

# Andean Precious Metals Reports Q3 2022 Results and Updates Guidance

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Toronto, November 9, 2022 - [Andean Precious Metals Corp.](#) (TSXV: APM) (OTCQX: ANPMF) ("Andean" or the "Company") reports its operational and financial results for the three and nine months ended September 30, 2022. All amounts are expressed in United States dollars, unless otherwise noted.

This news release should be read together with Andean's management's discussion and analysis (the "MD&A") and condensed interim consolidated financial statements (the "Financial Statements") for the three and nine months ended September 30, 2022, which are available under Andean's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

## Q3 2022 Highlights

- Silver equivalent production<sup>1</sup> of 1.2 million ounces.
- Revenues of \$23.6 million, with average quarterly silver prices declining by 21% year-over-year to \$19.23 per ounce.
- Cash operating costs ("COC") (by-product)<sup>2</sup> of \$18.76 per Ag ounce sold and all-in sustaining costs ("AISC") (by-product)<sup>2</sup> of \$21.72 per Ag ounce sold.
- Operating cash flow of \$(2.5) million and free cash flow ("FCF")<sup>2</sup> of \$(3.3) million in Q3 2022.
- Reported net loss of \$2.8 million, or \$0.02 per share, with adjusted earnings before income tax, depreciation and amortization ("Adjusted EBITDA")<sup>2</sup>, of \$(3.1) million.
- Cash and cash equivalents of \$84.7 million and \$4.4 in marketable securities as at September 30, 2022.

## Company Guidance

- Andean continues to seek improvements to metallurgical performance at San Bartolomé, despite improving recoveries since Q2 and achieving 80% recoveries in August.
- New production contract signed for La Bolsa oxides adjacent to San Bartolomé with production beginning in Q4.
- Revised production guidance for FY2022 of 5.0 to 5.3 million AgEq<sup>1</sup> ounces, adjusted down from our original guidance as a result of our metallurgical challenges. Revised AISC<sup>2</sup> guidance of \$18.75 to \$20.00 per Ag ounce sold (by-product), adjusted down from our original guidance as a result of our lower production.

## Growth

- Andean remains active in evaluating and pursuing potential accretive transactions, leveraging its balance sheet strength.

The expansion study at San Bartolomé is now considering the dry-stack tailings ("DSF") in addition to the fines disposal facility ("FDF") as a potential extractive source of both silver and tin. The DSF was drilled and Andean expects to release an update shortly.

## CEO Commentary

"While we had a challenging quarter, our San Bartolomé operation continues to deliver reliably on plant throughput and grade," stated Simon Griffiths, President & CEO. "We are working on improving recovery and while we are encouraged by the improvements seen in Q3, the operational focus continues to centre on improving metallurgical recoveries and lowering costs. Securing a new oxide production contract supports our Q4 2022 production forecast and revised full year guidance. Our balance sheet is best-in-class with cash

and marketable securities of almost \$90 million, giving us the resources to pursue our growth strategy, despite an approximately 21% decline in year-over-year average silver prices."

### Summary of financial and operating results

In thousands of USD,  
except where noted

		For the three months ended		For the nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Operating Highlights</b>					
Tonnes milled	kdmt	404	440	1,217	1,291
Daily average throughput	dmt	4,590	4,894	4,625	4,852
Average head grade	Ag g/t	115	114	119	115
Silver recovery	Ag %	77	85	77	85
Silver production	koz	1,168	1,375	3,555	4,087
Gold production	oz	577	1,864	2,376	4,682
Silver sales	koz	1,170	1,375	3,568	4,126
Gold sales	oz	650	1,997	2,221	4,575
<b>Total silver equivalent ounces<sup>1</sup></b>					
Produced	AgEq koz	1,219	1,512	3,752	4,410
Sold	AgEq koz	1,227	1,521	3,752	4,442
Average realized price <sup>1</sup>	\$/oz	19.23	24.13	21.96	25.46
<b>Financial Highlights</b>					
Total revenue	\$	23,603	36,691	82,383	113,076
Cost of goods sold	\$	(23,051)	(24,612)	(68,231)	(73,631)
Depreciation and depletion	\$	(1,982)	(2,426)	(5,546)	(7,226)
General and administrative	\$	(3,545)	(3,317)	(9,967)	(11,287)
Exploration and evaluation	\$	(1,253)	(1,283)	(3,157)	(2,946)
Other loss	\$	(462)	(2,683)	(1,263)	(3,321)
Finance costs	\$	(328)	(300)	(988)	(907)
Reversal of loan receivable	\$	-	-	-	3,263
Gain on loan settlement	\$	-	-	-	557
Income tax recovery (expense)	\$	4,178	(224)	(19)	(13,384)
Net loss for the period after tax	\$	(2,840)	1,846	(6,750)	(4,194)
Basic and diluted profit / (loss) per common share	\$/share	(0.02)	0.01	(0.04)	0.03
EBITDA <sup>2</sup>	\$	(4,708)	4,796	(235)	25,711
Adjusted EBITDA <sup>2</sup>	\$	(3,116)	9,137	4,495	32,097
Operating cash flow	\$	(2,503)	5,395	245	28,046
Free cash flow <sup>2</sup>	\$	(3,292)	4,034	(1,713)	25,237
COC <sup>2</sup>	\$/oz	18.76	15.34	17.99	15.90
AISC <sup>2</sup>	\$/oz	21.72	17.94	20.66	18.08

(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-IFRS Measures" section of this press release.

(2) FCF, COC, AISC, EBITDA, Adjusted EBITDA and available liquidity are measures of performance with no prescribed definition under IFRS. Refer to the "Non-IFRS Measures" section of this press release.

Andean processed 0.4 million tonnes of material through the San Bartolomé plant in Q3 2022 and 1.2 million tonnes in YTD 2022 consistent year-on-year. Average head grade for all feed sources is higher year-on-year at 119 g/t Ag.

Average metallurgical recovery of 77% resulted in 1.2 million AgEq ounces produced in Q3 and 3.8 million ounces AgEq ounces YTD 2022. Recoveries remain a focus: while Q3 recovery was 77% versus 75% in Q2, and the plant achieved recovery of 80% in August, this remains short of Andean's target recoveries of 82%. Metallurgical investigations to improve recoveries and reduce costs are ongoing.

Andean generated revenue of \$23.6 million in Q3 2022 from the sale of 1.2 million AgEq ounces at an average realized price of \$19.23 per ounce, and \$82.4 million in YTD 2022 from the sale of 3.8 million AgEq ounces at an average realized price<sup>1</sup> of \$21.96 per ounce in YTD 2022.

The Company generated a net loss of \$(2.8) million or \$(0.02) per share in Q3 2022 and a net loss of \$(6.8) million or \$(0.4) per share in YTD 2022.

EBITDA totaled \$(4.7) million in Q3 2022 and \$(0.2) million in YTD 2022. Adjusted EBITDA totaled \$(3.1) million in Q3 2022 and \$4.5 million in YTD 2022.

Total cash costs were \$18.76 in Q3 2022 and \$17.99 in YTD 2022. AISC was \$21.72 in Q3 2022 and \$20.66 in YTD 2022. Total cash costs and AISC are higher than anticipated due primarily to lower silver production caused by lower metallurgical recoveries and lower by-product gold content.

Operating cash flow was \$(2.5) million in Q2 2022 and \$0.2 million in YTD 2022. Free cash flow was \$(3.2) million in Q2 2022 and \$(1.7) million in YTD 2022.

### Financial Position

In thousands of USD except where noted	September 30, 2022	December 31, 2021	December 31, 2020
	\$'000	\$'000	\$'000
Cash	84,674	87,276	38,537
Marketable securities	4,381	4,177	2,485
Total assets	139,050	140,293	115,783
Current liabilities	20,632	19,434	24,695
Non-current liabilities	21,124	18,301	16,844
Total liabilities	41,756	37,735	41,539
Shareholders' equity	97,294	102,558	74,244

The Company held cash and cash equivalents of \$84.7 million with marketable securities of \$4.4 million as at September 30, 2022. Andean has accelerated the recovery of VAT receivables with cash recoveries of \$5.9 million during the first nine months of 2022, with additional recoveries planned for Q4 2022. Andean has also begun sales of its marketable securities during Q4 2022, further strengthening its liquidity position in anticipation of funding business growth in the near-term.

### Outlook and Revised FY2022 Guidance

Andean will continue to process ore from (i) its NI 43-101 compliant surface deposits (termed "pallacos") at San Bartolomé, (ii) reclaimed silver-bearing mine waste stockpiles at Tatasi-Portugalete, and (iii) purchased ore from its community mining partners.

Andean is actively continuing to assess oxide production opportunities in Bolivia as part of its strategy to extend the life of its operations at San Bartolomé. During Q3, Andean negotiated with a Bolivian cooperative to add La Bolsa property to its mining operations, beginning operations in early Q4. La Bolsa is located 5 km from the San Bartolomé plant and contains over 200 thousand tonnes of mineralized material available to feed into the current mill. Andean expects that material from La Bolsa will be processed throughout the rest of the year and supports the Company's revised guidance.

At San Bartolomé, Andean continues to evaluate options in respect of the Expansion Study which is evaluating the feasibility of re-processing tailings and mineralized stockpiles at San Bartolomé. Drilling at the DSF was recently completed and the Company expects to release results shortly. Andean is now considering the merits for a combined FDF/DSF tin recovery project together with oxide leaching of the silver. Prevailing tin prices are considerably lower than when the Company initiated these studies, though the long-term outlook for tin remains strong.

During Q3 2022, the Company acquired the Jiwaki II area, comprising of 200 hectares north of its current

claims at the San Pablo gold exploration property. Recent surface sampling indicates continuity of mineralization to the north, expanding project potential significantly for the future.

The following table sets out Andean's year-to-date results against its original full year 2022 production and AISC guidance as well as 2022 revised full year production and AISC guidance:

	2022 Original Guidance <sup>(1)</sup>	2022 Revised Guidance <sup>(2)</sup>
Silver equivalent production	3.9M oz	5.3M oz
AISC (by-product)	\$20.00/Ag oz	\$18.75/Ag oz

<sup>1</sup> Andean's commodity price assumptions supporting this estimate are \$23.00/ounce silver and \$1,750/ounce gold.

<sup>2</sup> Andean's commodity price assumptions supporting this estimate are \$21.50/ounce silver and \$1,750/ounce gold.

#### Subsequent to Quarter End

Andean announced a corporate reorganization whereby its main corporate functions will be located in Monterrey, Mexico. The restructuring of the executive team includes Executive Chairman, Alberto Morales replacing Simon Griffiths as CEO and Jeff Chan stepping down as CFO with Juan Carlos Sandoval assuming the CFO role.

#### Notice of Conference Call and Webcast

Management will host a conference call to discuss the Company's Q3 2022 financial and operating results. A question-and-answer session will follow management's prepared remarks, at which time the operator will provide instructions for qualified equity analysts to submit questions. Details of the call are as follows:

Date & Time Thursday, November 10, 2022 at 8:30 a.m. ET

Telephone Toll-free in Canada and the US +1-866-696-5894

Local or International +1-416-406-0743

Participant passcode is 2891712#

Please allow up to 10 minutes to be connected to the conference call.

Webcast A live audio webcast of the earnings call will be available at <https://bit.ly/Q32022APM>. Please connect at least 10 minutes prior to the call start time to ensure adequate time for any software download that may be required to join the webcast.

Replay An archived replay of the webcast will be available for 90 days on the Company's website at [www.andeanpm.com](http://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).

#### Non-IFRS Measures

Certain non-IFRS measures have been included in this news release. The Company believes that these measures, in addition to measures prepared in accordance with International Financial Reporting Standards ("IFRS"), provide readers with an improved ability to evaluate its underlying performance and to compare it to information reported by other companies. The non-IFRS 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. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other companies.

#### Average Realized Price

The Company uses the average realized price per ounce of silver and gold sold to better understand the silver and gold price and, once applicable, cash margin realized throughout a period. Average realized price is calculated as revenue divided by ounces sold.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Financial Statements and MD&A.

In thousands of USD, except where noted	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Silver revenue	\$ 2,249	2,057	2,057	2,057
Silver sold	k oz 1,170	1,376	1,376	1,376
Average realized price	\$/oz 19.23	22.19	22.19	22.19
In thousands of USD, except where noted	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Gold revenue	\$ 1,104	3,524	4,035	8,047
Gold sold	oz 650	1,997	2,221	4,575
Average realized price	\$/oz 1,698	1,764	1,817	1,759

#### Total Cash Costs

The Company reports total cash costs on a per silver ounce sold basis. In addition to measures prepared in accordance with IFRS, such as revenue, the Company believes this information can be used to evaluate its performance and ability to generate operating earnings and cash flow from its mining operations. The Company uses this metric to monitor operating cost performance. Total cash costs include cost of sales such as mining, processing, mine support services, royalties, treatment and refining charges, and changes in inventories, less gold revenue divided by silver ounces sold to arrive at total cash costs per ounce of silver sold.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Financial Statements and MD&A.

In thousands of USD, except where noted	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Silver sold	k oz 1,170	1,376	1,376	1,376
Total cash cost reconciliation				
Cost of sales	\$ 23,051		65,231	73,631
Less: by-product gold credits	\$ (1,104)		(1,104)	(8,047)
Total cash costs	\$ 21,947		64,127	65,584
Cash costs per oz of silver sold	\$/oz 18.76		15.39	15.90

#### All-in Sustaining Costs

The Company believes that AISC more fully defines the total costs associated with producing silver. AISC is calculated based on the definitions published by the World Gold Council ("WGC"). The Company calculates AISC as the sum of total cash costs (as described above), sustaining capital expenditures (excluding significant projects considered expansionary in nature), accretion on decommissioning provisions, payments on lease obligations, and corporate administrative costs less any share-based payments and corporate development costs considered expansionary in nature, all divided by silver ounces sold during the period to arrive at a per ounce amount. Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus expansion capital.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Financial Statements and MD&A.

In thousands of USD,	For the three months ended	For the nine months ended
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except where noted		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Silver sold	k oz	1,170	1,375	3,568	4,126
All-in sustaining cost reconciliation					
Total cash costs	\$	21,947	21,089	64,196	65,584
Sustaining capital expenditures	\$	742	1,361	1,823	2,809
Accretion on rehabilitation provision	\$	278	237	842	714
Payments on lease obligations	\$	47	-	135	-
Sustaining exploration and evaluation	\$	-	12	-	31
Corporate administrative costs	\$	2,402	1,962	6,734	5,441
Total all-in sustaining costs	\$	25,416	24,661	73,730	74,579
AISC per oz of silver sold	\$/oz	21.72	17.94	20.66	18.08

#### EBITDA and Adjusted EBITDA

The Company uses EBITDA and Adjusted EBITDA to better understand its ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures. EBITDA is defined as net earnings before interest and finance expense/income, current and deferred income tax expenses and depreciation and depletion. EBITDA is also adjusted for non-recurring or non-sustaining transactions such as the change in fair value in marketable securities, corporate development expenses and certain exploration and evaluation expenses.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Financial Statements and MD&A.

except where noted	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net (loss) / profit for the period	(2,840	) 1,846	(6,750	) 4,194
Finance costs	328	300	988	907
Income tax (recovery) expense	(4,178	) 224	(19	) 13,384
Depreciation and depletion*	1,982	2,426	5,546	7,226
EBITDA	(4,708	) 4,796	(235	) 25,711
Change in fair value of marketable securities	(383	) 2,317	(204	) 2,999
Recovery of loan impairment	-	-	-	(3,820
RTO Transaction costs	-	-	-	3,451
Restructuring charges	-	707	-	707
Non-sustaining exploration and evaluation	1,253	1,271	3,156	2,915
Corporate development	700	46	1,778	134
Adjusted EBITDA	(3,116	) 9,137	4,495	32,097

\*Depreciation and depletion is reconciled to aggregate depreciation and depletion in the operating adjustments in the consolidated statements of cash flows in the Financial Statements.

#### About Andean Precious Metals

Andean Precious Metals is a growth-focused silver 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 over five million ounces of silver equivalents per year. The Company is also exploring its wholly owned San Pablo project and seeking other accretive opportunities in Bolivia and the wider Americas. Andean is committed to fostering safe, sustainable and responsible operations. For more information, please visit [www.andeanpm.com](http://www.andeanpm.com).

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## Caution Regarding Forward-Looking Statements

This press release contains statements which constitute "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking statements"), including statements regarding the plans, intentions, beliefs and current expectations of Andean with respect to future business activities and operating performance. Forward-looking statements are often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions.

Investors are cautioned that forward-looking statements are not based on historical facts but instead reflect Andean's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although Andean believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed thereon, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of Andean. Forward-looking statements in this press release include statements made regarding forecasted recoveries for Q4 at San Bartolomé, Andean's expectation that corporate restructuring will result in a near-term reduction in its G&A cost base, Andean's planned cash recoveries and growth for Q4, Andean's expectation that material from La Bolsa will be processed in Q4 and the project potential at Jiwaki II.

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; the Company's foreign operation risk and political risk, including but not limited to, social and labour unrest; 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 the MD&A and the Company's Management's Discussion and Analysis dated March 17, 2022.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although Andean has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended and such changes could be material. Andean does not intend, and does not assume any obligation, to update the forward-looking statements except as otherwise required by applicable law.

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<sup>1</sup> 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-IFRS Measures" section of this press release.

<sup>2</sup> FCF, COC, AISC, EBITDA, Adjusted EBITDA and available liquidity are measures of performance with no prescribed definition under IFRS. Refer to the "Non-IFRS Measures" section of this press release.

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