

S U S T A I N A B I L I T Y F R A M E W O R K

2021

Our commitment to environmental stewardship, social responsibility, and good corporate governance



SUSTAINABILITY FRAMEWORK

**OUR COMMITMENT TO
ENVIRONMENTAL STEWARDSHIP,
SOCIAL RESPONSIBILITY,
AND GOOD CORPORATE
GOVERNANCE**

2021





Message from the CEO

In the three years since our incorporation in October 2018, Andean Precious Metals has achieved much in that short space of time. Not only have we become an established multi-commodity miner and producer following our acquisition of the 5,500 tonnes-per-day San Bartolomé processing plant in Potosí, one of the world's premier mining jurisdictions, but we have also embarked on multiple avenues of growth to ensure our long-term viability. This has primarily included the expansion of our mineral resources through the negotiation of various agreements with local artisanal miners to process high-grade ore, as well as the undertaking of a 20,000m multi-project exploration program.

In March 2021, Andean Precious Metals achieved its most significant milestone to date with our listing on the Toronto Stock Exchange. In the eight months following the listing, we have maintained both steady production and a strong balance sheet further cementing our position as an established, profitable and cash flow positive company. We are also well positioned for significant future growth, bolstered by more than \$200 million to access M&A opportunities.

But we fully understand that our success cannot be determined by strong financial and operational performance metrics alone. In this day and age, commercial success is also measured by how sustainably a business can operate and in what manner it engages with key stakeholders. This is particularly true of mining companies who, because of the fixed situation of assets and projects, are particularly exposed, from a reputational and risk perspective, to environmental, social and governance issues. In fact, it is the inability to achieve and maintain a social licence to operate that is one of the most significant risks faced by mining companies and, by extension, investments into mining projects.

It is in this context that we at Andean Precious Metals has prioritized not only the maintenance of our social licence to operate but also the sustainable operation and development of all our assets and projects so that we do not compromise future generations to meet their own needs.



This will ensure that the Company makes profits in manner that benefits investors and shareholders, as well as creates value for employees and contractors. It will also help mitigate the business from potential disruption of operations, supplies or reputational damage.

To ensure we maintain the goodwill of our stakeholders and maintain our social licence to operate we have identified a range of environmental, social and governmental objectives to which we have committed to achieving over the short to long term. These commitments are encapsulated in this Sustainability Framework and are explained in detail further on in this document.

Andean Precious Metals take great pride in this foundational sustainability document as it not only outlines our firm commitment to operate in a manner that creates value for all those associated with our business but provides guidance as to how these commitments will be monitored and achieved.

Lastly, we believe that if our business can achieve these commitments, consistently abide by local laws and customs, and meet all regulatory obligations within the Bolivian jurisdiction, the Company will be on the way to addressing our priority issues and making a lasting contribution to sustainable development.

Simon Griffiths
Chief Executive Officer



Message from the President of Manquiri



Since its commissioning in 2008, the San Bartolomé processing facility and associated mining projects have proven to be a pillar of the economy of Potosí and Bolivia. Not only does the complex contribute some US\$65 million annually to the local economy, primarily through wages, royalties and taxes, it also employs more than 500 Bolivians, and engages with more than 40 private companies and government bodies in Bolivia.

Link with sustainability

However, success means more than strong financial and operational performance metrics. Success means that our presence must benefit all stakeholders, including our employees and the communities in which we operate as well as the environment. We understand that it is only by ensuring the safety and well-being of our employees, the socio-economic upliftment of our host communities, and the sustainability of the environment impacted by our operations that our long-term success can be truly realized. We are, therefore, firmly committed to achieving and maintaining our social licence to operate and ensuring that we operate in a manner that is not only sustainable but that leaves a lasting positive legacy for our communities and host country of Bolivia. As a company, we strive to ensure we always act ethically, responsibly and safely and consider the best interests of our stakeholders as well as the environment. We take these duties seriously and we continually assess our business model to manage key risks and identify areas of improvement.

In our endeavors to operate in a sustainable manner and maintain our social licence to operate, we have prioritized a number of objectives which cover the health, safety and well-being of our employees, the sustainable development of our host communities, and the good and ethical stewardship of the environment. These objectives are discussed in detail further on in the framework.

To achieve these objectives, we have developed and prepared this Framework largely in accordance with the Global Reporting Initiative (GRI) Standards: Core option. Sustainability is not just an environmental term; rather, it is meeting our needs without compromising the ability of future generations to meet their own needs. Above all, our commitment to sustainability is a commitment to deliver value for all stakeholders ethically and sustainably. Our Framework promotes Environmental stewardship, our Social license to operate and Governance

protocols (ESG) to protect our employees, contractors and suppliers and to enhance the environment and local communities.

Within this Framework, we aim to outline our commitments and hold ourselves accountable to strong corporate governance standards and environmental stewardship. Moreover, our team has established a set of criteria to manage relationships with employees, suppliers, customers, artisanal miners, communities, and Government and local authorities to create enduring partnerships.

We also intend to build ambitious, yet achievable, environmental and sustainability targets for our existing operations in Bolivia, starting with our tailings management. Our tailings are a mix of wet tailings, which represent a potential high-impact organic opportunity, as well as dry stack tailings from the main processing circuit. Dry stack tailings is one of, if not the, most environmentally sustainable methods used to store filtered tailings. Our tailings management is a key example of how we apply sustainability best practices in action and ensure we have a best-in-class sustainability program that always has the best interests of our stakeholders and our operating jurisdictions, in mind.

Our sustainability objectives go beyond our current operations. We understand that when we make a commitment to sustainable mining, we are also making a commitment to the resources that are required. This means we will commit to hiring experienced professionals, investing in requisite training, and supporting external research to continually strive for industry best practices.

Success today is no longer just about profits. In this day and age, companies must fulfill a broader definition of success that considers not only financial and operational output, but also environmental, social, and governance factors. At Andean Precious Metals, we will not be satisfied until our sustainability metrics achieve the same success as our operational and financial performance.

Humberto Rada Gómez
President of Manquiri (since July 2008)

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Operations, Business Plan, ESG Overview.



INTRODUCTION

01

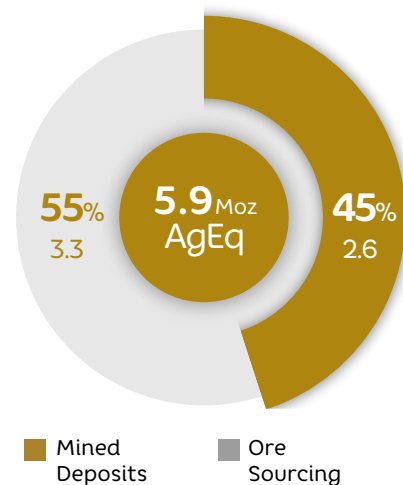
CORPORATE PROFILE

Established Silver Producer Poised for Growth

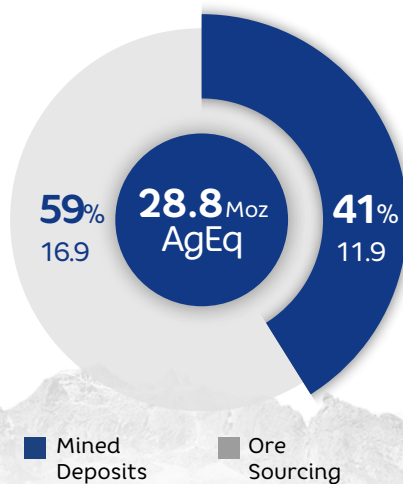
Overview

- Andean's Bolivian operations comprises of the San Bartolomé plant receiving 1.5mt pa. from:
 - Alluvial deposits and Ore Sourcing (NI 43-101 compliant).
 - Ore Sourcing (not NI 43-101 reportable).
- Established operation for past 12 years de-risked with social license earned and solid community support. Project bought from Coeur in 2018.
- Consistently producing >5 million ounces of Silver p.a. and AISC ~\$17/oz.
- San Bartolome plant, 1.65 million tonne capacity and is the only oxide plant in the region.
- 266 full time employees and 216 contractors with >95% local hires.

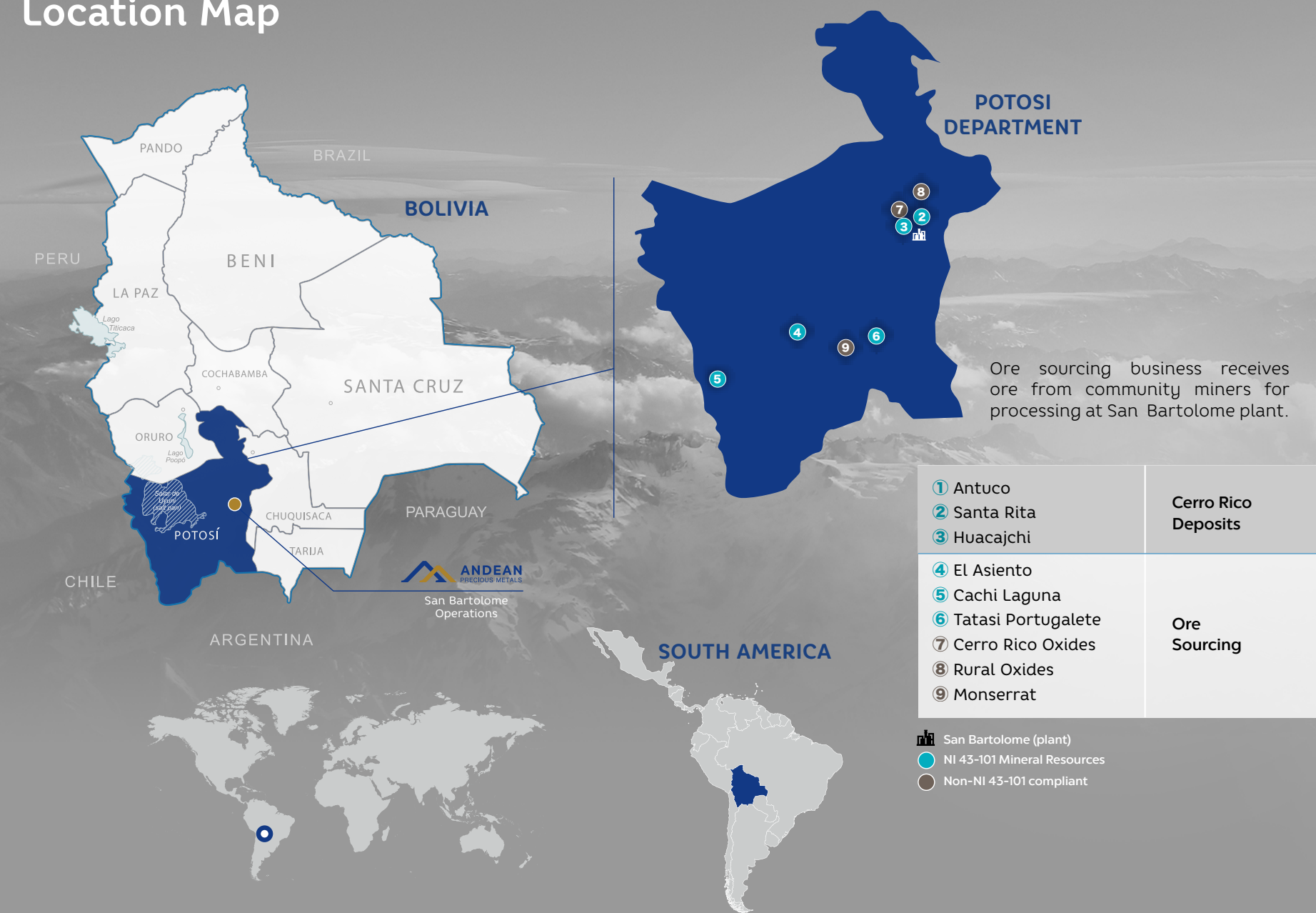
2020 SILVER EQUIVALENT PRODUCTION, MILLION OZ.



2021-25 SILVER EQUIVALENT PRODUCTION, MILLION OZ.



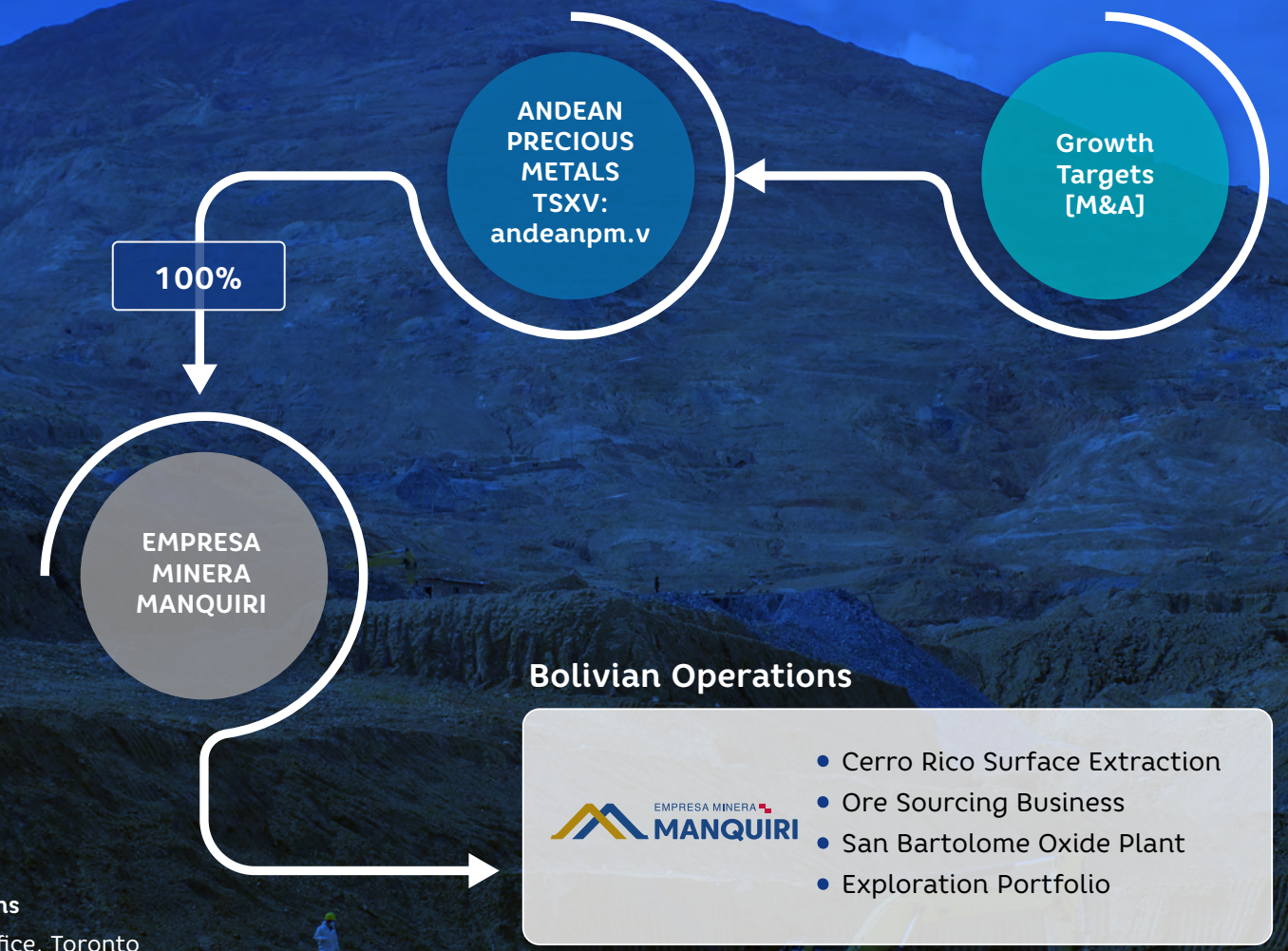
Location Map



Our Value Chain



Business Structure



Office Locations

- Corporate office, Toronto
- La Paz, Bolivian head office
- Monterrey, administration & legal support

Our Facilities

Andean owns and operates the San Bartolome oxide processing facility at Potosi in Bolivia.

The plant processes up to 1.7 million tonnes of oxide ore each year from our Cerro Rico mine and our Ore Sourcing business.

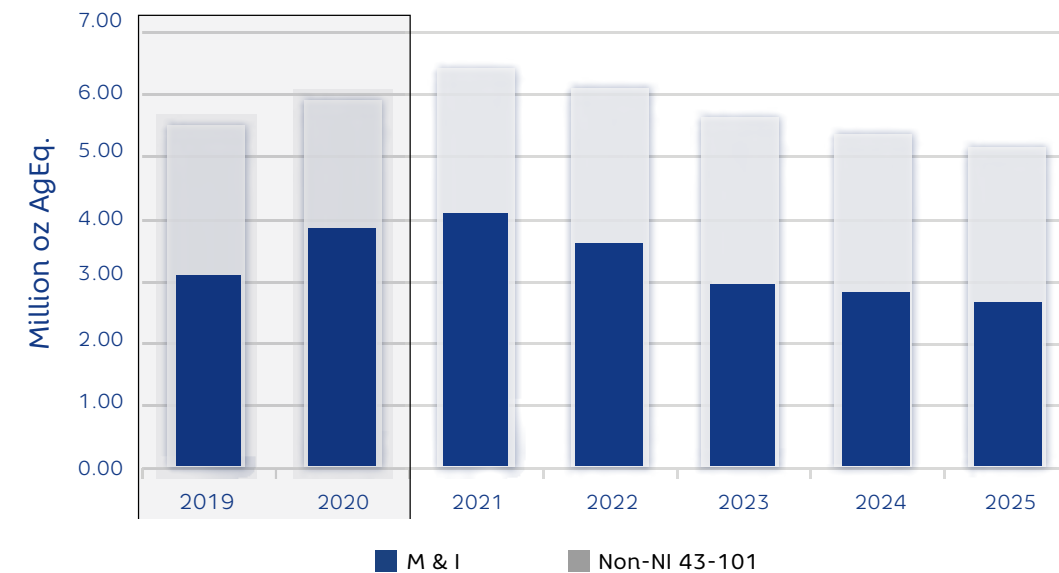
The plant produces in excess of 5 million ounces of Silver each year with discharge to a fully engineered tailings facility which is both dry stack and wet.



Outlook

- FCF of USD35 million in FY20 and forecast for FY21 is USD34 million.
- AISC range for next 5 years is \$16 - \$18/oz.
- Upside emerging from high-grade ore sourcing business.
- Mine life opportunities under constant review.
- Unencumbered exposure to elevated Silver price.
- No metallurgical risk or repayment of capital invested.
- Continued support from community contractors and the indigenous people (Ayllu Jesus de Machaca).

2021-25 SILVER EQUIVALENT PRODUCTION



Notes:
 Forecasts are based on Measured, Indicated and Inferred Mineral Resources and non-Compliant ore from third parties. The forecasts are not to be used as formal guidance. The Company expects to provide formal annual guidance for production, costs and capital based on Board approved budgets in the first quarter of 2021.



About our Sustainability Framework

As a newly listed silver producer on the TSXV, Andean is committed to fostering sustainable and responsible operations and growth, ensuring ethical and smart value creation for our stakeholders.

Our sustainability framework will ensure full partnership with the community.. We will build strong relationships adding and sharing value. We are investing our time and resources to formulate a responsible strategy for sustainable actions.

We intend to define ambitious new targets building on our existing operations in Bolivia; we will adopt global best practices where they can directly influence our business and we will align our standards with industry best practice.

Andean's Sustainability Framework promotes Environmental stewardship, our Social license to operate and Governance protocols to deliver on its corporate responsibility commitments to protect its employees, contractors and suppliers, and to enhance the environment and communities we work with.

SUSTAINABILITY GOVERNANCE

We will reassess our business model to manage key risks and to identify opportunities.

Andean's Safety and Sustainability Committee evaluates key business risks and aids the leadership team in deliberating on mitigative actions.

In addition, we will conduct annual audits of our governance protocols using industry leading external advisors to understand our performance against strategic objectives.

INTERNATIONAL STANDARDS

Our sustainable development framework is being developed in accordance with the Global Reporting Initiative (GRI) Standards adopting the Core Option and will be aligned with the specific mining sector standards under development. Also, it is being mapped in accordance with the tenets of the United Nations Global Compact (UNGC).

Our management systems are drawn on standards set by the International Finance Corporation (IFC) and the International Council for Mining & Metals (ICMM). Andean recognises ICMM mining principles and is striving to achieve the tenets therein.



PROTECT PEOPLE



PROTECT ENVIRONMENT



PROTECT INVESTORS

Our Sustainability Framework Definitions



SUSTAINABILITY

Sustainability is not just an environmental term.

Sustainability is meeting our needs without compromising the ability of future generations to meet their own needs.

Andean needs social and economic resources in addition to natural resources.¹



ANDEAN PRECIOUS METALS

“Andean's Sustainability Framework promotes Environmental stewardship, our Social license to operate and Governance protocols to deliver on its corporate responsibility commitments to protect its employees, contractors and suppliers and to enhance the environment and communities we work with”.

“Delivering shareholder value ethically and sustainably”.



ESG

ESG measures Sustainability in a business.

Environmental criteria consider how a company performs as a steward of nature.

Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities.

Governance deals with a company's leadership, executive pay, audits, internal controls and shareholder rights focussed on ethical conduct and standards.²

Our Stakeholders





Defining our business goals for Sustainability and ESG.



SUSTAINABILITY OBJECTIVES

02

Materiality Matrix

Andean has assessed and ranked the materiality of key aspects of the business. ESG workshops were conducted in January 2021.

The results were then reviewed by ExCo senior leadership team and categorized as high, medium and low.

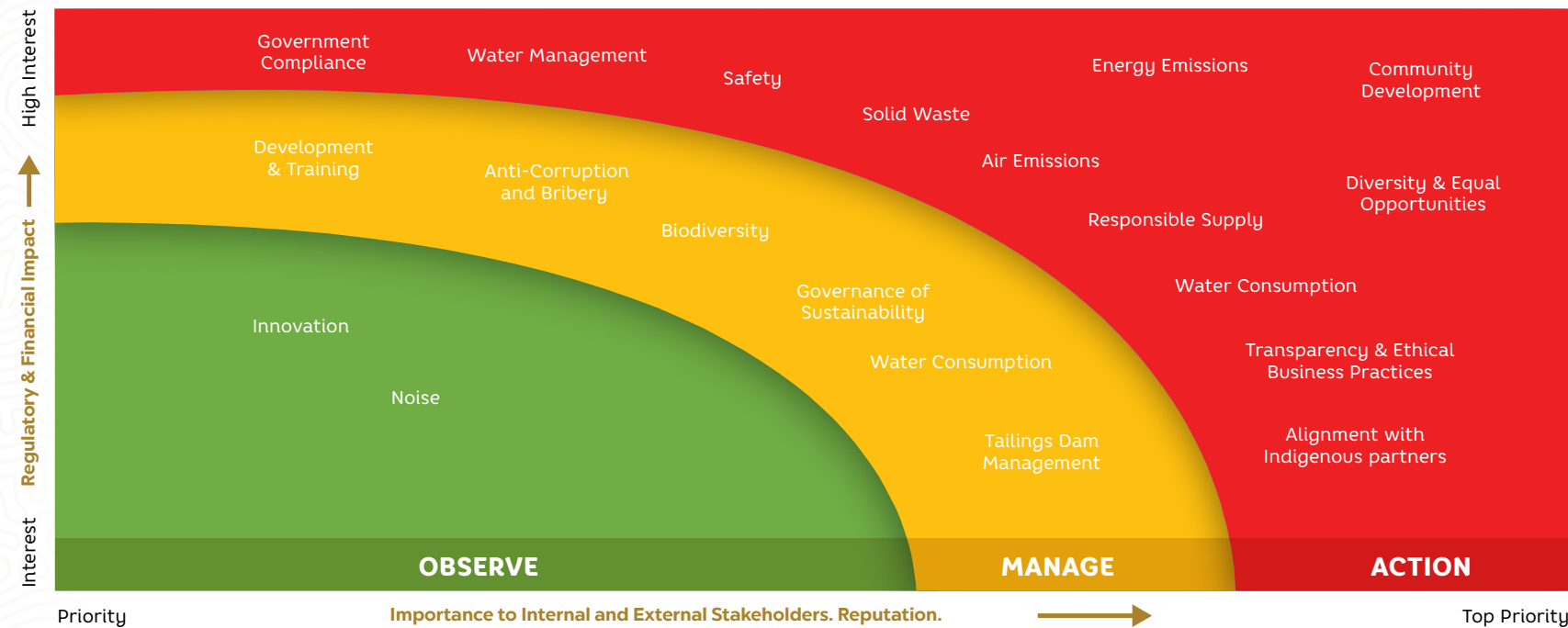
Allocation was determined using the following criteria:

- Our reputation and Importance to external stakeholders.
- Importance to the Andean leadership team.
- Potential regulatory and financial impact.

The materiality assessment process is in line with Global Reporting Initiative (GRI) standards. The materiality matrix is reviewed and ratified by the Executive Committee (ExCo).

These results are specific to ESG-related expectations from the Company and do not include aspects related to economic/ financial expectations.

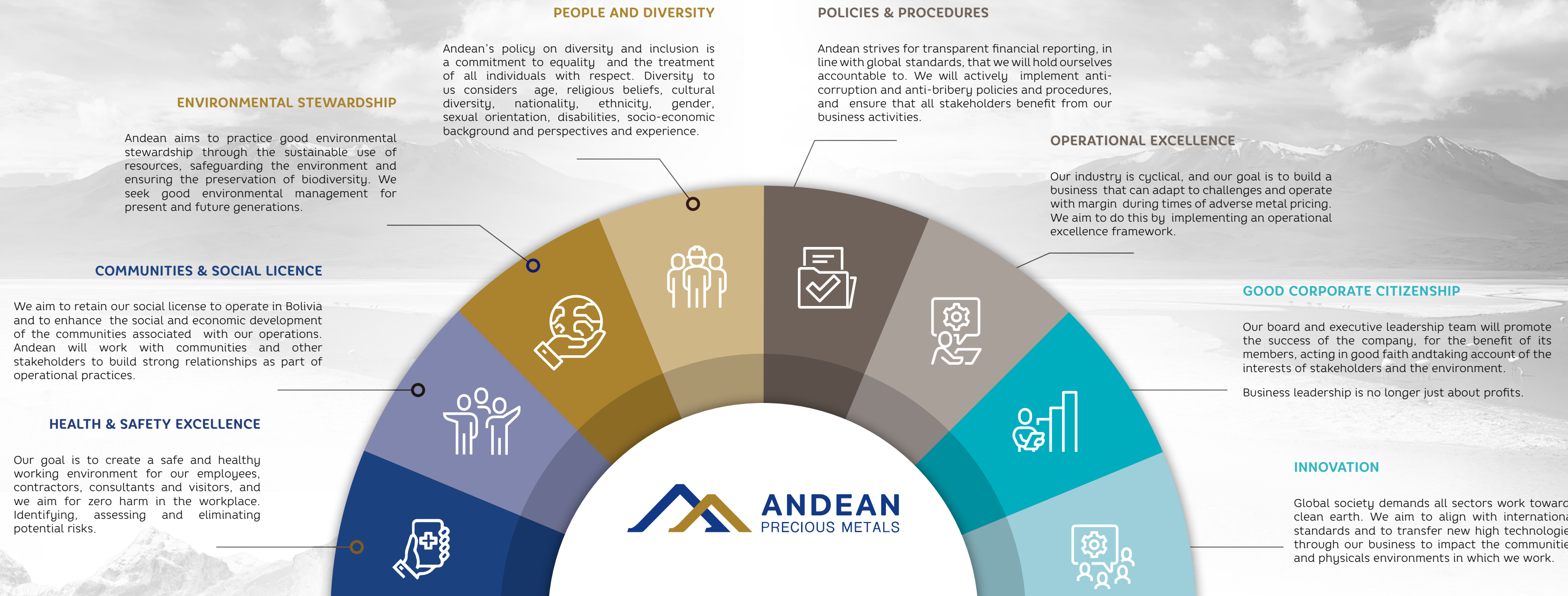
- High** Immediate attention and intervention required
- Medium** Existing systems and procedures can manage
- Low** Monitoring required to prevent escalation



Management Focus Areas in 2022



Our Sustainability Objectives



Corporate Responsibility

Andean Precious Metals considers Corporate Responsibility to be essential and commits to prioritising and evaluating health, safety, social, and environmental considerations in our business, whilst seeking to achieve sustainable development as a core objective. We seek to balance social, environmental, legislative and economic concerns in our business strategy, by focusing on the four elements of local governance, environment, social development and economic development. We strive to achieve this by:

ENVIRONMENTAL

- Limiting our environmental impact;
- Strengthening municipal environmental management and rural development, especially in areas degraded by historic mining activity;
- Continually improving environmental management and performance.

SOCIAL

- Improving our health and safety management and philosophy to provide a safe working environment;
- Ensuring good working conditions and fair treatment for our employees;
- Supporting and enhancing local communities and the economy;
- Enabling local communities to meet basic needs of health, water and sanitation, food, shelter, education, and equal opportunities.
- Promoting gender equality in our Operations.
- Strengthening local economies by maximizing the purchase of supplies and services locally;
- Entering into tripartite agreements between Andean Precious Metals, the government, and communities to create mutual benefit;
- Embedding sustainable development into investment decision-making.



GOVERNANCE

- Practicing and promoting good corporate governance;
- As a minimum complying with, and ideally, surpassing applicable and relevant legal and regulatory requirements, to achieve standards of international best practice;
- Identifying, assessing and managing risks associated with our operation to employees, contractors, the environment and communities;
- Engaging with employees, contractors and all stakeholders to foster relationships of transparency, trust and mutual involvement, sharing responsibility for meeting these corporate aims;
- Conducting regular internal and external audits to assure compliance with our business principles, policies and standards;
- Regularly reviewing and reporting publicly on progress and ensure these goals remain relevant to the needs of our stakeholders;
- Annually reviewing Company policy to ensure relevance and compliance with legislation and best practice in achieving environmental and social objectives.

VALUES

- Promoting respect and protection of human rights;
- Acting professionally, fairly and with integrity in business dealings and relationships wherever we operate;
- Implementing and enforcing effective systems to counter bribery and corruption;
- Using our position in the marketplace to lead by example and raise awareness of ESG with clients and the market.



Our executive management is responsible for delivering our sustainability objectives.



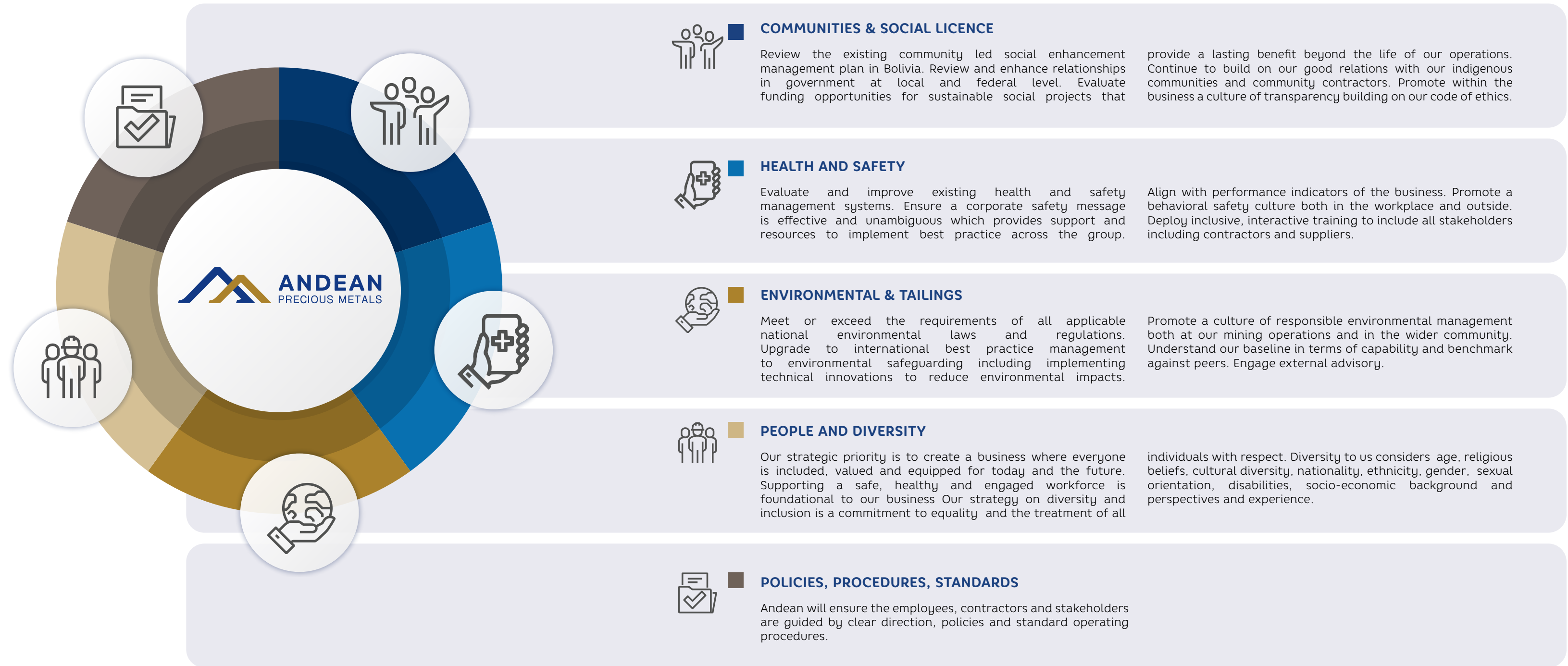
EXECUTION STRATEGY

03

Execution Strategy

In Andean, we strive to maintain our social license, not compromising future generations to meet their own needs and ensuring profits in a manner that benefits investors and shareholders and creates value for employees and contractors.

For this purpose, we have identified a range of environmental, social, and governance objectives we have committed to achieving. These commitments are the guidance for our Execution Strategy.



Health and Safety Strategy

Andean Precious Metals values the Health and Safety of our employees, contractors and local communities at the highest level. We provide a safe and healthy working environment for our employees, contractors, consultants and visitors, and we aim for zero harm in the workplace and commit to:

RISK MANAGEMENT

- Identifying, assessing and eliminating potential risks associated with our operation to employees, contractors, the environment and communities;
- Preparing for, and responding quickly to any incidents or emergencies, and improving and upgrading our health and safety management system in response to these;
- Ensuring that appropriate resources and personal protective equipment are provided to improve occupational health and safety;
- Maintaining records of Occupational Health and Safety statistics and reviewing these periodically;

INNOVATION

- Using sound engineering principles in the design and operation of our facilities.

POLICIES, PROCEDURES AND VALUES

- Providing leadership and appropriate health and safety induction and training, and ensuring that all employees, contractors and partners receive ongoing training and understand our health and safety requirements;
- Complying with relevant legislation and exceeding community expectations, and working in line with best practice;
- Fostering and maintaining a positive safety culture, behaviour, and awareness;
- Regularly setting and reviewing objectives and targets for improved Health and Safety performance;
- Encouraging and supporting participation in programmes which enhance health, safety and well-being;

- Communicating relevant information to the public, emergency services or concerned public authorities;
- Making this strategy available to employees, contractors, visitors and other stakeholders.
- Employees and contractors play a key role in achieving these objectives by:
- Taking ownership of occupational health and safety management and employing H&S standards and procedures in day-to-day tasks; and Maintaining a safe working environment and withdrawing from and reporting any unsafe situations.

COMMUNITY & SOCIAL LICENCE

- Ensuring the health and safety of communities affected by our operations.

Our Health and Safety Strategy is aligned with the UN Sustainable Development Goal **SDG3** Good health and well-being.

Community Strategy

Andean Precious Metals know that human resources are the key company asset, and that our social responsibilities are a basic priority of the business. We commit to the social and economic development of sustainable communities associated with our operations by:

STAKEHOLDER ENGAGEMENT

- Earmarking the communities and other stakeholders associated with our operations and engaging with them in a culturally appropriate and transparent manner at an early stage, and throughout the life cycle of our operations to facilitate mutual benefit and active participation;
- Working with governments, local authorities, community leaders, inter-governmental and civil society organizations and other interested parties to develop and support projects delivering community benefit;
- Ensuring that stakeholder engagement is conducted in a free, open, transparent and culturally appropriate manner;
- Acknowledging and recording grievances and complaints of stakeholders and acting to rectify those over which we have control or influence.

POLICIES, PROCEDURES AND VALUES

- Respecting rights, local traditions, interests and cultures of local communities including minority groups and indigenous peoples (as defined by the UN);
- Preserving, and where possible enhancing, cultural and historical heritage sites in the areas in which we operate;
- Implementing workforce and community-led environmental and social risk management plans;
- Management, employees and contractors play a key role in achieving the above by:
- Respecting and adhering to this strategy;
- Working with communities and other stakeholders to build strong relationships as part of operational practices.

INDIGENOUS DEVELOPMENT PLAN - PDO

- Funding initiatives that provide sustainable benefit to communities associated with our projects;
- Working to reduce adverse community impacts, and avoiding or reducing sole dependence on our operations, to provide lasting benefits and promotion of sustainable livelihoods;
- Supporting local communities and their sustainability through measures such as community development programmes, and local sourcing of goods;
- Setting aside funds for social development initiatives to benefit communities associated with our projects;
- Ensuring any activities, taking place on private or indigenous lands, take place with the Free, Prior, Informed Consent of the landowner.

Our Community Strategy is aligned with the following UN Sustainable Development Goals: **SDG1** No poverty; **SDG2** Zero hunger; **SDG3** Good health and well-being; **SDG4** Quality Education; **SDG5** Gender Equality; **SDG8** Decent work and economic growth; **SDG9** Industry, innovation and infrastructure; **SDG12** Responsible consumption and production.



Environmental Strategy

Andean Precious Metals is committed to sustainable use of resources, biodiversity safeguarding, and environmental protection. The company undertakes its activities in a manner that aims to reduce, manage, and rectify adverse impacts, and maximises positive environmental, economic and social benefits. We commit to a strategy of good environmental management for present and future generations. We commit to:

RISK MANAGEMENT

- Minimize resource use, and waste generation, and responsibly manage all waste streams;
- Manage environmental risks and work in a transparent and participatory manner with local stakeholders to create a culture of trust and cooperation;
- Implement effective management systems and action plans.

INNOVATION

- Implement technical innovations to reduce environmental impacts;
- Conduct regular environmental reviews and act on the results, to establish a cycle of continuous improvement for the project lifetime and beyond;
- Develop, design and operate facilities with sustainability in mind, and conduct activities taking into consideration the efficient use of energy, water and other natural resources and materials, including their recycling and reuse, the minimization of waste and the responsible management of residual materials.

POLICIES, PROCEDURES AND VALUES

- Contribute to biodiversity conservation and ecosystem protection, and aim for ecological enhancement wherever possible to maintain high quality ecosystem function;
- Promote a culture of responsible environmental management both at the mining operations and in the wider community;
- Provide adequate resources and build requisite capabilities so that employees at all levels are able to understand and fulfil their environmental and community responsibilities.
- Reduce our direct and indirect greenhouse gas emissions and work with the government and other groups to address climate change;
- Act as responsible stewards of our assets and operate to leading practice environmental standards;
- Produce annual sustainability reports reporting on progress, and use Key Performance Indicators to measure environmental improvement; The Group's management, employees and contractors play a fundamental role in achieving these objectives by:

- Complying with the Environmental management principles;
- Taking ownership of environmental management plans and programmes;
- Prioritizing environmental and social gain in all tasks.

COMMUNITY & SOCIAL LICENCE

- Meet or exceed the requirements of all applicable national environmental laws and regulations and, whenever possible apply best available techniques and international best practice management to environmental safeguarding and worker and community health.

Our commitment to environmental management is aligned with the following UN Sustainable Development Goals:

SDG6: Clean Water and Sanitation; **SDG12:** Responsible Consumption and Production; **SDG13:** Climate Action; **SDG15:** Life on Land.

People and Inclusivity Strategy

Andean recognises that an inclusive workplace is a hallmark of the future-ready organization. Our people are our most valuable resource and essential to our success. Establishing the Andean culture will allow us to do more and be aligned which will enhance our business outcomes.

INNOVATION

- Globalization and technological improvements have a great impact on society and labour markets worldwide. New jobs will emerge, and others disappear, The OECD predicts 15% of jobs will disappear as a result of automation. Andean will monitor trends by investing in the development of employee skills, implementing internal policies and working to attract and retain a more diverse workforce.
- Enhanced safety, a reduced environmental footprint and a reduction of mining operating costs are all direct benefits of technology in mining. In Bolivia we will assess applicability and opportunities mindful of our relationships with co-operatives and indigenous contractors.

POLICIES, PROCEDURES AND VALUES

- Our strategic priority is to create a business where everyone is included, valued and equipped for today and the future.

- Supporting a safe, healthy and engaged workforce is foundational to our business.
- Andean will invest in people to develop their careers and offer a diverse and inclusive workforce.
- Andean's strategy on diversity and inclusion is a commitment to equality and the treatment of all individuals with respect. Diversity to us considers age, religious beliefs, cultural diversity, nationality, ethnicity, gender, sexual orientation, disabilities, socio-economic background and perspectives and experience.

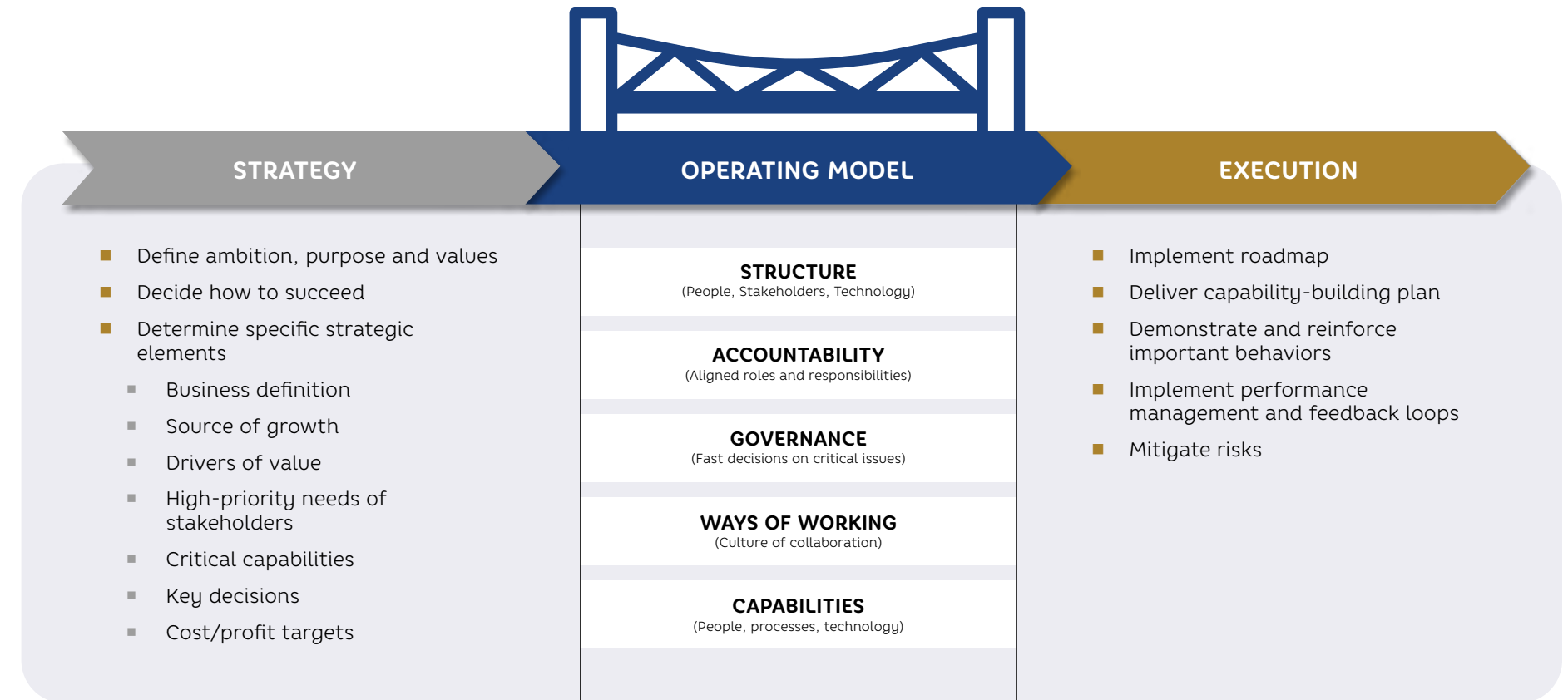
COMMUNITY & SOCIAL LICENCE

- Diversity is significant priority for the mining industry, where women, Indigenous Peoples and other minorities are under-represented. Andean will promote a diverse workforce that integrates a wider range of people, backgrounds and perspectives which will enhance corporate performance and make local economies more resilient.

- Our common HR strategies will foster a team culture where our workforce and contractors will pull together for the good of our business and our stakeholders.
- Our recruitment strategies will attract, develop and retain talented and engaged employees who will enhance our culture.
- Prioritizing local recruitment, and providing training and skills development to enable local community members to work in key activities or workers service contractors at our operations and allow the economy in the local community to improve.
- Promoting gender equality to worker from the surrounding community wherever possible in our operations, and provide the necessary training and skills to enable this.

Our commitment to environmental management is aligned with the following UN Sustainable Development Goals:
SDG 5: Gender equality, **SDG 8:** Decent work and economic growth.

Converting strategy to execution



Deloitte Governance Model

Our Board of Directors is accountable for our Sustainability and ESG performance.



GOVERNANCE

04

Governance

Governance is one of the key pillars at Manquiri. We need to assess our daily performance to inform business decisions, comply with the law, and meet obligations with our stakeholders as investors, government, communities, employees, artisanal miners, contractors and others, being reviewed at the corporate level, rather than at the asset level.



INTERNATIONAL STANDARDS

Andean is introducing the main assurance systems and best practice guidance that are relevant. These are voluntary initiatives which we consider are the most applicable.

These international standards provide allow for benchmarking performance in decarbonisation, tailings management, environmental protection, social engagement and transparent supply chains which are all fundamental to our business.



AUDIT COMMITTEE

The Audit Committee will serve as an independent and objective party to i) monitor the Company's financial reporting and internal control system, ii) review the Company's financial statements,

iii) Review and appraise the performance of the Company's external auditors, iv) Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.



ADVISORY

Andean recognises that to achieve its Governance objectives and to accelerate the business to contribute to an improved mining future requires professional expertise spanning the full mineral value chain.

External advisors provide audit, systems development, and training of our people.



COMMITMENT TO RESOURCING

A commitment to Sustainability and best in class ESG protocols requires a commitment to resourcing by hiring experienced people, delivering training that is relevant and supporting external research to keep abreast of best practice.



BOARD OF DIRECTORS

Andean's Board of Directors has considerable experience in building mining companies. The Board has endorsed the Companies Sustainability Framework and acknowledges its responsibility and duties towards Sustainability and ESG.

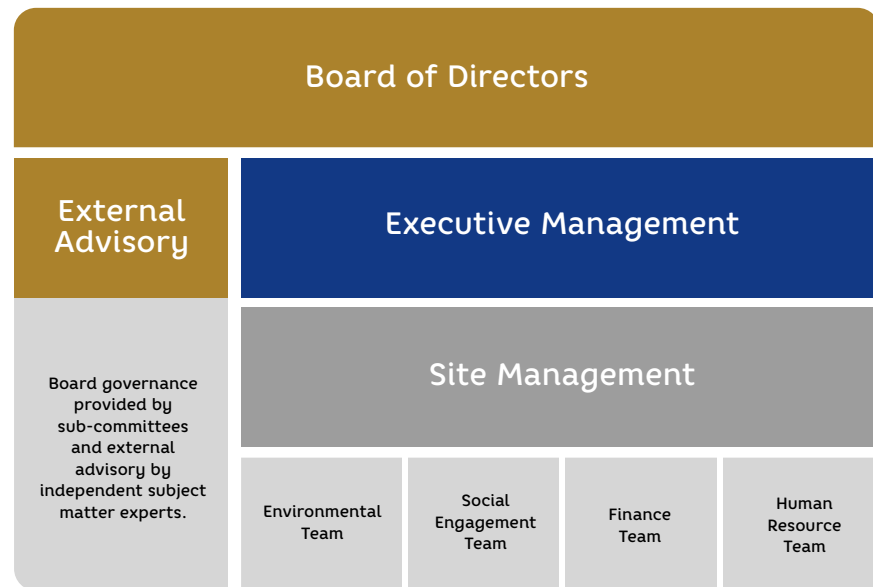
Board Oversight and Management Responsibilities

The framework defines board and management activities that support effective governance. It helps differentiate between the primary areas of board oversight and the areas for which management is responsible.



Deloitte Governance Model

- Primary areas of Board Oversight
- Management Responsibilities



Safety & Sustainability Governance

SUSTAINABILITY AND SAFETY COMMITTEE



GRANT ANGWIN
Non-Exec Director Chairman
Safety & Sustainability Committee
Former President Asahi Refining,
Chair of LBMA



SIMON GRIFFITHS
President and CEO
Operational and technical
management with OceanaGold
& Newcrest Mining



BOB BUCHAN
(S, A, R)
Chair of the Remuneration
Committee. Founder &
Chairman of Kinross Gold



HUMBERTO RADA
President
Bolivia



DANTE RODRIGUEZ
COO - Bolivia



MILHENCKA FISCHER
Environmental
Superintendent



EDSON VERGARA
Industrial Safety
& Occupational
Health

SUSTAINABILITY & SAFETY MANAGEMENT GROUP

MANDATE

The purpose of the Safety and Sustainability Committee is to assist the Board in fulfilling its responsibilities and to:

- review materials and issues technical in nature pertaining to the Company's properties and projects;
- review and approve of environmental and social policies and monitor activities of the Company as they relate to ESG matters;
- review and monitor the activities of the Company as they relate to the health and safety of employees, contractors and visitors.
- promote industry best practise for safety and sustainability.

Board and Senior Leadership



ALBERTO MORALES
Executive Chair (R,S)
Founder of Andean
Precious Metals.



SIMON GRIFFITHS
President and CEO
Operational and
technical management
with OceanaGold &
Newcrest Mining



JEFF CHAN
CFO
Former financial
executive of Orvana
Minerals & Liberty
Health Sciences



HUMBERTO RADA
President Bolivia

INDEPENDENT NON-EXECUTIVE DIRECTORS



BOB BUCHAN
(S, A, R)
Chair of the
Remuneration Committee.
Founder & Chairman of
Kinross Gold



FRASER BUCHAN
(R)
Founder Newcastle
Gold, Tradewind
Markets



PETER GUNDY
(A, S)
Founder of Neo
Materials, Former EVP,
Finance of Potash Corp.



GRANT ANGWIN
INED (S)
Chair Safety &
Sustainability Committee.
Former President Asahi
Refining, Chair of LBMA

R – Remuneration Committee A – Audit and Risk Committee S – Safety and Sustainability Committee



International Standards¹

Andean's new listing on the TSXV exchange and preparedness for regional growth in Latin America introduces an opportunity to align with international standards in Sustainability and ESG. Listed are relevant international standards under consideration.

Aspirational or dialogue based	Issue focused	Exploration, Development and Mining Operations	
		Company Focused	Site Based
<ul style="list-style-type: none"> UN Sustainable Development Goals (SDGs) Responsible Mineral Development Initiative (RMDI) 	<ul style="list-style-type: none"> Extractive Industries Transparency Initiative (EITI) 	<ul style="list-style-type: none"> ICMMs Mining Principles LSM/ASM Working Together Global Industry Standard on Tailings Management Global Reporting Initiative (GRI) 	<ul style="list-style-type: none"> International Finance Corporation (IFC) Performance Standards Mining Association of Canada-Towards Sustainable Mining (TSM) Initiative for Responsible Mining Assurance (IRMA) Equator Principles (EP) Prospectors & Developers Association of Canada (PDAC) e3 Plus

¹ Further information on each of the standards is appended below.

Policies, Procedures and Standards

In Bolivia, Andean's 100% owned subsidiary Manquiri has 63 established procedures to support its environmental management systems. Andean is enhancing its existing tool-kit to support its sustainable operations and growth plans.

Environmental Management Procedures, Bolivian Operations

▪ MA-PRO-01 Documents control.
▪ MA-PRO-02 Records control.
▪ MA-PRO-03 Environmental aspects of identification and impacts assessment.
▪ MA-PRO-04 Emergency response.
▪ MA-PRO-05 Environmental risk assessment.
▪ MA-PRO-06 Preventive and corrective action improvements.
▪ MA-PRO-07 Competence, training, and awareness.
▪ MA-PRO-08 Internal audits.
▪ MA-PRO-09 Monitoring and measurement.
▪ MA-PRO-10 Operational control.
▪ MA-PRO-11 Legal requirements identification and evaluation.
▪ MA-PRO-12 Internal and external communication.
▪ MA-PRO-13 Management review.
▪ MA-PRO-14 Risk management.



Environmental Operational Procedures

Environmental Operational Procedures, Bolivian Operations

▪ MA-PRO-15 Handling and disposal of used or residual oil.
▪ MA-PRO-16 Handling and disposal of debris.
▪ MA-PRO-17 Handling and disposal of geomembrane and traces of HDPE, PVC.
▪ MA-PRO-18 Handling and disposal of petroleum derivative waste contaminated.
▪ MA-PRO-19 Handling and disposal of used fluorescent tubes, spotlights, and lamps.
▪ MA-PRO-20 Handling, Treatment, and disposal of medical and dental waste.
▪ MA-PRO-21 Handling and disposal of used aerosols.
▪ MA-PRO-22 Fixed and mobile sources Noise monitoring.
▪ MA-PRO-23 Handling and disposal of electronic waste management.
▪ MA-PRO-24 Biodiversity protection.
▪ MA-PRO-25 Handling and disposal of used tires.
▪ MA-PRO-26 Cleaning under 4 and 5 filter conveyor belts.
▪ MA-PRO-27 Handling and disposal of Top-Soil.
▪ MA-PRO-28 Handling and disposal of used oil filters.
▪ MA-PRO-29 Handling and disposal of used batteries.
▪ MA-PRO-30 Handling and disposal of containment systems.
▪ MA-PRO-31 Environmental non-compliance fines.
▪ MA-PRO-32 Chemical spill response
▪ MA-PRO-33 Handling and disposal of laboratory waste.
▪ MA-PRO-34 Handling and disposal of Geology waste.
▪ MA-PRO-35 Operative corrective actions.
▪ MA-PRO-36 Cleaning and disinfecting tanks, drinking water tanks.
▪ MA-PRO-37 Handling and disposal of scrap.
▪ MA-PRO-38 Cleaning septic chambers.
▪ MA-PRO-39 Environmental and investigating environmental incidents.
▪ MA-PRO-40 Environmental inductions.
▪ MA-PRO-41 Handling and disposal of empty zinc power buckets.

▪ MA-PRO-42 DSF and FDF piezometer hinges lubrication.
▪ MA-PRO-43 Cleaning Metallic Mercury.
▪ MA-PRO-44 Waste management outside the operation.
▪ MA-PRO-45 Loading, transporting, and discharging ore from La Bolsa.
▪ MA-PRO-46 Loading, transporting, and discharging ore from Señor de Manquiri III.
▪ MA-PRO-47 Loading, transporting, and discharging ore from Corazón del Diablo.
▪ MA-PRO-48 Loading, transporting, and discharging ore from San Miguel Tails.
▪ MA-PRO-49 Loading, transporting, and discharging ore from El Asiento sector.
▪ MA-PRO-50 Loading, transporting, and discharging ore from Turco Ckoya sector.
▪ MA-PRO-51 Loading, transporting, and discharging ore from Tatasi-Portugalete sector.
▪ MA-PRO-52 Loading, transporting, and discharging ore from Monserrat sector.
▪ MA-PRO-53 Loading, transporting, and discharging ore from Animas sector.
▪ MA-PRO-54 Water and soil monitoring.
▪ MA-PRO-55 Environmental inspections.
▪ MA-PRO-56 Cyanide boxes incineration.
▪ MA-PRO-57 Covid-19 Prevention and Control.
▪ MA-PRO-58 Handling and disposal of biosafety waste.
▪ MA-PRO-59 Handling Environmental Training and talks under the Covid-19.
▪ MA-PRO-60 Soil stabilization with Salt.
▪ MA-PRO-61 Oil filters method pressing.
▪ MA-PRO-62 Open tubes piezometers reading and measurement.
▪ MA-PRO-63 Lime and balls Big-Bags bagging.
▪ MA-PRO-64 Fixed and mobiles source gases monitoring.
▪ MA-PRO-65 Challuma pipe control.
▪ MA-PRO-66 Meteorological stations Reading and maintenance.
▪ MA-PRO-67 Operation irrigation roads.
▪ MA-PRO-68 Collection waste by EMAP.
▪ MA-PRO-69 EPP deliveries



We measure our performance to promote improvement.



PERFORMANCE

05

Indigenous Development Plan - PDO

The Ayllu Jesús de Machaca is just one of a traditional form of community called Allyus who are spread across the Andes region and is the surrounding community for the San Bartolome operation. Its members typically recognize common ancestry, though they do not constitute a clan or lineage, and strive to preserve



cultural heritage. Each Ayllu, formed approximately by one hundred families and led by a Curaca, own community lands that used to be worked by all the members. The Ayllu is a pre-Columbian form of social organization.

The Company works closely with local communities, specifically the Ayllu Jesús de Machaca through Manquiri's Sustainable Indigenous Development Plan (Plan de Desarrollo Originario, or PDO).

A general agreement, the PDO was first reached with the community in 2008, which consists of about 170 family members which includes commitments to improve local health awareness (developed from pre-site baseline data) and education focused on overall community sustainability. The terms of reference indicate that it remains the Ayllu's responsibility, together with delegates appointed by Manquiri, to manage the use of funding.



In 2021, an internally completed evaluation of Manquiri's PDO was completed, detailing the pertinence, efficacy, efficiency, sustainability, and impact of the program. Key findings from the report indicate that the wellbeing of residents have significantly improved through the development of the local economy; families have strengthened their culture while living in a healthier environment with greater access to education.

The primary occupations of residents in the Ayllu have diversified significantly, moving away from labor and mining, into new industries during the impact period of the PDO.

Artisanal and Small-Scale Miners

There is an alliance with local artisanal and small-scale miners established during the project's early days.

The purpose of the alliance with this critical stakeholder is to improve their livelihoods and development through mining methods, capacity building, and market access to contribute to the transformation into a socially and environmentally responsible activity while improving the quality of life of artisanal miners, their families, and communities.

Manquiri pays better prices than the local market for their production.

Through the program, we facilitate the empowerment of artisanal and small-scale miners, their organization, and the adoption of good practices, promoting favorable environments for their inclusion in the formal economy. There are voluntary standard systems for production and support the creation of responsible supply chains.

Since 2015, we have started a mineral purchasing system from two primary sources: 1. Cerro Rico Mountain and 2. Rural mines located in the vicinity of Manquiri's mining operation.

The company keeps a business relationship with seventeen artisanal and small-scale miners from Cerro Rico, organized in 301 groups of around ten miners per group. Fifteen from the rural area with 177 groups, making 478 groups who work three shifts with 3 to 4 members per shift.



The theoretical number of artisanal and small-scale miners linked to this program is around 4,800.

Artisanal and small-scale miners are organized and work as cooperatives self-managed under social and economic organizations that pursue mutual benefit and interest. The Bolivian mining law establishes three mining actors: 1. The Cooperatives; 2. The State Mining and 3. Private Miners.

There are female miners in those groups. According to a report from the Cumbre

del Sajama consulting company, "The female sector constitutes 20% in most of the 1,816 cooperatives in the country. They are known for being supportive and quality work, although individualistic men discriminate against them."

Additionally, the full hauling service of ores from our operation at Cerro Rico to our mill is provided by a company named SERMINCO owned by artisanal and small-scale miners associated at FEDECOMIN, which is their central organization.

Colonial Portals – A Treasure Rescue Program

Cerro Rico has been mined since colonial times (1554). Circa Sixteen Century, there were approximately 500 inactive mines, and long and wide adits were developed (5000 feet long).

Manquiri has identified 580 portals classified into:

- Colonial
- Republican
- Modern

Between the area of influence, 139 portals have been identified and are part of the Restoration Program with their original architectonic details. Sixty-seven portals have stone arches. The program has the approval of national authorities.

Up to 2021, 39 portals have been restored already.

The program also includes the construction of a Tourist Circuit along the portals.

These programs are part of Manquiri's environmental License and constitute a unique rescue program of historical and archeological treasures.

Local mining workers, experienced in Potting construction (Portals lined with stones), Pircas (Stone walls) and Mining Galleries were hired.



Manquiri supports Potosí

Potosí, with a population of approximately 250,000, is Bolivia's eighth largest city and the capital of the department of Potosí. Potosí was one of the most historically important silver mining regions in the world – silver has been mined at Cerro Rico since 1545 and produced an estimated 60% of the world's silver during the second half of the 16th century.

Through its close proximity to the city of Potosí, Manquiri maximizes the economic impacts to the city as employees and its suppliers both live and work in the area, and spending is generally concentrated within a small proximity.

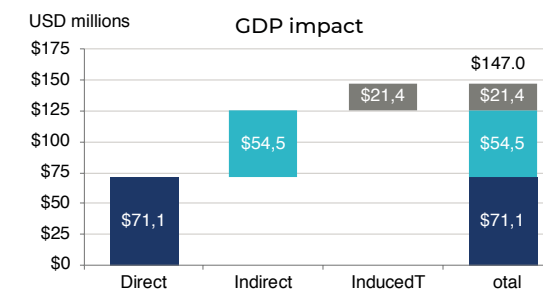
Our presence has stimulated economic growth and supported the communities both within and surrounding the city of Potosí. It is for this reason that, towards the end of 2021, we commissioned a

leading Bolivian university, the Tomás Frías University, as well as the world's leading quantitative analysis company, Oxford Economics, to undertake a study of our wider socio-economic impact in Potosí and Bolivia and map out the benefits arising from the existence and operation of the San Bartolomé facility as well as our surface mining and reclamation activities.

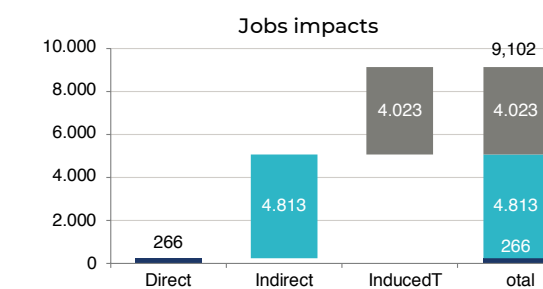
Manquiri contributes heavily to local governments through export royalties, 100% of which are allocated for investment in local development initiatives: 85% through the local government and 15% through the municipality

HEADLINE IMPACTS IN BOLIVIA

- We estimate total jobs impacts of 9,102 in Bolivia.
- We estimate a total GDP impact of \$147 million in Bolivia.
- The direct employment impact reflects only Manquiri's own employees. Because Manquiri relies to a significant extend on mining cooperatives, its total employment impact is large relative to its direct employment (34X as Large).
- The direct GDP impact includes Manquiri's employee compensation and its and earnings (EBITDA). Because Manquiri's direct GDP contribution is large, its GDP multiplier is only 2.1X.



Source: Oxford Economics



Source: Oxford Economics

Appendix

INTERNATIONAL STANDARDS



International Standards

UN Sustainable Development Goals, (SDG's)

The UN Sustainable Development Goals (SDGs) are a call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

The Goals are interconnected. They provide guidelines and targets for all countries to adopt in accordance with their own priorities and the environmental challenges of the world at large. Bolivia affirmed the SDGs in July 2015 and are working towards full implementation of the Agenda by 2030. Guidance is provided for companies on how to align their strategies and measure contribution to the realisation of SDGs.

The 17 Goals of the SDGs, set in 2015 by the UN, include goals on areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities.

<https://sdgs.un.org/goals> and
<https://SDGScompass.org/>



International Standards

Responsible Mineral Development Initiative (RMDI)



The World Economic Forum's Responsible Mineral Development Initiative (RMDI) was launched in 2010 to explore the views, priorities and concerns of key stakeholders on mineral development.

As a process, RMDI provides nations, companies and civil society a critical starting point for this dialogue and action especially in context of the 2030 sustainable development agenda. A manual for implementation of the RMDI has been prepared based on multi stakeholder engagement in Latin America and elsewhere. The RMDI process has been shown to improve communication among stakeholders by creating a platform for dialogue. This process provides the opportunity for stakeholders to give and receive candid feedback and help build trust and transparency within the industry. Applied correctly, the RMDI can help to avoid costly development delays and production interruptions and can help relieve the pressures that build for renegotiation of mineral development arrangements after significant capital expenditures have been incurred.

<https://www.weforum.org/whitepapers/responsible-mineral-development-initiative-implementation-manual>

Extractive Industries Transparency Initiative (EITI)



The EITI was initially intended for governments, that complete a designated set of five sign-up steps that relate to the commitment of the government, company and civil society, the establishment of a multi-stakeholder group and agreement on an EITI work plan Ipsum is simply dummy text of the printing and typesetting industry..

Whilst Bolivia is not understood to be implementing EITI, nevertheless mining/extractive companies can voluntarily become EITI supporters. The EITI global standard requires companies to publish payments to governments and governments to publish payments received from extractive companies, followed by a reconciliation of the reported amounts to identify discrepancies. The Standard promotes the open and accountable management of mineral resources and has been updated and revised periodically to require publication of a much wider range of information on the operation of the extractive sector.

Civil Society Organisations have been heavily involved in EITI and often advocate for its adoption. Their attitude and stance and that of the Bolivian government towards EITI will need to be tested to avoid potential conflict between company and governmental policy.

See <https://eiti.org/>

International Standards

International Council on Mining & Metals (ICMM)



ICMM is an industry association that currently includes 27 major mining companies and associated mining associations that commit to the ICMM principles and guidelines for most environmental protection areas, social and human rights issues.

ICMM is an industry association that currently includes 27 major mining companies and associated mining associations that commit to the ICMM principles and guidelines for most environmental protection areas, social and human rights issues. ICMM has issued a wide range of guidance documents on mining issues. The 10 Mining Principles serve as a best practice framework on sustainable development for the mining and metals industry, including:

- Guidance on relevant environmental, social and human rights issues for the mining sector.
- ICMM Mining Contribution Index, which sets out an approach to measuring mining's contributions to national economies.

Membership of ICMM requires adherence to the 10 mining principles, public reporting in line with GRI and third-party assurance.

All mining companies are encouraged to join ICMM members in adopting the Mining Principles and/or ICMM guidance.

See: <https://www.icmm.com/>

ICMM have prepared +60 best practice guidance including the recent Global Industry Standard on Tailings Management as well as topics including Critical Control Management, Mine Closure Chemicals and Water Management, Responsible Sourcing, Community Relations, Health and safety and Key Performance Indicators to drive improvement in the industry.

Of particular relevance to APM is ICMM's promotion of articulation strategies that should be promoted to improve conditions for how miners can engage with ASM. A manual entitled Working Together was published jointly by ICMM and World Bank in 2010. In this regard, ICMM recommends several mechanisms to facilitate mining

coexistence such as advocating for ASM formalization and regularization, employing ASM miners, creating technical assistance programs, using planning methods for community development and developing conflict resolution strategies and programs based on the prevention of potential causes that could give rise to mining conflicts. These strategies can make the relationship between ASM and Andean stronger and more robust, which ultimately translates into improvements in the quality of life, economic returns and social prospects among the parties involved.

It should be borne in mind that trade association codes are not always seen as key drivers by all stakeholders, but the guidance offered in publications often incorporates external and independent views in any response framework.

International Standards

Global Reporting Initiative (GRI)



GRI (Global Reporting Initiative) is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts.

Reporting signals, a responsible organization, that is dedicated to being open and honest with its stakeholders. The GRI Standards are considered to provide the world's most widely used standards for sustainability.

APM can either prepare a sustainability report in accordance with the Standards. Or they can use selected Standards, or parts of their content, to report information for specific users, investors or purposes. GRI 101: Foundation is the starting point for reporting.

See: <https://www.globalreporting.org/how-to-use-the-gri-standards/get-started-con-reporting/>

IFC Performance Standards



Public and private lenders have developed standards and guidance on environmental and social issues related to mining – specifically the International Finance Corporation (IFC) and banks that subscribe to the Equator Principles (EP).

When IFC finances mining projects, they must meet its environmental & social performance standards and the EHS Guidelines for the Mining Sector

- Environmental & social performance standards set out international standards for environmental and social performance for all industries, including the mining sector.
- Environmental, health and safety guidelines on mining set out general and industry-specific examples of good international industry practice (GIIP) for the mining sector.
- A Handbook for Addressing Project-Induced In-Migration.
- Handbook on Preparing a Resettlement Action Plan.
- Good Practice Handbook on the Use of Security Forces:
- Assessing and Managing Risks and Impacts – Guidance for the Private Sector in Emerging Markets.

The IFC Performance Standards are seen as an international benchmark for identifying and managing environmental and social risk and has been adopted by many organizations as a key component of their environmental and social risk management. The standards focus on mine planning and development and have broad acceptance for those phases of operations. The World Bank Group EHS guidelines are more appropriate as a baseline for operational site performance.

https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/performance-standards

International Standards

Canadian 'Towards Sustainable Mining' Programme (TSM)



TSM is the Mining Association of Canada's set of tools and indicators to drive performance and ensure that key mining risks are managed responsibly by Canadian mining companies that are members of the mining Association.

There is a set of TSM Guiding Principles with 23 indicators that members must report against. Each member facility's results are publicly available and are externally verified every three years.

The TSM programme is also industry-driven and may not be viewed as highly as those derived from external sources.

See: <http://mining.ca/towards-sustainable-mining>

Equator Principles



The Equator Principles is a risk management framework, adopted by +100 financial institutions, for determining, assessing and managing environmental and social risk in project finance.

It is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.

Equator Principles Financial Institutions (EPFIs) commit to implementing the EP in their internal environmental and social policies, procedures and standards for financing projects and will not provide project finance or corporate loans to projects where the client will not, or is unable to, comply with the Equator Principles. While the Equator Principles are not intended to be applied retroactively, EPFIs apply them to the expansion or upgrade of an existing project where changes in scale or scope may create significant environmental and social risks and impacts, or significantly change the nature or degree of an existing impact.

See: <https://equator-principles.com/about/>

International Standards

e3 Plus: Framework for Responsible Exploration



e3 Plus was developed by the Prospectors & Developers Association of Canada (PDAC) to help exploration companies continuously improve their social, environmental, and health and safety performance.

e3 Plus is an information resource on which explorers are encouraged to base their corporate social responsibility (CSR) policies and programs.

e3 Plus includes eight principles for responsible exploration, guidance notes on implementing the principles, and three internet-based toolkits in the areas of social responsibility, environmental stewardship, and health and safety. The eight principles are relevant to all exploration contexts as follows:

- Principles for Responsible Exploration.
- Adopt Responsible Governance and Management.
- Apply Ethical Business Practices.
- Respect Human Rights.
- Commit to Project Due Diligence and Risk Assessment.
- Engage Host Communities and Other Affected and Interested Parties.
- Contribute to Community Development and Social Wellbeing.
- Protect the Environment.
- Safeguard the Health and Safety of Workers and the Local Population.

See: <http://www.pdac.ca/programs/e3-plus/principles>

International Standards

Initiative for Responsible Mining Assurance (IRMA)



IRMA members are CSO, communities, mining companies and downstream companies. It is developing a best-practice standard for large scale miners. IRMA launched an independently verifiable responsible mining assurance system in 2018, offering mines an opportunity to apply for recognition of achievement in environmental and social responsibility.

IRMA welcomes companies and organisations to join the Responsible Mining Map at a cost of \$750 for private sector companies (e.g., mining or purchasing companies, services providers/consultants) that have an annual budget/revenue under \$1 billion .

The IRMA Standard is based on four principles; Business Integrity, Social Responsibility, Environmental Responsibility and Planning for Positive Legacies. It offers an independent third-party verification and certification against a comprehensive standard for the industry. It allows companies and organizations to highlight their interests and needs, and increases transparency in mine site performance.

IRMA is offering mining companies the opportunity in 2020 to use their 'Mine Measure' self-assessment tool for free at one of their mine sites, in order to:

- Assess performance against the IRMA Standard for Responsible Mining either the entire document or selected chapters;
- Provide feedback to IRMA on metrics in the standard;
- Share publicly, via the Responsible Mining Map, that they are using the MINE MEASURE tool and gain recognition for being part of the global dialogue on responsible mining;
- Share mine site self-assessment results, either with the public broadly or with key stakeholders (e.g., purchasers, investors or civil society) or auditors;
- Prepare for an independent, 3rd-party assessment, required for all mines wishing to undergo independent assessment.

IRMA and the Alliance for Responsible Mining (ARM) announced in 2020 that they've signed an agreement to promote collaborative approaches between large-scale and artisanal and small-scale mining, working together to promote best practices in both sectors for continuous improvement. recommend encouraging the coexistence of industrial mining and ASM through different mechanisms such as building trust, supporting the road to formalization, connecting ASM to legal markets and conducting due diligence procedures.

IRMA is a new, broad, multi-issue system which aims to build confidence and credibility as it becomes established. Current members include Anglo American, Arcelor Mittal, Australian Mines Limited, Carrizal Mining S.A.de C.V. Microsoft, BMW Group and several CSOs.

See: <http://www.responsiblemining.Net>



