

Andean Reports Q4 and FY2022 Results

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2023 guidance for production and AISC per ounce

Toronto, March 16, 2023 - [Andean Precious Metals Corp.](#) (TSXV: APM) (OTCQX: ANPMF) ("Andean" or the "Company") reported its operating and financial results for the three and twelve-month periods ended December 31, 2022. All amounts are expressed in United States dollars, unless otherwise noted (C\$ refers to Canadian dollars).

FY2022 Highlights

Twelve months ended December 31, 2022 vs. twelve months ended December 31, 2021

- Produced 5.0 million silver equivalent ounces¹ in 2022 compared to 5.8 million in 2021.
- Revenue decreased by 25% to \$108.1 million, as production declined by 14% and the average realized price of silver per ounce declined by 13%.
- Cost of sales decreased by 4% to \$91.1 million.
- Operating cash costs (by-product)² and all-in sustaining costs (by-product)² each increased by 16% to \$18.22 and \$21.06 per Ag ounce sold, respectively.
- Income from mine operations of \$9.7 million compared to \$38.8 million in the prior year.
- Net cash used in operating activities of \$2.7 million, negative free cash flow² of \$5.1 million and adjusted EBITDA² of \$3.5 million.
- Reported net loss of \$10.1 million, or net loss per share of \$0.06 (basic and diluted).
- Debt-free balance sheet with total liquidity of \$90.2 million in cash & cash equivalents, marketable securities and VAT receivable certificates as at December 31, 2022.
- Pursuant to its previously announced normal course issuer bid, the Company purchased 322,000 shares in 2022 at an average price of C\$0.82; since year end, the Company has purchased an additional 248,100 shares as of February 28, 2023 for a total of 570,100 shares purchased at an average price of C\$0.86.
- In October, Andean announced management changes and a corporate reorganization, which together are expected to lead to a near-term reduction in corporate overhead.

"While last year's performance fell short of expectations, we believe we have implemented the necessary operational and team changes to stabilize results in 2023," stated Mr. Alberto Morales, CEO of Andean. "While we do not control the price of silver, which was down by 13% year-over-year, we are focused on improving recoveries and controlling costs. We have leveraged our technical knowledge and believe that prior recovery issues are being addressed; moreover, outside technical consultants have also been engaged to provide further insight. Like most companies, we have also been impacted by the challenging macro environment and we continue to work on lowering costs as inflationary cost pressures linger."

Mr. Morales continued, "We are excited about the possibilities for the upcoming year. Despite the macroeconomic pressures and spot price volatility that prevailed during 2022, we have maintained our strong debt-free balance sheet with approximately \$90 million in liquidity. Andean has a strong foundation to support its two-pronged growth strategy - growth in Bolivia and acquisition growth in the wider Americas. We continue to actively seek out and review potential acquisition targets that will advance our vision of becoming a multi-jurisdictional mid-tier producer."

FY2023 Guidance

The production outlook for 2023 is based on the Company's historical performance and experience. The 2023 outlook is forward looking and based on certain estimates and assumptions which involve risks and uncertainties and is predicated on global economic conditions, the conflict in Ukraine, social unrest and the COVID-19 pandemic having no material impact on the Company's production and costs. Actual results may vary materially from management's expectations. Please refer to the Company's "Forward-looking Statements" later in this press release and the "Risks Factors" section in the Company's MD&A for further information.

Highlights of the 2023 outlook include:

- Maintaining consistent silver production levels: 2023 production is expected to be between 4.8 million and 5.2 million Ag Eq ounces based on current mining and materials purchasing plans. Based on our plan, production is expected to increase in the second half of the year and represent approximately 54% of annual production.
- Expects to maintain the same level of production cost of sales: On a per ounce basis, production costs of sales is expected to be between \$17.90 and \$18.50 per silver ounces for 2023 compared to \$18.22 per silver ounces in 2022.
- Improved AISC⁽²⁾ per ounce: AISC⁽²⁾ per ounce of silver sold is expected to range between \$19.50 and \$20.30 in 2023, which is lower than actual for 2022 of \$21.06. This reflects the benefits of corporate reorganization announced during Q4 2022. AISC⁽²⁾ are expected to trend lower in the second half of the year, consistent with the stronger production profile.
- Higher capital expenditures: Total capital expenditures are expected to be in the range of \$8.0 million to \$10.0 million, due primarily to the spending planned on the FDF/DSF projects.
- Lower corporate general and administrative expenses (excluding corporate development): Corporate overhead is expected to be between \$5.9 million and \$6.2 million in 2023 compared to 2022 spending of \$8.0 million.

The following table sets out Andean's production and AISC guidance for 2023 together with its actual results for 2022:

	2023 Guidance ⁽¹⁾	2022 Actual Results
Silver equivalent production	4.8 million oz to 5.2 million oz	5.0 million oz
AISC (by-product)	\$19.50 to \$20.30/Ag Eq oz	\$21.06/Ag Eq oz
Capital expenditures	\$8.0 million to \$10.0 million	\$3.0 million

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

Summary of Operating and Financial Results

Operating Results Summary

		Q4 2022	Q4 2021	% Change	FY2022	FY2021	% Change
Mined material ⁽¹⁾	k dmt	506	401	26%	1,961	1,768	11%
Average mined grade (Ag g/t)	Ag g/t	93	74	26%	96	92	4%
Purchased material ⁽²⁾	k dmt	112	151	(26%)	459	546	(16%)
Average purchased material grade	Ag g/t	241	205	18%	226	201	12%
Material milled ⁽³⁾	k dmt	396	424	(7%)	1,613	1,715	(6%)
Daily average throughput	dmt	4,623	4,840	(4%)	4,715	4,942	(5%)
Average head grade	Ag g/t	121	112	8%	120	115	4%
Silver recovery	%	78	83	(6%)	77	84	(8%)
Silver production	k oz	1,233	1,271	(3%)	4,788	5,358	(11%)
Gold production	oz	184	1,392	(87%)	2,560	6,075	(58%)

Silver equivalent production ⁽⁴⁾	k oz	1,250	1,379	(9%)	5,001	5,791	(14%)
Silver sales	k oz	1,201	1,240	(3%)	4,769	5,366	(11%)
Gold sales	oz	120	1,313	(91%)	2,341	5,888	(60%)
Silver equivalent sales ⁽⁴⁾	k oz	1,213	1,341	(10%)	4,965	5,783	(14%)

Financial Results Summary

\$'000		Q4 2022	Q4 2021	% Change	FY2022	FY2021	% Change
Revenue		25,666	31,131	(18%)	108,049	144,207	(25%)
Cost of sales		22,902	21,382	7%	91,133	95,013	(4%)
Income from mine operations		1,098	6,587	(83%)	9,704	38,806	(75%)
Net (loss) income		(3,341)	) 74	(4,615%)	(10,091)	) 4,268	(336%)
Net (loss) income per share							
- Basic		(0.02)	) 0.00	-	(0.06)	) 0.03	(300%)
- Diluted		(0.02)	) 0.00	-	(0.06)	) 0.03	(300%)
Net cash (used in) from operating activities		(2,985)	) 5,569	(154%)	(2,740)	) 33,615	(108%)
Free cash flow ⁽⁴⁾		(3,381)	) 4,772	(171%)	(5,094)	) 30,009	(117%)
Adjusted EBITDA ⁽⁴⁾		(956)	) 6,445	(115%)	3,539	38,512	(91%)
Ending cash and cash equivalents		80,729	87,276	(8%)	80,729	87,276	(8%)
Capital expenditures		246	797	(69%)	2,204	3,606	(39%)
Operating cash costs per ounce (by-product) ⁽⁴⁾		18.89	15.34	23%	18.22	15.77	16%
All-in sustaining costs per ounce (by-product) ⁽⁴⁾		22.22	18.47	20%	21.06	18.17	16%

(1) Mined ore includes material mined from the Company's permitted areas, including Santa Rita, Huacajchi, Antuco, El Asiento, and Monserrat during 2022 and 2021. Mined ore is reported as run of mine.

(2) Purchased material includes oxidized material purchased from local mining cooperatives as well as through the Company's contract with RALP Compañía Minera S.R.L.

(3) Silver equivalent production and silver equivalent sales include gold production and sales, respectively. Equivalent ounces are calculated using the Company's realized gold and silver prices during the referenced period. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of the MD&A for further detail.

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

This news release should be read together with Andean's management's discussion and analysis and condensed audited consolidated financial statements for the three and twelve-month periods ended December 31, 2022, which are available on Andean's website or under Andean's profile on SEDAR (www.sedar.com).

Q4 / FY2022 Webcast

Management will host a webcast tomorrow morning to discuss the Company's Q4 and FY2022 financial and operating results. A question-and-answer session will follow management's prepared remarks. Details of the webcast are as follows:

Date and time: Friday, March 17, 2023 at 8:30 a.m. ET

Registration: Please preregister for the webcast by following this link:
<https://webinars.theassay.com/andean-precious-metals-webcast>. Registration is open now and will be available up and until the date and time of the webcast.

Upon registration, participants will receive an automatic email from zoom with a link to access the webcast.

Webcast Access: To access the live webcast of the earnings call, please connect at least 15 minutes prior to the start time to ensure adequate time for any software download that may be required to join the webcast.

Replay: A replay of the webcast will be available after the live event at www.andeanpm.com.

Qualified Person Statement

The scientific and technical content disclosed in this press release was reviewed and approved by Donald J. Birak, Independent Consulting Geologist to the Company, a Qualified Person as defined by Canadian National Instrument 43-101, Registered Member, Society for Mining, Metallurgy and Exploration (SME), Fellow, Australasian Institute of Mining and Metallurgy (AusIMM).

About Andean Precious Metals

Andean is a growth-focused precious metals producer that owns and operates the San Bartolomé project located in the department of Potosí, Bolivia. San Bartolomé has been operating continuously since 2008, producing an average of 5 million ounces of silver equivalent per year. The Company is seeking accretive growth opportunities in Bolivia and the wider Americas. Andean is committed to fostering safe, sustainable and responsible operations.

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Caution Regarding Forward-Looking Statements

Certain statements and information in this press release constitute "forward-looking statements" within the meaning of applicable U.S. securities laws and "forward-looking information" within the meaning of applicable Canadian securities laws, which we refer to collectively as "forward-looking statements". Forward-looking statements are statements and information regarding possible events, conditions or results of operations that are based upon assumptions about future economic conditions and courses of action. All statements and information other than statements of historical fact may be forward-looking statements. In some cases, forward-looking statements can be identified by the use of words such as "seek", "expect", "anticipate", "budget", "plan", "estimate", "continue", "forecast", "intend", "believe", "predict", "potential", "target", "may", "could", "would", "might", "will" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

Forward-looking statements in this press release include, but are not limited to statements and information regarding: the Company's future mining activities; the Company's exploration and development plans; the timing of release of drill results and data from the DSF and FDF projects; the Company's assessment of acquisition opportunities; the Company's production and AISC guidance for fiscal 2023; the timing of studies; the Company's ability to obtain and maintain required licenses, permits, required agreements with third parties and regulatory approvals; the Company's plans for growth through exploration activities, acquisitions or otherwise; expectations regarding future maintenance and capital expenditures, working capital

requirements, the availability of financing and near-term cost efficiencies. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited to: the Company's ability to carry on exploration and development activities; the Company's ability to secure and to meet obligations under property and option agreements and other material agreements; the timely receipt of required approvals and permits; that there is no material adverse change affecting the Company or its properties; that contracted parties provide goods or services in a timely manner; that no unusual geological or technical problems occur; that plant and equipment function as anticipated and that there is no material adverse change in the price of silver, costs associated with production or recovery. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and you are cautioned not to place undue reliance on forward-looking statements contained herein.

Some of the risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking statements contained in this press release include, but are not limited to: risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations; results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; risks relating to possible variations in reserves, resources, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined; mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development; the potential for delays in exploration or development activities or the completion of feasibility studies; risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; risks related to commodity price and foreign exchange rate fluctuations; the uncertainty of profitability based upon the cyclical nature of the industry in which the Company operates; risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental or local community approvals or in the completion of development or construction activities; risks related to environmental regulation and liability; political and regulatory risks associated with mining and exploration; risks related to the uncertain global economic environment; risks related to COVID-19; and other factors contained in the section entitled "Risk Factors" in this press release.

Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward-looking statements, you are cautioned that this list is not exhaustive and there may be other factors that the Company has not identified. Furthermore, the Company undertakes no obligation to update or revise any forward-looking statements included in this press release if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures

Operating Cash Costs ("OCC"), All-in Sustaining Costs ("AISC") and All-in Costs ("AIC")

OCC, AISC and AIC are non-GAAP financial measures set out under a guidance note released by the World Gold Council in September 2013 and updated in November 2018. These measures are used by management to assess the Company's performance and its expected future performance; however, these measures do not have any standardized meaning. As such, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. Accordingly, these measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

1. OCC include total production cash costs incurred at the Company's mining operations, which form the basis of the Company's cash costs, less by-product revenues from gold sales.

2. AISC on a by-product basis per ounce is a non-GAAP ratio calculated as all-in sustaining costs on a by-product basis divided by ounces of silver equivalent sold. All-in sustaining costs on a by-product basis is a non-GAAP financial measure calculated as the aggregate of production costs as recorded in the consolidated statements of (loss) income, refining and transport costs, cash component of sustaining capital expenditures, lease payments related to sustaining assets, corporate general and administrative expenses and accretion expenses. When calculating all-in sustaining costs on a by-product basis, all revenue received from the sale of gold is treated as a reduction of costs incurred. The Company believes that AISC represents the total costs of producing silver from current operations and provides the Company and other stakeholders of the Company with additional information relating to the Company's operational performance and ability to generate cash flows.
3. AIC represents AISC plus non-sustaining exploration and evaluation costs.
4. Non-sustaining exploration and evaluation costs represent costs associated with the Company's exploration portfolio, primarily relating to activities at San Pablo, Rio Blanco and the Company's two tailings storage facilities - the fines disposal facility and the dry-stack facility. Certain other cash expenditures including tax payments, debt payments, dividends and financing costs are also not included in the calculation of AIC. The Company reports these measures on a silver ounce sold basis.

OCC

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

	Q4 2022	Q4 2021	FY 2022	FY 2021
Costs of sales, as reported	\$ 22,902	\$ 21,382	\$ 91,133	\$ 95,013
Total OCC before by-product credits	22,902	21,382	91,133	95,013
Less: by-product gold credits	(210)	(2,356)	(4,245)	(10,403)
Total OCC	\$ 22,692	\$ 19,026	\$ 86,888	\$ 84,610
Divided by silver ounces sold (k oz)	1,201	1,240	4,769	5,366
OCC per silver ounce sold, on a by-product basis	\$ 18.89	\$ 15.34	\$ 18.22	\$ 15.77

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

	Q4 2022	Q4 2021	FY 2022	FY 2021
OCC, net of by-product credits	\$ 22,692	\$ 19,026	\$ 86,888	\$ 84,610
General and administrative expenses ⁽¹⁾	3,351	2,847	10,085	8,319
Sustaining capital expenditures ⁽²⁾	381	753	2,204	3,383
Lease payments	15	44	150	223
Accretion for decommissioning liability	252	227	1,094	941
Sustaining exploration and evaluation ⁽²⁾	-	-	-	31
AISC	\$ 26,691	\$ 22,897	\$ 100,421	\$ 97,507
Divided by silver ounces sold (k ozs)	1,201	1,240	4,769	5,366
AISC per silver ounce sold, on a by-product basis	\$ 22.22	\$ 18.47	\$ 21.06	\$ 18.17

(1) For the quarter and year ended December 31, 2022, general and administrative expenses exclude severance costs of \$785 and \$785 (for the quarter and year December 31, 2021 - \$nil and \$nil); corporate development costs of \$105 and \$1,833 (for the quarter and year December 31, 2021 - \$97 and \$189); and non-cash share-based compensation costs of \$701 and \$2,156 (for the quarter and year December 31, 2021 - \$494 and \$2,017).

(2) Sustaining capital expenditures and exploration and evaluation reflect costs necessary to maintain current production.

The following table provides a reconciliation of AIC per silver ounce sold on a by-product basis to the financial statements:

	Q4 2022	Q4 2021	FY 2022	FY 2021
AISC	\$ 26,691	\$ 22,897	\$ 100,421	\$ 97,507

	Q4 2022	Q4 2021	FY 2022	FY 2021
Non-sustaining exploration and evaluation ⁽¹⁾	458	947	3,615	3,863
AIC	\$ 27,149	\$ 23,844	\$ 104,036	\$ 101,370
Divided by silver ounces sold (k oz)	1,201	1,240	4,769	5,366
AIC per silver ounce sold, on a by-product basis	\$ 22.60	\$ 19.23	\$ 21.81	\$ 18.89

(1) Non-sustaining exploration and evaluation costs are related to growth projects outside Andean's current production profile.

EBITDA and Adjusted EBITDA

The Company has included EBITDA and adjusted EBITDA as a non-GAAP financial measure in this press release. The Company excludes certain items from net income to provide a measure which allows the Company and investors to evaluate the results of the underlying core operations of the Company and its ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of adjusted EBITDA to the financial statements for their respective periods:

	Q4 2022	Q4 2021	FY 2022	FY 2021
Net (loss) income	\$(3,341)	\$ 74	\$(10,091)	\$ 4,268
Add:				
Income taxes	36	2,329	17	15,713
Finance costs	291	385	1,279	1,292
Depreciation and depletion	1,666	3,162	7,212	10,388
EBITDA	\$(1,348)	\$ 5,950	\$(1,583)	\$ 31,661
Add: RTO transaction costs	-	-	-	3,451
Add: Non-sustaining exploration and evaluation costs	459	979	3,615	3,894
Add: Severance costs ⁽¹⁾	785	-	785	677
Add: Corporate development costs	105	55	1,883	189
Add: Change in fair value of marketable securities ⁽²⁾	(957)	(539)	(1,161)	2,460
Less: Santacruz Loan recovery	-	-	-	(3,820)
Adjusted EBITDA	\$(956)	\$ 6,445	\$ 3,539	\$ 38,512

(1) Severance costs relate to amounts payable to the former officers of the Company.

(2) These amounts refer to mark-to-market adjustments on securities held of Santacruz.

Free Cash Flow

The Company has included free cash flow as a non-GAAP financial measure in this press release. The Company considers operating cash flow plus capital expenditures to provide a measure which allows the Company and investors to evaluate the ability of the Company to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of free cash flow to the financial statements for their respective periods:

	Q4 2022	Q4 2021	FY 2022	FY 2021
Operating cash flows	\$(2,985)	\$ 5,569	\$(2,740)	\$ 33,615
Less:				
Expenditures on property, plant and equipment	(381)	(753)	(2,204)	(3,383)
Lease payments	(15)	(44)	(150)	(223)
Free cash flow	\$(3,381)	\$ 4,772	\$(5,094)	\$ 30,009

Average Realized Gold and Silver Prices Per Ounce

The Company has included average realized prices as a supplementary non-GAAP financial measure in this press release. The Company quantifies average realized price as revenue per its Consolidated Statement of Financial Position divided by the number of gold or silver ounces sold. Management uses this measure to monitor its sales of silver and gold ounces against the average market silver and gold prices.

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

	Q4 2022	Q4 2021	FY 2022	FY 2021
Silver revenue	\$25,456	\$28,775	\$103,804	\$133,804
Silver sold (k oz)	1,201	1,240	4,769	5,366
Average realized silver price per ounce	\$21.19	\$23.21	\$21.76	\$24.94
	Q4 2022	Q4 2021	FY 2022	FY 2021
Gold revenue	\$210	\$2,356	\$4,245	\$10,403
Gold sold (oz)	120	1,313	2,341	5,888
Average realized gold price per ounce	\$1,750	\$1,794	\$1,814	\$1,767

¹ Silver equivalent ounces include gold ounces and are converted to a silver equivalent based on a ratio of realized silver and gold prices during the periods discussed. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section of this press release.

² Free cash flow, cash costs, all-in sustaining costs, EBITDA and Adjusted EBITDA are measures of performance with no prescribed definition under IFRS. Refer to the "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" section at the end of this press release.

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