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Executives:

Alberto Morales - Executive Chairman and CEO

Juan Carlos Sandoval - Chief Financial Officer

Dom Kizek - Vice President, Finance and Corporate Controller

Victor Flores - SVP, Exploration, Operations and Growth

Operator:

Thank you for standing by. My name is Tina, and I will be your conference operator today. At this time, I would like to welcome everyone to the Andean Precious Metals Q2 Earnings Call.

All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. To ask a question, press star one on your telephone keypad. To withdraw your question, press star one again.

It is now my pleasure to turn the call over to Dom Kizek, Vice President, Finance. Please go ahead.

Dom Kizek:

Good morning, everyone, and thank you for joining us today to discuss Andean Precious Metals' Second Quarter 2026 Financial and Operating Results.

Joining me on the call today are Alberto Morales, Executive Chairman & Chief Executive Officer; Juan Carlos Sandoval, Chief Financial Officer; and Victor Flores, our SVP, Exploration, Operations and Growth.

Before we begin, I would like to remind listeners that certain statements made on today's call may constitute forward-looking information within the meaning of applicable securities laws. Please refer to the cautionary language included in our press release and MD&A for additional information.

I will now turn the call over to Alberto.

Alberto Morales:

Thank you, Dom, and good morning, everyone. The second quarter was defined by our decision to defer the sale of a portion of our production for strategic treasury management purposes.



We ended the quarter with finished inventory of approximately 732,000 ounces of silver and 2,585 ounces of gold carried on the balance sheet at cost of \$37.6 million. As a result, reported revenue and earnings for the quarter do not fully reflect underlying operating performance of the business.

I am pleased to report that subsequent to quarter-end, we saw the entire deferred position at weighted average prices of \$62.26 per silver ounce and \$4,168 per gold ounce, for gross proceeds of approximately \$56.3 million, approximately \$18.7 million above the carrying cost of the inventory, with the related revenue to be recognized in our third quarter results. Notably, those realized prices were above the available prices during the final weeks of June 2026 per ounce of gold and silver. The strategy did exactly what it was designed to do. It gave us the flexibility to monetize our production on better terms.

Operationally, the business performed well. Consolidated production of 25,388 gold equivalent ounces was approximately up 4% year-over-year, and year-to-date production of 52,730 ounces is up approximately 15%, driven by another outstanding quarter at San Bartolomé, where silver equivalent production increased 31%.

On a year-to-date basis, revenue increased approximately 70% to \$230.8 million with adjusted EBITDA of \$86.6 million and net income of \$34.2 million. That is our strongest first-half revenue and adjusted EBITDA on record. And despite the sales deferral, our year-to-date revenue, adjusted EBITDA, and net income was already higher than year-to-date 2025. Approximately 60% of second quarter revenue was derived from silver and 40% from gold, underscoring the strength of our diversified precious metals platform and our meaningful exposure to the current silver price environment. Average realized prices were \$4,453 per gold ounce and \$76.82 per silver ounce, up approximately 34% and 124%, respectively, year-over-year.

More importantly, we strengthened our balance sheet by increasing our total assets, our total equity while also reducing our total liabilities, reflecting a \$15 million prepayment on our revolving credit facility and an important reduction in our accounts payable. We ended the quarter with \$170.8 million in liquid assets, which includes our finished metal inventory measured at cost and \$52.2 million in cash and cash equivalent.

Operationally, San Bartolomé delivered another strong quarter with silver equivalent production up 31% year-over-year on higher ore purchase volumes, grades, and throughput, and cash gross operating margin of \$25.56 per ounce sold.

At Golden Queen, production was lower due to mine sequencing and grade timing, while year-to-date all-in sustaining cost of \$1,970 per ounce remains within our 2026 guidance range. We reiterate our full-year 2026 production cost and margin guidance, and with the elevated price of diesel, we expect to continue to deliver within this range, supported by disciplined execution and our focus on free cash flow generation.



We have discussed previously our production profile remains weighted toward the second half of the year. Bolivia's transition to a flexible exchange rate regime effective June 29 is indicative of a more market-focused economy. And the continued depreciation of the Boliviano against the US dollar, our reporting currency, is currently working in our favor. We will continue to monitor the new regime closely, but don't expect any material impact on the Company.

During and subsequent to quarter-end, we also advanced key important corporate initiatives, including the relaunch of our normal course issuer bid, under which we have repurchased approximately 2.1 million shares for roughly CAD 12.7 million since July. The election of Stephen Altmann to our Board of Directors, shareholders' approval of Ernst & Young as our auditor, and continued progress toward our listing in the New York Stock Exchange, which we expect to happen within 2026.

We also look forward to the release of the updated technical report at Golden Queen, which we expect to announce in late September, and believe it will further enhance the company's visibility and profile with the global investment community.

I'll now hand it over to Juan Carlos to provide additional operational and financial highlights, beginning with San Bartolomé.

**Juan Carlos
Sandoval:**

Thank you, Alberto, and good morning, everyone.

San Bartolomé delivered another excellent quarter operation. The operation produced approximately 16,820 gold equivalent ounces in Q2, representing silver equivalent production of approximately 1.43 million ounces, an increase of 31% over the prior year period. Silver production was approximately 1.32 million ounces, up approximately 28% year-over-year. Performance benefited from higher ore purchase volumes of approximately 32% at an average purchase grade of 170 grams per ton, together with higher throughput of approximately 4,400 tonnes per day and improved head grades. Cash gross operating margin increased to \$25.56 per silver equivalent ounce sold, compared to \$15.79 in the prior year period, as substantially higher realized silver prices outpaced the increase in per ounce operating costs. Gross margin ratio was 33% for the quarter, compared to 46% in the prior year period, reflecting higher ore purchase costs that are linked to the spot price of silver and the appreciation of the Boliviano versus the US dollar. This was partially offset by higher realized prices.

In a rising silver price environment, our purchase cost adjusts with the market, but the operation continues to capture meaningful absolute margin on every ounce produced. Silver sales totaled approximately 461,000 ounces during the quarter, representing approximately 35% of quarterly silver production, and no gold ounces were sold at San Bartolomé during the quarter. We continue to focus on strengthening long-term ore supply relationships, optimizing logistics, and improving operational efficiencies.



Now moving on to Golden Queen. At Golden Queen, production for the quarter was approximately 8,568 gold equivalent ounces, of which approximately 7,800 ounces of gold, lower than the prior-year period, primarily due to mine sequencing and grade timing, with average stack rates of 0.51 grams per tonne compared to 0.73 grams per tonne a year ago. Revenue was approximately \$32 million, as higher realized gold prices were offset by lower ounces sold, reflecting both lower production and the deferral of gold sales. Operating cash costs were \$1,779 per ounce sold, while all-in sustaining cost was \$2,159 per ounce sold for the quarter, primarily reflecting lower ounces sold, partially offset by lower sustaining capital expenditures for timing reasons. Importantly, year-to-date, all-in sustaining cost of \$1,970 is below the prior-year period and remains within our full-year guidance range of \$1,850-\$2,150 per ounce.

As we move through the second half, we expect sustaining and growth capital to increase in line with guidance as we advance the leach pad expansion, mobile fleet investments, and operational optimization projects. On exploration, we completed our Phase 1 drill program of approximately 10,000 meters in June, and exploration activity stepped up meaningfully during the quarter. We are assessing a second phase for 2026, including geophysics, mapping, sampling, and additional drilling. As previously discussed, the results of the updated technical report for Golden Queen will be announced in late September, with a new technical report scheduled to be released in Q4.

Now moving on to the financial results. Our second quarter financial results were shaped by the strategic sales deferral that Alberto already described. Revenue for the quarter was \$67.6 million compared to \$73.7 million in Q2 2025, a decrease of approximately 8% resulting from the deferral of silver and gold sales. Gross operating income was \$23.6 million compared to \$29.4 million in the prior-year period, and adjusted EBITDA was \$15.7 million compared to \$28.9 million. We recorded a net loss of \$14 million or \$0.09 per share for the quarter. In addition to the deferral, the net loss reflects a mark-to-market decrease in deferred value of our marketable securities and a foreign exchange loss related primarily to the Bolivian Boliviano.

On a year-to-date basis, revenue increased approximately 70% to \$230.8 million. Gross operating income increased to \$99.1 million from \$52.4 million. Adjusted EBITDA increased to \$86.6 million from \$50.8 million, and net income was \$34.2 million or \$0.22 per diluted share. Despite the sales deferral, our year-to-date adjusted EBITDA was already higher than year-to-date 2025. Free cash flow was an outflow of \$55.5 million for the quarter and \$16 million year-to-date. This is not a reflection of operating performance. It represents the investment in non-cash working capital from the buildup of finished silver and gold inventory, together with a \$50 million paydown of our revolving credit facility. With the sale of the deferred inventory subsequent to quarter-end, that recovery is already underway and will be reflected in our third quarter results.



I'll now pass it on to Dom for some further highlights on our financial results for this quarter.

Dom Kizek:

Thanks, JC. Turning to the balance sheet, we ended the quarter with just under \$171 million in liquid assets. Effective this quarter, we revised the composition of liquid assets to include metal and third-party refineries and inventory measurable cost, which captures the finished inventory subject to the deferral. This consisted of approximately \$52 million in cash and cash equivalents, approximately \$65 million in short- and long-term marketable securities, and approximately \$54 million in finished metal inventory cost. As a reminder, at June 30, the deferred inventory was carried within liquid assets at a cost of \$37.6 million. So the quarter-end measure does not reflect the value realized on the subsequent sales, where proceeds were approximately \$18.7 million above the carrying cost.

On debt, we were paid \$15 million on the revolving current facility during the quarter, bringing the balance to just under \$15 million, with \$25 million of undrawn capacity. Total debt, including equipment financing, was approximately \$30 million. And we were in compliance with all covenants at quarter-end. Total assets increased to \$453.3 million. Total equity increased to \$301.3 million from \$263 million at year-end, continued strengthening even in the quarter with a reported net loss. Subsequent to quarter-end, we deployed approximately CAD 12.7 million to repurchase approximately 2.1 million shares under our NCIB. Overall, we remain focused on disciplined capital allocation, operational execution, and maintaining financial flexibility.

With that, I'll turn the call back to Alberto for closing remarks.

Alberto Morales:

Thank you, Dom. Q2 was an unusual quarter. Rather than selling our full production into the market, we chose to hold a meaningful portion, which was later sold after quarter-end for approximately \$56.3 million, representing approximately \$18.7 million above the carrying cost and at prices above those available at quarter-end. Looking to the second half, we are well positioned with strong liquidity, a meaningful exposure to both gold and silver, a production profile weighted to the second half of the year, and multiple catalysts ahead, including our expected New York Stock Exchange listing and the updated Golden Queen technical report.

As always, I would like to thank all of our stakeholders, including our employees, contractor, local community, and shareholders, for their continued support. With that, I will now open the line for questions.

Operator:

As a reminder, to ask a question, simply press star followed by the number one on your telephone keypad.

Our first question comes from the line of Allison Carson with Desjardins. Thank you. Please go ahead.



- Allison Carson:** Thank you, operator. Good morning, and thanks for taking my questions today. My first question is just on the NCIB. Seeing as you've already repurchased 2.1 million shares, would you consider expanding this program?
- Alberto Morales:** Hi, Allison. And for the purpose of your question, while we announced that for this first tranche, we got authorization to purchase up to 4 million shares. So it will be dependent upon market conditions, but certainly our authorization and the request that we did is for up to 4 million, and we only have executed half of it.
- Allison Carson:** Okay, great. So we'll just keep watching to see if you get through the next 2 million pretty quickly here. And then my other question is just on Golden Queen. I was wondering if you could just sort of highlight some of the key areas that we'll see changes in the upcoming tech report, and if all the remaining work to complete is a tracking all for completion for a press release at the end of September?
- Victor Flores:** Yes, thank you. Good morning, Allison. Thanks for your question. Yes, we are tracking towards the 30 September deadline for press releasing the technical report. Believe me, there's a lot of work going on in the background, not only with the Golden Queen team, but with our third-party contractor to get this done. Key things that you'll see are the results of the drilling that's been done over the past few years, all the way through the end of 2025, and that is going to result in an increase in the mine life. I think we've already shared with the market that we would expect to see production continue through approximately 2035. So I think that's really the key thing that the market needs to see: that there's an extension of the mine life of Golden Queen. And you'll see that in the technical report when we publish the press release and then the full document in mid-November.
- Allison Carson:** That's great. Looking forward to seeing that update come out. Well, that's it for me. Thanks for taking my questions today.
- Operator:** Your next question comes from Riley Venton with Atrium Research. Please go ahead.
- Riley Venton:** Hi, guys. Thanks for taking my question. Just sticking on Golden Queen, to achieve guidance this year, what does production look like between Q3 and Q4?
- Juan Carlos Sandoval:** Hi, Ven. As we've said, what we can say right now is that we're sticking to our guidance. As you know, we saw lower production during Q2. But what we can say, and how we're seeing things for Q3 and Q4, is that we are reinforcing on the guidance that we presented late last year.
- Riley Venton:** Okay. Thanks. And then in terms of the higher sustaining growth CapEx that's expected for H2, any color on that weighting between Q3 and Q4?



Juan Carlos Sandoval:

Same thing, man. Yes, as you can see, it has been lower than expected, but it's really a timing thing, as we mentioned during this call: the leach pad expansion, the replacement, and so on. Most of those expenses are happening during this third and fourth quarter. So we expect to be within the CapEx guidance by the end of the year as well.

Riley Venton:

Okay, makes sense. And then maybe one final one for me. In terms of the strategic sales deferral, is this something you'd be looking to do going forward?

Alberto Morales:

Thank you, Ven, for the question. Well, as you remember, the spot prices and market condition at the end of, or literally within the month of June were the lowest versions that there have been. And certainly, we took the decision, considering that we have a significant amount of cash in our treasury, we took the decision to hold on because we believed prices were going to recuperate during Q3, which this is what happened. So we basically took the decision to defer the sale based on the fact that we could continue supporting our operations with a significant amount of cash and look for with a package of a few weeks, we will be trying to monetize on better market condition, which is exactly what happened. Now, whether we will do it in the future, I can say yes or no. We will have to monitor market conditions as they begin to appear going forward. But believe me, the decision is always based on looking for what's best for the company.

Riley Venton:

It made sense. Thanks for taking my questions, guys.

Operator:

Once again, to ask a question, simply press star one on your telephone keypad.

Our next question comes from the line of Sean Statham. Please go ahead. Sean, your line is open. If your line is muted, please unmute.

With no further questions in the queue, thank you for joining us today. This does conclude today's conference call. You may now disconnect.