
Deferred income tax expense			**672**		12,813
Foreign exchange gain (loss)			**406**		(125)
			5,663		21,605
Changes in working capital			**(2,915)**		1,046
Net cash from operating activities			**2,748**		22,651
Investing activities					
Cash acquired on RTO Transaction	3		**-**		78
Change in restricted cash			**-**		52
Expenditures on property, plant and equipment			**(1,081)**		(1,312)
Investment in marketable securities			**-**		(606)
Net cash used in investing activities			**(1,081)**		(1,788)
Financing activities					
Lease payments			**(88)**		(136)
Cash received for share issuances, net of transaction costs	11		**-**		19,576
Proceeds from exercise of options and warrants	11		**-**		48
Net cash (used in) from financing activities			**(88)**		19,488
Effect of exchange rate changes on cash			**(406)**		125
Net increase in cash			**1,173**		40,476
Cash, beginning of year			**87,276**		38,537
Cash, end of period		**$**	**88,449**	$	79,013
Supplemental disclosure					
Taxes paid		$	335	$	-

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

(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**	**$**	**102,558**
Vested RSUs	11(d)	440,625		396		(396)		-		-		-
Share-based compensation		-		-		1,034		-		-		1,034
Net income for the year		-		-		-		(3,909)		-		(3,909)
Balance, June 30, 2022		**157,914,131**		**22,960**		**2,260**		**74,073**		**390**		**99,683**
Balance, January 1, 2021		**120,000,100**	**$**	**8**		**-**	**$**	**73,714**	**$**	**522**	**$**	**74,244**
Share based payment		1,025,000		600		-		-		-		600
Shares issued for cash		33,511,738		19,576		-		-		-		19,576
Issuances of shares, warrants and options on RTO		2,353,333		1,882		167		-		-		2,049
Exercise of options		200,001		161		(125)		-		-		36
Exercise of warrants		66,667		54		(42)		-		-		12
Shares issued to agents		116,667		93		-		-		-		93
Share based compensation		-		-		954		-		-		954
Reallocation of capital		-		10		-		-		-		10
Net income for the period		-		-		-		2,348		-		2,348
Balance, June 30, 2021		**157,273,506**	**$**	**22,384**		**954**	**$**	**76,062**	**$**	**522**	**$**	**99,922**

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 and six months ended June 30, 2022 were approved and authorized for issuance by the Company's board of directors (the "Board of Directors") on August 10, 2022.

b) Basis of measurement

The unaudited 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 June 30,				Six months ended June 30,			
		2022		2021		**2022**		2021
Silver	**$**	**27,244**	$	35,630	**$**	**55,849**	$	71,861
Gold		**1,648**		2,408		**2,931**		4,524
Total revenues	**$**	**28,892**	$	38,038	**$**	**58,780**	$	76,385

For the three and six months ended June 30, 2022 and 2021, the Company had one customer.

5. EXPENSES

a) Cost of sales

	Three months ended June 30,				Six months ended June 30,			
		2022		2021		**2022**		2021
Direct costs [(1)]	**$**	**22,371**	$	21,258	**$**	**40,783**	$	42,557
Mining royalty taxes [(2)]		**2,161**		3,115		**4,396**		6,462
Total cost of sales	**$**	**24,532**	$	24,373	**$**	**45,179**	$	49,019

(1) For the three and six months ended June 30, 2022, includes $3,234 and $6,607 in Bolivian employee benefits expense respectively (three and six months ended June 30, 2021 - $2,870 and $6,471 respectively).
(2) Mining royalty taxes refer to sales and exportation taxes payable to government authorities.

b) General and administrative

	Three months ended June 30,				Six months ended June 30,			
		2022		2021		**2021**		2021
Salaries and office administration[(1)]	**$**	**1,780**	$	1,462	**$**	**3,232**	$	2,417
Share based compensation		**449**		161		**1,034**		954
RTO Transaction costs		**-**		-		**-**		3,451
Corporate development costs		**749**		86		**1,056**		86
Management fee (note 17)		**433**		421		**867**		843
Community relations		**139**		116		**233**		219
Total general and administrative expenses	**$**	**3,550**	$	2,246	**$**	**6,422**	$	7,970

(1) For the three and six months ended June 30, 2022, includes $235 and $380 in Bolivian employee benefits expense respectively (three and six months ended June 30, 2021 - $7 and $280 respectively).

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

c) Other income (loss)

		Three months ended June 30,				Six months ended June 30,		
		2022		2021		**2022**		2021
Uncollected VAT and VAT adjustments	**$**	**8**	$	(75)	**$**	**31**	$	(131)
Change in fair value of marketable securities		**(2,882)**		184		**(179)**		(682)
Interest (expense) income		**(20)**		(4)		**100**		1
Foreign exchange (loss) gain		**(353)**		18		**(406)**		125
Other (expense) income		**(167)**		43		**(347)**		51
Total other (loss) income	**$**	**(3,414)**	$	166	**$**	**(801)**	$	(636)

d) Finance costs

		Three months ended June 30,				Six months ended June 30,		
		2022		2021		**2022**		2021
Accretion on decommissioning liability	**$**	**283**	$	248	**$**	**565**	$	477
Banking expense		**56**		79		**95**		131
Total finance costs	**$**	**339**	$	327	**$**	**660**	$	608

6. INVENTORIES

		June 30, 2022		December 31, 2021
Ore in stockpiles	**$**	**1,297**	$	453
In-process inventory		**1,322**		815
Metal at third-party refinery		**501**		452
Doré		**1,049**		1,172
Material and supplies		**6,421**		5,841
Total inventories	**$**	**10,590**	$	8,733

During the period ended June 30, 2022 and December 31, 2021, the Company did not recognize any non-cash inventory write downs 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.

		June 30, 2022		December 31, 2021
Opening balance	**$**	**4,177**	$	2,485
Additions		**-**		4,152
Unrealized gain/(loss)		**(179)**		(2,460)
Closing balance	**$**	**3,998**	$	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		-		1,040		-		1,040
Transfers		23		(2,213)		2,190		-
Disposals		-		-		3		3
Change in decommissioning liability		-		-		565		565
Depreciation and depletion		(183)		-		(3,409)		(3,592)
Net book value, June 30, 2022	$	**851**		**1,099**		**16,761**		**18,711**

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		1,509		1,099		30,134		32,742
Accumulated depreciation and depletion		(658)		-		(13,373)		(14,031)
Net book value, June 30, 2022	$	**851**	$	**1,099**	$	**16,761**	$	**18,711**

As at June 30, 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. SHORT-TERM CREDIT FACILITIES

In June 2022, the Company has entered into a revolving working capital facility with Banco de Crédito de Bolivia (“BCP”) of up to $2,000. The proceeds can be drawn down in the form of cash. The revolving working capital facility is renewable every twelve months until May 2023 and interest will be determined at the date of drawdown and is dependent on the form of the drawdown. At June 30, 2022, no amounts have been drawn down on the revolving facility.

11. 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.

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

a) Authorized share capital

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

As at June 30, 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: (i) a stock option plan and (ii) a restricted share unit ("RSU") plan. The following is a summary of the number of common share options issuable under the plans outstanding as at June 30, 2022 and the amounts of share-based compensation expense recognized for the six months ended June 30, 2022 and 2021:

	Number Outstanding	Six months ended			
	June 30, 2022		**June 30, 2022**		**June 30, 2021**
Stock options	1,913,913	**$**	**100**	$	954
Restricted share units	5,928,538		**934**		-
Share-based compensation expense	7,842,451	**$**	**1,034**	$	954

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 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
Expired	(150,000)	$1.500
Balance, June 30, 2022	1,913,913	$1.150

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

The following table summarizes information on stock options outstanding and exercisable as at June 30, 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	447,652	$1.15	1,066,261	March 29, 2026
March 29, 2021	0.48	-	$1.15	400,000	September 21, 2022
		447,652		1,466,261	

The fair value at grant date of the Company's stock options granted during the period ended June 30, 2022 was $nil per share (2021 - C$0.91).

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 June 30, 2022 are as follows:

	Number outstanding		Grant date fair value
Balance, January 1, 2022	6,121,875	$	2,014
Granted	261,753		360
Vested	(440,625)		(394)
Forfeited	(14,465)		(20)
Balance, June 30, 2022	**5,928,538**	**$**	**1,960**

12. NET INCOME PER SHARE

As of June 30, 2022, the Company had 1,913,913 stock options and 5,928,538 RSUs outstanding.

	Three months ended June 30,				Six months ended June 30,			
		2022		2021		**2022**		2021
Net (loss) income	**$**	**(6,184)**	$	3,870	**$**	**(3,909)**	$	2,348
Weighted average number of common shares outstanding – basic		**157,914,131**		157,269,843		**157,701,708**		141,720,674
Weighted average shares dilution adjustments:								
Share options		**-**		2,421,782		**-**		1,252,703
Diluted weighted average shares outstanding		**157,914,131**		159,691,625		**157,701,708**		142,973,377
Net income per share – basic	**$**	**(0.04)**	$	0.02	**$**	**(0.02)**	$	0.02
Net income per share – diluted	**$**	**(0.04)**	$	0.02	**$**	**(0.02)**	$	0.02

As of June 30, 2022, there were 1,913,913 stock options and 5,928,538 RSUs that were anti-dilutive (June 30, 2021 – nil and nil respectively).

13. VAT RECEIVABLE

The following table summarizes the changes in VAT assets:

		June 30, 2022		December 31, 2021
Balance, beginning of the year	**$**	**11,187**	$	5,624
Additions		**5,277**		6,766
Recoveries		**(2,229)**		(1,203)
Balance, end of the period	**$**	**14,235**	$	11,187
Current	**$**	**6,486**	$	3,115
Non-current		**7,749**		8,072

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

	$	**14,235**	$	11,187

As VAT is recovered, the Company receives VAT Certificates from Bolivian tax authorities. Such VAT Certificates can be used to repay taxes or can be sold for cash at a small discount. As at June 30, 2022, the Company had $2,069 of VAT Certificates on hand (December 31, 2021 - $65).

14. 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 June 30, 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 June 30, 2022 and December 31, 2021.

The carrying values and fair values of the Company's financial instruments as at June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022		December 31, 2021	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	**$ 88,449**	**$ 88,449**	$ 87,276	$ 87,276
Marketable securities	**3,998**	**3,998**	4,177	4,177
Total financial assets	**$ 92,447**	**$ 92,447**	$ 91,453	$ 91,453
Financial liabilities				
Accounts payable and accrued liabilities	**$ 14,466**	**$ 14,466**	$ 11,879	$ 11,879
Total financial liabilities	**$ 14,466**	**$ 14,466**	$ 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 June 30, 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.

15. 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.

16. 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.

June 30, 2022	**Bolivia**	**Corporate**	**Total**
Total assets	$ 129,462	$ 14,736	**$ 144,198**
Total liabilities	43,322	1,193	**44,515**
Net assets	$ 86,140	$ 13,543	**$ 99,683**

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 June 30, 2022			**Six months ended June 30, 2022**		
	Bolivia	**Corporate**	**Total**	**Bolivia**	**Corporate**	**Total**
Revenues	$ 28,892	$ -	**$ 28,892**	**$** 58,780	$ -	**$ 58,780**
Cost of sales	(24,532)	-	**(24,532)**	(45,179)	-	**(45,179)**
Depreciation and depletion	(747)	-	**(747)**	(3,564)	-	**(3,564)**
General and administrative	(1,325)	(2,225)	**(3,550)**	(2,602)	(3,820)	**(6,422)**
Exploration and evaluation	(993)	-	**(993)**	(1,904)	-	**(1,904)**
Income from operations	$ 1,295	$ (2,225)	**$ (930)**	**$** 5,531	$ (3,820)	**$ 1,711**

	Three months ended June 30, 2021			**Six months ended June 30, 2021**		
Revenues	$ 38,038	$ -	**$ 38,038**	**$** 76,385	$ -	**$ 76,385**
Cost of sales	(24,373)	-	**(24,373)**	(49,019)	-	**(49,019)**
Depreciation and depletion	(2,376)	-	**(2,376)**	(4,800)	-	**(4,800)**
General and administrative	(1,120)	(1,126)	**(2,246)**	(2,350)	(5,620)	**(7,970)**
Exploration and evaluation	(1,335)	-	**(1,335)**	(1,663)	-	**(1,663)**
Income from operations	$ 8,834	$ (1,126)	**$ 7,708**	**$** 18,553	$ (5,620)	**$ 12,933**

17. 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 June 30,		**Six months ended June 30,**	
	2022	2021	**2022**	2021
Management fees (1)	**$ 771**	$ 749	**$ 1,542**	$ 1,487
RTO Transaction costs	**-**	-	**-**	520
Salaries and benefits	**336**	403	**635**	577
Stock-based compensation	**443**	226	**1,017**	946
Total	**$ 1,550**	$ 1,378	**$ 3,194**	$ 3,530

(1) Management fees recorded in general and administrative expenses and cost of sales on the consolidated statement of income (loss) and comprehensive income (loss) for six months ended are $771 and $771 respectively (June 30, 2021 - $743 and $744 respectively).