

SUSTAINABILITY

REPORT
2022 - 2023



About Us

This inaugural report articulates Andean Precious Metals Corp.'s vision of sustainability, presents how our company addresses sustainable development in the context of our business, and documents our progress. We use the three ESG pillars (environmental, social, and governance) to frame the discussion of performance in 2022 and 2023.

Throughout this report, we refer to Andean Precious Metals Corp. as “Andean” or the “Company” and use the terms “we”, “us” and “our” to refer to Andean's, its subsidiaries and management.

Audience

The intended audience for this sustainability report is our stakeholders, which includes shareholders, employees and contractors, unions, local communities, governments, suppliers, industry associations, regulatory agencies, civil society, investors, and environmental, social and governance-focused analysts.

Content and Scope

This report covers our management approach and 2022-2023 performance on material topics, focusing on those relating to the economy, environment, communities, and people, including impacts on human rights.

Front Cover Photo



The Chaviri School in Potosi celebrated its 77th anniversary on May 19, 2022 with a festival that included local folk dancing.

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OUR MESSAGE

Our Message



Andean's success transcends mere financial and operational metrics; it is also defined by its commitment to sustainable practices and responsible engagement with stakeholders. We recognize the importance of environmental, social, and governance considerations, ensuring we uphold our social license to operate and manage our business in a way that leaves a positive, enduring impact on our communities and Bolivia, our host country.

In this vein, Andean prioritizes sustainable operations and the development of assets and projects that enrich the lives of future generations. Our objective is to generate shareholder profits while creating shared value for our surrounding communities, employees, contractors, and all stakeholders associated with our operations.

To uphold our social license, we have set clear objectives focused on the health, safety, and well-being of our employees, the sustainable development of our host communities, and the ethical stewardship of the environment. These objectives are outlined in our 2021 Sustainability Framework, guiding our efforts to monitor, measure, and achieve our environmental, social, and governance commitments over the short and long term.

In 2023, our Bolivian subsidiary, Empresa Minera Manquiri, achieved significant milestones by obtaining ISO 14001 and ISO 45001 certifications, along with the RMI Responsible Minerals Initiative certification for silver. This achievement represents years of dedicated effort. All these certifications have been renewed in 2024.



Our progress since unveiling the 2021 sustainability framework has been significant, and these certifications reinforce our dedication to maintaining and advancing the highest industry benchmarks. On behalf of the management team, we extend heartfelt congratulations to all involved in reaching these significant milestones.

Manquiri's San Bartolomé processing facility stands as a cornerstone of the City of Potosi and Bolivia's economy. Annually contributing approximately US\$70 million through wages, royalties, and taxes, impacting substantially on the individual citizens GDP. It supports around 500 jobs and collaborates with over 40 private companies and government entities across Bolivia.

Recognizing our pledge to sustainable mining entails a commitment to necessary resources, we prioritize hiring seasoned professionals, investing in essential training, and supporting external research to uphold industry-leading practices.



Grant Angwin

Lead Independent Director
Chairman, Health, Safety &
ESG Committee
ANDEAN PRECIOUS
METALS



Humberto Rada

President
EMPRESA MINERA
MANQUIRI S.A.



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GOVERNANCE

Corporate Governance

In November 2022, Andean announced the appointment of its first Lead Independent Director, Grant Angwin. Mr. Angwin joined Andean's board as an independent director in July 2021 and is Chair of the Health, Safety, Environment, Social and Sustainability Committee and Chair of the Compensation Committee. As well, he is a member of the Audit and Nomination & Corporate Governance Committees.

Mr. Angwin has nearly 40 years of experience in precious metals, most recently as President of Asahi Refining NA.

In addition, he was former Chair of the London Bullion Market Association (LBMA), past Member of the Shanghai Gold Exchange International Advisory Board and a Board Member of the Silver Institute. He currently sits on the ICE Benchmark Precious Metals Oversight Committee for LBMA gold and silver prices.

Appointing a Lead Independent Director is an important and natural next step as we build Andean into a multi-jurisdictional mid-tier producer.

Name	Independent	Audit Committee	Compensation Committee	Health, Safety, Environment, Social & Sustainability Committee	Nomination & Corporate Governance Committee
Grant Angwin <i>Lead Independent Director</i>	●	●	●	●	●
Yohann Bouchard <i>Director</i>	●			●	
Felipe Canales <i>Director</i>	●	●	●		
Peter Gundy <i>Director</i>	●	●	●		●
Alberto Morales <i>Founder, CEO & Chairman</i>				●	●
Ramiro Villarreal <i>Director</i>	●				●
● Committee member ● Committee chair					



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OBJECTIVES

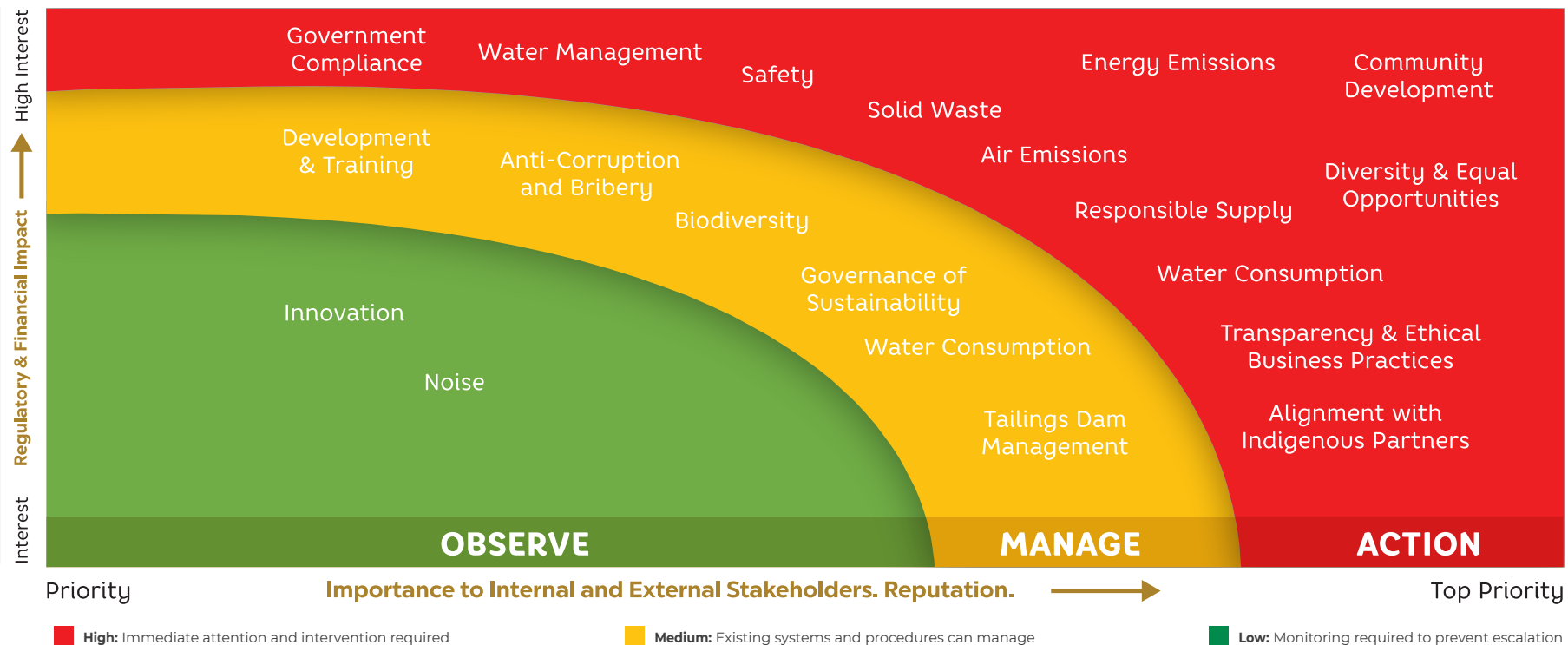
Materiality Matrix

Andean has assessed and ranked the materiality of key aspects of its business. ESG workshops were conducted in January 2022. The results were then reviewed by the senior leadership team and matters were prioritized using the following criteria:

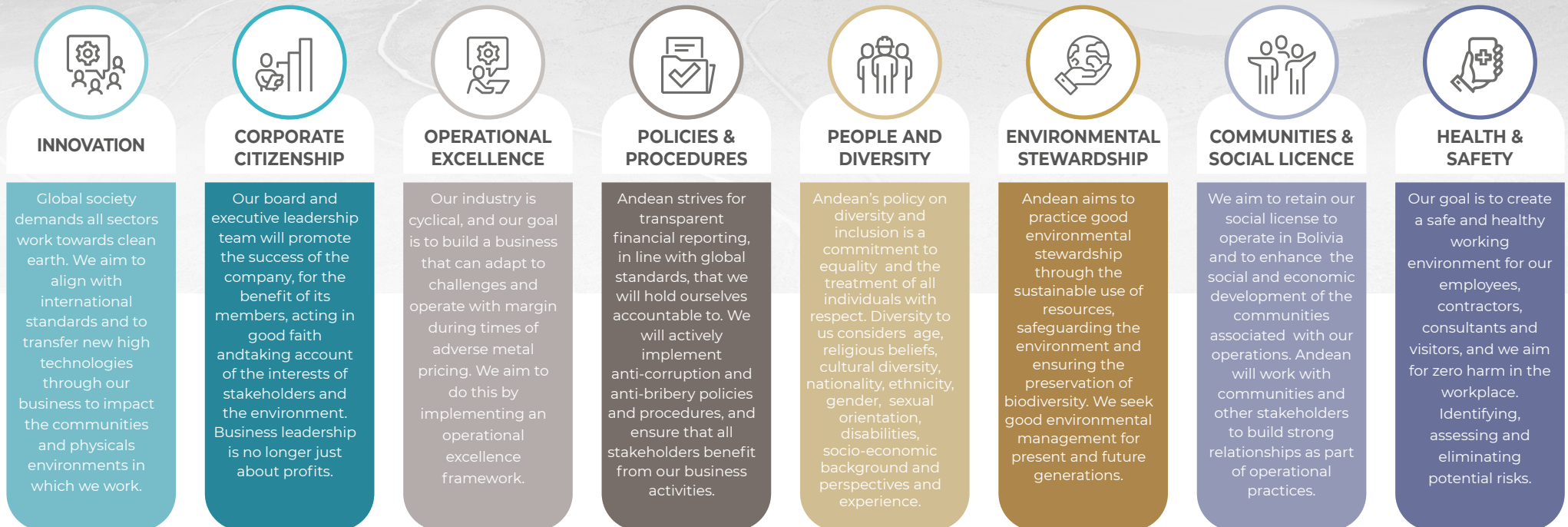
- Our reputation and importance to external stakeholders.
- Importance to the leadership team.
- Potential regulatory and financial impact.

The materiality assessment process is in line with Global Reporting Initiative (GRI) standards. The materiality matrix has been reviewed and ratified by the senior leadership team.

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



Sustainability Framework



Management Focus





ENVIRONMENT

Environmental Performance

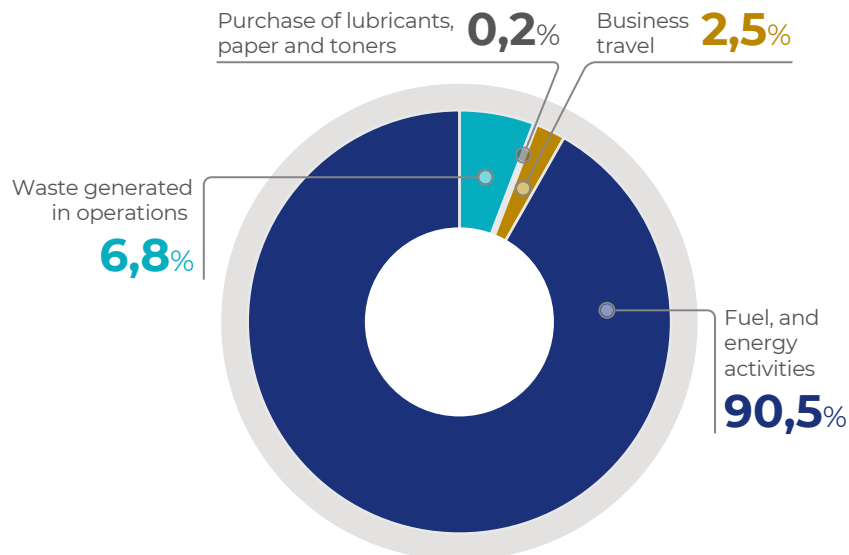
	2021	2022	2023
Emission reduction activities (tCO2e)			
Renewable energy use	9.63	9.95	9.95
Recycle and reuse	233.42	634.35	360.5
Total	243.05	644.30	370.45
Waste recycled to reduce GHG emissions (tons)			
Paper and cardboard	0.10	0.32	0.12
Wood	89.98	242.76	139.11
Plastic	0.54	3.82	0.70
Total	90.62	246.90	139.93
Total energy consumed (TJ)			
Renewable energy	0.13	0.13	0.13
Non-renewable energy	452.22	531.82	443.06
Total	452.35	531.95	443.19
Energy intensity (Tj/ oz)			
Within the organization	0.0000606	0.0000701	0.0000655
Outside the organization	0.0000175	0.0000363	0.0000222
Total	0.0000781	0.0001064	0.0000877
Energy consumption by category			
Gasoline	7.97	10.45	9.09
Diesel	167.13	250.98	162.90
Electricity	277.13	270.39	271.07
Solar panels	0.13	0.13	0.13
Total			
Water			
Water consumption (m ³)	2,050,540	2,047,040	2,287,269
Water intensity (m ³ /Ag oz)	0.35	0.41	0.48
Health and safety			
Employees	265	234	225
Contractors	230	230	229
Average employee age	41	42	43
Employee retention	100%	100%	100%
Access to free benefits	100%	100%	100%
Health and safety incidents			
Lost-time incidents	0	1	1
Average number of training hours per employee	14	14	14
Training budget per employee	16	\$16	\$17

Emissions

The key driver of emissions reduction in 2022 and 2023 was the decrease in fuel consumption in our operations. (5.20 kg CO₂e/oz in 2023 vs. 5.49 kg CO₂e/oz in 2022 vs. 5.67 kg CO₂e/oz in 2021).

The methodology for calculating our carbon footprint complies with the guidelines established by ISO 14064-1:2006 and GRI-305 as well as the technical guidelines established by the Intergovernmental Panel on Climate Change.

In 2023, our total greenhouse gas (GHG) emissions, calculated using the Manquiri online tool, were 25,987 metric tons of CO₂e (Scope 1 and 2). Our emissions intensity rate was 5.20 kg CO₂e/ oz produced, representing a reduction of 5.22% over 2022.



One of the company's main goals is to become a carbon neutral operation. To achieve this, we are pursuing the following:

- collecting recyclable waste for reprocessing
- solid waste reduction
- promoting fuel consumption optimization
- evaluating solar panel alternatives
- reducing use of mobile equipment & light vehicles
- time controls on heavy equipment
- continued evaluation of power consumption

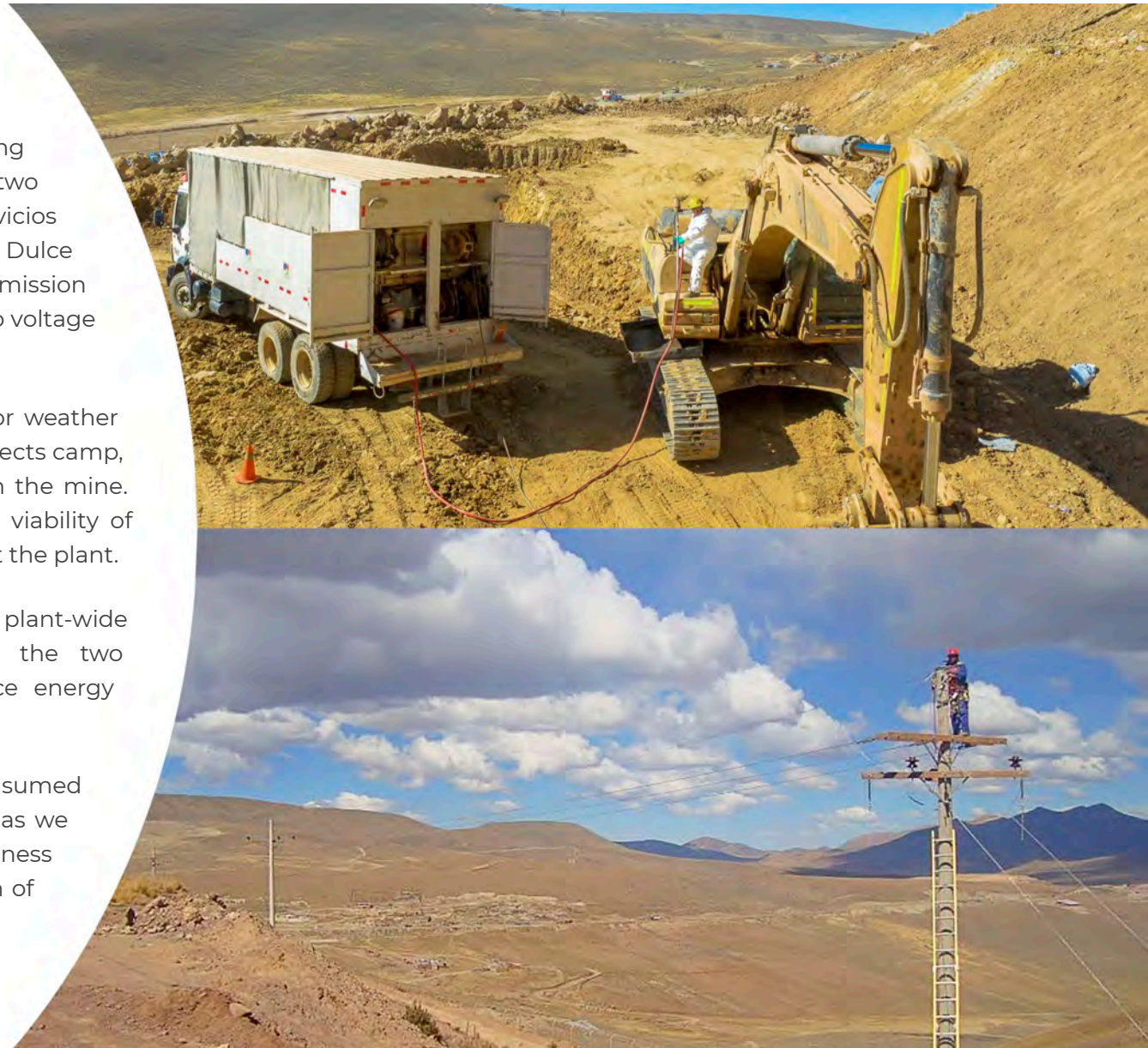
Energy

Electricity for Manquiri's processing plant is derived primarily from two sources both belonging to Servicios Eléctricos Potosí S.A.: (i) the Agua Dulce substation, and (ii) an electrical transmission line with a voltage of 69 KV, with two voltage transformers of 20 KVA.

Additionally, we use solar energy for weather stations, satellite internet in the projects camp, and communications equipment in the mine. In 2023, work began to assess the viability of expanding the use of solar energy at the plant.

Staff awareness campaigns and a plant-wide energy efficiency program were the two primary measures taken to reduce energy consumption in 2023:

Our goal is to reduce total energy consumed by 0.5% in 2024 compared to 2023 as we continue to raise employee awareness and encourage the implementation of alternative energies.



Water

Manquiri is a zero-discharge operation, recirculating process water to avoid discharge. Our goals are based on three pillars:

- (i) compliance with current regulations,
- (ii) efficient and sustainable use of natural resources, and
- (iii) application of good environmental practices.

We strive to minimize water consumption and avoid creating a negative impact on water resources. As outlined in our policy, we are committed to promoting the optimization of natural resources. Among our different strategies is the monitoring and control of the closed water recirculation circuit and reusing water from our wastewater treatment plant.

Between 60% and 90% of water is recirculated while the Challuma Lagoon, a source close to the operation, feeds the remaining portion. In 2023, 1,114,497 m³ of water was recirculated.

Based on information compiled and published by the World Resources Institute, our production site is a low water risk.

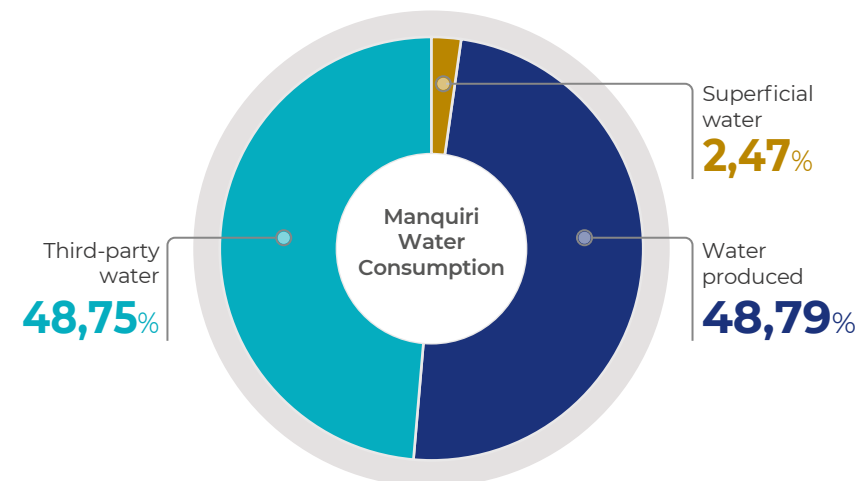
Water use intensity measures the amount of water we use in operations in a unit of cubic meters of water per ounce of Ag produced. Water intensity in our operations increased to 0.48 m³/Ag oz in 2023, an increase of 0.08 m³/Ag oz compared to 2022, due to the hardness of material used in the production process. Efforts are being made to improve our performance through staff awareness initiatives and additional controls within the production process.

As required during the production process, since 2021, the company has been measuring its water footprint (pursuant to the methodology of the Water Footprint Network).

Of the total volume, 48.79% is used directly in production; it should be noted that this volume comes from the closed recirculation circuit of the production process.

Approximately 48.75% comes from the Challuma Lagoon, which is fed with treated water from another mine. There is no direct impact on natural water sources for production. Part of this percentage includes water used in administrative services by Companies and Cooperatives supplying water.

The remaining 2.47% includes water from natural sources such as rain.



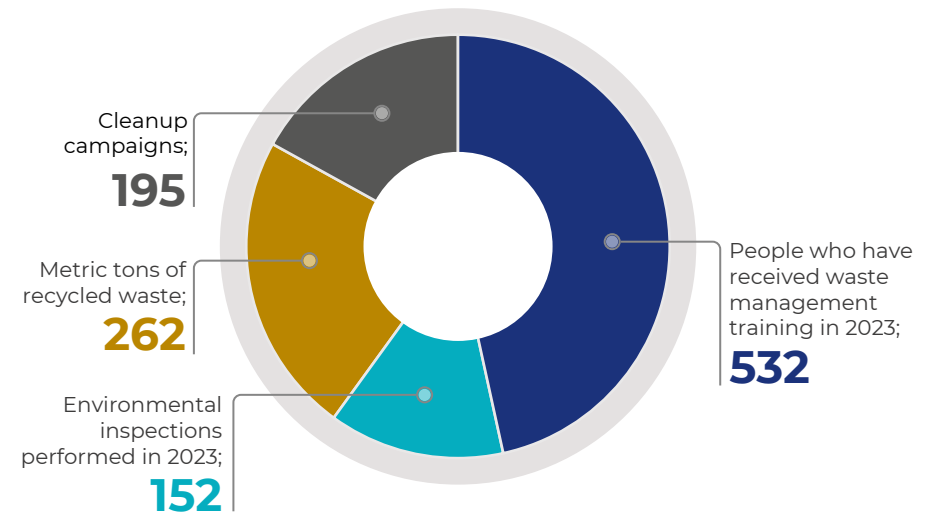
Waste

Environmental personnel carry out waste management on a scheduled basis and promote best practices to reduce, reuse and recycle waste generation on an ongoing basis.

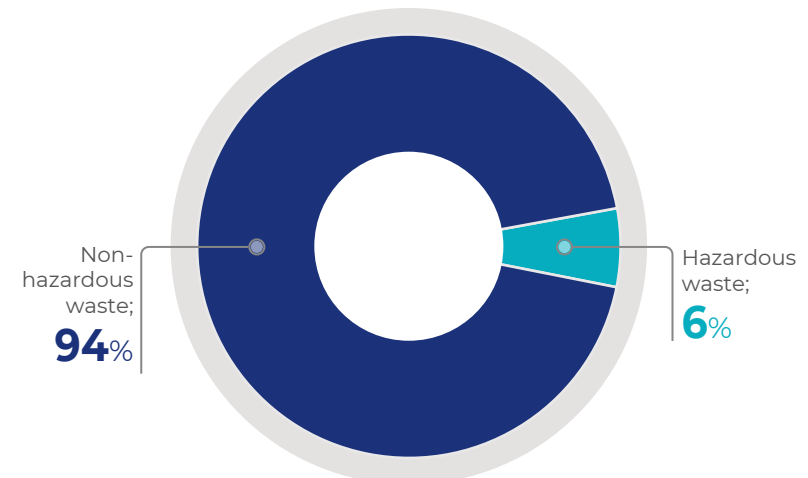
In 2023, one of Manquiri's objectives was to minimize single-use plastic waste generation through the following practices:

1. Implementation of the 3Rs – reduce, reuse, recycle
2. Reduce the use of plastic food containers; workers have lunch in the dining room at defined times
3. Limit single-use plastics, establish policies to prevent and minimize waste generation; and arrange dispensers in different areas,
4. Demonstrate practices to reduce waste generation

Integrated Waste Management in 2023



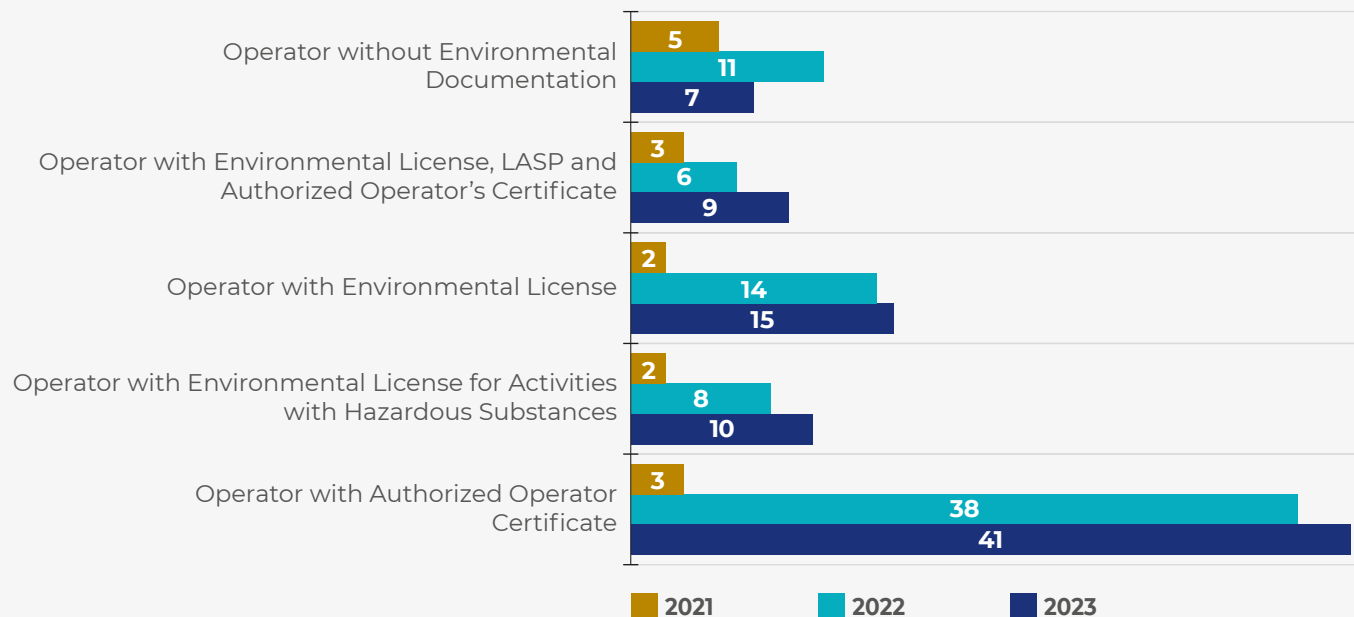
Solid Waste Generation in 2023



Recycling

- Waste is separated and delivered to authorized collection centers or operators and then transported entities where it will be used as input.
- Proper waste classification is promoted throughout the operation.
- Waste segregation is carried out on-site.
- In 2023, 101 dumpsters were maintained throughout Manquiri according to the following categories:
 - common waste
 - recyclable waste
 - hazardous/industrial waste
 - paper and cardboard waste

82 Different Waste Operators Evaluated in 2023



Hazardous Waste

We only work with operators with an environmental license, a hazardous substance activities license and/or an authorized operator certification

Recover and Value

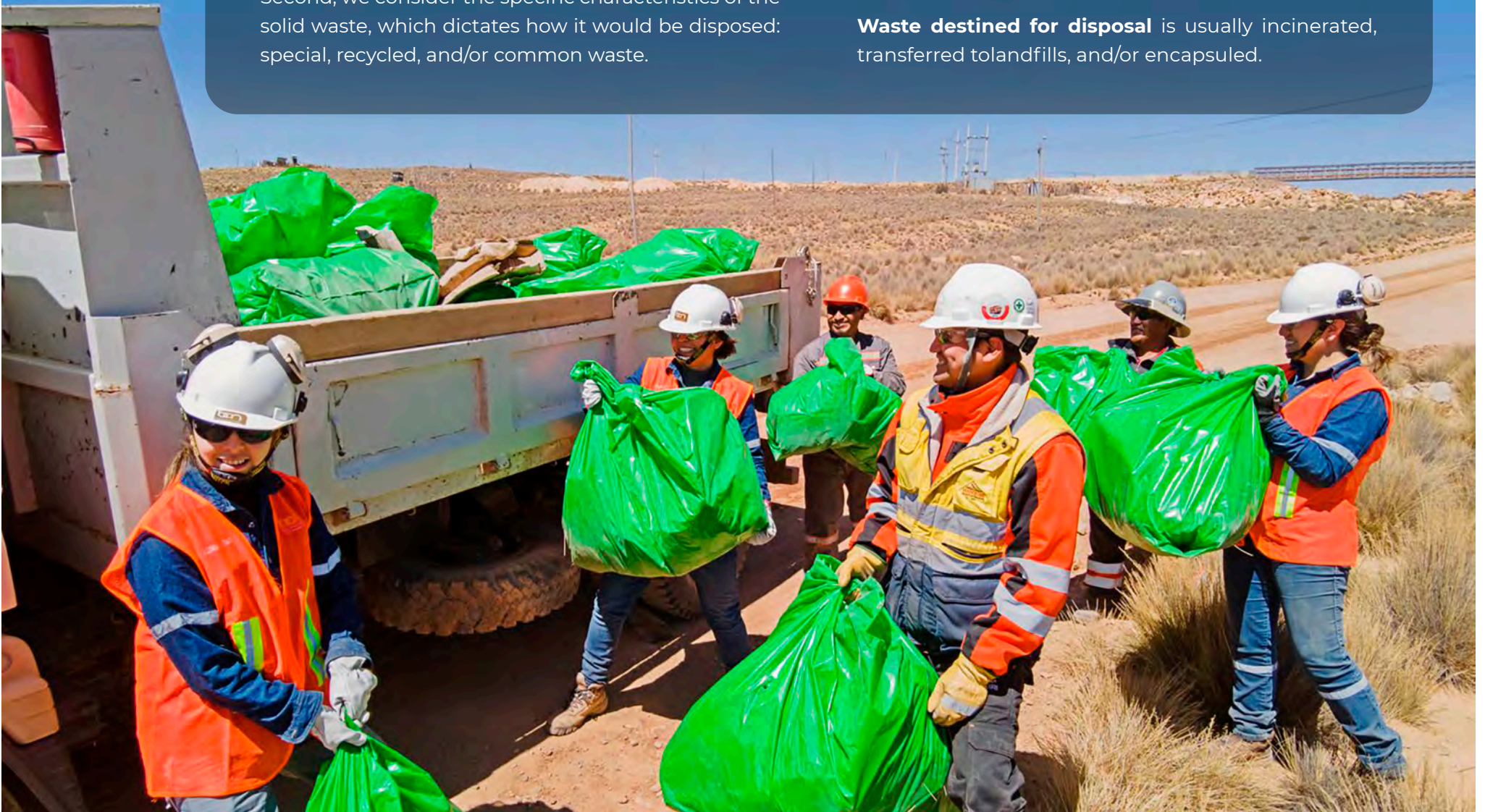
First, we evaluate whether the solid waste requires additional treatment.

Second, we consider the specific characteristics of the solid waste, which dictates how it would be disposed: special, recycled, and/or common waste.

Final Disposition

Waste not intended for disposal contemplates recycling processes within the operation or the feasibility of using third-party recyclers.

Waste destined for disposal is usually incinerated, transferred to landfills, and/or encapsulated.

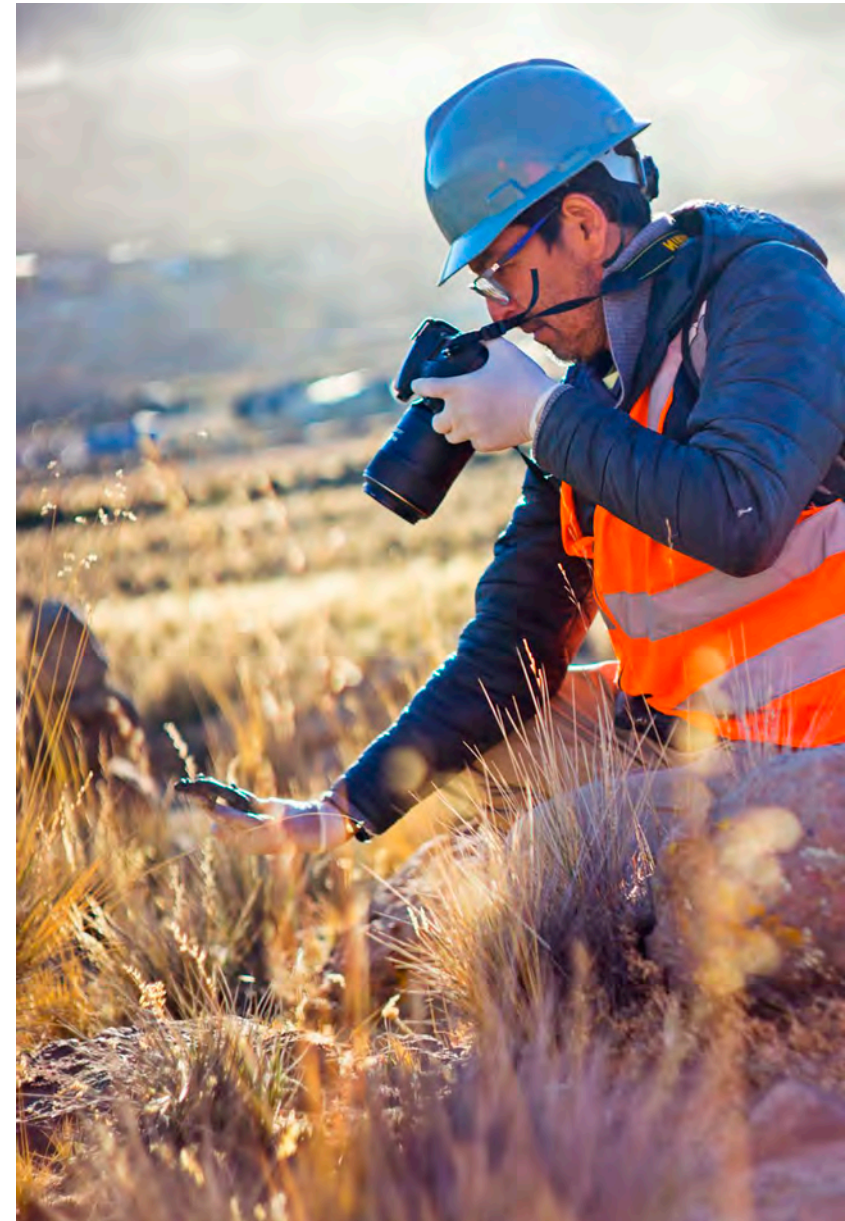


Biodiversity

As part of our commitment to biodiversity, we monitor flora and fauna regularly to capture baseline systematized and biological information, which are presented to the relevant environmental authority. Our operation is focused on biodiversity conservation as part of the site-wide environmental management system. We apply a mitigation hierarchy framework (prevent, reduce, remediate, and/ or compensate) to manage potential impacts our activities may cause. Our primary objectives are to:

- help improve air and soil quality
- create natural habitats for flora and fauna
- generate productive work in local communities
- reduce our carbon footprint
- support conservation efforts

In 2023, vegetation re-establishment actions were continued in the areas where load extraction had concluded. Manquiri re-established 4.80 hectares, bringing the total to 34.78 hectares by the end of 2023. Priority is given to growing the species with the most significant native presence. In 2024 Manquiri aims to start the restoration of Tatasi-Portugalete's vegetation.



Improving Hazardous and Non-Hazardous Solid Waste Management

In 2023, Manquiri made the delivery of non-hazardous solid waste feasible, in compliance with internal procedures according to the type of waste. The following practices are carried out within the company:

- (i) Evaluation of waste for company use;
- (ii) delivery of non-hazardous waste suitable for reuse as gifts/ donations to workers/ cooperatives; and
- (iii) waste delivery to certified recycling companies.



Dry Stack Facility (DSF) and Fine Disposal Facility (FDF)

Manquiri has two tailing dams for the storage of waste tailings and fines generated in the metallurgical process of the plant: (i) dry stack facility (DSF) and (ii) fines disposal facility (FDF). Each tailings dam is in a natural depression conditioned for the evacuation of tailings/fines.

One hundred percent of the tailings dam facilities are lined with 1.5 mm HDPE high-density geomembrane. All geomembranes have the manufacturer's quality certification (GSE and PQA). For the installation of the geomembrane, quality control supervisors and Manquiri's supervisor perform the following tests: air tests, burst tests, electrical tests, vacuum tests, destructive tests of the panels already installed.

International standards (e.g. Canadian Dam Association) are applied to tailings dam design, construction, and operation. For these controls, the company hires the services of external consultants who provide QA and QC services for the management and monitoring of construction, advice, and definition of changes if necessary.

In 2022, Manquiri began implementing the Global Standard for Tailings Management in the Mining Industry, aiming to minimize environmental damage to zero with zero tolerance for human fatalities.

Safety is sought at tailings facilities in all phases of the project life cycle, including closure and post-closure.



Health & Safety

Our strategy to prevent accidents and hazardous situations revolves around fostering a culture of safety and promoting safe behavior. Central to this approach is establishing and clearly communicating a set of rules and guidelines to ensure the safety of individuals and the seamless execution of all processes in a secure and efficient manner.

Training Our People

Pursuant to the Company's annual occupational health & safety (OHS) training program, training is provided to senior management, superintendents, supervisors, administrative personnel, workers, and contractors, as well as visitors upon arrival to the mine site. Compliance with OHS training falls under the purview of the company's OHS management committee and program. Our OHS training program takes one year of continuous learning to complete and focuses on the following issues

Comprehensive OHS Training Program

- Integrated management policy
- Rules and OHS management system
- OHS objectives
- Job safety and hazard analysis
- Integrated risk management assessment
- Personal protective equipment
- Reporting of unsafe acts and conditions
- High-risk jobs



ISO 45001:2018, 14001:2015 and Responsible Minerals Initiative Certifications

The steps taken to achieve both the ISO 45001:2018 and Responsible Minerals Initiative certifications were meticulously planned and executed, culminating in a process that spanned approximately 14 months from start to finish.

After more than seven years without major or reportable environmental incidents, in 2022, we took steps to obtain our ISO 14001:2015 certification, which we achieved in 2023. Before embarking on the certification processes, we conducted both internal and external audits to thoroughly assess our OHS practices. These audits were crucial in identifying areas that required improvement. We moved on to implement new systems and tools to bridge these gaps effectively. Additionally, we developed comprehensive written guidelines and established easily understandable processes to ensure smooth adherence to the required standards.

Hazard reduction and reporting play vital roles in Manquiri's commitment to attaining proactive ISO standards. In our pursuit of a safer work environment, we have established robust mechanisms for identifying work-related hazards and assessing risks. A thorough risk management assessment and a dedicated management system have been developed to identify hazards and evaluate risks, opportunities, and controls.





Manquiri has established various channels, including digital platforms, to report hazards and incidents both accurately and promptly. The implementation of digital tools and systems significantly enhances accessibility and expedites the reporting process, playing a crucial role in effective safety management.

The implementation of our OHS management system, in accordance with ISO 45001:2018 standards, was executed in strict adherence to a set of guidelines related to key topics: context of the organization, leadership and worker participation, planning, support, operation, performance evaluation, and improvement.

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INDIGENOUS DEVELOPMENT PLAN



Luis Alberto Tarqui Ticra

Corregidor
Main Authority of the
Ayllu Jesus de Machaca

Born in the Community of Villa Concepción, Luis Alberto worked with his parents in different trades within the community, caring for cattle, making bricks and tiles. From there, he launched his own contracting company -- Tarqui SRL Emcotar. As a community member, he was given priority over new contracts and was one of the first contractors used in the construction phase of Manquiri's silver processing plant from 2005 to 2008. It was through working with Manquiri that he learned about safety, health and environmental standards.

From a young age, Luis Alberto was active in his community, working his way up according to custom. In 2023 he was elected Corregidor of the Ayllu Jesus de Machaca, one of the highest positions within the community.

Upon assuming the role of Corregidor, Luis Alberto and members of Manquiri visited and reviewed the different projects on which the community and Manquiri collaborated. These projects included the Lackachaca tourism complex, a water bottling plant, greenhouses, a health post, and sports fields. The community recognizes how Manquiri's contributions have improved their quality of life.

"In 2009, when the Indigenous Development Plan started, we did not understand the magnitude of this plan, and we were surprised by the breadth and scope of the vision. Without Manquiri, we would never have had latrines, greenhouses, or other valuable assets in my community."

"Manquiri has given a 180-degree turn to my life for which I am very grateful."



Agriculture

Impact of production under temperate climate

According to the baseline, the Ayllu Jesus de Machaca had incipient agricultural production in 2008 due to the cold climate and infertile land. With the greenhouse implementation program, food security has been achieved through the diversification of production, which impacts the nutrition and health of the children and population of the Ayllu.

How many people does it benefit?

15 greenhouses have been built, of which 13 have cultivation and land rotation processes. This directly benefits at least 50 families and indirectly more than 200 families of the Ayllu Jesus de Machaca. In addition, surplus horticultural production is being marketed in the city of Potosi, generating economic resources.

One of the greenhouses is run by the Chalviri School, where the students consume the production in addition to school practices.

Gender aspects

Cultivation, watering, hilling, and harvesting are limited exclusively to the women of the communities, who total 50 women; the work of the men is limited to rotating and moving the soil to improve production.

Harvest

Due to inclement weather in winter and part of autumn, production drops to very low levels. However, lettuce and chard, for example, can be harvested up to five times per plant, with an interval of 20 days.

Products that are grown

Vegetables: potato, cucumber, tomato, chard, lettuce, radish and carrot, parsley, and celery

Flowers: carnations and daisies have been produced

Fruit: strawberry.



Potosi Municipal School of Silverware

It is the Municipal School of Silverware sponsored by Manquiri.



Silver Artisan: Karen Jiménez

Nearly two decades ago, the municipality restored a 16-century mill in Potosí, with support from the Spanish Cooperation. Within this ancient structure, they founded The Potosi School of Silverware (Escuela Municipal de Platería Potosí). Since its opening in 2004, hundreds of students have attended the school.

The Municipal School of Silverware promoted and sponsored by Manquiri develops the industrialization of silver through jewellery and goldsmithing has more than 200 graduates.

Aspiring silversmith artisans are provided with the necessary instruction, equipment, and tools to learn the art of silversmithing, working with the silver extracted from Cerro Rico in Potosí. In conjunction with agreements with the Latin America International Organization of Columbia and the Italian Cooperation, Manquiri is a major sponsor of the school.

Every year, approximately 25 students graduate from the Potosi School of Silverware. Among the 2022 graduates was Karen Jiménez, who earned a certificate as a Basic Silver Jewellery Technician. She was also recognized as an outstanding student for her distinctive design of a silver coin used to commemorate the 18th anniversary of the school. The coin, better known as a macuquina, was minted by hand and hammer blows, and was given to the teaching and administrative staff as a symbol of Karen's gratitude.

Since graduating, Karen started her own workshop and is already gaining a reputation for her exquisite design and production capabilities. Now inundated with requests for custom designs made from silver extracted from the Cerro Rico, Karen is increasing her exposure with an online catalogue for social media.

"I am infinitely grateful to Manquiri because they support the Silver School with resources for the operation of the school and provide funds to purchase metallic silver, the basic raw material for jewelry; I hope this continues and grow even more."

Karen Jiménez







