ANDEAN PRECIOUS METALS

Management's Discussion and Analysis

FOR THE THREE MONTHS ENDED MARCH 31, 2023

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1. 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, 2023 and 2022 (the "Financials"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). 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, 2023 and all information is current as of such date unless otherwise indicated.

2. 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 materials from third-party mining cooperatives and privately held mining companies. Material processing takes place at the Company's San Bartolomé plant near Potosi, which is the only large-scale commercial oxide plant in Bolivia. The San Bartolomé plant produces silver doré bars and has a design throughput of 1.8 million tonnes per year. Andean also holds a portfolio of active exploration properties also located in Bolivia.

The Company's actions are led by the highest environmental, social and corporate governance ("ESG") standards, evidenced by the relationships and programs that the Company has developed during its nearly two decades of presence in the Potosi municipality, 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 wider Americas.

3. Q1 2023 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- The Company achieved zero lost time injuries ("LTI") and achieved a significant safety milestone of approximately 1.158 million operating hours with no LTI.
- In Q1 2023, production was 1.0 million silver equivalent ounces (1), compared to full year 2023 guidance of 4.8 million to 5.2 million silver equivalent ounces.
- Processing plant throughput remained consistent with 0.4 million tonnes milled in Q1 2022 and Q1 2021.
- Revenues of $23.1 million from sales of 1.0 million silver equivalent ounces (1) in Q1 2023, compared with $29.9 million from sales of 1.2 million silver equivalent ounces in Q1 2022.
- Average realized silver price of $23.04 per ounce compared to LBMA average silver price of $22.55 per ounce in Q1 2023.
- Cost of sales of $21.2 million in Q1 2023, compared with $20.6 million in Q1 2022.
- Net income of $0.2 million, compared with net income of $2.3 million in Q1 2022.
- Earnings before interest, taxes, depreciation and amortization("EBITDA") (2) and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA")(2) of $1.5 million and $1.4 million , respectively, compared with $8.1 million and $6.6 million, respectively, in Q1 2022.
- All-in sustaining costs ("AISC") (2) per silver ounce sold of $24.27, compared to full year 2023 guidance of $19.50 to $20.30 per ounce. Planned production increases, as anticipated for second half of 2023, are expected to decrease average AISC during the fiscal year 2023.
- Cash and cash equivalents balance of $75.8 million and marketable securities of $6.1 million with no debt.
- Positive working capital of $90.5 million compared with $88.3 million of Q1 2022.
- Net cash flow used from operating activities for Q1 2023 was $4.3 million, primarily due to the non cash working capital movements arising from anticipated timing of some vendor payments.
- Continue to expect silver equivalent production for fiscal 2023 ("FY 2023") to be between 4.8 million and 5.2 million ounces at a total average AISC(1) of $19.50 to $20.30 per ounce**.**
- During Q1 2023, the Company repurchased and cancelled 627,100 shares for $0.4 million.
- The Company continued to advance the silver recovery project at the Company's fines disposal facility ("FDF").
- The Company received the Responsible Minerals Initiative (''RMI") and the Environmental Management System Standard ISO 14001:2015 Certification, and is committed to working to high Environmental, Social and Corporate Governance ("ESG") standards and is implementing several community programs, while continuing to develop a broader framework and policies. The Company will continue to develop a broader ESG program, including reporting aligned with definitions from the World Economic Forum, and identifying its contributions to the United Nations Sustainable Development Goals over the remainder of FY 2023.

(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-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the MD&A for further detail.

(in thousands of US dollars, unless otherwise noted)

(2) AISC, EBITDA and Adjusted EBITDA are measures of financial performance with no prescribed definition under IFRS. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the MD&A for further detail, including a reconciliation of these metrics to the financial statements.

Recent developments

In April 2023, the Company entered into silver collar contracts with an average put strike price of $23 per ounce and an average call strike price of $30 per ounce, for 200,000 ounces per month beginning August 2023 through to December 2023.

4. 2023 OUTLOOK UPDATE AND GUIDANCE

- The Company's 2022 outlook was disclosed in the MD&A for the year ended December 31, 2022, and 2021 filed on SEDAR at www.sedar.com.
- The Company continues to expect silver equivalent production for full year 2023 to be between 4.8 million to 5.2 million ounces and AISC of between $19.50 to $20.30 per silver equivalent ounce.
- Higher production is expected in the second half of 2023 as the metallurgy improves from the sourced third-party material and the processing plant continues to operate at nameplate capacity. During 2023, the Company will continue to process material from its surface deposits (termed "Pallacos") at San Bartolomé and continue to purchase material from its community mining partners. The Company is also exploring opportunities with other third parties and COMIBOL that will result in additional materials to be sourced.
- Capital expenditures are expected to be in the range of $8.0 million to $10.0 million, primarily due to planned spending on FDF/SDF tailings silver recovery projects.
- The Company continues to work with principal consultants on advancing the FDF project, including advanced metallurgical testing and geotechnical studies. The Company has started assessing engineering and construction options, subject to the Board of Directors approval, in the development of the project and bringing to production in the first half of 2024.

The following table sets out Andean's first quarter results against its full year 2023 guidance:

	Q1 2023 Actual	**2023 Guidance(1)**
Silver equivalent production	**1.0 million oz**	**4.8 million to 5.2 million oz**
AISC (by-product)	**$24.27/Ag oz**	**$19.50 to $20.30/Ag oz**
Total capital expenditures	**$0.5 million**	**$8 million to $10 million**

(1) Andean's commodity price assumptions supporting this estimate are $21.00/ounce silver and $1,650/ounce gold.

(in thousands of US dollars, unless otherwise noted)

5. FINANCIAL AND OPERATIONAL RESULTS

	Q1 2023	Q1 2022	%Change
Operational Performance			
Tonnes mined(1) (k dmt)	**433**	478	(9%)
Average mined grade (Ag g/t)	**53**	96	(45%)
Tonnes purchased(2) (k dmt)	**89**	117	(24%)
Average purchased grade (Ag g/t)	**214**	212	1%
Tonnes milled(3) (k dmt)	**375**	406	(8%)
Daily average throughput (dmt)	**4,461**	4,608	(3%)
Average head grade (Ag g/t)	**106**	117	(9%)
Silver recovery (%)	**79**	78	1%
Silver production (k oz)	**978**	1,151	(15%)
Gold production (oz)	**234**	898	(74%)
Silver equivalent production(4) (k oz)	**997**	1,221	(18%)
Silver sales (k oz)	**982**	1,173	(16%)
Gold sales (oz)	**215**	671	(68%)
Silver equivalent sales(4) (k oz)	**1,000**	1,225	(18%)

Silver equivalent production breakdown by source (k oz)			
Pallacos	**388**	512	(24%)
Mine reclamation stockpiles	**164**	90	82%
Cachi Laguna	**120**	173	(31%)
Oxide purchases	**325**	446	(27%)
Total	**997**	1,221	(18%)

		Q1 2023		Q1 2022	% Change
Financial Performance					
Revenue	**$**	**23,045**	$	29,888	(23%)
Cost of sales	**$**	**21,217**	$	20,647	3%
Income from mine operations	**$**	**374**	$	6,423	(94%)
Net income	**$**	**219**	$	2,274	(90%)
Net income per share					
-Basic	**$**	**0.00**	$	0.01	(100%)
-Diluted	**$**	**0.00**	$	0.01	(100%)
Net cash (used in) from operating activities	**$**	**(4,323)**	$	2,703	(260%)
Free cash flow(5)	**$**	**(4,886)**	$	2,212	(321%)
EBITDA(5)	**$**	**1,516**	$	8,071	(81%)
Adjusted EBITDA(5)	**$**	**1,373**	$	6,586	(79%)
Ending cash and cash equivalents	**$**	**75,793**	$	89,541	(15%)
Capital expenditures	**$**	**563**	$	491	15%
Operating cash costs (by-product)(5)	**$**	**21.18**	$	16.51	28%
All-in sustaining costs (by-product)(5)	**$**	**24.27**	$	18.86	29%

(1) Ore mined during 2023 and 2022 includes material mined from the Company's permitted areas, including Santa Rita, Huacajchi, Antuco, El Asiento, Monserrat and Tatasi-Portugalete. Mined ore is reported as Run-of-Mine ("ROM").

(2) Purchased material includes oxidized material purchased from local mining cooperatives as well as through the Company's contract with RALP Compañia Minera S.R.L. ("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 average realized gold and silver prices during the referenced period. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the Company's MD&A for further detail.

(5) FCF, EBITDA, Adjusted EBITDA, operating cash costs ("OCC") and AISC are measures of financial performance with no prescribed definition under IFRS. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the Company's MD&A for further detail, including a reconciliation of these metrics to the financial statements.

6. SAN BARTOLOMÉ OPERATIONS UPDATE

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 material in partnership with the state-owned mining company, COMIBOL. Pursuant to a production agreement, the Company currently pays production royalties to COMIBOL in return for the rights to mine, transport and process mineralized Pallacos from the Santa Rita, Huacajchi and Antuco sectors. Production from the Monserrat area, approximately 390 km south of San Bartolomé, was also previously consolidated under Manquiri's production contract with COMIBOL. In early 2021, the Company completed negotiations with the community, near the Monserrat Area, and entered a fixed rate production contract, replacing the previous agreements with COMIBOL.

At Cachi Laguna, Andean has a contract with RALP, a privately held Bolivian company, to purchase and transport a fixed number of tonnes of gold and silver bearing material to the San Bartolomé plant for processing. The underlying mineral rights of Cachi Laguna are held by RALP through contracts with COMIBOL. This production material is expected to be fully depleted during Q2 2023 and Andean is in discussions with RALP to pursue an exploration campaign within the Cachi Laguna area.

The Company continued to procure material at a specified mining cost per tonne from a local mining cooperative from La Bolsa area, directly adjacent to the Pallacos. The contract, which commenced in Q4 2022, was completed in January 2023.

The Company also maintains various agreements to purchase oxidized, precious metal-bearing material from local miners based on market rates for processing at the San Bartolomé plant. Additional material purchasing opportunities in Bolivia are being evaluated by the Company.

First Quarter 2023 Compared to First Quarter 2022

During the first quarter of 2023, mining activities were carried out at Pallacos and Cachi Laguna concession rights. Total tonnes mined were 0.4 million tonnes at an average grade of 53 g/t in the first quarter of 2023 compared with 0.5 million tonnes at an average grade of 96 g/t in the first quarter of 2022.

Tonnes purchased during the quarter was 28,000 tonnes below the 117,000 tonnes of the first quarter of 2022. The average grade of 214 g/t in Q1 2023 compared with 212 g/t for in Q1 2022. The decrease in tonnes purchased and delivered to the plant was due to road blockages by protesting public service workers in Potosi during the month of March 2023 and the extended holiday during the new year by the cooperatives that resulted in 10 days lost production.

Total process plant throughput for the first quarter of 2023 was 375,000 tonnes, averaging 4,461 tonnes per calendar day, compared to 406,000 tonnes, averaging 4,608 tonnes per calendar day in the first quarter of 2022. The decrease in throughput in the first quarter of 2023 was a result of moisture issues in the material processed and the lower material feed from mining and material purchased.

Silver equivalent ounces of production was 1.0 million ounces in the first quarter of 2023 compared to 1.2 million ounces in the first quarter of 2022 due to lower grade and lower mill throughput, partially offset by higher recoveries. During the first quarter of 2023, the average head grade and recoveries were 106 g/t and 79%, compared to 117 g/t and 78% in the first quarter of 2022. Investigation and technical analysis work is ongoing by external technical consultants. The Consultants were engaged by the Company to perform in-depth metallurgical investigations to better understand and improve recoveries and optimize the plant. An initial report is expected in the later part of Q2, 2023.

Operating cash costs, on a by product basis, were $21.18 per ounce in the first quarter of 2023 compared to $16.51 per ounce in first quarter of 2022. The increase was largely due to lower silver ounces produced and higher than expected milling costs. Higher milling costs were primarily due to higher unit costs of consumables for the quarter ended March 31, 2023 compared to the same prior year period.

(in thousands of US dollars, unless otherwise noted)

7. EXPLORATION ACTIVITIES

Exploration and evaluation activities in Q1 2023 reduced following the Company decision to focus on strategic utilization of capital.

San Pablo

As of March 31, 2023, the Company had completed 22 diamond drill holes ('core") for a total of 9,170 meters of drilling, ground geophysical surveys in concert with geologic mapping and sampling at the San Pablo project. Despite encountering locally high-grade gold mineralization (please refers to the Company's website for disclosures of exploration results), continuity of mineralization was not demonstrated, and the decision was made to terminate the project and the project was returned to the previous owner.

Cachi Laguna

Since 2021, the Company has obtained high-grade oxidized precious metal mineralization under contract with the project's owner, RALP, a private Bolivian company. In the first quarter of 2023, the Company continued its evaluation of the potential for Cachi Laguna project to provide additional, contracted feed for its San Bartolomé mill. A plan of 21 new core holes, for a total of 1,000 meters of drilling, was prepared and is expected to commence in the second quarter of 2023.

Other Exploration Activities

Exploration activities during quarter also included identifying new sources of oxide mill feed. All of the areas evaluated are controlled by private, Bolivian owners. In addition, the Company also extended its assessment of new business opportunities to other regions throughout the Americas.

8. TRENDS AND ECONOMIC CONDITIONS

Commodity Prices:

The Company's profitability is materially impacted by the market price of metals. Metal prices fluctuate widely and are impacted by numerous factors beyond the Company's control. For the three months ended March 31, 2023, the spot price of silver per ounce fluctuated between a low of $20.09 and a high of $24.44. The LBMA average spot silver per ounce price for the three months ended March 31, 2023, was $22.55 per ounce, a decrease 6% or $1.46 per ounce from the comparative prior year period of $24.01 per ounce.

`	Three months ended March 31,		
Spot price per ounce of silver	**2023**	**2022**	**Change**
Average	$22.55	$24.01	(6%)
Low	$20.09	$22.24	(10%)
High	$24.44	$26.18	(7%)
Average realized price of silver per ounce	$23.04	$24.40	(6%)

(in thousands of US dollars, unless otherwise noted)

Foreign Exchange

The Company has operations in Bolivia, its corporate office in Mexico and maintains presence in Canada, Sweden, and the United States. The Company receives its revenue through the sale of silver and gold in U.S. dollars. A significant cost driver of the Company is the performance of key currencies relative to the U.S. dollar.

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. The following table shows the spot prices of the Canadian dollar ("Cdn") and Mexican peso ("Mxp")

	Three months ended March 31, 2023		Three months ended March 31, 2022,	
Spot price of currency	**Cdn**	**Mxp**	**Cdn**	**Mxp**
Closing	**0.7373**	**18.09**	0.8011	19.87
Low	**0.7762**	**17.97**	0.7759	19.88
High	**0.7533**	**19.46**	0.8012	21.36
Average	**0.7397**	**18.67**	0.7896	20.51

The Company does not currently hedge either the Canadian dollar or the Mexican peso.

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.

9. FINANCIAL RESULTS

First Quarter 2023 Compared to First Quarter 2022

Net income of $0.2 million was recognized in the first quarter of 2023, compared to net income of $2.2 million in the first quarter of 2022. The decrease in net income was largely due to a $6.8 million decrease in revenue realized together with a $0.8 million increase in cost of sales in Q1 2023 relative to the same period in 2022.

The decrease in net income was offset by lower depreciation and depletion of $1.4 million in the first quarter of 2023 compared with $2.8 million in the first quarter of 2022, corporate G&A costs of $0.9 million in the first quarter of 2023 compared to $1.3 million in the first quarter of 2022 and current income tax recovery of $0.3 million compared with an income tax expense of $2.4 million related to the Manquiri operations in the first quarter of 2022.

Adjusted EBITDA of $1.4 million was recognized in the first quarter of 2023, compared to of $6.6 million in the first quarter of 2022. The decrease in adjusted EBITDA was primarily due to a decrease in ounces of silver equivalent sold, a lower average realized silver price and higher costs.

Revenue

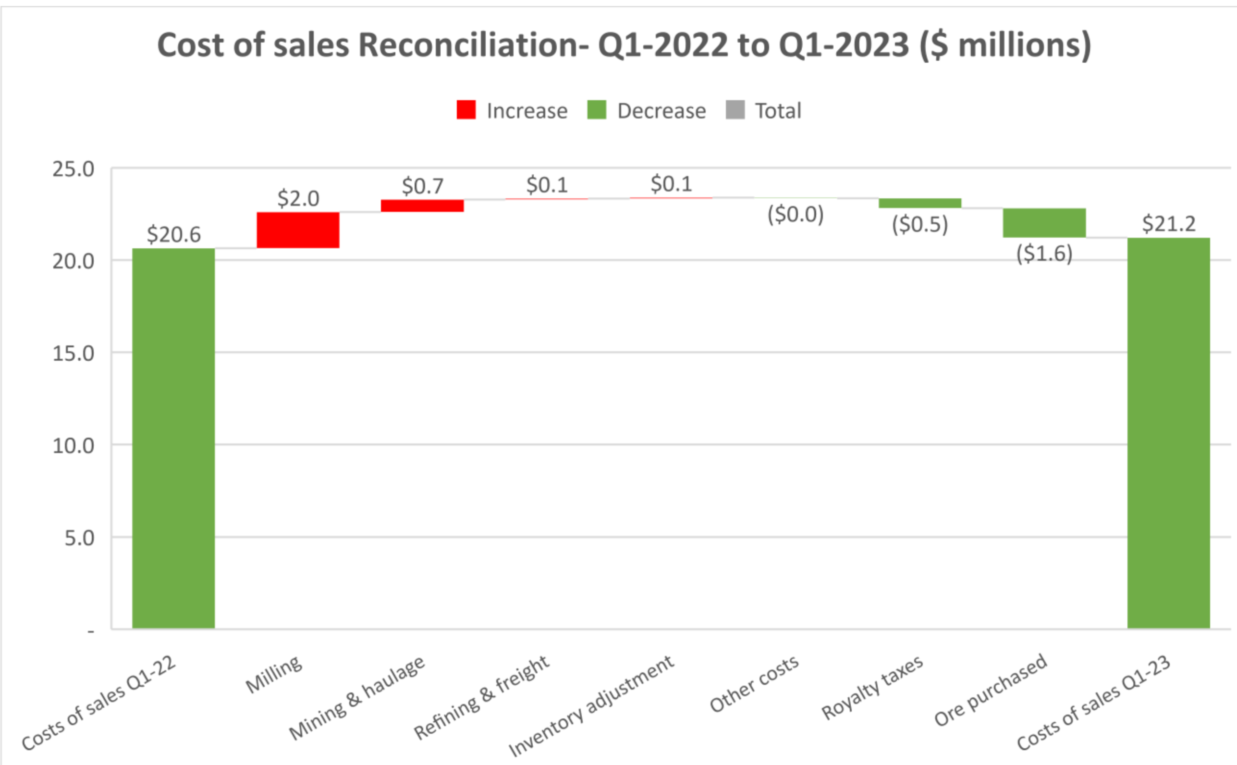
For the first quarter of 2023, the Company recognized revenue of $23.0 million, a 23% or $6.8 million decrease when compared to Q1 2022. The decrease was due to 1.0 million Ag Eq ounces sold at an average realized silver price of $23.04 per ounce compared to 1.2 million ounces sold at an average realized silver price of $24.40 in Q1 2022.

The $1.34 per ounce decrease in average realized silver price impacted revenues by $1.3 million for Q1 2023, while the 0.2 million decrease in silver equivalent ounces sold impacted revenue by $5.5 million during Q1 2023.

Cost of sales

Cost of sales, which comprises the total production costs and royalty taxes and excludes depreciation and depletion, was $21.2 million in Q1 2023 compared with $20.6 million in Q1 2022, representing a 3% or $0.6 million increase quarter over quarter. The 3% increase was largely due to a $1.1 million increase in production costs offset by a $0.5 million decrease in royalty taxes.

The following chart illustrates the key factors leading to the change in cost of sales from Q1 2022 to Q1 2023:



Total production costs, consisting of costs attributable to the Company's mining, ore purchasing and plant operations, were $19.5 million during the quarter ended March 31, 2023 compared to $18.4 million during the quarter ended March 31, 2022. Operating costs, recognized on a sales basis, increased quarter over quarter due to higher-than-expected costs of consumables partly offset by lower mining and material purchasing.

Milling costs for Q1 2023 were $2.0 million or 19% higher than Q1 2022. The increase was largely due to higher purchase prices of the main consumables, such as cyanide and diatomaceous earth, used in the processing stage of production. During the first quarter of 2023, the price of cyanide increased from US$1,920 per tonne in March 2022 to US$2,500 per tonne in March 2023, resulting in $0.6 million impact on milling costs. In addition, there was greater than expected usage of steel balls in the grinding of material due to the hardness of the material processed resulting in a $0.4M increase in costs. Processing costs were also impacted by the increase in the water consumption due to a reduction in rainfall during Q1 2023.

Material purchased declined by $1.6 million during the first quarter of 2023. During Q1 2023, 88,826 dmt was purchased compared with 129,016 dmt in Q1 2022.

Mining royalty taxes were $1.7 million during the quarter ended March 31, 2023 compared to $2.2 million during the quarter ended March 31, 2022. 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 ounces produced and exported.

Depreciation and depletion

Depreciation and depletion costs form a component of operating costs and were $1.5 million during the quarter ended March 31, 2023, compared to $2.8 million during the quarter ended March 31, 2022. The decrease in depreciation and depletion costs is attributable to the decrease in processed mineral resources in the first quarter of 2023 compared to 2022. The depreciation and depletion in Q1 2023 were calculated with the reserves reported in the technical report in March 2022.

General and administrative expenses

General and administrative expenses decreased to $2.5 million during the quarter ended March 31, 2023 from $2.9 million during the quarter ended March 31, 2022. The decrease was primarily driven by a decrease in share-based compensation expenses of $0.5 million and management expenses of $0.3 million. The decrease was partly offset by lease cancellation costs incurred for the termination of the lease of the corporate office in Toronto and implementation costs for the budget and planning software.

Exploration and evaluation expenses

During the Q1 2023, the San Pablo project exploration activities was terminated, and the project was returned to the previous owner. As a result of the termination, the amount of $0.9 million accrued for payment, on achievement of certain milestone, to the previous owner was reversed and credited in the exploration and evaluation expenses in Q1 2023.

Exploration and evaluation expenses, net of $0.9 million credit resulting from the reversal of accrual, decreased to $0.4 million for the quarter ended March 31, 2023, compared to $0.9 million during the three months ended March 31, 2022. The decrease was due to cessation of exploration activities at the San Pablo properties. During the Q1 2023, $0.3 million of the $0.4 million exploration spending was on the FDF project.

Other income

Other income was $1.3 million during the quarter ended March 31, 2023, compared to $2.6 million during the quarter ended March 31, 2022. The decrease of $1.3 million reflected a $1.9 million decrease in the fair value "mark-to-market" adjustments of the Company's holdings of common shares of Santacruz Silver ("Santacruz") partly offset by higher interest rates realized on its cash balance, resulting in $0.6 million in interest income.

On May 8, 2023 Santacruz announced that it has received cease trade order from the British Columbia Securities Commission, as a result of Santacruz delayed in filing its audited financial statements and corresponding management discussion and analysis for the year ended December 31, 2022.

Finance costs

Finance costs, consisting of accretion expense on reclamation provision and banking expenses, were $0.4 million during the quarter ended March 31, 2023 compared with $0.3 million in the prior year quarter. The increase was primarily due to higher bank charges incurred and an increase to accretion expense due to remeasurement of the liability during Q4 2022.

(in thousands of US dollars, unless otherwise noted)

Income tax recovery

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. During the three months ended March 31, 2023, the Company recorded taxable net loss at its Bolivian operations and recognized income tax recovery of $0.6 million comprised of a current income tax recovery of $0.3 million and deferred income tax benefit of $0.3 million. This compares to income tax expenses of $2.7 million for Q1 2022, (Current income tax expense of $2.4 million and deferred income tax expense of $0.2 million for the Q1 2022) based on current Bolivian statutory tax rates.

A current income tax credit for Q1 2023 was a result of the reversal of the over accrual for the current income tax expense due to deductibility of expenses previously considered non-deductible. The Q1 2022 current income tax expense of $2.4 million resulted from the non-deductibility of certain expenditures and a statutory income tax rate of 32.5% applied on the taxable income of $7.2 million.

The Company recorded a deferred income tax benefit of $0.2 million during the quarter ended March 31, 2023 compared to deferred income tax expense of $0.2 million during the quarter ended March 31, 2022.

Review of the statements of financial position as at March 31, 2023 compared to December 31, 2022

		March 31, 2023		December 31, 2022
Assets				
Current	**$**	**104,974**	$	109,300
Non-current	**$**	**23,762**	$	24,557
Total	**$**	**128,736**	$	133,857
Liabilities				
Current	**$**	**14,515**	$	19,025
Non-current	**$**	**19,846**	$	20,405
Total	**$**	**34,361**	$	39,430

Current assets decreased to $105.0 million as at March 31, 2023 from $109.3 million as at December 31, 2022 primarily as a result of a decrease in cash and cash equivalents of $4.9 million. Marketable securities increased by $0.8 million due to gains in the underlying share price of the Company's shareholdings of Santacruz Silver. Current VAT receivables decreased by $1.9 million as a result of VAT certificates utilized during the quarter ended March 31, 2023.

Non-current assets decreased to $23.8 million as at March 31, 2023 from $24.6 million as at December 31, 2022. The carrying value of property, plant and equipment as at March 31, 2023 was $14.1 million compared to $16.6 million as at December 31, 2022. The decrease was primarily due to depreciation, depletion and amortization of property, plant and equipment in the normal course of operations during the period partially offset by $0.6 million additions of property, plant and equipment, The increase in deferred income tax asset was primarily due to the tax effects of temporary differences between accounting and tax basis of the balances related to the Bolivia operations.

Current liabilities decreased to $14.5 million as at March 31, 2023 from $19.0 million as at December 31, 2022 primarily as a result of the settlement of the accruals for the severance costs of former executives that departed the Company as at January 31, 2023 and a tax payment of income taxes payable of $1.7 million on Bolivian source income.

Non-current liabilities of $19.8 million as at March 31, 2023 is comparable to the $20.4 million as at December 31, 2022. The marginal increase was the addition of the accretion expense to the reclamation provision.

(in thousands of US dollars, unless otherwise noted)

10. LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

Historically, the Company's principal sources of liquidity have been from cash flow from operations and cash raised from equity financing. 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 several 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 additional 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 additional financing it might require in the future.

As at March 31, 2023, Andean was not subject to any externally imposed capital requirements.

Cash Flow

	For the three months ended			
		March 31, 2023		March 31, 2022
Net cash (used in) from operating activities	**$**	**(4,323)**	$	2,703
Net cash used in investing activities	**$**	**(603)**	$	(447)
Net cash used in financing activities	**$**	**(376)**	$	(44)

At March 31, 2023, the Company had cash of $75.8 million compared to $80.7 million at December 31, 2022. The decrease was primarily due to a $4.3 million decrease in operating cash flow and $0.6 million in cash outflows from investing activities, partially offset by a $0.3 million gain from exchange rate changes on cash holdings. During Q1 2023, the Company produced and sold 1.0 million silver equivalent ounces compared with 1.2 million silver equivalent ounces of Q1 2022.

Net cash from operating activities for the three months ended March 31, 2023, was $7.0 million lower than the period ended March 31, 2022, primarily driven by a $6.8 million decrease in income from mine operations arising from lower production, higher production costs and a $1.7 million movements 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 anticipated timing of certain vendors payments.

Net cash used in investing activities for the three months ended March 31, 2023, was $0.6 million compared with $0.5 million for the three months ended March 31, 2022. During the three months ended Q1 2023 the Company spent $0.6 million on additions to property plant and equipment at Bolivian operations.

Net cash used in financing activities for the three months ended March 31, 2023, consisted primarily of $0.4 million of shares purchased for cancellation pursuant to the Company's NCIB.

Cash and Working Capital

The Company had $75.8 million in cash and positive net working capital of $90.5 million as at March 31, 2023, consisting of current assets of $105.0 million less current liabilities of $14.5 million.

(in thousands of US dollars, unless otherwise noted)

Contractual Obligations and Operating Commitments

A summary of contractual obligations and operating commitments as at March 31, 2023, are as follows:

	Total	Within 1 year	1 - 2 years	3 - 5 years	Greater than 5 years
Provision for reclamation [1]	$ 19,693	$ 371	$ 12,743	$ 6,579	$ -
Other provisions	4,206	3,682	524	-	-
	$ 23,899	$ 4,052	$ 13,267	$ 6,579	$ -

1. The provision for reclamation represents the undiscounted amount of the estimated cash flows required to settle the mine closure obligations of the San Bartolomé mine.

11. LEGAL PROCEEDINGS

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.

12. SUMMARY OF QUARTERLY RESULTS

	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Revenue	**$ 23,045**	$ 25,666	$ 23,603	$ 28,892
Net income (loss)	**$ 219**	$ (3,341)	$ (2,840)	$ (6,184)
Earnings (loss) per share				
Basic	**$ 0.00**	$ (0.02)	$ (0.02)	$ (0.04)
Diluted	**$ 0.00**	$ (0.02)	$ (0.02)	$ (0.04)
Total assets	**$ 128,736**	$ 133,857	$ 139,050	$ 144,198
Total financial liabilities	**$ 34,361**	$ 39,430	$ 41,757	$ 44,515

	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenue	$ 29,888	$ 31,131	$ 36,691	$ 38,038
Net income	$ 2,274	$ 74	$ 1,846	$ 3,870
Earnings 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

(in thousands of US dollars, unless otherwise noted)

13. 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 and Chief Executive Officer of the Company. The management fees paid includes administrative costs for the corporate office in Mexico and costs and benefits of certain employees in Mexico that provides administrative and operational services to the Company.

The total compensation paid or payable to key management amounted to:

	For the three months ended			
		March 31, 2023		March 31, 2022
Management fees	**$**	**218**	$	759
Salaries and benefits		**564**		299
Share-based compensation		**113**		574
Total	**$**	**895**	$	1,632

14. ACCOUNTING ESTIMATES, POLICIES AND CHANGES ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. The critical estimates and judgments applied in the preparation of the Company's condensed consolidated interim financial statements for the three months ended March 31, 2023 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2022.

Management's estimates and underlying assumptions are reviewed on an ongoing basis. Any changes or revisions to estimates and underlying assumptions are recognized in the period in which the estimates are revised and in any future periods affected. Changes to these critical accounting estimates could have a material impact on the consolidated financial statements. The key sources of estimation uncertainty and judgment used in the preparation of the consolidated financial statements that might have a significant risk of causing a material adjustment to the carrying value of assets and liabilities and earnings are outlined in Note 4 of the consolidated financial statements for the year ended December 31, 2022.

Effective January 1, 2023, the Company adopted the narrow scope amendment to IAS 12- Income Taxes ("IAS 12"). 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 adoption of this standard did not have a material impact on the Company's consolidated financial statements.

On April 1, 2021, 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 for annual periods beginning on or after January 1, 2024. Early adoption is permitted.

(in thousands of US dollars, unless otherwise noted)

The Company will adopt the amendment on the date it becomes effective and is currently evaluating the impact of the amendment on its consolidated financial statements. Based on the currently available information, the Company does not anticipate any impact from this amendment on its financial statements.

15. NON-GAAP FINANCIAL MEASURES, RATIOS AND SUPPLEMENTARY FINANCIAL MEASURES

OCC, AISC and AIC

Operating Cash Costs ("OCC"), AISC and all-in costs ("AIC") are non-GAAP financial 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.

(i) OCC 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.

(ii) AISC on a by-product basis per ounce is a non-GAAP ratio calculated as AISC on a by-product basis divided by ounces of silver equivalent sold. AISC on a by-product basis is a non-GAAP financial measure calculated as the aggregate of production costs as recorded in the consolidated statements of (loss) income, refining and transport costs, cash component of sustaining capital expenditures, lease payments related to sustaining assets, corporate general and administrative expenses and accretion expenses. When calculating AISC on a by-product basis, all revenue received from the sale of gold is treated as a reduction of costs incurred. 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.

(iii) AIC represents AISC plus non-sustaining exploration and evaluation costs.

(iv) Non-sustaining exploration and evaluation costs represent costs associated with the Company's exploration portfolio, primarily relating to activities at Rio Blanco and the FDF and DSF. 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.

OCC

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

		Q1 2023		Q1 2022
Costs of sales, as reported	**$**	**21,217**	$	20,647
Total OCC before by-product credits		**21,217**		20,647
Less: by-product gold credits		**(415)**		(1,283)
Total OCC	**$**	**20,802**	$	19,364
Divided by silver ounces sold (k oz)		**982**		1,173
OCC per silver ounce sold, on a by-product basis	**$**	**21.18**	$	16.51

(in thousands of US dollars, unless otherwise noted)

AISC

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

		Q1 2023		Q1 2022
OCC	**$**	**20,802**	$	19,364
General and administrative expenses		**2,455**		2,872
Sustaining capital expenditures (1)		**563**		447
Lease payments		**-**		44
Accretion for reclamation provision		**318**		282
Less:				
Business development included in G&A		**(173)**		(307)
Share based compensation		**(129)**		(585)
AISC	**$**	**23.836**	$	22,117
Divided by silver ounces sold (k oz)		**982**		1,173
AISC per silver ounce sold, on a by-product basis	**$**	**24.27**	$	18.86

1. Sustaining capital expenditures 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 2023		Q1 2022
AISC	**$**	**23,836**	$	22,117
Non-sustaining exploration and evaluation(1)		**448**		911
All-in costs	**$**	**24,284**	$	23,028
Divided by silver ounces sold (k oz)		**982**		1,173
AIC per silver ounce sold, on a by-product basis	**$**	**24.72**	$	19.63

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 2023		Q1 2022
Net income	**$**	**219**	$	2,274
Add:				
Income taxes		**(557)**		2,658
Finance costs		**400**		321
Depreciation and depletion		**1,454**		2,818
EBITDA	**$**	**1,516**	$	8,071
Add: Non-sustaining exploration and evaluation cost		**448**		911
Add: Corporate development		**173**		307

(in thousands of US dollars, unless otherwise noted)

		Q1 2023		Q1 2022
Add: Change in fair value of marketable securities[(1)]		**(764)**		(2,703)
Adjusted EBITDA	**$**	**1,373**	$	6,586

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 less capital expenditures to provide a measure which allows the Company and investors to evaluate the ability of the Company to generate cash flow. 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 2023		Q1 2022
Net cash (used in) from operations	**$**	**(4,323)**	$	2,703
Less:				
Expenditures on property, plant and equipment		**(563)**		(447)
Lease payments		**-**		(44)
Free cash flow	**$**	**(4,886)**	$	2,212

Average Realized Gold and Silver Prices

The Company has included average 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 ounces of gold or silver sold.

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

		Q1 2023		Q1 2022
Silver revenue	**$**	**22,630**	$	28,605
Silver sold (k oz)		**982**		1,173
Average realized silver price	**$**	**23.04**	$	24.40

		Q1 2023		Q1 2022
Gold revenue	**$**	**415**	$	1,283
Gold sold (oz)		**215**		671
Average realized gold price	**$**	**1,930**	$	1,913

16. 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.

17. 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, 2023, the Company had 158,476,833 common shares, 1,100,000 options to purchase common shares of the Company and 604,701 restricted stock units issued and outstanding. (December 31, 2022 – 158,032,756 common shares, 2,313,913 options and 2,112,913 restricted stock units issued and outstanding.)

As of the date of this filing, the Company had 158,560,333 common shares, 1,165,455 options to purchase common shares of the Company and 2,361,917 restricted stock units issued and outstanding.

18. 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.

19. 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, 2022. The Company also identified a number of other risks and uncertainties in its Management Discussion and Analysis dated March 17, 2023, 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) nature and climatic conditions; (vii) uncertainty in the estimation of mineral reserves and mineral resources, (viii) uncertainty relating to mineral resources, (ix) uncertainty relating to future production estimates, (x) foreign operations and political risks, (xi) increases in production costs, (xii) compliance costs, and (xii) community relations.

20. 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 advancements to the FDF project and the timing of depletion of production material in the Cachi Laguna area; the Company's assessment of acquisition opportunities; the Company's higher production and AISC decrease for the remaining quarters of 2023; 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; 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, 2023.

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.

21. 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 and he has visited various Company sites – most recently in March-April 2023.
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