

Andean Precious Metals Reports Q3 2023 Results

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Company continues to pivot Bolivian operations into a processing facility focused on securing long-term material purchasing contracts, driving margins and cash flow

Toronto, November 29, 2023 - [Andean Precious Metals Corp.](#) (TSXV: APM) (OTCQX: ANPMF) ("Andean" or the "Company") reported its operating highlights and unaudited condensed interim financial results for the three and nine months ended September 30, 2023. All amounts are expressed in United States dollars, unless otherwise noted (C\$ refers to Canadian dollars). This news release should be read together with Andean's management discussion and analysis ("MD&A") and condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 (the "Financials"), which are available under the Company's profile on SEDAR+ (www.sedarplus.ca).

"This has been a transformative period for Andean. In September, we announced our exclusive agreement with Silver Elephant to purchase up to 800,000 tonnes of oxide material from its Paca Silver Project," stated Alberto Morales, Andean's Executive Chairman and Chief Executive Officer.

Mr. Morales added, "Earlier this week, we shared the exciting news of our acquisition of Golden Queen Mining, LLC, which operates Soledad Mountain mine, strengthening our position as a larger, more robust, and better diversified precious metals producer while maintaining our strong liquid asset position. From the outset of 2023 we've been clear about our objectives: extend the life of our Bolivian operations and grow our Company through acquisitions in the Americas. We have now achieved both objectives."

As part of Andean's strategy to grow while improving margins and cash flow, the Company is making strategic adjustments to optimize production in Bolivia and at Soledad Mountain in California. In January 2024, Andean will release an updated NI 43-101 reserve and resource estimate for Soledad Mountain. This will be followed by a new mine plan, changes in the ore control process as well as production and cost improvements. Meanwhile, at San Bartolomé, the transition from a conventional mining operation is near complete, with the majority of ounces produced arising from third party feedstock. By mid-2024, Andean anticipates that production from the fines disposal facility ("FDF"), together with third-party oxide material, will replace the low-grade and high-cost tonnage from Pallacos.

Q3 2023 Highlights

- The Company produced approximately 1.2 million silver equivalent ounces ("Ag Eq oz")¹, an increase of 2% compared to Q2 2023. The average head grade and recoveries were 128 g/t Ag and 76% compared to 119 g/t Ag and 79% in Q2 2023. Based on 3.5 million ounces of silver equivalent production to date, and expected production for the remainder of the year, the Company is decreasing its 2023 silver equivalent production guidance range to between 4.6 and 4.8 million ounces.
- Total revenue of \$38.2 million, based on sales of 1.6 million Ag Eq oz at an average realized price of \$24.34 per ounce, compared with Q2 2023 total revenue of \$15.3 million from the sales of 0.6 million Ag Eq oz at an average realized price of \$24.65 per ounce. The total revenue increase of 150%, or \$22.9 million, is due to the inclusion of 540,000 Ag Eq oz classified as inventory as at the end of Q2 2023 as well as an increase in production.
- As of September 30, 2023, delayed sales of approximately 233,000 Ag Eq oz were valued at \$4.6 million and classified as inventory. Subsequent to September 30, 2023, the bullion was sold for a total of \$5.4 million based on an average realized silver price of \$23.46 per ounce.

- In Q3 2023, cost of sales was \$30.9 million, an increase of 162%, when compared to Q2 2023, mainly due to the recognition of costs associated with 540,000 Ag Eq oz classified as inventory in Q2 2023 and sold in Q3 2023.
- General and administrative expenses of \$2.7 million were \$0.4 million lower than Q2 2023 and an \$0.8 million improvement over Q3 2022. The decrease over Q2 2023 was largely due to lower share-based compensation expenses and management fees.
- For Q3 2023 and Q2 2023, reported income from mine operations was \$6.3 million and \$2.4 million, respectively. In Q3 2023, the Company reported net income of \$0.1 million compared to net income of \$0.2 million in Q2 2023.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA")² and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA")² improved to \$4.3 million and \$6.8 million, respectively, compared with \$3.7 million and \$4.9 million in Q2 2023. The increase over Q2 2023 was largely due to higher revenues, lower exploration and evaluation costs and general and administration costs, partially offset by higher operating expenses.
- Operating cash costs ("OCC")² per ounce of silver produced, net of by-product credits, was \$19.39, an increase of 1% over Q2 2023 primarily due to higher oxide material purchasing costs.
- All-in sustaining costs ("AISC")² per silver ounce sold, net of by-product credits was \$21.28, a decrease of 10% when compared to Q2 2023. Based on the Company's nine-month AISC of \$22.60 per ounce sold, it is increasing its AISC guidance for 2023 to between \$22.50 and \$22.90 per silver ounce sold.
- Positive net working capital of \$86.1 million as of September 30, 2023, including liquid assets of \$88.1 million. Liquid assets were comprised of \$76.8 million in cash, silver bullion of \$6.3 million, marketable securities of \$4.3 million and VAT certificates receivable of \$1.5 million. Liquid assets were \$91.8 million as at December 31, 2022.
- Pursuant to its normal course issuer bid ("NCIB"), in Q3 2023 the Company repurchased and cancelled 780,500 shares at an average purchase price of C\$0.74 per share for a total of \$0.4 million (C\$0.6 million). Since the inception of the NCIB in the fall of 2022, a total of 3,160,100 shares at an average purchase price of C\$0.79 have been repurchased and cancelled for a total of \$1.9 million (C\$2.5 million).
- Civil construction and procurement of the equipment required for the silver recovery project at the Company's FDF is progressing as scheduled. Delivery of the equipment has commenced and is ongoing. Commissioning and commencement of production is targeted for the first half of 2024.
- The Company signed an exclusive five-year agreement to purchase up to 800,000 tonnes of oxide material from the Paca silver project in Bolivia. Paca is an undeveloped, epithermal silver and base metal deposit in Bolivia located less than 200 km southwest of Andean's San Bartolomé mine and processing facilities near Potosí.

Environment, Social and Governance Summary Performance

Health and safety

- Lost time injury frequency rate ("LTIFR")³ was zero during Q3 2023 and the Company achieved a significant safety milestone of approximately 514 days with no lost time injuries ("LTI"). One of the Company's goals is to maintain a safe and healthy working environment for all, with a strong safety culture where everyone is continually reminded of the importance of keeping themselves and their colleagues healthy and injury-free.
- The Company is committed to have all employees and contractors return home safe every day. Regular safety awareness campaigns are conducted through external training consultants for all personnel.

Environment

- **Water management & tailings dams management:** In Q3 2023, water consumption at San Bartolomé was 51% compared to 53% in Q2 2023. The reduction in water consumption was achieved by reusing 100% of water from the tailings dam, 47% water from the wastewater treatment plant or rainwater collection and 2% fresh water for office and food services. Monthly external monitoring was conducted on water and sediment for surrounding lagoons. Piezometers and environmental wells are externally and internally monitored as part of the Company's water management.
- **Climate action:** Manquiri carries out the inventory of its greenhouse gas emissions for scopes 1, 2 and 3. For scopes 1 and 2, objectives are in place with a goal to be carbon neutral. Emissions monitoring in the refinery and waste incinerator are conducted monthly to ensure clean air.
- **Environmental incidents rate:** The reportable environmental incidents rate remained at zero in the third quarter and year-to-date.

Community

Year to date, donations, medical support, and infrastructure investments were provided to local communities, including:

- 11 new homes were delivered to the Chalviri Baja and Phusuta communities to provide housing for families in dire need of accommodation.
- Teachers and students of the Chalviri Educational Unit continued to receive training through workshops and seminars.
- The Company participated in several community development initiatives, including providing water purification materials for the Escuela Robertito community and 118 children who live and receive education on the slopes of Cerro Rico.

Summary of Operating and Financial Results

Operating Results Summary

		Q3	Q2		Q3	Q3		YTD	YTD	
	Units	2023	2023	Change	2023	2022	Change	2023	2022	Change
Tonnes mined ⁽¹⁾	k dmt	390	468	(17%)	390	436	(10%)	1,291	1,455	(11%)
Average ROM mined ore grade	Ag g/t	42	43	(2%)	42	56	(25%)	46	60	(23%)
Average +8 mined ore grade	Ag g/t	78	75	4%	78	94	(18%)	74	98	(24%)
Tonnes purchased ⁽²⁾	k dmt	208	167	25%	208	113	85%	464	347	34%
Average purchased grade	Ag g/t	179	186	(4%)	179	230	(22%)	188	221	(15%)
Tonnes milled ⁽³⁾	k dmt	384	385	0%	384	404	(5%)	1,144	1,217	(6%)
Daily average throughput	dmt	4,474	4,561	(2%)	4,474	4,590	(3%)	4,499	4,625	(3%)
Average head grade	Ag g/t	128	119	8%	128	115	11%	118	119	(1%)
Silver recovery	%	76	79	(3%)	76	77	(1%)	78	77	2%
Silver production	k oz	1,190	1,189	0%	1,190	1,168	2%	3,357	3,555	(6%)
Gold production	oz	640	396	62%	640	577	11%	1,270	2,376	(47%)
Silver equivalent production ⁽⁴⁾	k oz	1,242	1,221	2%	1,242	1,219	2%	3,460	3,752	(8%)
Silver sales	k oz	1,552	620	150%	1,552	1,170	33%	3,154	3,568	(12%)
Gold sales	oz	200	-	100%	200	650	69%	415	2,221	(81%)
Silver equivalent sales ⁽⁴⁾	k oz	1,568	620	153%	1,568	1,227	28%	3,188	3,752	(15%)
Average realized silver price ⁽⁶⁾	\$/oz	24.34	24.65	(1%)	24.34	19.23	27%	24.00	21.96	9%
Average market silver price	\$/oz	23.57	24.13	(2%)	23.57	19.23	23%	23.40	21.92	7%
Silver Equivalent Production Breakdown by Source										
Pallacos	k oz	274	403	(32%)	274	394	(30%)	1,065	1,235	(14%)
Mine reclamation stockpiles	k oz	53	38	38%	53	166	(68%)	255	561	(55%)
Cachi Laguna	k oz	137	125	9%	137	159	(14%)	383	576	(33%)
Oxide purchases	k oz	777	655	19%	777	500	55%	1,757	1,380	27%
Total	k oz	1,242	1,221	2%	1,242	1,219	2%	3,460	3,752	(8%)

Financial Results Summary

(in thousands except for per oz numbers)	Q3 2023	Q2 2023	% Change	Q3 2023	Q3 2022	% Change	YTD 2023
Revenue	\$38,174	\$15,284	150%	\$38,174	\$23,603	62%	\$76,503
Cost of sales	30,892	11,771	162%	30,892	23,051	34%	63,880
Income from mine operations	6,273	2,448	156%	6,273	(1,430)	539%	9,095
Net income (loss)	76	169	(141%)	76	(2,840)	103%	464
Net income (loss) per share							
-Basic	0.00	0.00	100%	0.00	(0.02)	100%	0.00
-Diluted	0.00	0.00	100%	0.00	(0.02)	100%	0.00
Net cash provided from (used in) operating activities	8,661	(5,293)	264%	8,661	(2,503)	446%	(955)
Free cash flow ⁽⁵⁾	6,904	(5,588)	224%	6,904	(3,292)	310%	(3,570)
EBITDA ⁽⁵⁾	4,280	3,657	11%	4,280	(4,708)	186%	9,453
Adjusted EBITDA ⁽⁵⁾	6,799	4,928	38%	6,799	(3,116)	318%	12,200
Ending cash and cash equivalents	76,823	70,427	9%	76,823	84,674	9%	76,823
Capital expenditures	1,757	295	496%	1,757	789	123%	2,615
Per ounce produced							
OCC (by-product) ⁽⁵⁾	\$19.39	\$19.15	1%	\$19.39	\$18.19	7%	\$19.94
Per ounce sold							
OCC (by-product) ⁽⁵⁾	\$19.65	\$18.99	3%	\$19.65	\$18.74	5%	\$20.00
AISC (by-product) ⁽⁵⁾	\$21.28	\$23.69	(10%)	\$21.28	\$21.69	(2%)	\$22.60

(1) Material mined during 2023 and 2022 includes material from the Company's permitted areas, including Santa Rita, Huacajchi, Antuco, El Asiento, Monserrat and Tatasi-Portugalete. Mined material is reported as Run-of-Mine ("ROM").

(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. ("RALP").

(3) Tonnes milled is reported as +8 mesh. The acronym "dmt" means dry metric tonnes.

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

(5) FCF, EBITDA, Adjusted EBITDA, OCC, costs per tonnes and AISC 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 this news release for further detail, including a reconciliation of these metrics to the financial statements.

(6) This supplementary financial measure within the meaning of NI 52-112 is calculated as a ratio of revenue from the consolidated financial statements and units of metal sold.

2023 Outlook Update and Guidance

In 1987, the City of Potosí, including the Cerro Rico Mountain, was declared a World Heritage site by UNESCO. Twenty-seven years later, in 2014, the Ministry of Mining and Metallurgy of Bolivia issued Ministerial Resolution, which regulates all mining operations on the Cerro Rico Mountain.

The Company agrees that protecting the Cerro Rico Mountain and City of Potosí while preserving the livelihoods of local mining cooperatives is very important.

In 2017, at the request of the Ministry of Mining & Metallurgy and the Departmental Federation of Mineral Cooperatives, COMIBOL defined new areas for the future relocation of miners working at an elevation of

more than 4,400 metres. In response, Manquiri shifted its mining operations from above 4,400 metres to focus on mining its Pallacos located below 4,400 metres. Only partial progress has been achieved relocating mining cooperatives and privately held mining companies.

As the Company has accelerated the transition from mining its nearly depleted high-cost Pallacos to processing its lower cost FDF material, the Company has agreed to negotiate with COMIBOL a reduction of the Pallacos in exchange for new oxide deposits. As part of the negotiation, during Q3 2023, COMIBOL requested the Company provisionally suspend mining of its low-grade Pallacos until a final resolution is issued. The Company anticipates a resolution with COMIBOL shortly.

To bridge the gap between now and the anticipated commencement of the FDF production in H1 2024, the Company intends to increase the purchase of third-party oxides and processing of material from the recently signed contracts for the Alta Vista and Paca deposits. To date in 2023, silver equivalent ounces produced from third parties represents more than 78% of total ounces produced in Q3 2023 and 69% for the nine months ended September 30, 2023.

Following the completion of the FDF project by mid-2024, management is anticipating that production from the FDF and third-party oxide material will replace low-grade and high-cost tonnage from Pallacos.

Based on the first nine months of production at its Bolivian operations and the government restrictions on mining activities at Pallacos, the Company is decreasing its 2023 silver equivalent production guidance range to between 4.6 and 4.8 million ounces.

Based on (i) the hardness of third-party purchased oxide material, (ii) the increase in third-party purchases, and (iii) an increase in the cost of consumables, the Company is increasing its AISC guidance for its Bolivian operations by approximately 4% (based on the top end of revised AISC guidance provided in the Q2 2023 MD&A) to a range of \$22.50 to \$22.90 per silver ounce sold.

The following table sets out Andean's year-to-date results for its Bolivian operations against its original full year 2023 guidance and its revised 2023 guidance:

	YTD 2023 Actual	Original 2023 Guidance ⁽¹⁾	Revised 2023 Guidance ⁽²⁾
Silver equivalent production	3.5 million AgEq oz	4.8 million to 5.2 million oz	4.6 million to 4.8 million oz
AISC (by-product) / Ag oz sold	\$22.60/Ag oz	\$19.50 to \$20.30/Ag oz	\$22.50 to \$22.90/Ag oz
Capital expenditures	\$1.2 million	\$8 million to \$10 million	\$6.5 million to \$8.5 million

⁽¹⁾ Andean's commodity price assumptions supporting this estimate are \$21/oz silver.

⁽²⁾ Andean's commodity price assumptions supporting this estimate are \$22/oz silver.

Q3 2023 Webcast

Management will host a webcast tomorrow morning to discuss the Company's Q3 2023 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: Thursday, November 30, 2023 at 9:00 a.m. ET / 6:00 a.m. PT

Conference call: Canada/USA Toll Free: 1-800-319-4610
 Toronto Toll: +1-416-915-3239
 International Toll: +1-604-638-5340

Webcast: A live audio webcast of the earnings call will be available at <https://www.gowebcasting.com/13100>.

Notes: To access the live webcast, 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: An archived replay of the webcast will be available for 90 days at <https://www.gowebcasting.com/13100> and on Andean's website: 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 National Instrument 43-101 - Standards for Disclosure for Mineral Projects, Registered Member, Society for Mining, Metallurgy and Exploration (SME), Fellow, Australasian Institute of Mining and Metallurgy (AusIMM). Mr. Birak has visited Manquiri's various sites frequently, most recently in September 2023.

About Andean Precious Metals

Andean is a growing precious metals producer focused on top-tier jurisdictions in the Americas. The Company owns and operates the San Bartolomé project in Potosí, Bolivia and the Soledad Mountain mine in Kern County, California, and is well-funded to act on future growth opportunities. Andean's leadership team is committed to creating value; fostering safe, sustainable and responsible operations; and achieving our ambition to be a multi-asset, mid-tier precious metals producer.

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Caution Regarding Forward-Looking Statements

Certain statements and information in this 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 release include, but are not limited to, statements and information regarding: the timing of the NI 43-101 reserve and resource estimate for Soledad Mountain, the Company's production outlook and capital expenditure expectations for 2023, the timing of commissioning and commencement of production at the FDF, and the Company's plans for growth through exploration activities, acquisitions or otherwise. 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 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; and other factors contained in the section entitled "Risk Factors" in the MD&A and the Company's Management Discussion and Analysis dated September 30, 2023.

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 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

This management disclosure and analysis contains "specified financial measures" within the meaning of NI 52-112, specifically the non-GAAP financial measures, non-GAAP ratios and supplementary financial measures described below. Management believes that the use of these measures assists analysts, investors and other stakeholders of the Company in understanding the costs associated with producing silver, understanding the economics of gold mining, assessing operating performance, the Company's ability to generate free cash flow from current operations and on an overall Company basis, and for planning and forecasting of future periods.

The specified financial measures used in this news release do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers, even as compared to other issuers who may be applying the World Gold Council ("WGC") guidelines. 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.

The following is a description of the non-GAAP financial measures, non-GAAP ratios and supplementary financial measures used in this news release:

(i) OCC includes total production cash costs incurred at the Company's mining operations, which form the basis of the Company's cash costs, less by-product revenue from gold sales.

(ii) Costs per tonne: The Company uses costs per tonne of material processed to manage and evaluate operating performance at its operation in Bolivia. Costs per tonne of material processed is calculated based on total production costs on a produce basis, adjusted for changes in inventory, to arrive at total production costs that relate to material production during the period. These total production costs are then further divided into material purchase costs, mining costs and haulage costs, and milling costs. Mining costs includes costs of material and supplies, labour costs, applicable mine overhead costs, and mining contractor costs for mining material; haulage costs include freight charges for shipping stockpile material from mine sites to the plant, and milling costs include costs of materials and supplies, labour costs, and applicable mill overhead costs related to material processing. Mining costs per tonne is the mining and haulage costs divided by the tonnage of material mined and shipped from mine sites to mill site; material purchasing costs per tonne is the material purchasing costs divided by the tonnage of material purchased from third parties; and milling costs per tonne is the milling costs divided by the tonnage of material processed at the mill. Costs per tonne of material processed is the sum of per tonne material purchasing costs, per tonne mining and haulage costs, and per tonne milling and processing costs.

(iii) AISC on a by-product basis per ounce is a non-GAAP ratio calculated as AISC on a by-product basis divided by ounces of silver equivalent sold. AISC 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 AISC 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.

(iv) AIC represents AISC plus growth capital and non-sustaining exploration and evaluation costs.

(v) Non-sustaining exploration and evaluation costs represent costs associated with the Company's exploration portfolio, primarily relating to activities at the FDF and DSF. 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.

(vi) Adjusted EBITDA is a non-GAAP financial measure calculated by adjusting net income (loss) as recorded in the condensed interim consolidated statements of income (loss) for items not associated with ongoing operations. The Company believes that this generally accepted industry measure allows the evaluation of the results of income-generating capabilities and is useful in making comparisons between periods. This measure adjusts for the impact of items not associated with ongoing operations. A reconciliation of adjusted net income (loss) to the nearest IFRS measures is set out below. Management uses this measure to monitor and plan for the operating performance of the Company in conjunction with other data prepared in accordance with IFRS.

(vii) Free cash flow is a non-GAAP financial measure calculated as cash provided by operating activities from continuing operations less property, plant and equipment additions. A reconciliation of free cash flow to the nearest IFRS measures is set out below. Management uses this measure to monitor the amount of cash available to reinvest in the Company and allocate for shareholder returns.

(viii) Average realized silver price is a supplementary financial measure calculated by dividing the different components of gold sales by the number of ounces sold. Management uses this measure to monitor its sales of silver ounces against the average market gold price.

OCC

The following table provides a reconciliation of the OCC per silver ounce produced on a by-product basis to the Financials:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Costs of sales, as reported	\$ 30,892	\$ 23,052	\$ 63,880	\$ 68,880
Add: Inventory adjustment	(7,429)	697	3,856	73,000

Total OCC before by-product credits	23,463		22,355	67,736	68,231
Less: by-product gold credits	(392)	)	(1,104)	(807)	(4,035)
Total OCC	23,071		21,251	66,929	64,196
Divided by silver ounces produced (k oz)	1,190		1,168	3,357	3,568
OCC per silver ounce, produced on a by-product basis	\$ 19.39		\$ 18.19	\$ 19.94	\$ 17.99

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Costs of sales, as reported	\$ 30,892	\$ 23,052	\$ 63,880	\$ 68,231
Total OCC before by-product credits	30,892	23,052	63,880	68,231
Less: by-product gold credits	(392)	(1,104)	(807)	(4,035)
Total OCC	30,500	21,948	63,073	64,196
Divided by silver ounces sold (k oz)	1,552	1,170	3,154	3,568
OCC per silver ounce, sold on a by-product basis	\$ 19.65	\$ 18.74	\$ 20.00	\$ 17.99

AISC

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
OCC	\$ 30,500	\$ 21,948	\$ 63,073	\$ 64,196
General and administrative expenses	2,701	3,545	8,276	9,967
Sustaining capital expenditures ⁽ⁱ⁾	174	742	571	1,823
Lease payments	-	47	-	135
Accretion for decommissioning liability	326	278	998	842
Less: Items included in G&A				
Business development	(525)	(722)	(1,101)	(1,778)
Share-based compensation	(159)	(452)	(524)	(1,486)
Severance payment	5	-	-	-
AISC	33,022	25,385	71,293	73,699
Divided by silver ounces sold (k oz)	1,552	1,170	3,154	3,568
AISC per silver ounce, sold (by-product)	\$ 21.28	\$ 21.69	\$ 22.60	\$ 20.66

(i) Sustaining capital expenditures are reflective of costs necessary to maintain current production.

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
AISC	\$ 33,022	\$ 25,385	\$ 71,293	\$ 73,699
Non-sustaining exploration and evaluation ⁽ⁱ⁾	252	1,253	315	3,157
Growth capital	1,583	-	2,044	-
AIC	34,857	26,638	73,652	76,856
Divided by silver ounces sold (k oz)	1,552	1,170	3,154	3,598
AIC per silver ounce sold (by-product)	\$ 22.46	\$ 22.76	\$ 23.35	\$ 21.53

(i) 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 non-IFRS performance measures in this news

release. The Company excludes certain items from net income (loss) to provide a measure that allows the Company and investors to evaluate the results of the underlying core operations of the Company and its ability to generate cash flow. 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 Financials:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ 76	(\$2,840	) \$464	(\$6,111)
Add:				
Income taxes	2,848	(4,178	) 4,307	(19,111)
Finance costs	347	328	1,154	988
Depreciation and depletion	1,009	1,982	3,528	5,541
EBITDA	\$4,280	(\$4,708	) \$9,453	(\$23,704)
Add: Non-sustaining exploration and evaluation costs	378	1,253	315	3,151
Add: Corporate development	525	722	1,101	1,771
Less: Change in fair value of derivative contracts ⁽ⁱ⁾	175	-	(797	) -
Less: Change in fair value of marketable securities ⁽ⁱⁱ⁾	1,441	(383	) 2,128	(204)
Adjusted EBITDA	\$6,799	(\$3,116	) \$12,200	\$ 4,491

(i) These amounts refer to fair value change on the derivative contracts on silver sales.

(ii) 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-IFRS performance measure in this news release. The Company considers operating cash flow less capital expenditures to provide a measure which allows the Company and investors to evaluate the ability of the Company to generate cash flow. 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 Financials:

	Nine months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net cash (used in) provided from operations	\$ 8,661	(\$2,503	) (\$955	) \$ 245
Less:				
Expenditures on property, plant and equipment	(1,757	) (742	) (2,615	) (1,823
Lease payments	-	(47	) -	(135
Free cash flow	\$ 6,904	(\$3,292	) (\$3,570	) (\$1,713

Average Realized Gold and Silver Prices

The Company has included average realized prices per ounce as a non-IFRS performance measure in this news release. Average realized silver and gold prices equals revenue per the Statement of Operations divided by ounces of gold or silver sold.

The following table provides a reconciliation of average realized silver and gold prices to the Financials:

	Three months ended September 30,				Nine months ended September 30,			
	2023	2022	2023	2022	2023	2022	2023	2022
Silver revenue	\$ 37,782	\$ 22,499			\$ 75,696	\$ 78,348		
Silver sold (k oz)	1,552	1,170			3,154	3,568		
Average realized silver price per ounce	\$ 24.34	\$ 19.23			\$ 24.00	\$ 21.96		
	2023	2022	2023	2022				
Gold revenue	\$ 392	\$ 1,104	\$ 807	\$ 4,035				
Gold sold (oz)	200	650	415	2,221				

	2023	2022	2023	2022
Average realized gold price per ounce	\$ 1,960	\$ 1,698	\$ 1,945	\$ 1,817

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 for further details.

² AISC, OCC, 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 this press release for further detail, including a reconciliation of these metrics to the financial statements.

³ LTIFR refers to the number of lost time injuries occurring in a workplace per 1 million hours worked. While LTI include all on-the-job injuries that require a person to stay away from work more than 24 hours or which result in death or permanent disability.

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