MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This Management's Discussion and Analysis of Results of Operations and Financial condition ("MD&A") should be read in conjunction with the consolidated financial statements for the years ended December 31, 2022 and 2021 and the notes thereto of Santacruz Silver Mining Ltd. (the "Company" or "Santacruz") which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in thousands of US dollars unless otherwise indicated. Unless otherwise noted, references to "C$" are to thousands of Canadian dollars, references to "MXN" are to thousands of Mexican pesos and references to "BOB" are to thousands of Bolivian bolivianos.

Certain amounts shown in this MD&A may not add exactly to total amounts due to rounding differences. Throughout this MD&A, the terms first quarter, second quarter, third quarter, fourth quarter and year to date are respectively used interchangeably with the terms Q1, Q2, Q3, Q4 and YTD.

This MD&A and the documents incorporated herein by reference contain "forward-looking information" within the meaning of applicable Canadian securities regulation. See the cautionary note contained at the end of this MD&A and the section on risk factors.

All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of June 2, 2023.

Company Overview

Santacruz was incorporated pursuant to the Business Corporations Act of British Columbia on January 24, 2011. The Company's registered office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5. The Company is listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "SCZ".

The Company is engaged in the operation, acquisition, exploration and development of mineral properties in Latin America, with a primary focus on silver and zinc, but also including lead and copper. As at December 31, 2022, the Company had acquired ownership including mining concession rights to the following mineral properties:

Mexico:

- The Zimapan mine (the "Zimapan Mine" or "Zimapan") and process plant complex located in Hidalgo, Mexico;
- The La Pechuga Property and the Santa Gorgonia Prospect, which are exploration properties located in Mexico; and
- Various other properties located in Mexico, including the Rosario Project (the "Rosario Project") which was placed on care and maintenance in August 2021. Certain assets related to the Rosario Project were sold in December 2021 as part of a tax restructuring of Impulsora Minera Santacruz, S.A. de C.V. ("IMSC").

Bolivia:

- Sinchi Wayra ("Sinchi Wayra"), which consists of the following mineral properties and businesses located in Bolivia:
    - the Caballo Blanco Group which includes Tres Amigos, Reserva and Colquechaquita mines (the "Caballo Blanco Group") or "Caballo Blanco");
    - the Don Diego Process plant (the "Don Diego Process Plant" or "Don Diego"), which processes production from the Caballo Blanco Group as well as toll milling;
    - the Soracaya exploration project (the "Soracaya Project" or "Soracaya"); and
    - the San Lucas ore sourcing and trading business ("San Lucas").
- Illapa ("Illapa"), with its operations held under an association agreement with Corporación Minera de Bolivia ("COMIBOL") a Bolivian state-owned entity comprising:
    - the Bolivar mine (the "Bolivar Mine" or "Bolivar") and process plant complex; and
    - the Porco mine (the "Porco Mine" or "Porco") and process plant complex.

Management has assessed the nature of its interest in the Illapa Business and determined it to be a joint operation. The Company records its 45% interest in the assets, liabilities, revenues and expenses of the Illapa Business in its consolidated financial statements.

The Company is the operator of the Illapa Business and as such the chief executive officer and executive management team review the Bolivar and Porco operating and financial information on a 100% basis. The Company reports its segment information on a 100% basis with respect to Bolivar and Porco together with an elimination column representing COMIBOL's 55% interest (Note 24 to the consolidated financial statements).

In this MD&A production and sales information for Bolivar and Porco is presented at 100%. Readers of this MD&A are cautioned that although in the operating section of this MD&A the Company reports 100% of the production and revenue information, the Company records 45% of the assets, liabilities, revenues and expenses in its consolidated financial statements.

Sinchi Wayra and Illapa Acquisition

On March 18, 2022 (the "Acquisition Date"), the Company acquired 100% ownership of Sinchi Wayra and Illapa from Glencore plc ("Glencore"). Sinchi Wayra and Illapa consist of the following mineral properties and businesses located in Bolivia (collectively, the "Bolivian Assets"): the producing Tres Amigos, Reserva and Colquechaquita mines; the producing Bolivar and Porco mines held in partnership with COMIBOL (Illapa holds a 45% interest – see Note 3(f) to the consolidated financial statements); the Soracaya Project; as well as the San Lucas ore sourcing and trading business.

The acquisition of Sinchi Wayra and Illapa has been accounted for by the Company as a business combination under IFRS 3 *Business Combinations*, with the assets and liabilities acquired recorded at their fair values at the acquisition date. The Company is required to determine the fair value of tangible and identifiable intangible assets acquired and liabilities assumed.

Consideration for the acquisition of Sinchi Wayra and Illapa comprised: $2,106 cash payment which was made in the fourth quarter of 2022; $90,000 deferred cash consideration payable in installments from March 18, 2024 to March 18, 2026, a 1.5% NSR over the producing life of the mineral property (excluding the San Lucas ore sourcing and trading business), as well as a 14% adjusted gross margin royalty exclusively over the San Lucas ore sourcing and trading business in perpetuity. In addition, the Company will pay to Glencore the value of certain assets acquired as part of the acquisition which existed as at the Acquisition Date including (a) the total profits on sale of the inventory acquired, and (b) the amount of value added taxes ("VAT") receivable from the Bolivian government, which is expected to be recovered through to the end of 2023 upon completion of requisite and customary government audit procedures for which the timing is not certain.

The Company has completed a full and detailed valuation of the fair value of the net assets of Sinchi Wayra and Illapa acquired using income, market, and cost valuation methods with the assistance of an independent third party. As of the date of the audited annual consolidated financial statements, the allocation of purchase price with respect to the fair value increment of assets acquired and liabilities assumed was updated to reflect new information obtained which existed at the Acquisition Date.

The Company incurred acquisition-related costs of $3,600, including the issuance of 3,077,317 common shares with a fair value of C$0.41 per common share, in the year ended December 31, 2022 which are recorded as a separate line item in the Consolidated Statements of Loss and Comprehensive Loss.

Zimapan Mine Acquisition

On April 23, 2021, the Company acquired 100% ownership of the Zimapan Mine from Minera Cedros S.A. de C.V. ("Minera Cedros"). Prior to this acquisition, the Company, via its subsidiary Carrizal Mining, operated the Zimapan Mine under a lease arrangement with Minera Cedros. The Company paid cash consideration of $20,000, which was funded in part by a loan facility with Trafigura Mexico, S.A. de C.V. for $15,000 and by $5,000 from the Company's treasury. The Company also paid Minera Cedros a $661 deferred purchase price charge in cash as a result of the acquisition closing subsequent to December 31, 2020.

The assets acquired pursuant to this transaction include the Zimapan mill facility, surface and underground infrastructure, and 34 mining concessions. Environmental and retirement obligations were also assumed with the transaction.

2022 Annual Highlights

	2022	2021	2020	Change ’22 vs ’21 (%)
Operational				
Material Processed (tonnes milled)	1,646,272	730,411	652,424	125%
Silver Equivalent Produced (ounces) [1]	14,382,494	3,170,053	3,590,450	354%
Silver Ounces Produced	5,599,223	1,289,171	1,135,714	334%
Lead Tonnes Produced	10,065	3,204	3,828	214%
Zinc Tonnes Produced	72,533	12,007	10,869	504%
Copper Tonnes Produced	1,287	1,073	1,543	20%
Silver Equivalent Sold (payable ounces) [1] [2]	19,612,692	2,961,535	2,500,355	562%
Cash Cost of Production per Tonne [3]	117.99	53.16	46.53	122%
Cash Cost per Silver Equivalent Ounce Sold ($/oz) [3]	17.58	19.62	18.53	(10%)
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold ($/oz) [3]	20.05	24.53	20.82	(18%)
Average Realized Price per Ounce of Silver Equivalent Sold ($/oz) [3] [4]	20.93	23.89	19.58	(13%)
Financial				
Revenues	278,594	53,334	33,097	422%
Gross Profit	22,874	8,526	988	204%
Net Loss	(22,261)	(11,565)	(1,493)	92%
Net Loss Per Share – Basic ($/share)	(0.07)	(0.03)	(0.01)	232%
Adjusted EBITDA [3]	11,385	713	(181)	1,497%
Cash and Cash Equivalent	4,609	938	430	391%
Working Capital (Deficiency)	6,531	(19,821)	22,514	(133%)
Shareholder				
Loss per share - Basic and diluted	(0.07)	(0.04)	(0.01)	75%

2022 Annual Production Summary – By Mine

	Bolivar [5]	Porco [5]	Caballo Blanco Group	San Lucas	Zimapan	Rosario Project	Consolidated
Material Processed (tonnes milled)	210,847	153,377	213,886	246,007	822,155	-	1,646,272
Silver Equivalent Produced (ounces) [1]	2,854,607	1,631,529	2,671,145	3,914,284	3,310,928	-	14,382,493
Silver Ounces Produced	1,402,289	518,986	1,139,576	1,244,089	1,294,283	-	5,599,223
Lead Tonnes Produced	974	713	2,540	1,914	3,923	-	10,064
Zinc Tonnes Produced	13,243	10,171	12,779	24,252	12,087	-	72,532
Copper Tonnes Produced	N/A	N/A	N/A	N/A	1,287	-	1,287
Average head grades per mine:							
Silver (g/t)	230	119	183	185	73	-	128
Zinc (%)	6.88	7.02	6.51	10.77	2.13	-	5.05
Lead (%)	0.65	0.61	1.54	1.13	0.65	-	0.84
Copper (%)	N/A	N/A	N/A	N/A	0.37	-	0.37
Silver Equivalent Sold (payable ounces) [2]	3,579,214	2,258,846	3,448,726	6,703,747	3,622,159	-	19,612,692

Notes for both tables above:

(1) Silver Equivalent Produced (ounces) have been calculated, for all periods presented, using prices of $25.60/oz, $0.94/lb, $1.20/lb and $4.01/lb for silver, lead, zinc and copper respectively applied to the metal production divided by the silver price.

(2) Silver Equivalent Sold (payable ounces) have been calculated using the Average Realized Price per Ounce of Silver Equivalent Sold stated in the table above, applied to the payable metal content of the concentrates sold from Zimapan, Bolivar, Porco, the Caballo Blanco Group, and San Lucas in 2022 and Zimapan and Rosario Project in 2021.

(3) The Company reports non-GAAP measures, which include Cash Cost of Production per Tonne, Cash Cost per Silver Equivalent Ounce Sold, All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold, Average Realized Price per Ounce of Silver Equivalent Sold, Adjusted EBITDA. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. See ''Non-GAAP Measures'' section below for definitions.

(4) Average Realized Price per Ounce of Silver Equivalent Sold is prior to all treatment, smelting and refining charges.

(5) Bolivar and Porco are presented at 100% whereas the Company records 45% of revenues and expenses in its consolidated financial statements.

Management Business Overview and Outlook

The Company's focus for 2023 will be:

- to issue NI 43-101 Technical reports for all active operations;
- to conduct a review and analysis of mining and processing systems and strategies at each operation for the 2024 budget cycle, targeting reductions in unit costs and maximizing cashflow;
- to streamline, and identify synergies among, all mining operations, including potential consolidation of common services between operating units;
- to complete high priority capital projects, specifically the "integration drift" to connect Reserva and Tres Amigos mines at Caballo Blanco, and the increase of dewatering capacity at Bolivar; and
- to suspend the long-term exploration drilling campaign at the Mexican Santa Gorgonia Prospect and focus on near-term producing properties and expansion of the active resources at Zimapan in order maximize value from capital expenditures.

The above initiatives are reflective of current market conditions, with a strong focus on the extraction of maximum value from Santacruz assets.

Overview of Operating Results

Selected Annual and Quarterly Production Results

	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022-YTD	2021-YTD	Change Q4 vs Q3	Change '22 vs. '21
Material Processed (tonnes milled)								
Bolivar [(6)(7)]	73,441	78,461	49,333	9,612	210,847	N/A	(6%)	N/A
Porco [(6)(7)]	50,679	47,717	44,744	10,237	153,377	N/A	6%	N/A
Caballo Blanco Group [(6)]	68,162	64,307	75,748	5,669	213,886	N/A	6%	N/A
San Lucas [(6)]	75,381	94,706	65,280	10,640	246,007	N/A	(20%)	N/A
Zimapan	214,963	215,765	200,014	191,413	822,155	691,382	(0%)	19%
Rosario Project [(5)]	-	-	-	-	-	39,029	N/A	(100%)
Consolidated	**482,626**	**500,956**	**435,119**	**227,571**	**1,646,272**	**730,411**	**(4%)**	**125%**
Silver Equivalent Produced (ounces) [(1)]								
Bolivar [(6)(7)]	1,012,738	1,077,640	647,206	117,023	2,854,607	N/A	(6%)	N/A
Porco [(6)(7)]	522,661	478,166	506,477	124,224	1,631,529	N/A	9%	N/A
Caballo Blanco Group [(6)]	926,660	776,324	902,581	65,580	2,671,145	N/A	19%	N/A
San Lucas [(6)]	1,278,245	1,449,681	1,010,674	175,685	3,914,284	N/A	(12%)	N/A
Zimapan	818,982	879,660	805,259	807,027	3,310,928	3,062,342	(7%)	8%
Rosario Project [(5)]	-	-	-	-	-	107,711	N/A	(100%)
Consolidated	**4,559,286**	**4,661,471**	**3,872,197**	**1,289,539**	**14,382,493**	**3,170,053**	**(2%)**	**354%**
Silver Ounces Produced								
Bolivar [(6)(7)]	503,824	572,205	276,518	49,742	1,402,289	N/A	(12%)	N/A
Porco [(6)(7)]	165,834	150,212	167,465	35,476	518,986	N/A	10%	N/A
Caballo Blanco Group [(6)]	412,955	328,859	371,662	26,099	1,139,576	N/A	26%	N/A
San Lucas [(6)]	410,152	505,043	277,754	51,140	1,244,089	N/A	(19%)	N/A
Zimapan	301,172	368,654	317,086	307,371	1,294,283	1,236,858	(18%)	5%
Rosario Project [(5)]	-	-	-	-	-	52,313	N/A	(100%)
Consolidated	**1,793,937**	**1,924,973**	**1,410,485**	**469,828**	**5,599,223**	**1,289,171**	**(7%)**	**334%**
Lead Tonnes Produced								
Bolivar [(6)(7)]	365	346	220	43	974	N/A	5%	N/A
Porco [(6)(7)]	225	213	224	51	713	N/A	6%	N/A
Caballo Blanco Group [(6)]	778	736	957	70	2,540	N/A	6%	N/A
San Lucas [(6)]	611	683	540	80	1,914	N/A	(11%)	N/A
Zimapan	921	1,019	884	1,099	3,923	3,115	(10%)	26%
Rosario Project [(5)]	-	-	-	-	-	88	N/A	(100%)
Consolidated	**2,900**	**2,997**	**2,825**	**1,343**	**10,064**	**3,203**	**(3%)**	**214%**

	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022-YTD	2021-YTD	Change Q4 vs Q3	Change '22 vs. '21
Zinc Tonnes Produced								
Bolivar [6][7]	4,622	4,603	3,403	615	13,243	N/A	0%	N/A
Porco [6][7]	3,265	2,996	3,094	816	10,171	N/A	9%	N/A
Caballo Blanco Group [6]	4,345	3,739	4,370	326	12,779	N/A	16%	N/A
San Lucas [6]	7,893	8,575	6,645	1,139	24,252	N/A	(8%)	N/A
Zimapan	2,986	2,917	2,921	3,263	12,087	11,590	2%	4%
Rosario Project [5]	-	-	-	-	-	417	N/A	(100%)
Consolidated	**23,111**	**22,830**	**20,433**	**6,159**	**72,532**	**12,007**	**1%**	**504%**
Silver Equivalent Sold (payable ounces) [2]								
Bolivar [6][7]	1,035,569	677,880	1,753,482	112,283	3,579,214	N/A	53%	N/A
Porco [6][7]	397,102	394,893	1,318,218	148,633	2,258,846	N/A	1%	N/A
Caballo Blanco Group [6]	590,205	742,043	1,881,251	235,227	3,448,726	N/A	(20%)	N/A
San Lucas [6]	1,935,444	1,515,434	2,766,110	486,759	6,703,747	N/A	28%	N/A
Zimapan	799,853	1,053,622	886,848	881,836	3,622,159	2,877,922	(24%)	28%
Rosario Project [5]	-	-	-	-	-	83,613	N/A	(100%)
Consolidated	**4,758,173**	**4,383,842**	**8,605,909**	**1,864,738**	**19,612,692**	**2,961,535**	**9%**	**563%**
Cash Cost of Production per Tonne [3]								
Bolivar, Porco, Caballo Blanco Group and San Lucas [6][7]	180.23	213.15	157.07	203.84	186.05	N/A	(15%)	N/A
Zimapan	46.28	49.18	53.53	50.42	49.77	51.92	(6%)	(4%)
Rosario Project [5]	-	-	-	-	-	75.11	N/A	(100%)
Consolidated	**120.57**	**142.53**	**109.47**	**74.79**	**117.99**	**53.17**	**(15%)**	**122%**
Cash Cost per Silver Equivalent Ounce Sold [3]								
Bolivar, Porco, Caballo Blanco Group and San Lucas [6][7]	19.66	25,45	13.30	17.97	17.69	N/A	(23%)	N/A
Zimapan	16.36	16.21	17.90	17.84	17.05	18.97	1%	(12%)
Rosario Project [5]	-	-	-	-	-	41.73	N/A	(100%)
Consolidated	**19.10**	**23.23**	**13.78**	**17.91**	**17.58**	**19.62**	**(18%)**	**(10%)**
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold [3]								
Bolivar, Porco, Caballo Blanco Group and San Lucas [6][7]	21.55	29.12	14.28	19.21	19.47	N/A	(26%)	N/A
Zimapan	18.96	18.27	20.66	19.43	19.29	20.89	4%	(9%)
Rosario Project [5]	-	-	-	-	-	75.05	N/A	(100%)
Consolidated	**21.37**	**27.34**	**15.52**	**20.45**	**20.05**	**24.53**	**(22%)**	**(18%)**
Underground development (m)	10,653	10,423	9,807	3,572	34,455	9,904	**2%**	**248%**
Core Drilling (m)	1,725	1,865	1,295	1,853	6,738	-	**(8%)**	**N/A**

(1) Silver Equivalent Produced (ounces) have been calculated, for all periods presented, using prices of $25.60/oz, $0.94/lb, $1.20/lb and $4.01/lb for silver, lead, zinc and copper respectively applied to the metal production divided by the silver price.

(2) Silver Equivalent Sold (payable ounces) have been calculated using the Average Realized Price per Ounce of Silver Equivalent Sold stated in the table above, applied to the payable metal content of the concentrates sold from Zimapan, Bolivar, Porco, the Caballo Blanco Group, and San Lucas in 2022 and Zimapan and Rosario Project in 2021.

(3) The Company reports non-GAAP measures, which include Cash Cost of Production per Tonne, Cash Cost per Silver Equivalent Ounce Sold, All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold and Average Realized Price per Ounce of Silver Equivalent Sold. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. See ''Non-GAAP Measures'' section below for definitions.

(4) Average Realized Price per Ounce of Silver Equivalent Sold is prior to all treatment, smelting and refining charges.

(5) Operations at the Rosario Project were suspended with no production from August 2021, hence the variance is of limited value.

(6) On March 18, 2022, the Company acquired the Bolivar, Porco, the Caballo Blanco Group, and San Lucas, hence the variance is of limited value.

(7) Bolivar and Porco are presented at 100% whereas the Company records 45% of revenues and expenses in its consolidated financial statements.

Production and Sales

During the year, the Company produced 14,382,494 silver equivalent ounces which was significantly higher than 2021 consolidated production of 3,170,053 silver equivalent ounces due to the acquisition of the Bolivian Assets. On March 18, 2022, the Company closed the acquisition of all Bolivian Assets from Glencore and the results of the operations of the Bolivian Assets are included in the consolidated operational and financial results of the Company from that date. The methodology for reporting metals produced was modified at the end of the first quarter 2023 to add clarity to the reported figures. Total metal production reported now includes only primary recovered and payable metal quantities for each concentrate. Prior period information has been adjusted to reflect this updated methodology.

The Company sold 19,612,692 silver equivalent ounces in 2022. The significant increase in silver equivalent ounces sold versus silver equivalent ounces produced can be attributed to the sale of concentrate inventories produced prior to the Bolivian Assets acquisition. The increase can also be attributed to metal pricing differences, as silver equivalent ounces produced have been calculated using prices of $25.60/oz, $0.94/lb, $1.20/lb and $4.01/lb for silver, lead, zinc and copper respectively, while silver equivalent ounces sold have been calculated using the actual average realized metal prices for concentrates sold.

Annual milled tonnage increased among active operations in Mexico through a 19% increase in production at the Zimapan mine offset by the shutdown of the Rosario mine.

The acquisition of the Bolivian Assets effectively doubled the tonnage processed in 2022 however the silver equivalent ounces produced increased 4.6 times due to the higher-grade feed of the Bolivian Assets.

Cash Cost of Production per Tonne

2022 vs 2021

Consolidated cash cost of production per tonne of mineralized material processed increased 122% in 2022 to $117.99/t as compared to $53.17/t in 2021. This change reflects the higher unit costs at the Bolivian operations ($180.23/t) which included the sale of concentrate inventories from the Bolivian Assets acquisition which were produced in 2021 and had a higher production cost as mining operations were halted for 90 days across all Bolivian mines due to COVID precautionary measures. Bolivian operating costs include material mined and processed, as well as mineralized material purchased by San Lucas ore sourcing and trading business. Unit costs in Mexico decreased 4%, due primarily to increased production rates at Zimapan. Operations at the high-cost Rosario Project were suspended in August 2021.

Q4 2022 vs Q3 2022

Consolidated cash cost of production per tonne of mineralized material processed decreased 15% in Q4 vs Q3 despite a slight decrease in production throughput of 4%. Overall, the Company is maintaining operating costs and production stability following the ramp-up after COVID-19, and is continuously looking for cost reduction opportunities at all of its operations.

Silver Equivalent Ounces Produced

2022 vs 2021

As with production cost, the metal production was greatly affected by the acquisition of the Bolivian Assets in early 2022. Production of mill feed was effectively doubled, however the higher feed grades at the Bolivian properties drove a 354% increase in metal production over the previous year. 2022 benchmarks will help establish production targets and cost reduction objectives going forward.

Q4 2022 vs Q3 2022

Consolidated Q4 2022 metal production results were stable vs Q3 2022 with a 2% decrease, however variations within each mine were significant. Bolivar, San Lucas and Zimapan had very strong Q3 2022, while Porco and Caballo Blanco had weak Q3 2022. Q4 2022 saw each operation adjust back to the path of steady production growth. A 10% drop in the silver head grade in Q4 2022 compared to the spike in Q3 2022 was partially offset by higher zinc and copper grades which kept total metal production relatively stable.

Cash Cost per Silver Equivalent Ounce Sold

2022 vs 2021

The 562% increase in silver equivalent ounces sold was primarily a result of the acquisition of the Bolivian Assets, but also differences in metal prices realized at sale. Silver equivalent ounces produced in 2022 were approximately 14.3 million ounces compared to the approximate 19.6 million ounces sold. The difference was driven by the different metal prices used for production and sales to calculate silver equivalent ounces.

Consolidated cash cost per silver equivalent ounce sold decreased 10% in 2022 to $17.58/oz as compared to $19.62/oz in 2021. This change reflects the lower unit costs at the Bolivian operations ($17.69/oz) compared to the unit cost of Mexican operations which were the sole producers in 2021. In 2022, Mexico cash costs per silver equivalent ounce sold decreased 10% due to a 26% increase in ounces sold, and the high-cost Rosario Project suspending operations in August 2021.

Q4 2022 vs Q3 2022

Consolidated results showed a 18% decrease in cash costs per silver equivalent ounce sold. This decrease was primarily due to a 9% increase in the AgEq oz sold in Q4 2022 vs Q3 2022.

All-In Sustaining Cash Cost ("AISC") per Silver Equivalent Ounce Sold

2022 vs 2021

Consolidated AISC per silver equivalent ounce sold decreased 18% in 2022 to $20.05 per ounce as compared to $24.53 per ounce in 2021. In 2022, Bolivian consolidated AISC per silver equivalent per ounce sold was $19.47, and Mexico consolidated AISC per silver equivalent per ounce sold was $19.29, which was 8% lower for Zimapan compared to 2021.

Q4 2022 vs Q3 2022

Consolidated AISC per silver equivalent ounce sold decreased 22% in Q4 2022 to $21.37 as compared to $27.34 in Q3 2022. This decrease was primarily the result of a 9% increase in the AgEq oz sold in Q4 2022 vs Q3 2022.

Bolivar Mine [4]

Bolivar Production Table	2022 Q4	2022 Q3	2022 Q2	March 18, 2022 to March 31, 2022 [1]	2022-YTD	Change Q4 vs Q3
Material Processed (tonnes milled)	73,441	78,461	49,333	9,612	210,847	(6%)
Silver Equivalent Produced (ounces) [2]	1,012,738	1,077,640	647,206	117,023	2,854,607	(6%)
Silver Equivalent Sold (payable ounces) [3]	1,035,569	677,880	1,753,482	112,283	3,579,214	53%
Production						
Silver (ounces)	503,824	572,205	276,518	49,742	1,402,289	(12%)
Lead (tonnes)	365	346	220	43	974	5%
Zinc (tonnes)	4,622	4,603	3,403	615	13,243	0%
Average Grade						
Silver (g/t)	235	253	193	191	230	(7%)
Lead (%)	0.70	0.63	0.60	0.63	0.65	11%
Zinc (%)	6.94	6.47	7.41	7.00	6.88	7%
Metal Recovery						
Silver (%)	91	90	90	84	90	1%
Lead (%)	71	70	74	72	71	1%
Zinc (%)	91	91	93	91	91	(0%)

(1) On March 18, 2022, the Company acquired the Bolivar, Porco, the Caballo Blanco Group, and San Lucas.

(2) Silver Equivalent Produced (ounces) in 2022 have been calculated, for all periods presented, using prices of $25.60/oz, $0.94/lb, and $1.20/lb for silver, lead, and zinc, respectively applied to the metal production divided by the silver price.

(3) Silver Equivalent Sold (payable ounces) have been calculated using the Average Realized Price per Ounce of Silver Equivalent Sold applied to the payable metal content of the concentrates sold from the Bolivar, Porco, the Caballo Blanco Group, and San Lucas in 2022.

(4) Bolivar is presented at 100% whereas the Company records 45% of revenues and expenses in its consolidated financial statements.

The Bolivar Mine has been active for more than 200 years and currently produces a nominal 800 tonnes per day. The current mine complex consists of an underground mine, 1,100 t/d concentrator plant, tailings storage facility, maintenance workshop, shaft-winder, water treatment plants, supplies warehouse, main office, hospital, and camp.

Bolivar mines from two main areas, the Central zone which is a deeper extension of the original mineralized zone, and Rosario which is a separately accessed parallel zone with a dedicated portal. Full development of the Rosario zone in 2022 has allowed more flexible production options especially considering water handling and services issues in the Central zone which can affect development and production.

The Company has been successful in building back production capacity from the pandemic years of 2020 and 2021. Currently the mine is producing about 22,500 tonnes per month mineralized material, and 660 meters per month combined primary and secondary development. At the same time, feed sourcing from the San Lucas business is providing production flexibility allowing the plant to operate efficiently.

The Bolivar mill has been in continuous production since 1993. The mill receives feed from two sources; the Company mining operation which contributes about 80% and toll feed purchased through the San Lucas business which contributes the other 20%. Total throughput was about 27,200 tonnes per month in 2022. The mill processes the two types of feed separately which allows for an analysis and reporting of processing for each feed type. The mill utilizes different reagent strategies for the toll and company feed sources, primarily due to pyrrhotite which is found in the toll feed but generally not found in the company feed.

Since the acquisition of the Bolivian Assets and recovery from the pandemic, production performance has steadily improved and stabilized at Bolivar, with small variations in the mined grade impacting the metal production. The key focus for 2023 will be on increasing stoping selectivity in order to reduce dilution and send higher grade feed to the mill. Infrastructure upgrades designed to increase dewatering capacity are also a priority for 2023.

Q4 2022 vs Q3 2022

Bolivar was able to sustain the significant production increase attained in Q3 2022 at comparable grades, while increasing total development by 10%. Development production was driven by new jumbo and bolting equipment in the Rosario Section, where ore production is stabilizing at 22% of total mine output.

Porco Mine [4]

Porco Production Table	2022 Q4	2022 Q3	2022 Q2	March 18, 2022 to March 31, 2022 [1]	2022-YTD	Change Q4 vs Q3
Material Processed (tonnes milled)	50,679	47,717	44,744	10,237	153,377	6%
Silver Equivalent Produced (ounces) [2]	522,661	478,166	506,477	124,224	1,631,529	9%
Silver Equivalent Sold (payable ounces) [3]	397,102	394,893	1,318,218	148,633	2,258,846	1%
Production						
Silver (ounces)	165,834	150,212	167,465	35,476	518,986	10%
Lead (tonnes)	225	213	224	51	713	6%
Zinc (tonnes)	3,265	2,996	3,094	816	10,171	9%
Average Grade						
Silver (g/t)	113	114	128	138	119	(1%)
Lead (%)	0.56	0.59	0.66	0.66	0.61	(5%)
Zinc (%)	6.80	6.68	7.31	8.40	7.02	2%
Metal Recovery						
Silver (%)	90	86	91	78	88	5%
Lead (%)	79	75	76	75	77	5%
Zinc (%)	95	94	95	95	95	1%

(1) On March 18, 2022, the Company acquired the Bolivar, Porco, the Caballo Blanco Group, and San Lucas.

(2) Silver Equivalent Produced (ounces) in 2022 have been calculated, for all periods presented, using prices of $25.60/oz, $0.94/lb, and $1.20/lb for silver, lead, and zinc, respectively applied to the metal production divided by the silver price plus the respective concentrate produced by the Bolivar, Porco, the Caballo Blanco Group, and San Lucas multiplied by the respective silver content.

(3) Silver Equivalent Sold (payable ounces) have been calculated using the Average Realized Price per Ounce of Silver Equivalent Sold applied to the payable metal content of the concentrates sold from the Bolivar, Porco, the Caballo Blanco Group, and San Lucas in 2022.

(4) Porco is presented at 100% whereas the Company records 45% of revenues and expenses in its consolidated financial statements.

The Porco Mine has been active for nearly 500 years. The complex consists of an underground mine, concentrator plant, maintenance workshop, tailing storage facility, water treatment plant, supplies warehouse, main office, two hospitals and Yancaviri Camp.

The mine produces about 15,000 tonnes of mineralized material, and 700 meters of total development per month. The mine is comprised of two production areas. Hundumiento uses long hole mechanized mining methods to exploit the deeper extension of the primary vein complex, and the Central zone which is conventionally mined with more selective shrinkage stoping.

Similar to Bolivar, the process plant is also fed by the mine (approximately 55%), and toll feed from the San Lucas Business (45%). The plant processed approximately 28,800 tonnes per month for 2022. Lower mine feed grades over the last 2 quarters have had some impact on metal recoveries. During Q4 2022 the plant has adjusted with increased recoveries over Q3 2022 at similar feed grades. It is notable that the grades of the feed from San Lucas for Zinc, Lead, and Silver are 66%, 142%, and 21% higher respectively than mine feed.

Similar to Bolivar, the focus for 2023 at Porco is to send higher grade feed to the plant by using more selective mining techniques to minimize dilution.

Q4 2022 vs Q3 2022

Porco increased production by 6% in Q4 2022 versus Q3 2022. This mine has increased production every quarter in 2022 and is significantly benefiting from the increased development rates. Geologic study, evaluation and drilling are being focused on resource expansion in the eastern sector to support stable production at current rates and potential for expansion.

Caballo Blanco Group

Caballo Blanco Group Production Table	2022 Q4	2022 Q3	2022 Q2	March 18, 2022 to March 31, 2022 [(1)]	2022-YTD	Change Q4 vs Q3
Material Processed (tonnes milled)	68,162	64,307	75,748	5,669	213,886	6%
Silver Equivalent Produced (ounces) [(2)]	926,660	776,324	902,581	65,580	2,671,145	19%
Silver Equivalent Sold (payable ounces) [(3)]	590,205	742,043	1,881,251	235,227	3,448,726	(20%)
Production						
Silver (ounces)	412,955	328,859	371,662	26,099	1,139,576	26%
Lead (tonnes)	778	736	957	70	2,540	6%
Zinc (tonnes)	4,345	3,739	4,370	326	12,779	16%
Average Grade						
Silver (g/t)	206	175	170	152	183	18%
Lead (%)	1.48	1.46	1.65	1.54	1.54	2%
Zinc (%)	6.92	6.41	6.27	6.05	6.51	8%
Metal Recovery						
Silver (%)	91	91	90	94	91	nil%
Lead (%)	77	79	77	90	77	(3%)
Zinc (%)	92	91	92	97	92	1%

(1) On March 18, 2022, the Company acquired the Bolivar, Porco, the Caballo Blanco Group, and San Lucas.

(2) Silver Equivalent Produced (ounces) in 2022 have been calculated, for all periods presented, using prices of $25.60/oz, $0.94/lb, and $1.20/lb for silver, lead, and zinc, respectively applied to the metal production divided by the silver price.

(3) Silver Equivalent Sold (payable ounces) have been calculated using the Average Realized Price per Ounce of Silver Equivalent Sold applied to the payable metal content of the concentrates sold from the Bolivar, Porco, the Caballo Blanco Group, and San Lucas in 2022.

As a unit, Caballo Blanco produces about 19,000 tonnes of mineralized material and 1,025 meters development per month. Approximately 60% of mine production is generated by conventional shrinkage and cut & fill methods. The remainder is produced by more modern trackless sublevel stoping. Run-of-mine mineralized material is hauled to the Don Diego Process Plant approximately 75km in dump trucks.

The mined material is sourced from three separate mines, all quite different but mining the same structures. The Colquechaquita ("COC") mine produced 6,500 tonnes feed and 265 meters development per month by a mix of conventional and trackless mining. This mine is limited mainly by the small shaft from which it is accessed. An important capital project for 2023 is the connection of COC with the adjacent Tres Amigos mine ("TAM"). This connection would not only link COC to Tres Amigos, but also to surface with a trackless service and haulage way.

Tres Amigos mine utilizes trackless equipment for ramp and haulageway development, but all mineral production is by conventional shrinkage stoping in a multiple vein structure. TAM is the most productive of the mines and produces 9,900 tonnes of feed along with 450 meters of development monthly. The selectivity of the mining method also provides a higher head grade to the plant.

The Reserva mine uses long hole sublevel stoping to produce 2,650 tonnes and 300 meters development per month. Reserva produces from multiple levels of a single vein structure.

Consolidation is the opportunity at Caballo Blanco, and progress in 2022 was steady in the "Integration drift" between COC and TAM and associated ventilation raises. Improvements in mining execution to reduce dilution at Reserva are in process as well as limited mechanization of deeper resources at COC.

The Don Diego Process Plant also processes feed from Caballo Blanco group of mines and San Lucas toll material. The total throughput for 2022 averaged approximately 29,650 tonnes per month, 85% coming from the Caballo Blanco mines and 15% from San Lucas toll material. Grades from both sources are fairly similar at Don Diego with the toll ore being higher in zinc whereas mine feed slightly higher in lead and silver.

Q4 2022 vs Q3 2022

Caballo Blanco increased metal production (AgEq oz) by 19% in Q4 2022 versus Q3 2022 by stable ore production at increased head grades and process recoveries at Don Diego Process Plant. Steady progress on the "integration" ramp and associated Alimak ventilation raises is being made. This development will link the COC and TAM mines providing a host of benefits, from lower haulage costs and elimination of production bottlenecks, to access for exploration of additional mineralized zones intercepted during development. Currently TAM mine provides most of the mill feed from Caballo Blanco.

San Lucas

San Lucas Production Table	2022 Q4	2022 Q3	2022 Q2	March 18, 2022 to March 31, 2022 [1]	2022-YTD	Change Q4 vs Q3
Material Processed (tonnes milled)	75,381	94,706	65,280	10,640	246,007	(20%)
Silver Equivalent Produced (ounces) [2]	1,278,245	1,449,681	1,010,674	175,685	3,914,284	(12%)
Silver Equivalent Sold (payable ounces)	1,935,444	1,515,434	2,766,110	486,759	6,703,747	28%
Production						
Silver (ounces)	410,152	505,043	277,754	51,140	1,244,089	(19%)
Lead (tonnes)	611	683	540	80	1,914	(10%)
Zinc (tonnes)	7,893	8,575	6,645	1,139	24,252	(8%)
Average Grade						
Silver (g/t)	194	198	159	165	185	(2%)
Lead (%)	1.18	1.06	1.18	1.08	1.13	12%
Zinc (%)	11.41	9.96	11.08	11.55	10.77	15%
Metal Recovery						
Silver (%)	87	84	83	91	85	4%
Lead (%)	69	68	70	83	69	1%
Zinc (%)	92	91	92	95	92	1%

(1) On March 18, 2022, the Company acquired the Bolivar, Porco, the Caballo Blanco Group, and San Lucas.

(2) Silver Equivalent Produced (ounces) in 2022 have been calculated, for all periods presented, using prices of $25.60/oz, $0.94/lb, and $1.20/lb for silver, lead, and zinc, respectively applied to the metal production divided by the silver price plus the respective concentrate produced by the Bolivar, Porco, the Caballo Blanco Group, and San Lucas multiplied by the respective silver content.

(3) Silver Equivalent Sold (payable ounces) have been calculated using the Average Realized Price per Ounce of Silver Equivalent Sold applied to the payable metal content of the concentrates sold from the Bolivar, Porco, the Caballo Blanco Group, and San Lucas in 2022.

The San Lucas ore sourcing business utilizes the production capacity of each of the process plants in Bolivia to generate concentrate. Feed is sourced from independent organized mining groups with whom San Lucas has negotiated agreements outlining methodology for valuation and purchase as well as validating the source of the ore and methods used in extraction. Once the material is sampled and the purchase is finalized, it can be blended and processed.

Generally, the material from the San Lucas ore sourcing business is campaigned through the plant and kept separate from mine feed. From the three different plants, the approximate split is 50% at Porco, 30% at Don Diego and 20% at Bolivar. The feed volume and grade is variable and difficult to forecast, however the consistent and fair business structure offered and practiced by our San Lucas operations appeal to local miners and additional agreements are being negotiated to increase toll feed.

Expansion of toll milling capacity is a focus for 2023. As tabulated, reduction in feed in Q4 2022 compared to Q3 2022 is anomalous to the quarterly pattern of growth over 2022.

Zimapan

Zimapan Production Table	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022-YTD	2021-YTD[1]	Change Q4 vs Q3	Change '22 vs '21
Material Processed (tonnes milled)	214,963	215,765	200,014	191,413	822,155	691,382	(0)%	19%
Silver Equivalent Produced (ounces) [2]	818,982	879,660	805,259	807,027	3,310,928	3,062,342	(7)%	8%
Silver Equivalent Sold (payable ounces) [3]	799,853	1,053,622	886,848	881,836	3,622,159	2,877,922	(24)%	26%
Production								
Silver (ounces)	301,172	368,654	317,086	307,371	1,294,283	1,236,858	(18)%	5%
Lead (tonnes)	921	1,019	884	1,099	3,923	3,115	(10)%	26%
Zinc (tonnes)	2,986	2,917	2,921	3,263	12,087	11,590	2%	4%
Copper (tonnes)	386	364	329	208	1,287	1,073	6%	20%
Average Grade								
Silver (g/t)	71	79	72	69	73	79	(10%)	(8)%
Lead (%)	0.63	0.66	0.61	0.72	0.65	0.60	(5)%	8%
Zinc (%)	2.19	1.99	2.05	2.31	2.13	2.34	10%	(9)%
Copper (%)	0.40	0.39	0.39	0.29	0.37	0.35	3%	6%
Metal Recovery								
Silver (%)	62	67	69	72	67	72	(7)%	(7)%
Lead (%)	68	72	72	80	83	74	(6)%	12%
Zinc (%)	63	68	71	74	72	66	(7)%	9%
Copper (%)	45	44	42	38	42	49	4%	(14)%
Cash Cost of Production per Tonne ($/t) [4]	46.28	49.18	53.53	50.42	49.77	51.92	(6)%	(4)%
Cash Cost per Silver Equivalent Ounce Sold ($/oz) [4]	16.36	16.21	17.90	17.84	17.05	18.97	(6)%	(12)%
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold ($/oz) [4]	18.96	18.27	20.66	19.43	19.29	20.89	(4)%	(9)%

(1) Zimapan was acquired in April 2021. Prior to acquisition, the Company conducted operations at Zimapan under a mining lease agreement with Minera Cedros.

(2) Silver Equivalent Produced (ounces) have been calculated, for all periods presented, using prices of $25.60/oz, $0.94/lb, $1.20/lb and $4.01/lb for silver, lead, zinc and copper respectively applied to the metal production divided by the silver price plus the respective concentrate produced by Zimapan multiplied by the respective silver content.

(3) Silver Equivalent Sold (payable ounces) have been calculated using the Average Realized Price per Ounce of Silver Equivalent Sold applied to the payable metal content of the concentrates sold from Zimapan in 2022 and 2021.

(4) The Company reports non-GAAP measures, which include Cash Cost of Production per Tonne, Cash Cost per Silver Equivalent Ounce Sold and All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. See "Non-GAAP Measures" section below for definitions.

Steadily increased mine and plant production has assisted in reducing unit costs and offsetting the impact of metal and supply price volatility. However steadily declining metallurgical recoveries have been the focus. Mining new orebodies more intensively at Mina Monte presented metallurgical challenges, which are currently being addressed with an ongoing third-party metallurgical test program. Several specific deposits have been identified and characterized metallurgically, prompting adjustments to the mine plan and blending strategy, thus helping to increase recoveries.

2022 vs 2021

Silver equivalent ounce production in 2022 compared to 2021 increased 8% to 3,310,928 ounces. This increase is due solely to the increase in throughput of mineralized material. The feed grades were very similar for both years.

Changing ore types at Zimapan have had mixed effects on AgEq oz production. While the plant reported lower recoveries of lead and associated silver in the lead concentrate, the new zones being mined were rich in copper and have delivered higher than budgeted recoveries of copper and silver which at high copper prices, helped drive the total equivalent ounce production up to approximately 3.3 million AgEq oz.

Q4 2022 vs Q3 2022

Silver equivalent ounce production in Q4 2022 compared to Q3 decreased 7% to 818,982 ounces as a result of lower recoveries. The increase in copper recoveries and strong copper price has helped to minimize the economic impact of the decrease.

Mine development was focused on opening higher grade stoping areas in Carrizal mine along with high productivity areas in Monte mine. Exploration efforts have been refocused to expand current mine resources. Increases in mine production over the last quarter have moved the focus on stabilizing plant throughput and maximizing recoveries. Q4 has seen the purchase and installation of a replacement secondary crusher, commissioning of a zinc flotation column, and installation of additional concentrate filtration capacity. A metallurgical testing program is underway to address new mineralized zones being mined, and to maximize recoveries.

Other properties

Soracaya is an approximately 8-hectare exploration asset located approximately 200 km south south-west of Potosi and 4.4 km from the San Vincente mine (owned by Pan American Silver). Verification of the resource to NI 43-101 standards is currently in progress.

Qualified Person and technical disclosures

All scientific and technical disclosure contained in this MD&A was reviewed and approved by Wayne Corso, Chief Operating Officer of the Company, who is a Qualified Person, as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

Production at the Zimapan Mine is not supported by a feasibility study on mineral reserves demonstrating economic or technical viability or any other independent economic study under NI 43-101. Accordingly, there is increased uncertainty and higher economic and technical risks of failure associated with production operations at the Zimapan Mine. Production and economic variables may vary considerably due to the absence of a complete and detailed site analysis according to and in accordance with NI 43- 101. Project failure may adversely impact the Company's future profitability.

Production with respect to the operations in Bolivia is not supported by a feasibility study on mineral reserves demonstrating economic or technical viability or any other independent economic study under NI 43-101. Accordingly, there is increased uncertainty and higher economic and technical risks of failure associated with production operations in Bolivia. Production and economic variables may vary considerably due to the absence of a complete and detailed site analysis according to and in accordance with NI 43-101. Project failures may adversely impact the Company's future profitability.

Overview of Financial Results

Fourth quarter highlights

	2022 Q4	2021 Q4	Change 'Q4 vs 'Q4
Revenues	64,309	13,821	365%
Mine operating costs			
Cost of sales	66,619	10,571	502%
Depletion, depreciation and amortization	(8,549)	3,114	(375%)
Gross profit (loss)	**6,239**	**136**	**6,718%**
General and administrative expenses	(531)	(5,089)	(67%)
Share-based payments	(386)	(1,809)	(79%)
Operating (loss)	**5,322**	**(6,762)**	(206%)
Finance (expense) income	(9,074)	(2,376)	281%
(Loss) gain on foreign exchange	(23)	1,164	(102%)
Transaction costs for the Sinchi Wayra and Illapa Business acquisition	(1,578)	-	100%
Impairment on property, plant and equipment	(4,538)	-	100%
Fair value (loss) gain on marketable securities	(161)	1,380	(112%)
Loss on Rosario Project transactions	-	(1,095)	(100%)
Loss before tax	**(10,052)**	**(7,689)**	6%
Income tax benefit (expense)	1,983	(2,761)	(27%)
Net loss for the period	**(8,069)**	**(10,450)**	(2%)
Other comprehensive income			
Currency translation differences	(3,407)	(1,801)	89%
Comprehensive loss for the year	**(11,476)**	**(12,251)**	11%
Net loss per share:			
Basic and diluted	(0.02)	(0.03)	(-%)
Weighted average number of common shares:			
Basic and diluted	344,585,7175	328,543,493	

In Q1 2022 the Company acquired the Bolivian Assets. In the discussion below, the results of the Bolivian Assets are quantified and excluded from the results for Q4 2022 in order to be comparable to the results for Q4 2021.

Revenues for the quarter ended December 31, 2022, were $64,309, of which $52,966 was attributable to our operations in Bolivia. Revenues from Zimapan were $11,343, a decrease of $2,570 compared to Q4 2021, mainly due to lower sales quantity.

Cost of sales for the quarter ended December 31, 2022 was $66,619, of which $56,773 was attributable to our operations in Bolivia. Cost of sales for Zimapan was $9,846, a decrease of $34 compared to Q4 2021.

Depletion, depreciation and amortization for the quarter ended December 31, 2022, was a credit balance of $8,549. This was mainly due to a net credit adjustment of $10,971 to the depletion, depreciation and amortization of the operations in Bolivia recorded in prior quarters based on the fair value of the mineral properties, plant and equipment as of the Acquisition Date which was finalized in Q4 2022. Depletion, depreciation and amortization for Zimapan was $2,422, a decrease of $692 compared to Q4 2021.

Gross profit for the quarter ended December 31, 2022 was $6,239, of which $7,164 was attributable to the operations in Bolivia. Gross loss for Zimapan was $925, an increase of $1,061 compared to the prior quarter, mainly due to lower realized metal prices.

General and administrative expenses for the quarter ended December 31, 2022 was $531, a decrease of $4,558 compared to Q4 2021.

Finance costs for the quarter ended December 31, 2022 was $9,074, an increase of $6,699 compared to Q4 2021. The increase was primarily driven by:

- Accretion of consideration payable of $5,792 related to the Sinchi Wayra and Illapa acquisition. The consideration payable is scheduled to be paid back over approximately four years and this accretion reflects the unwinding of the discount that was recorded effective March 18, 2022.
- There were other non-significant changes related to accretion of decommission provisions, accretion of the Trafigura facility loan, interest expense and other income items that offset the accretion of consideration payable.

Transaction costs for Sinchi Wayra and Illapa Business acquisition for the quarter ended December 31, 2022 was $1,578 compared to $nil in Q4 2021.

Years ended December 31, 2022, 2021, and 2020

	Annual 2022	**Annual 2021**	**Annual 2020**	**Change '22 vs '21**
Revenues	278,594	53,334	33,097	422%
Mine operating costs				
Cost of sales	241,073	40,671	32,109	485%
Depletion, depreciation and amortization	14,647	4,137	-	254%
Gross profit	**22,874**	**8,526**	**988**	**204%**
General and administrative expenses	(21,552)	(11,932)	(6,732)	90%
Share-based payments	(1,256)	(3,363)	-	(63%)
Operating profit (loss)	**66**	**(6,769)**	**(5,744)**	**(129%)**
Finance costs	(7,022)	(3,497)	4,226	101%
Gain on foreign exchange	620	126	117	394%
Transaction costs for Sinchi Wayra and Illapa Business acquisition	(3,600)	-	-	N/A
Impairment on property, plant and equipment	(4,538)	-	-	N/A
Fair value (loss) gain on marketable securities	(1,544)	2,083	-	(174%)
Gain on sale of Zacatecas properties	-	911	-	(100%)
Loss on Rosario Project transaction	-	(1,095)	-	(100%)
Loss before income tax	**(16,018)**	**(8,241)**	**(1,401)**	**72%**
Income tax expense	(6,243)	(3,324)	(92)	208%
Loss for the year	**(22,261)**	**(11,565)**	**(1,493)**	**111%**
Other comprehensive income:				
Currency translation differences	380	106	377	264%
Comprehensive profit (loss) for the year	**(21,881)**	**(11,459)**	**377**	**109%**
Net loss per share:				
Basic and diluted	(0.07)	(0.04)	(0.01)	92%
Weighted average number of common shares:				
Basic and diluted	339,100,644	308,017,196	221,160,286	10%

In Q1 2022 the Company acquired the Bolivian Assets. In the discussion below, the results of the operations in Bolivia are quantified and excluded from the current year results in order to be comparable to the prior year's results.

Revenues for the year ended December 31, 2022 were $278,594, of which $224,215 was attributable to the operations in Bolivia. The additional revenues relate to the Zimapan mine which were relatively flat year over year.

Cost of sales for the year ended December 31, 2022 was $241,073, of which $197,967 was attributable to the operations in Bolivia. Cost of sales for Mexico were $43,106 compared against $40,671, an increase of $2,435 compared to the prior year.

Depletion, depreciation and amortization for the year ended December 31, 2022 was $14,647, of which $12,225 was attributable to the operations in Bolivia. Depletion, depreciation and amortization for Zimapan was $2,422, a decrease of $1,662 compared to the prior year.

Gross profit for the year ended December 31, 2022 was $22,874, of which $14,058 was attributable to the operations in Bolivia and $8,817 attributable to the Zimapan mine, corporate and other operations, a decrease of $3,012 compared to the prior year.

General and administrative expenses for the year ended December 31, 2022 was $21,552, an increase of $9,620 compared to the prior year. The increase was primarily driven by:

- An increase in salaries and benefits of $6,169 mainly due to the La Paz, Bolivia office staff following the acquisition of Sinchi Wayra and Illapa.
- An increase in community relationships, professional fees and tax penalties.

Finance costs for the year ended December 31, 2022, was $7,022, an increase of $3,526 compared to the prior year. The increase was primarily driven by:

- Accretion of consideration payable of $5,826 related to the Sinchi Wayra and Illapa acquisition. The consideration payable is scheduled to be paid back over approximately four years and this accretion reflects the unwinding of the discount that was recorded effective March 18, 2022.
- There were other non-significant changes related to accretion of decommission provisions, accretion of the Trafigura facility loan, interest expense and other income items that offset the accretion of consideration payable.

Transaction costs for Sinchi Wayra and Illapa Business acquisition for the year ended December 31, 2022, was $3,600 compared to $nil in the prior year. These costs including the issuance of 3,077,317 common shares with a fair value of C$0.41 per common share.

Impairment on property, plant and equipment for the year ended December 31, 2022 was $4,538 compared to $nil in the prior year. This impairment relates to the assets held in ISMC. The Company adopted a plan for the sale of shares in IMSC in Q4 2022 and this is a triggering event for impairment assessment. Management concluded that the carrying value of the property, plant and equipment should be fully impaired. Upon completion of the sale of IMSC a larger gain on disposal of assets held for sale will be recorded as a result of this impairment having been recorded, no impact to cash received.

Summary of Quarterly Results

The following table presents selected financial information for each of the most recent eight quarters:

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	64,309	53,516	128,388	32,381	13,821	14,601	13,744	11,168
Mine operating costs	58,070	72,854	99,920	24,876	13,685	11,424	10,342	9,357
Gross profit (loss)	6,239	(19,338)	28,468	7,505	136	3,177	3,402	1,811
Operating expenses	(971)	(10,889)	(8,465)	(2,537)	(6,898)	(2,754)	(3,623)	(2,020)
Net income (loss)	(8,069)	(18,788)	(5,523)	10,119	(10,450)	(3,849)	(4,069)	6,803
Net income (loss) per share [(1)]	(0.02)	(0.06)	(0.02)	0.03	(0.03)	(0.01)	(0.01)	0.02

(1) The basic and fully diluted calculations result in the same value due to the anti-dilutive effect of outstanding stock options and warrants for all quarters.

The Company acquired the Sinchi Wayra and Illapa business on March 18, 2022. This acquisition resulted in silver equivalent production in each of Q2, Q3 and Q4 2022 being higher than for the year ended December 31, 2021. Revenue was higher in Q2 2022 mainly due to shipping terms in offtake agreements being amended to Delivered at Place Unloaded (“DPU”) basis from Free on Board (“FOB”) basis for zinc concentrate sales during the period.

Liquidity, Capital Resources and Contractual Obligations

Liquidity

As at December 31, 2022, the Company had cash and cash equivalents of $4,609. The Company's cash and cash equivalents are not exposed to liquidity risk and there is no restriction on the ability of the Company to use these funds to meet its obligations.

For the year ended December 31, 2022, the Company incurred a net loss of $22,261 and as at December 31, 2022, and has a working capital of $6,531 (December 31, 2021 – deficiency of $19,821). Included within this working capital is net liabilities of $16,389 of IMSC that are held for sale. The sale of IMSC is expected to be completed by the end of the third quarter of 2023.

The Company has non-current loans payable of $4,258 (December 31, 2021 - $7,166), and consideration payable to Glencore of $148,095 (2021 - $nil). In addition, the Company has an accumulated deficit of $160,203 (December 31, 2021 - $137,942) and a shareholders' deficiency of $13,035 (December 31, 2021 – shareholders' equity of $2,738).

These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flows from operations, and/or raise adequate funding through equity or debt financing to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

	Year ended December 31	
	2022	**2021**
Cash flow		
Cash generated by (used in) operating activities	29,372	(1,472)
Cash used by investing activities	(2,344)	(21,098)
Cash (used by) provided by financing activities	(23,336)	22,900
Increase in cash and cash equivalents	**3,692**	**330**
Effect of exchange rate on cash and cash equivalents held in foreign currencies	(6)	178
Cash in assets held for sale	(15)	
Cash and cash equivalents, beginning of the year	938	430
Cash and cash equivalents, end of year	**4,609**	**938**

The Company's cash flows from operating, investing and financing activities during the year ended December 31, 2022 are summarized as follows:

Cash generated by operating activities of $29,372, primarily due to :

- $16,522 in cash flows from operating activities before movements in working capital items;
- $12,850 net change in non-cash working capital items during the period.

Cash used by investing activities of $2,344, primarily related to :

- $2,106 spent as initial consideration on the acquisition of Sinchi Wayra and Illapa;
- $7,208 spent on mine development expenditures;
- $9,385 spent on the purchase of mineral property, plant and equipment;
- $13,780 acquired on the acquisition of Sinchi Wayra and Illapa; and
- $1,755 proceeds from disposal of mineral property, plant and equipment.

Cash used by financing activities of $23,336, primarily consists of:

- $3,852 of proceeds from the exercise of warrants and options;
- $32,572 of proceeds from the secured credit facility; and
- $59,184 for repayments mainly to the secured credit facility and promissory loan payable.

Private Placements

On April 13, 2021, the Company completed a non-brokered private placement of 46,980,000 units ("2021 Units") for gross proceeds of $11,228 (C$14,094). Each 2021 Unit consisted of one common share of the Company and one non-transferable common share purchase warrant ("2021 Warrant"). Each 2021 Warrant entitles the holder to acquire one common share of the Company at a price of C$0.45 until April 13, 2024, expiring thereafter. In consideration for their services, the Company paid to certain finders cash finders' fees of $572 and issued 1,671,961 finders' warrants having the same terms as the 2021 Warrants.

The proceeds from the offering were used by the Company as to $3,000 for the purchase of the Zimapan Mine and the residual proceeds for general working capital and corporate purposes.

Capital Resources

The Company's objective when managing capital is to maintain financial flexibility to continue as a going concern while optimizing growth and maximizing returns of investments from shareholders.

The Company monitors its capital structure and based on changes in operations and economic conditions, may from time to time adjust the structure by repurchasing shares, issuing new shares, issuing new debt or retiring existing debt. The Company prepares an annual budget and quarterly forecasts to facilitate the management of its capital requirements. The annual budget is approved by the Company's Board of Directors.

The Company is not subject to any externally imposed capital requirements with the exception of complying with covenants for the Trafigura Loan Facility. As at December 31, 2022 and December 31, 2021, the Company was fully in compliance with these covenants.

Off-balance Sheet Arrangements

The Company has not entered into any material off-balance sheet arrangement such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities or derivative financial obligations.

Transactions with Related Parties

During the three and twelve months ended December 31, 2022 and 2021, the Company incurred the following charges by directors and officers of the Company and by companies controlled by directors and officers of the Company:

	Three months ended		Twelve months ended	
	Dec. 31, 2022	**Dec. 31, 2021**	**Dec. 31, 2022**	**Dec. 31, 2021**
Management and consulting fees	**3,374**	131	**3,656**	**499**
Share-based compensation	**133**	1,358	**786**	**2,525**
	3,507	1,489	**4,442**	3,024

Of the $3,374 and $3,656 in management and consulting fees incurred with related parties during the three and twelve months ended December 31, 2022, $28 and $100 respectively (2021 - $26 and $79 respectively), was related to directors' fees and $3,346 and $3,556 respectively (2021 - $105 and $420 respectively), was related to management fees.

As at December 31, 2022, directors and officers or their related companies were owed $43 (December 31, 2021 - $26) in respect of the services rendered. These are non-interest bearing with standard payment terms.

A total of $38 of leases payable remains outstanding as at December 31, 2022 (December 31, 2021 - $38) and are owed to a company owned by the Executive Chairman of the Company.

Key management includes directors of the Company, the Chief Executive Officer and the Executive Chairman. Other than the amounts disclosed above, there was no other compensation paid or payable to key management for employee services for the reported periods.

Subsequent Events

None.

Critical accounting estimates and judgments

Refer to Note 4 of the 2022 annual audited consolidated financial statements for a detailed discussion.

Accounting Policies including changes in accounting policies and initial adoption

Refer to Note 3 of the 2022 annual audited consolidated financial statements for a detailed discussion.

Financial instruments and other instruments

December 31, 2022	Amortized cost	FVTPL	Total
	$	$	$
Financial assets			
Cash and cash equivalents	4,609	-	4,609
Marketable securities	-	2,769	2,769
Trade and other receivables	113,870	16,916	130,786
	118,479	19,685	138,164
Financial liabilities			
Trade payables and accrued liabilities	69,441	-	69,441
Consideration payable	137,387	18,326	155,713
Loans payable	22,215	-	22,215
Other liabilities	17,304	-	17,304
	246,347	18,326	264,673
December 31, 2021			
Financial assets			
Cash and cash equivalents	938	-	938
Marketable securities	-	4,102	4,102
Trade and other receivables	7,982	5,278	13,260
	8,920	9,380	18,300
Financial liabilities			
Trade payables and accrued liabilities	29,618	-	29,618
Loans payable	11,998	-	11,998
	41,616	-	41,616

The categories of the fair value hierarchy that reflect the inputs to valuation techniques used to measure fair value are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: Inputs for the asset or liability based on unobservable market data.

As at December 31, 2022, marketable securities are measured at fair value using Level 1 inputs. The fair value of marketable securities is measured based on the quoted market price of the related common shares at each reporting date, and changes in fair value are recognized in profit or loss.

Trade receivables are measured at fair value using Level 2 inputs. The fair value of trade receivables is measured based on inputs other than quoted prices for the underlying commodity prices (silver, lead, zinc, copper) to which the receivable relates as the trade receivables are provisionally priced at the time of sale.

The carrying values of cash and cash equivalents, other receivables, and trade payables and accrued liabilities approximate their fair values because of their short-term nature.

Royalties payable, included within consideration payable, are measured at fair value using Level 3 inputs.

The fair value of the loans payable for disclosure purposes is determined using discounted cash flows based on the expected amounts and timing of future cash flows discounted using a market rate of interest adjusted for appropriate credit risk.

The levels in the fair value hierarchy into which the Company's financial assets and liabilities that are measured and recognized on the consolidated statements of financial position at fair value on a recurring basis were categorized as follows:

	December 31, 2022			December 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	$	$	$	$	$	$
Assets						
Marketable securities	2,769	-	-	4,102	-	-
Trade and other receivables	16,916	-	-	5,278	7,982	-
	19,685	-	-	9,380	7,982	-
Liabilities						
Consideration payable	-	-	18,326	-	-	-
	-	-	18,326	-	-	-

The majority of the Company's trade receivables arose from provisional concentrate sales and are valued using quoted market prices based on the forward London Metal Exchange for silver, zinc and lead and the London Bullion Market Association P.M. fix for silver.

The methodology and assessment of inputs for determining the fair value of financial assets and liabilities as well as the levels of hierarchy for the Company's financial assets and liabilities measured at fair value remains unchanged from that at December 31, 2021.

The Company has exposure to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables.

The Company has concentrate contracts to sell the zinc and lead concentrates produced by all of the Company's mines. Concentrate contracts are a common business practice in the mining industry. The terms of the concentrate contracts may require the Company to deliver concentrate that has a value greater than the payment received at the time of delivery, thereby introducing the Company to credit risk of the buyers of concentrates. Should any of these counterparties not honour purchase arrangements, or should any of them become insolvent, the Company may incur losses for products already shipped and be forced to sell its concentrates on the spot market or it may not have a market for its concentrates and therefore its future operating results may be materially adversely impacted. At December 31, 2022, the Company had receivable balances associated with buyers of its concentrates of $16,916 (2021 - $5,278). The vast majority of the Company's concentrate is sold to well-known concentrate buyers.

The other significant components of Trade and other receivables at December 31, 2022 and 2021 are amounts due from Governments or Government agencies.

The following financial assets represent the maximum credit risk to the Company:

	December 31, 2022	December 31, 2021
	$	$
Cash and cash equivalents	**4,609**	938
Trade and other receivables	**130,786**	13,260
Supplier advances	**5,803**	2,503

Management constantly monitors and assesses the credit risk resulting from its concentrate sales, trading counterparties and customers. With the exception to the above, the Company believes it is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due (see Note 1). The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows. The Company has in place a rigorous planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansion plans. The Company strives to maintain sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash and short-term investments, and its committed loan facilities.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following tables summarize the remaining contractual maturities of the Company's financial liabilities and operating and capital commitments on an undiscounted basis:

	<1 year	**1 – 2 years**	**2 – 5 years**	**>5 years**	**Total**
	$	$	$	$	$
Trade payables and accrued liabilities	73,667	2,916	8,747	-	85,330
Consideration payable	5,589	40,602	124,474	4,611	175,276
Loans payable	20,195	4,714	-	-	24,909
Operating lease payments	495	180	82	-	757
	99,946	**48,412**	**133,303**	**4,611**	**286,272**

Currency risk

The Company reports its financial statements in USD; however, the Company operates in jurisdictions that utilize other currencies. As a consequence, the financial results of the Company's operations as reported in USD are subject to changes in the value of the USD relative to local currencies. Since the Company's sales are denominated in USD and a portion of the Company's operating costs and capital spending are in local currencies, the Company is negatively impacted by strengthening local currencies relative to the USD and positively impacted by the inverse.

The sensitivity of the Company's net loss to changes in the exchange rate between the US dollar and the Bolivian boliviano, the Mexican peso and the Canadian dollar, respectively, would be as follows: a 1% change in the US dollar exchange rate relative to the Bolivian boliviano would change the Company's net profit by approximately $169, a 1% change in the US dollar exchange rate relative to the Mexican peso would change the Company's net loss by approximately $91, and a 1% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately $83.

The Company's financial assets and liabilities as at December 31, 2022 are denominated in Canadian dollars, US dollars, Bolivian bolivianos and Mexican pesos and translated to US dollars as follows:

	CAD	BOB	USD	MXN	Total
	$	$	$	$	**$**
Financial assets					
Cash and cash equivalents	52	4,356	-	201	**4,609**
Marketable securities	2,769	-	-	-	**2,769**
Trade and other receivables	33	111,922	16,916	1,915	**130,786**
	2,854	116,278	16,916	2,116	138,164
Financial liabilities					
Trade payables and accrued liabilities					
Consideration payable	2	67,760	-	1,679	**69,441**
Loans payable	-	-	155,713	-	**155,713**
	-	13,719	8,496	-	**22,215**
Net financial assets (liabilities)	2	81,479	164,209	1,679	**247,369**

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk. As at December 31, 2022, the Company's exposure to interest rate risk on interest bearing liabilities is limited to its consideration payable, debt facilities and lease liabilities. Based on the Company's interest rate exposure at December 31, 2022, a change of 1% increase or decrease of market interest rate would impact the Company's profit or loss by approximately $229.

Price risk

Metal price risk is the risk that changes in metal prices will affect the Company's income or the value of its related financial instruments. The Company derives its revenue from the sale of silver, zinc, lead and copper. The Company's sales are directly dependent on metal prices that have shown significant volatility and are beyond the Company's control. Consistent with the Company's mission to provide equity investors with exposure to changes in precious metal prices, the Company's current policy is to not hedge the price of precious metal.

Outstanding Share Data

As at the date of this report, the Company has 350,991,138 common shares issued and outstanding, 23,714,000 common shares issuable under stock options and 103,750,218 common shares issuable under share purchase warrants.

Internal controls over financial reporting and disclosure controls and procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and that required information is gathered and communicated to the Company's management so that decisions can be made about the timely disclosure of that information.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, the Company's management cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost- effective control system, misstatements due to error or fraud may occur and not be detected.

Non-GAAP Measures

The Company has included certain non-GAAP performance measures throughout this MD&A, including Cash Cost per Silver Equivalent Ounce Sold, Cash Cost of Production per Tonne, All-in Sustaining Cash Cost ("AISC") per Silver Equivalent Ounce Sold, Average Realized Price per Ounce of Silver Equivalent Sold, and Adjusted EBITDA each as defined in this section.

These performance measures are employed by the Company to measure its operating and financial performance internally, to assist in business decision-making, and provide key performance information to senior management. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors and other stakeholders also use these non-GAAP measures as information to evaluate the Company's operating and financial performance. As there are no standardized methods of calculating these non-GAAP measures, the Company's methods may differ from those used by others and, accordingly, the Company's use of these measures may not be directly comparable to similarly titled measures used by others. Accordingly, these non-GAAP 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.

Cash Cost per Silver Equivalent Ounce Sold, All-in Sustaining Cash Cost ("AISC") per Silver Equivalent Ounce Sold, and Cash Cost of Production per Tonne

The non-GAAP measures of cash cost per silver equivalent ounce sold and cash cost of production per tonne are used by the Company to manage and evaluate operating performance at respective mining operations and are widely reported in the silver mining industry as benchmarks for performance, but do not have a standardized meaning. Cash costs are calculated based on the cash operating costs at the respective mining operations and, in the case of cash cost per silver equivalent ounce sold, also include the third party concentrate treatment, smelting and refining cost.

Management of the Company believes that the Company's ability to control the cash cost per silver equivalent ounce produced and cash cost of production per tonne are two of its key performance drivers impacting both the Company's financial condition and results of operations. Having a low cash cost of production per tonne, when taken in connection with effective management of mining dilution, will improve the cash cost per silver equivalent ounce produced. Having a low-cost base per silver equivalent ounce of production allows the Company to continue operating during times of declining commodity prices and provides more flexibility in responding to changing market conditions. In addition, low-cost operations offer a better opportunity to generate positive cash-flows, which improves the Company's financial condition.

The Company believes these measures provide investors and analysts with useful information about the Company's underlying cash costs of operations and are relevant metrics used to understand the Company's operating profitability and ability to generate cash-flow.

To facilitate a better understanding of these measures as calculated by the Company, the following table provides a detailed reconciliation between the cash cost of production per tonne, cash cost per silver equivalent ounce sold, and the Company's operating expenses as reported in the Company's consolidated statements of income and comprehensive income contained in the respective financial statements for the referenced periods.

AISC is a non-IFRS measure and was calculated based on guidance provided by the World Gold Council ("WGC") in September 2013. WGC is not a regulatory industry organization and does not have the authority to develop accounting standards for disclosure requirements. Other mining companies may calculate AISC differently as a result of differences in underlying accounting principles and policies applied, as well as differences in definitions of sustaining versus development capital expenditures.

AISC is a more comprehensive measure than cash cost per ounce for the Company's operating performance by providing greater visibility, comparability and representation of the total costs associated with producing silver from its mining operations.

The Company defines sustaining capital expenditures as, “costs incurred to sustain and maintain existing assets at current productive capacity and constant planned levels of productive output without resulting in an increase in the life of assets, future earnings, or improvements in recovery or grade. Sustaining capital includes costs required to improve/enhance assets to minimum standards for reliability, environmental or safety requirements.” Sustaining capital expenditures excluded all expenditures at the Zacatecas Properties as well as certain expenditures at the Rosario Project, which were deemed expansionary in nature.

Consolidated AISC includes total production cash costs incurred at the Company's mining operations, which forms the basis of the Company's total cash costs. Additionally, the Company includes sustaining capital expenditures, corporate general and administrative expense, sustaining share-based payments (if any), and reclamation cost accretion. AISC for Bolivia Consolidated and Zimapan do not include certain corporate and non-cash items such as corporate general and administrative expense and sustaining share-based payments.

The Company believes that this measure represents the total sustainable costs of producing silver from current operations and provides the Company and other stakeholders of the Company with additional information of the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of silver production from current operations, new project capital and expansionary capital at current operations are not included. Certain other cash expenditures, including tax payments, dividends and financing costs are also not included.

The following tables provide a detailed reconciliation of these measures to our operating expenses, as reported in our consolidated financial statements.

	Three Months Ended December 31, 2022				
	Bolivia Consolidated[(1)]	Zimapan	Rosario Project [(2)(3)]	Corporate/ other	Consolidated
Cost of sales	68,796	9,846	-	-	78,641
Transportation and other selling cost	(7,908)	(747)	-	-	(8,655)
Royalty	(4,175)	-	-	-	(4,175)
Inventory change	(383)	851	-	-	468
Cost of sales adjustments[(4)]	(8,088)	-	-	-	(8,088)
Cash Cost of Production (A)	**48,241**	**9,950**	**-**	**-**	**58,191**
Cost of sales	65,762	9,846	-	-	75,608
Cost of sales adjustments[(4)]	(5,055)	-	-	-	(5,055)
Concentrate treatment, smelting and refining cost	17,111	3,237	-	-	20,348
Cash Cost of Silver Equivalent Sold (B)	**77,818**	**13,083**	**-**	**-**	**90,901**
Sustaining capital expenditures	7,030	793	-	-	7,823
General and administrative expenses	(36)	1,282	-	1,193	2,439
Accretion of decommissioning and restoration provision	494	7	-	-	501
All-in Sustaining Cash Cost (C)	**85,306**	**15,165**	**-**	**1,193**	**101,664**
Material processed (tonnes milled) (D)	267,663	214,963	-	-	482,626
Silver Equivalent Sold (payable ounces) (E)	3,958,320	799,853	-	-	4,758,173
Cash Cost per Silver Equivalent Ounce Sold (B/E)	**19.66**	**16.36**	**-**	**-**	**19.10**
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (C/E)	**21.55**	**18.96**	**-**	**-**	**21.37**
Cash Cost of Production per tonne (A/D)	**180.23**	**46.28**	**-**	**-**	**120.57**

(1) On March 18, 2022, the Company acquired Bolivar, Porco, the Caballo Blanco Group, and San Lucas, which are presented here as Bolivia Consolidated. Information for Bolivar and Porco is presented at 100% and financial information will not tie to the consolidated financial statements as the Company records 45% of Bolivar and Porco.

(2) Operations at the Rosario Project were suspended with no production from August 2021. Inventory change was due to adjustment to concentrate inventory value.

(3) Operations at the Rosario Project were suspended with no production from August 2021. Q3 2022 general and administrative costs consist in part of $68 in penalty assessment for income and withholding tax, $114 in payments related to employee entitlements and severance.

(4) The Company recorded certain one-time charges that are not representative of the cash cost of sales and production for the silver equivalent ounces sold and produced. These charges were therefore removed for the purpose of the Non-GAAP measures computations.

	Three Months Ended December 31, 2021				
	Bolivia Consolidated[(1)]	Zimapan	Rosario Project [(2)(3)]	Corporate/ other	Consolidated
Cost of sales	N/A	10,365	206	-	10,571
Transportation and other selling cost	N/A	(485)	-	-	(485)
Royalty	N/A	-	-	-	-
Inventory change	N/A	(87)	-	-	(87)
Cash Cost of Production (A)	N/A	**9,793**	**206**	**-**	**9,999**
Cost of sales	N/A	10,365	206	-	10,571
Concentrate treatment, smelting and refining cost	N/A	5,138	-	-	5,138
Cash Cost of Silver Equivalent Sold (B)	N/A	**15,503**	**206**	**-**	**15,709**
Sustaining capital expenditures	N/A	1,307	-	-	1,307
General and administrative expenses	N/A	1,801	527	2,942	5,270
Accretion of decommissioning and restoration provision	N/A	167	-	-	167
All-in Sustaining Cash Cost (C)	N/A	**18,778**	**733**	**2,942**	**22,453**
Material processed (tonnes milled) (D)	N/A	192,901	-	-	192,901
Silver Equivalent Sold (payable ounces) (E)	N/A	836,718	-	-	836,718
Cash Cost per Silver Equivalent Ounce Sold (B/E)	**N/A**	**18.53**	**-**	**-**	**18.77**
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (C/E)	**N/A**	**22.44**	**-**	**-**	**26.83**
Cash Cost of Production per tonne (A/D)	**N/A**	**50.77**	**-**	**-**	**51.83**

(1) On March 18, 2022, the Company acquired Bolivar, Porco, the Caballo Blanco Group, and San Lucas, which are presented here as Bolivia Consolidated. Information for Bolivar and Porco is presented at 100% and financial information will not tie to the consolidated financial statements as the Company records 45% of Bolivar and Porco.

(2) Operations at the Rosario Project were suspended with no production from August 2021. Inventory change was due to adjustment to concentrate inventory value.

(3) Operations at the Rosario Project were suspended with no production from August 2021. Q3 2022 general and administrative costs consist in part of $68 in penalty assessment for income and withholding tax, $114 in payments related to employee entitlements and severance.

	Year Ended December 31, 2022				
	Bolivia Consolidated[1]	**Zimapan**	**Rosario Project**[2][3]	**Corporate/ other**	**Consolidated**
Cost of sales	240,195	43,107	-	-	283,302
Transportation and other selling cost	(27,293)	(2,599)		-	(29,892)
Royalty	(16,045)	-	-	-	(16,045)
Inventory change	(26,996)	410	-	-	(26,586)
Cost of sales adjustments[4]	(16,534)	-	-	-	(16,534)
Cash Cost of Production (A)	**153,327**	**40,918**	**-**	**-**	**194,245**
Cost of sales	237,162	43,107	-	-	280,269
Cost of sales adjustments[4]	(13,501)	-	-	-	(13,501)
Concentrate treatment, smelting and refining cost	59,279	18,658	-	-	77,937
Cash Cost of Silver Equivalent Sold (B)	**282,940**	**61,765**	**-**	**-**	**344,705**
Sustaining capital expenditures	21,241	2,904	-	-	24,145
General and administrative expenses	6,061	4,672	-	11,939	22,672
Accretion of decommissioning and restoration provision	1,161	523	-	-	1,684
All-in Sustaining Cash Cost (C)	**311,403**	**69,864**	**-**	**11,939**	**393,207**
Material processed (tonnes milled) (D)	824,116	822,155	-	-	1,646,271
Silver Equivalent Sold (payable ounces) (E)	15,990,533	3,622,159	-	-	19,612,692
Cash Cost per Silver Equivalent Ounce Sold (B/E)	**17.69**	**17.05**	**-**	**-**	**17.58**
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (C/E)	**19.47**	**19.29**	**-**	**-**	**20.05**
Cash Cost of Production per tonne (A/D)	**186.05**	**49.77**	**-**	**-**	**117.99**

(1) On March 18, 2022, the Company acquired Bolivar, Porco, the Caballo Blanco Group, and San Lucas, which are presented here as Bolivia Consolidated. Information for Bolivar and Porco is presented at 100% and financial information will not tie to the consolidated financial statements as the Company records 45% of Bolivar and Porco.

(2) Operations at the Rosario Project were suspended with no production from August 2021. Inventory change was due to adjustment to concentrate inventory value.

(3) Operations at the Rosario Project were suspended with no production from August 2021. Q3 2022 general and administrative costs consist in part of $68 in penalty assessment for income and withholding tax, $114 in payments related to employee entitlements and severance.

(4) The Company recorded certain one-time charges that are not representative of the cash cost of sales and production for the silver equivalent ounces sold and produced. These charges were therefore removed for the purpose of the Non-GAAP measures computations.

	Year Ended December 31, 2021				
	Bolivia Consolidated[1]	**Zimapan**	**Rosario Project**[2] [3]	**Corporate/ other**	**Consolidated**
Cost of sales	N/A	37,655	3,016	-	40,671
Transportation and other selling costs	N/A	(1,772)	-	-	(1,772)
Royalty	N/A	-	-	-	-
Inventory change	N/A	16	(84)	-	(68)
Cash Cost of Production (A)	N/A	**35,899**	**2,932**	**-**	**38,831**
Cost of sales	N/A	37,655	3,016	-	40,671
Concentrate treatment, smelting and refining cost	N/A	16,949	473	-	17,422
Cash Cost of Silver Equivalent Sold (B)	N/A	**54,604**	**3,489**	**-**	**58,093**
Sustaining capital expenditures	N/A	1,835	-	-	1,835
General and administrative expenses	N/A	3,243	2,746	6,266	12,255
Accretion of decommissioning and restoration provision	N/A	436	40	-	476
All-in Sustaining Cash Cost (C)	N/A	**60,118**	**6,275**	**6,266**	**72,659**
Material processed (tonnes milled) (D)	N/A	691,382	39,029	-	730,411
Silver Equivalent Sold (payable ounces) (E)	N/A	2,877,922	83,613	-	2,961,535
Cash Cost per Silver Equivalent Ounce Sold (B/E)	**N/A**	**18.97**	**41.73**	**-**	**19.62**
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (C/E)	**N/A**	**20.89**	**75.05**	**-**	**24.53**
Cash Cost of Production per tonne (A/D)	**N/A**	**51.92**	**75.12**	**-**	**53.16**

(1) On March 18, 2022, the Company acquired Bolivar, Porco, the Caballo Blanco Group, and San Lucas, which are presented here as Bolivia Consolidated. Information for Bolivar and Porco is presented at 100% and financial information will not tie to the consolidated financial statements as the Company records 45% of Bolivar and Porco.

(2) Operations at the Rosario Project were suspended with no production from August 2021. Inventory change was due to adjustment to concentrate inventory value.

(3) Operations at the Rosario Project were suspended with no production from August 2021. Q3 2022 general and administrative costs consist in part of $68 in penalty assessment for income and withholding tax, $114 in payments related to employee entitlements and severance.

Average Realized Price per Ounce of Silver Equivalent Sold

Revenues are presented as the sum of invoiced revenues related to delivered shipments of lead, zinc and copper concentrates, after having deducted treatment, smelting and refining charges.

The following is an analysis of the gross revenues prior to treatment, smelting and refining charges, and shows deducted treatment, smelting and refining charges to arrive at the net reportable revenue for the period per IFRS. Gross revenues are divided by silver equivalent ounces sold to calculate the average realized price per ounce of silver equivalents sold.

Consolidated[1]

	Three months ended		Twelve months ended	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Revenues	78,457	13,913	332,516	53,334
Add back: Treatment, smelting and refining charges	20,348	5,138	77,937	17,422
Gross Revenues	**98,805**	**19,051**	**410,453**	**70,756**
Silver Equivalent Sold (ounces)	4,758,173	836,718	19,612,692	2,961,535
Average Realized Price per Ounce of Silver Equivalent Sold [2]	**20.77**	**22.77**	**20.93**	**23.89**
Average Market Price per Ounce of Silver per London Silver Fix	**21.18**	**23.32**	**21.75**	**25.16**

(1) On March 18, 2022, the Company acquired Bolivar, Porco, the Caballo Blanco Group, and San Lucas, which are presented here as Bolivia Consolidated. Information for Bolivar and Porco is presented at 100% and financial information will not tie to the consolidated financial statements as the Company records 45% of Bolivar and Porco.

(2) Average Realized Price per Ounce of Silver Equivalent Sold in each reporting period is affected by mark-to-market adjustments and final settlements on concentrate shipments in prior periods. Concentrates sold to third-party smelters are provisionally priced and the price is not settled until a predetermined future date, typically one to four months after delivery to the customer, based on the market price at that time.

Bolivar, Porco, Caballo Blanco Group, and San Lucas[1]

	Three months ended		Twelve months ended	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Revenues	67,114	N/A	278,137	N/A
Add back: Treatment, smelting and refining charges	17,111	N/A	59,279	N/A
Gross Revenues	**84,225**	**N/A**	**337,416**	**N/A**
Silver Equivalent Sold (ounces)	3,958,320	N/A	15,990,533	N/A
Average Realized Price per Ounce of Silver Equivalent Sold [2]	**21.28**	**N/A**	**21.10**	**N/A**
Average Market Price per Ounce of Silver per London Silver Fix	**21.18**	**N/A**	**21.75**	**N/A**

(1) On March 18, 2022, the Company acquired Bolivar, Porco, the Caballo Blanco Group, and San Lucas, which are presented here as Bolivia Consolidated. Information for Bolivar and Porco is presented at 100% and financial information will not tie to the consolidated financial statements as the Company records 45% of Bolivar and Porco.

(2) Average Realized Price per Ounce of Silver Equivalent Sold in each reporting period is affected by mark-to-market adjustments and final settlements on concentrate shipments in prior periods. Concentrates sold to third-party smelters are provisionally priced and the price is not settled until a predetermined future date, typically one to four months after delivery to the customer, based on the market price at that time.

Zimapan Mine

	Three months ended		Twelve months ended	
	Dec. 31, 2022	Dec 31,2021	Dec. 31, 2022	Dec. 31, 2021
Revenues	11,343	13,913	54,345	51,796
Add back: Treatment, smelting and refining charges	3,237	5,138	18,658	16,949
Gross Revenues	**14,580**	**19,051**	**73,003**	**68,745**
Silver Equivalent Sold (ounces)	799,853	836,718	3,622,159	2,877,922
Average Realized Price per Ounce of Silver Equivalent Sold [1]	**18.23**	**22.77**	**20.19**	**24.08**
Average Market Price per Ounce of Silver per London Silver Fix	**21.18**	**23.32**	**21.75**	**25.16**

(1) Average Realized Price per Ounce of Silver Equivalent Sold in each reporting period is affected by mark-to-market adjustments and final settlements on concentrate shipments in prior periods. Concentrates sold to third-party smelters are provisionally priced and the price is not settled until a predetermined future date, typically one to four months after delivery to the customer, based on the market price at that time.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure in which net income is adjusted for income tax expense, interest income, interest expense, amortization and depletion, and impairment charges, foreign exchange gains or losses, unrealized losses or gains on marketable securities, share-based payments expense, accretion expense, and other non-recurring items. Foreign exchange gains or losses may consist of both realized and unrealized losses.

Under IFRS, entities must reflect in compensation expense the cost of share-based payments.
In the Company's circumstances, share-based payments can involve a significant accrual of amounts that will not be settled in cash but are settled by the issuance of shares in exchange.

The Company discloses Adjusted EBITDA to aid in understanding of the results of the Company and is meant to provide further information about the Company's financial results to investors.

The following table provides a reconciliation of Adjusted EBITDA for the three and twelve months ended December 31, 2022 and 2021.

	Three months ended		Twelve months ended	
	Dec. 31, 2022	**Dec. 31, 2021**	**Dec. 31, 2022**	**Dec. 31, 2021**
Net income (loss) for the period	(8,069)	(10,450)	(22,261)	(11,565)
Income tax expense	(1,983)	2,761	6,243	3,324
Interest income	(834)	(50)	(947)	(274)
Interest expense, carrying and finance charges on loans payable	(272)	308	2,785	2,097
Amortization and depletion of mineral properties, plant and equipment and impairment charge	(8,549)	3,114	14,647	4,137
Foreign exchange (gain) loss	23	(1,164)	(620)	(126)
Unrealized loss (gain) on marketable securities	161	(1,380)	1,544	(2,083)
Share-based payments expense	386	1,809	1,256	3,363
Accretion expense	4,178	583	8,497	1,628
Other expense (income)	9,586	-	241	212
Adjusted EBITDA	**(5,373)**	**(4,469)**	**11,385**	**713**

Cautionary note regarding forward-looking information

Certain of the statements and information in this MD&A constitute “forward-looking information” within the meaning of applicable Canadian provincial securities laws relating to the Company and its operations. All statements, other than statements of historical fact, are forward-looking statements. When used in this MD&A, the words, “will”, “believes”, “expects”, “intents”, “plans”, “forecast”, “objective”, “guidance”, “outlook”, “potential”, “anticipated”, “budget”, and other similar words and expressions, identify forward-looking statements or information. These forward-looking statements or information relate to, among other things: future financial or operational performance; the expected timing for release of forecasts for 2023, including our estimated production of silver, zinc, lead and copper, and for our estimated Cash Costs, AISC, capital and exploration, mine operation, general and administrative, care and maintenance expenditures; future anticipated prices for silver, zinc, lead and copper and other metals and assumed foreign exchange rates; the impacts of inflation on the Company and its operations; whether the Company is able to maintain a strong financial condition and have sufficient capital, or have access to capital, to sustain our business and operations; the timing and outcome with respect to the Company’s environmental, social and governance activities, and the Company’s corporate social responsibility activities and our reporting in respect thereof; the ability of the Company to successfully complete any capital projects, the expected economic or operational results derived from those projects, and the impacts of any such projects on the Company; the future results of our exploration activities, anticipated mineral reserves and mineral resources; the costs associated with the Company's decommissioning obligations; the Company’s plans and expectations for its properties and operations; and expectations with respect to the future anticipated impact of COVID-19 on our operations.

These forward-looking statements and information reflect the Company’s current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by the Company, are inherently subject to significant operational, business, economic, competitive, political, regulatory, and social uncertainties and contingencies. These assumptions, include: our ability to implement environmental, social and governance activities; tonnage of ore to be mined and processed; ore grades and recoveries; prices for silver, zinc, lead, copper remaining as estimated; currency exchange rates remaining as estimated; capital, decommissioning and reclamation estimates; our mineral reserve and mineral resource estimates and the assumptions upon which they are based; prices for energy inputs, labour, materials, supplies and services (including transportation); no labour-related disruptions at any of our operations; no unplanned delays or interruptions in scheduled production; protection of our interests against claims and legal proceedings; all necessary permits, licenses and regulatory approvals for our operations are received in a timely manner and can be maintained; the world-wide economic and social impact of COVID-19 is managed and the duration and extent of the coronavirus pandemic is minimized or not long-term; the management of COVID-19 in each jurisdiction; and our ability to comply with environmental, health and safety laws, particularly given the potential for modifications and expansion of such laws. The foregoing list of assumptions is not exhaustive.

The Company cautions the reader that forward-looking statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements or information contained in this MD&A and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, some of which are described in the “Risks Factors” section of this MD&A without limitation: fluctuations in silver, zinc, lead and copper prices; fluctuations in prices for energy inputs; fluctuations in currency markets (such as the MXN, BOL and CAD versus the USD); risks related to the technological and operational nature of the Company’s business; changes in national and local government, legislation, taxation, controls or regulations and political, legal or economic developments in Canada, the United States, Mexico, Bolivia or other countries where the Company may carry on business, some of which might prevent or cause the suspension or discontinuation of mining activities, including the risk of expropriation related to certain of our operations, particularly in Bolivia; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected geological or structural formations, pressures, cave-ins and flooding); risks relating to the credit worthiness or financial condition of suppliers, refiners and other parties with whom the Company does business; inadequate insurance, or inability to obtain insurance, to cover these risks and hazards; employee relations; relationships with and claims by the local communities and indigenous populations; availability and increasing costs associated with mining inputs and labour; the Company’s ability to secure our mine sites or maintain access to our mine sites due to criminal activity, violence, or civil and labour unrest; the speculative nature of mineral exploration and development, including the risk of obtaining or retaining necessary licenses and permits; challenges to, or difficulty in maintaining, the Company’s title to properties and continued ownership thereof; diminishing quantities or grades of mineral reserves as properties are mined; global financial conditions; the Company’s ability to complete and successfully integrate acquisitions, and to mitigate other business combination risks; the actual results of current exploration activities, conclusions of economic evaluations, and changes in project parameters to deal with unanticipated economic or other factors; increased competition in the mining industry for properties, equipment, qualified personnel, and their costs; having sufficient cash to pay obligations as they come due; the duration and effects of the coronavirus and COVID-19 variants, and any other epidemics or pandemics on our operations and workforce, and their effects on global economies and society. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described, or intended. Investors are cautioned against attributing undue certainty or reliance on forward-looking statements or information. Forward-looking statements and information are designed to help readers understand Management's current views of our near- and longer-term prospects and may not be appropriate for other purposes. The Company does not intend, and does not assume any obligation, to update or revise forward-looking statements or information to reflect changes in assumptions or in circumstances or any other events affecting such statements or information, other than as required by applicable law.

Risk Factors

The risk factors described below could materially affect the Company’s future operating results and could cause actual events and results to differ materially from those described in forward-looking statements and forward-looking information. Additional risks not presently known to us, or that we currently consider immaterial, may also impair our operations. Readers are strongly encouraged to review the following identified risks in detail.

Metal and Commodity Price Fluctuations

The majority of our revenue is derived from the sale of silver, zinc, lead and copper, and therefore fluctuations in the prices of these metals significantly affects our operations and profitability. Our sales are directly dependent on metal prices, and metal prices have historically shown significant volatility and are beyond our control. The Board of Directors continually assesses the Company’s strategy towards our metal exposure, depending on market conditions.

The prices of silver and other metals are affected by numerous factors beyond our control, including:

- global and regional levels of supply and demand;
- sales by government holders and other third parties;
- metal stock levels maintained by producers and others;
- increased production due to new mine developments and improved mining and production methods;
- speculative activities;
- inventory carrying costs;
- availability, demand and costs of metal substitutes;
- international economic and political conditions;
- interest rates, inflation and currency values;
- increased demand for silver or other metals for new technologies; and
- reduced demand resulting from obsolescence of technologies and processes utilizing silver and other metals.

In addition to general global economic conditions that can have a severely damaging effect on our business in many ways, declining market prices for metals could materially adversely affect our operations and profitability. A decrease in the market price of silver, zinc, lead and copper and other metals could affect the commercial viability of our mines and production at our mining properties. Lower prices could also adversely affect future exploration and our ability to develop mineral properties and mines which would have a material adverse impact on our financial condition, results of operations and future prospects. There can be no assurance that the market prices will remain at sustainable levels.

If market prices of silver, zinc, lead and copper remain below levels used in the Company’s impairment testing and resource prices for an extended period of time, the Company may need to reassess its long-term price assumptions, and a significant decrease in the long-term price assumptions would be an indicator of potential impairment, requiring the Company to perform an impairment assessment on related assets. Due to the sensitivity of the recoverable amounts to long term metal prices, as well as to other factors including changes to mine plans and cost escalations, any significant change in these key assumptions and inputs could result in impairment charges in future periods.

Foreign Operations

In 2022, a significant portion of our production and revenues were derived from our operations in Mexico and Bolivia. As a result, we are exposed to a number of risks and uncertainties, including:

- expropriation, nationalization, and the cancellation, revocation, renegotiation, or forced modification of existing contracts, permits, licenses, approvals, or title, particularly without adequate compensation;
- changing political and fiscal regimes, sometimes unexpectedly or as a result of precipitous events, and economic and regulatory instability;
- unanticipated adverse changes to constitutional rights and protections, and other laws and policies, including those relating to mineral title, royalties and taxation;
- delays or inability to obtain or maintain necessary permits, licenses or approvals;
- opposition to mine development projects from governments, communities, and other groups, which may include frivolous or vexatious claims, misinformation, and the potential for violence and property damage;
- restrictions on foreign investment;
- limitations on repatriation of operating cash flows, including legal and practical restrictions to transfer funds from and to foreign jurisdictions;
- unreliable or undeveloped infrastructure;
- labour unrest and scarcity;
- human rights violations, which may include Indigenous rights claims;
- inability of governments or governmental bodies to complete, or properly complete, consultation processes and to comply with national and international laws, protocols, standards and/or norms;
- difficulty obtaining key equipment and components for equipment;
- difficulty obtaining consumables and others necessary to operate our mines;
- regulations and restrictions with respect to imports and exports;
- high rates of inflation;
- extreme fluctuations in currency exchange rates and restrictions on foreign exchange, currencies and repatriation;
- inability to obtain fair dispute resolution or judicial determinations because of bias, corruption or abuse of power;
- abuse of power of foreign governments who impose, or threaten to impose, fines, penalties or other similar mechanisms, without regard to the rule of law;
- difficulties enforcing judgments, particularly judgments obtained in Canada or the United States, with respect to assets located outside of those jurisdictions;
- difficulty understanding and complying with the regulatory and legal framework with respect to mineral properties, mines and mining operations, and permitting;
- violence and the prevalence of criminal activity, including organized crime, theft and illegal mining;
- civil unrest, terrorism and hostage taking; government, union and community pressures to maintain unprofitable operations;
- military repression and increased likelihood of international conflicts or aggression; and
- increased public health concerns, including the impact of COVID-19.

Certain of these risks and uncertainties are illustrated well by circumstances in Bolivia and Mexico.

In 2014, the Bolivian government enacted the New Mining Law. Among other things, the New Mining Law set out a number of new economic and operational requirements relating to state participation in mining projects. Further, the New Mining Law provided that all pre-existing contracts were to migrate to one of several new forms of agreement within a prescribed period of time. As a result, we anticipate that our current Mining Joint Operations Agreement with COMIBOL relating to the Illapa Joint Operation will be subject to such migration and possible renegotiation of key terms. The migration process has been delayed by COMIBOL and has not been completed. The primary effects on the Illapa Joint Operation and our interest therein will not be known until such time as we have, if required to do so, renegotiated the existing contract, and the full impact may only be realized over time. We will take appropriate steps to protect and, if necessary, enforce our rights under our existing agreement with COMIBOL. There is, however, no guarantee that governmental actions, including possible expropriation or additional changes in the law, and the migration of our contract will not impact our involvement in the Illapa Joint Operation in an adverse way and such actions could have a material adverse effect on us and our business.

Criminal activity and violence are also prevalent in some areas that we work in. For example, violence in Mexico is well documented and has, over time, been increasing. Conflicts between the drug cartels and violent confrontations with authorities are not uncommon. Other criminal activity, such as kidnapping and extortion, is also an ongoing concern. Many incidents of crime and violence go unreported and efforts by police and other authorities to reduce criminal activity are challenged by a lack of resources, corruption and the pervasiveness of organized crime. Incidents of criminal activity could occur and might affect our employees and our contractors and their families, as well as the communities in the vicinity of our operations. Such incidents may prevent access to our mines or offices; halt or delay our operations and production; could result in harm to employees, contractors, visitors or community members; increase employee absenteeism; create or increase tension in nearby communities; or otherwise adversely affect our ability to conduct business. We can provide no assurance that possible security incidents will not have a material adverse effect on our future operations.

Although we are unable to determine the impact of these risks on our future financial position or results of operations, many of these risks and uncertainties have the potential to substantially affect our exploration, development and production activities and could therefore have a material adverse impact on our operations and profitability.

Governmental Regulation

Our operations, exploration, and development activities are subject to extensive laws and regulations in the jurisdictions in which we conduct our business, including with respect to:

- environmental protection, including greenhouse gas emissions, biodiversity, and water, soil and air quality;
- permitting;
- management and use of toxic substances and explosives;
- management and use of natural resources, including water and energy supplies;
- management of waste and wastewater;
- exploration, development, production, and post-closure reclamation of mines;
- imports and exports;
- transportation;
- price controls;
- taxation;
- mining royalties;
- labour standards, employee profit-sharing, and occupational health and safety, including mine safety and COVID-19 related regulations;
- community and Indigenous rights;
- human rights;
- social matters, including historic and cultural preservation, engagement and consultation, local hiring and procurement, development funds;
- anti-corruption and anti-money laundering; and
- data protection and privacy.

The costs associated with compliance with these and future laws and regulations can be substantial, and changes to existing laws and regulations (including the imposition of higher taxes and mining royalties) could cause additional expense, capital expenditures, restrictions on or suspensions of our operations and delays in the development of our properties. In addition, the regulatory and legal framework in some jurisdictions in which we operate are outdated, unclear and at times, inconsistent. A failure to comply with these laws and regulations, including with respect to our past and current operations, and possibly even actions of parties from whom we acquired our mines or properties, could lead to, among other things, the imposition of substantial fines, penalties, sanctions, the revocation of licenses or approvals, expropriation, forced reduction or suspension of operations, and other civil, regulatory or criminal proceedings. Other enforcement actions may include corrective measures requiring capital expenditures, the installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such mining activities and may have civil or criminal fines or penalties imposed upon them for violations of applicable laws or regulations.

As governments continue to struggle with deficits and concerns over the effects of depressed economies, the mining and metals sector has often been identified as a source of revenue. Taxation and royalties are often subject to change and are vulnerable to increases in both poor and good economic times, especially in many resource-rich countries. The addition of new taxes, specifically those aimed at mining companies, could have a material impact on our operations and will directly affect profitability and our financial results. COVID-19 resulted in unprecedented public health measures and massive increases in government spending which caused significant long-term damage to the global and most national economies. The resulting costs to governments, increased fiscal debt, interest rates, and inflation continue to result in further taxation pressures, the impacts of which could impact our financial performance.

In April 2021, the Senate of Mexico approved the amendment of various articles of the Federal Labor Law, Social Security Law, Law of the National Workers' Housing Fund Institute, Federal Fiscal Code, Income Tax Law and the Value Added Tax Law. These new regulations significantly limit the ability of operating companies to subcontract and outsource labour to contractors and to employ related service providers. As a consequence of this new legislation, additional employee profit sharing costs, payroll taxes and benefits costs were imposed on our operations.

To manage the COVID-19 pandemic, governments in all of our operating jurisdictions implemented various regulations, orders, protocols and guidelines, many of which have negatively affected our business and our employees, contractors and local communities. COVID-19 also impacted governments and national economies, and in addition to impacts on labour, supplies, and services that are needed to conduct our business, this may also increase the likelihood of additional taxes, duties, royalties, or similar burdens being placed on mining operations in an effort to generate municipal, state and federal revenues and boost economies. Please refer to the more detailed discussion of the risks related to COVID-19 on our business under the heading, "Risks Related to our Business - COVID-19 and Other Pandemics".

Permits

We are required to obtain and renew governmental permits for the operation and expansion of existing operations or for the development, construction, and commencement of new operations. Obtaining or renewing the necessary governmental permits can be costly and involve extended timelines. We may not be able to obtain or renew permits that are necessary to our operations, or the cost to obtain or renew permits may exceed our expected recovery from a given property once in production.

Failure to obtain or maintain the necessary permits, or to maintain compliance with any permits, can result in fines, penalties, or suspension or revocation of the permits. Our ability to obtain and renew permits is contingent upon certain variables, some of which are not within our control, including, introduction of new permitting legislation, the interpretation of applicable requirements implemented by the permitting authority, the need for public consultation hearings or approvals, and political or social pressure.

Any unexpected delays, failure to obtain or renew permits, failure to comply with the terms of the permit, or costs associated with the permitting process could impede or prevent the development or operation of a mine, which could have material adverse impacts on our operations and profitability.

Mining Risks and Insurance

The business of mining is generally subject to numerous risks and hazards, including environmental hazards, industrial accidents, contagious disease hazards, labour disputes, encountering unusual or unexpected geologic formations, cave-ins, flooding and periodic interruptions due to inclement or hazardous weather conditions at its existing locations. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability. The Company's insurance will not cover all the potential risks associated with its operations. In addition, although certain risks are insurable, the Company may be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance against environmental risks (including potential for pollution or other hazards as a result of disposal of waste products occurring from exploration and production) is not generally available to the Company or to other companies within the industry on acceptable terms.

The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include, without limitation, environmental pollution, mine flooding or other hazards against which such companies cannot insure or against which they may elect not to insure. Losses from uninsured events may cause the Company to incur significant costs. The activities of the Company are subject to a number of challenges over which the Company has little or no control, but that may delay production and negatively impact the Company's financial results, including: increases in energy, fuel and/or other production costs; higher insurance premiums; industrial accidents; labour disputes; shortages of skilled labour; contractor availability; unusual or unexpected geological or operating conditions; slope failures; cave-ins of underground workings; and failure of pit walls or dams. If the Company's total production costs per ounce of silver rise above the market price of silver and remain so for any sustained period, the Company may experience losses and may curtail or suspend some or all of its exploration, development and mining activities.

Operational Risks

The ownership, operation, and development of a mine or mineral property involves significant risks and hazards which even the combination of experience, knowledge, and careful evaluation may not be able to overcome.

These risks include:

- environmental and health hazards;
- industrial and equipment accidents, explosions and third party accidents;
- the encountering of unusual or unexpected geological formations;
- ground falls and cave-ins;
- flooding;
- labour disruptions;
- mechanical equipment, machinery, and facility performance problems;
- seismic events;
- extreme temperature variations and air quality issues underground; and
- periodic interruptions due to inclement or hazardous weather conditions.

These risks could result in:

- damage to, or destruction of, mineral properties or production facilities;
- personal injury or death;
- environmental damage and liabilities;
- delayed production;
- labour disruptions;
- increased production costs;
- asset write downs;
- abandonment of assets;
- monetary losses;
- civil, regulatory or criminal proceedings, including fines and penalties, relating to health, safety and the environment;
- community unrest, protests, and legal proceedings at local or international levels;
- loss of social acceptance for our activities; and
- other liabilities.

Advancements in science and technology and in mine design, methods, equipment, and training have created the possibility of reducing some of these risks, but there can be no assurances that such occurrences will not take place and that they will not negatively impact us, our operations, and our personnel.

Liabilities that we incur may exceed the policy limits of our insurance coverage or may not be insurable, in which case we could incur significant costs that could adversely impact our business, operations, profitability, or value.

Title to Assets

The validity of mining or exploration titles or claims or rights, which constitute most of our property holdings, can be uncertain and may be contested. Our properties may be subject to prior unregistered liens, agreements or transfers, Indigenous land claims, or undetected title defects. In some cases, we do not own or hold rights to the mineral concessions we mine, including some of our mining and exploration titles in Bolivia where the government has title to the concessions and our right to mine is contractual in nature. We have not conducted surveys of all the claims in which we hold direct or indirect interests and therefore, the precise area and location of such claims may be in doubt. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining titles or claims, or that such exploration and mining titles or claims will not be challenged or impugned by third parties. We may be unable to operate our properties as expected, or to enforce our rights to our properties. Any defects in title to our properties, or the revocation of our rights to mine, could have a material adverse effect on our operations and financial condition.

We operate in countries with developing mining laws, and changes in such laws could materially impact our rights or interests to our properties. We are also subject to expropriation risk in a number of countries in which we operate, including the risk of expropriation or extinguishment of property rights based on a perceived lack of development or advancement. Expropriation, extinguishment of rights and other similar governmental actions would likely have a material adverse effect on our operations and profitability.

In many jurisdictions in which we operate, legal rights applicable to mining concessions are different and separate from legal rights applicable to surface lands. Accordingly, title holders of mining concessions in many jurisdictions must agree with surface landowners on compensation in respect of mining activities conducted on such land. We do not hold title to all of the surface lands at some of our operations and rely on contracts or other similar rights to conduct surface activities.

Environmental Legislation, Regulations, and Hazards

We are subject to environmental laws and regulation in the various jurisdictions in which we operate that impose requirements or restrictions on our activities, such as mine development, water management, use of hazardous substances, reclamation, and waste transportation, storage and disposal. Compliance with environmental laws and regulations may require significant costs and may cause material changes or delays in our operations. There is no assurance that we will be in full compliance with environmental legislation at all times. Failure to comply with applicable environmental legislation could lead to adverse consequences, including expropriation, suspension or forced cessation of operations, revocation of or restrictions on permits, fines and other penalties, civil or regulatory proceedings, and, in certain circumstances, criminal proceedings. Furthermore, any such failures could increase costs and extend timelines, requiring additional capital expenditures and remedial actions. These negative consequences could significantly impact our financial condition, operations, and cash flow.

Future environmental legislation could also require stricter standards and mandate increased enforcement, fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

Environmental hazards may exist on our properties which are currently unknown to us. We may be liable for losses associated with such hazards or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the property, or by the past or present owners of adjacent properties, or by natural conditions. The costs of such cleanup actions may have a material adverse effect on our operations and profitability.

We are subject to environmental reclamation requirements to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious elements and to re-establish, to some degree, pre-disturbance landforms and vegetation. These environmental reclamation requirements vary depending on the location of the property and the managing governmental agency. We are actively providing for and carrying out reclamation activities on our properties as required.

We operate four tailings storage facilities, we are conducting a third party review of all our tailings facilities. These reviews once concluded might find that the storage facilities design, construction, operation, maintenance, and monitoring activities at the tailings and water storage facilities might require further investments to meet the Canadian Dam Safety Guidelines, TSM Tailings Protocol, and known best practices. The development and update of guidelines and standards, such the Canadian Dam Association Technical Bulletin on Tailings Dam Breach Analyses and the Global Industry Standard for Tailings Management, may change requirements, costs, and ultimate capacity of our tailings facilities. Design of all of our tailings and water storage facilities includes detailed consideration of stability under static and dynamic (pseudostatic) seismic conditions to ensure exceedance of relevant safety factors. While we believe that appropriate steps have been taken to prevent safety incidents, there are inherent risks involved with tailings facilities, including among other things, seismic activity, and the ability of field investigations completed prior to construction to detect weak foundation materials. There can be no assurance that a dam or other tailings facility safety incident will not occur, and such an incident could have a material adverse effect on our operations and profitability of the Company.

In addition to increasing regulatory requirements and operational risks, claims from local communities and NGOs with respect to real or alleged environmental incidents are becoming more common and may impact operations. In the case of legitimate claims, such actions could result in injunctions, suspensions, or other work stoppages, including revocation of permits, or significant fines or awards of damages. In other cases, we may be subject to frivolous or exaggerated claims made in an effort to obstruct or prevent mining operations or to affect our reputation.

Community Action

The success of our business is, in many ways, dependent on maintaining positive and respectful relationships with communities in the areas where we work. There is an increasing level of public concern relating to the perceived effects of mining activities, particularly on communities and peoples impacted by such activities. Communities and certain NGO's that oppose resource development have become more vocal and active with respect to the impact of mining activities. Adverse publicity related to extractive industries or specifically to the Company's operations, could have an adverse effect on our reputation, impact our relationships with the communities in which we operate, and ultimately have a material adverse effect on our business, financial condition and results of operations. Some communities and NGOs have taken actions, such as installing road blockades, applying for injunctions for work stoppage, filing lawsuits for damages or to challenge our ownership or use of property, and intervening and participating in lawsuits seeking to cancel or revoke our rights, permits and licenses that are necessary for our operations to continue, which could materially impact our business. These actions relate not only to current activities but are often in respect of past activities by prior owners of mining properties. NGOs may also lobby governments for changes to laws, regulations and policies pertaining to mining, which, if made, could have a material adverse effect on our business, financial condition and results of operations. The manner with which we respond to civil disturbances and other activities can give rise to additional risks where those responses are perceived to be inconsistent with international standards, including those with respect to human rights.

Artisanal, or informal, mining is associated with a number of negative impacts, including environmental degradation, forced labour, child labour, human trafficking and funding of conflict. Additionally, effective local government administration is often lacking in the locations where these miners operate informally or illegally. These activities are largely unregulated and work conditions are often unsafe and present health risks to the artisanal miners and local communities, which while unrelated to our operations, may have a material impact on them. Informal miners are active on land adjacent to our Porco operation which create an additional component to risk.

The Company is continuing with the implementation of ESG, standards and internal social contribution designed to enhance our community engagement processes, drive world-class environmental practices and reinforce our commitment to the safety and health of our employees and surrounding communities. As part of these activities, we have implemented response mechanisms which help us manage our social risks by better understanding and responding to community questions or concerns around the perceived or actual impacts of our activities. While we are committed to operating in a responsible manner, there is no assurance that our efforts will be successful at mitigating adverse impacts to our operations, and we may suffer material consequences to our business, including among other things, delays and closures, increased costs, and significant reputational damage.

In Canada, recent jurisprudence has permitted foreign claimants to bring legal actions in relation to alleged human rights violations and tort claims which may have occurred in their home country. This includes the adoption of international customary law principles as actionable torts in Canada. In addition, international bodies, such as the Inter-American Commission and the Inter-American Court of Human Rights, may adopt precautionary measures or make orders for member states in respect of human rights violations that could materially impact our operations.

Developments Regarding Indigenous Peoples

Some of our operations are near areas presently or previously inhabited or used by Indigenous peoples or have communities nearby. There are many national and international laws, regulations, conventions, codes and other instruments dealing with the rights of Indigenous peoples that impose obligations on governments and entities. Many of these are complex and interwoven in application, and are integrated and applied differently by governments, communities, Indigenous peoples, and other interest groups. These may include a mandate that government consult with Indigenous peoples in the areas around our projects and mines regarding actions affecting local stakeholders, prior to granting us mining rights, permits or approvals. Applicable conventions, such as the ILO Convention 169 which has been ratified by Bolivia and Mexico, is an example of such an international convention.

The United Nations Declaration on the Rights of Indigenous Peoples ("UNDRIP") was negotiated over a 24- year period with Indigenous peoples, member states and UN experts and was adopted by the UN General Assembly in September 2007. Canada officially endorsed UNDRIP in 2016 and in June 2021, the *United Nations Declaration on the Rights of Indigenous Peoples Act* (the "UNDRIP Act") was enacted into law in Canada to align and harmonize Canadian laws with UNDRIP. The substantive impact of UNDRIP on each member states' obligations to Indigenous peoples, including in Canada, remains uncertain, particularly with respect to the principle of free, prior and informed consent. At minimum, UNDRIP and the UNDRIP Act are likely to result in more robust consultation processes with potentially affected Indigenous peoples where projects trigger their application. Such requirements under UNDRIP and the associated application under Canadian law could impact our operations and our ability to develop new operations.

New or amended laws, regulations and conventions respecting the rights of Indigenous peoples, including with respect to the acquisition and use of lands, may alter decades old arrangements or agreements made by prior owners of our mines and properties, or even those made by us in more recent years. There can be no guarantee that we have entered into all agreements with Indigenous peoples in accordance with the laws and international standards and norms governing such relationships or that future laws and actions will not have a material adverse effect on our rights or ability to explore or mine, or on our financial position, cash flow, and results of operations. Furthermore, it is not uncommon for Indigenous peoples to challenge agreements or arrangements previously entered into for various reasons. Public opposition, including opposition by NGOs, to mining activities has also increased in recent years, in part due to the perceived effects of those activities on local communities and on

Indigenous peoples. There has been an increase in resort to strategic litigation supported by NGOs and other interest groups in reference to laws, regulations and conventions respecting the rights of Indigenous peoples, which if targeted at our operations, could have a material impact on the future operations of our mines.

If we cannot maintain an agreement or positive relationship with Indigenous peoples in respect of our operations, there may be significant disruptions in our operations and activities, we may be subject to legal or administrative proceedings, and we may be precluded from operating, or from continuing to operate, in such areas. There could also be significant harm to our reputation. The risks associated with operating or conducting activities in or near areas presently or previously inhabited by Indigenous peoples could further impact our ability to acquire or advance development projects and complete, or realize benefits from, future acquisitions.

Natural Disasters, Terrorist Acts, Health Crises and Other Disruptions or Dislocations, including by the COVID-19 Pandemic, whether those effects are Local, Nationwide or Global

Upon the occurrence of a natural disaster, pandemic or upon an incident of war (for example, the current and ongoing conflict between Russia and Ukraine), riot or civil unrest, the impacted country, and the overall global economy, may not efficiently and quickly recover from such an event, which could have a materially adverse effect on the Company. Terrorist attacks, public health crises including epidemics, pandemics or outbreaks of new infectious diseases or viruses, and related events can result in volatility and disruption to global supply chains, operations, mobility of people, patterns of consumption and service and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company.

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The impact on global commerce has been far-reaching. There has been stock market volatility, volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions including (in 2020) the temporary suspension of mining activities and mine development, and the global movement of people and some goods has been restricted. There is ongoing uncertainty surrounding COVID-19 and its variants and the extent and duration of the impacts that it may have on demand and prices for the commodities relating to the Company's royalties, on the operations of its partners, on its employees and on global financial markets.

Global markets have been adversely impacted by emerging infectious diseases and/or the threat of outbreaks of viruses, other contagions or epidemic diseases, including currently, the novel COVID-19 pandemic as discussed above. A significant new outbreak or continued outbreaks of COVID-19, its variants and other infectious diseases, could result in a widespread crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn which could adversely affect the Company's business and the market price of the Common Shares. Many industries, including the mining industry, have been impacted by these market conditions. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on commodity prices, demand for metals, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business and the market price of the Company's securities. In addition, there may not be an adequate response to emerging infectious diseases, or significant restrictions may be imposed by a government, either of which may impact mining operations. There are potentially significant economic and social impacts, including labour shortages and shutdowns, delays and disruption in supply chains, social unrest, government or regulatory actions or inactions, including quarantines, declaration of national emergencies, permanent changes in taxation or policies, decreased demand or the inability to sell and deliver concentrates and resulting commodities, declines in the price of commodities, delays in permitting or approvals, suspensions or mandated shut downs of operations, governmental disruptions or other unknown but potentially significant impacts. At this time the Company cannot accurately predict what effects these conditions will have on its operations or financial results, including due to uncertainties relating to the ultimate geographic spread, the duration of the outbreak, and the length restrictions or responses that have been or may be imposed by the governments. Given the global nature of the Company's business and assets, the Company may not be able to accurately predict which assets will be impacted or if those impacted will resume operations. Any new outbreaks or the continuation of the existing outbreaks or threats of any additional outbreaks of a contagion or epidemic disease could have a material adverse effect on the Company, its business and operational results.

Exploration and Development Risks

The long-term operation of our business and its profitability is dependent, in part, on the cost and success of our exploration and development programs. Mineral exploration and development is highly speculative and involves significant risks. Few properties that are explored are ultimately developed into producing mines. There is no assurance that our mineral exploration and development programs will result in discoveries of economic quantities of mineralization that are necessary for a property to be brought into commercial production. The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, including, among other things, (i) the particular attributes of the deposit, such as size, grade, and metallurgy; (ii) interpretation of geological data; (iii) feasibility studies; (iv) proximity to infrastructure and availability of labour, power, and water; (v) metal prices; (vi) foreign currency exchange rates; and (vii) government regulations, including regulations relating to development, taxation, royalties, import and export, and environmental protection.

The actual operating results of our projects may differ materially from those we had anticipated due to these and other factors, many of which are beyond our control. There can be no assurance that our acquisition, exploration, and development programs will yield new mineral reserves to replace or expand current mineral reserves, or that they will result in additional production. Unsuccessful exploration or development programs could have a material adverse effect on our operations and profitability.

Imprecision in Mineral Reserve and Mineral Resource Estimates

Our mineral resources are estimates. No assurances can be given that the estimated levels of mineral resources are accurate, or that the estimates will result in material being produced or processed profitably. These estimates are expressions of judgment based on knowledge and experience and are based on assumptions and interpretation of available geological, geochemical and operational data and information. Valid estimates made at a given time may significantly change when new information becomes available. It may take many years from the initial phase of drilling before production occurs, and during that time, the economic feasibility of our projects may change and may ultimately prove unreliable.

Fluctuations in the market price of silver, zinc, lead and copper and other metals, as well as increased capital or production costs or reduced recovery rates, may render our mineral reserves uneconomic to develop for a particular project or result in a reduction of mineral reserves. No assurances can be given that any mineral resource estimate will ultimately be reclassified as proven or probable mineral reserves or that mineralization can be mined or processed profitably. Inferred mineral resources have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. Mineral resource estimates may also be recalculated based on actual production experience. The evaluation of mineral resources is influenced by economic and technological factors, which may change over time. If our mineral resource figures are reduced in the future, this could have an adverse impact on the Company’s future cash flows, earnings, results of operations, and financial condition.

Production and Cost Estimates

We prepare estimates of future production and future production costs for our operations. No assurance can be given that production and cost estimates will be achieved. These production and cost estimates are based on many factors and assumptions, including: the accuracy of mineral resource estimates; ground conditions and physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics; equipment and mechanical availability; labour availability and productivity; access to the mine; facilities and infrastructure; sufficient materials and supplies on hand; and the accuracy of estimated rates and costs of mining and processing, including the cost of human and physical resources required to carry out our activities. Failure to achieve production or cost estimates, or increases in costs, could have an adverse impact on our future cash flows, earnings, results of operations, and financial condition.

Actual production and costs may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the mineral resources**,** such as the need for sequential development of orebodies and the processing of new or different ore grades; and risks and hazards associated with mining. In addition, there can be no assurance that silver recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production, or that the existing known and experienced recoveries will continue. Costs of production may also be affected by a variety of factors, including ore grade metallurgy, labour costs and productivity, costs of supplies and services (such as, for example, fuel and power), general inflationary pressures, and currency exchange rates. Failure to achieve production estimates could have an adverse impact on our future cash flows, earnings, results of operations, and financial condition.

Infrastructure

Mining, processing, development, and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power, and water supply are important determinants for capital and operating costs, and sufficient and functional processing equipment and facilities are critical to our operations. The lack of availability or the delay in the availability of any one or more of these items could prevent or delay the development of our projects, result in the failure to achieve the anticipated production volume, and increase the construction costs and ongoing operating costs associated with our projects and operations. Similarly, continued improvements or replacement of existing infrastructure may require high capital investments and involve significant delays. In addition, unusual weather phenomena, sabotage, government, or other interference in the maintenance or provision of such infrastructure could adversely affect our operations and profitability.

Replacement of Resources

The Bolivar, Porco, Caballo Blanco complex, San Lucas Trading Operation and Zimapan mines accounted for all of our production in 2022. Current life-of-mine plans provide for a defined production life for mining at each of our mines. There is no assurance that any of our green field or near mine exploration projects will be successful, and substantial expenditures are required to establish mineral reserves. If our mineral reserves are not replaced either by the development or discovery of additional mineral reserves and/or extension of the life-of-mine at our current operating mines or through the acquisition or development of additional producing mines, this could have an adverse impact on our future cash flows, earnings, results of operations, and financial condition, and this may be compounded by requirements to expend funds for reclamation and decommissioning.

Trading Activities and Credit Risk

The zinc, lead, and copper concentrates produced by us are sold through long-term supply arrangements to metal traders or integrated mining and smelting companies. The terms of the concentrate contracts may require us to deliver concentrate that has a value greater than the payment received at the time of delivery, thereby introducing us to credit risk of the buyers of our concentrates. Should any of these counterparties not honour supply arrangements, or should any of them become insolvent, we may incur losses for products already shipped and be forced to sell our concentrates in the spot market or we may not have a market for our concentrates and therefore our future operating results may be materially adversely impacted.

At December 31, 2022, we had receivable balances associated with buyers of its concentrates of $16,916 (2021 - $5,278).

Supplier advances for products and services yet to be provided are a common practice in some jurisdictions in which we operate. These advances represent a credit risk to us to the extent that suppliers do not deliver products or perform services as expected. As at December 31, 2022, the Company had made $5,803 of supplier advances (2021 - $2,503), which are reflected in "Trade and other receivables" on the Company's balance sheet.

Management constantly monitors and assesses the credit risk resulting from our concentrate sales and refining arrangements. Furthermore, management carefully considers credit risk when allocating prospective sales and refining business to counterparties. In making allocation decisions, management attempts to avoid unacceptable concentration of credit risk to any single counterparty.

From time to time, we may invest in equity securities of other companies. Just as investing in the Company is inherent with risks such as those set out in this MD&A, by investing in other companies we will be exposed to the risks associated with owning equity securities and those risks inherent in the investee companies.

Taxation Risks

In addition to the risks relating to taxation discussed under the heading "Risks Related to Our Business – Governmental Regulation", we are also exposed to other tax related risks. In assessing the probability of realizing income tax assets recognized, we make estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, we give additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. We consider relevant tax planning opportunities that are within our control, are feasible, and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence.

Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Future changes in tax laws could also limit us from realizing the tax benefits from the deferred tax assets. We reassess unrecognized income tax assets at each reporting period.

Exchange Rate Risk

We report our financial statements in USD; however, we operate in jurisdictions that utilize other currencies. As a consequence, the financial results of our operations, as reported in USD, are subject to changes in the value of the USD relative to local currencies. Since our sales are denominated in USD and a portion of our operating costs and capital spending are in local currencies, we are negatively impacted by strengthening local currencies relative to the USD and positively impacted by the inverse.

Our balance sheet contains various monetary assets and liabilities, some of which are denominated in foreign currencies. Accounting convention dictates that these balances are translated at the end of each period, with resulting adjustments being reflected as foreign exchange gains or losses on our income statement.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they come due. The volatility of the metals markets can impact our ability to forecast cash flow from operations. We must maintain sufficient liquidity to meet our short-term business requirements, taking into account our anticipated cash flows from operations, our holdings of cash and cash equivalents, and committed loan facilities.

We manage our liquidity risk by continuously monitoring forecasted and actual cash flows. We have in place a rigorous reporting, planning and budgeting process to help determine the funds required to support our normal operating requirements on an ongoing basis and our expansion plans. We continually evaluate and review capital and operating expenditures in order to identify, decrease, and limit all non-essential expenditures.

We are required to use a portion of our cash flow to service principal and interest on debt, which will limit the cash flow available for other business opportunities. We also maintain and enter into intercompany credit arrangements with our subsidiaries in the normal course. Our ability to make scheduled principal payments, pay interest on or refinance our indebtedness depends on our future performance, our cash flows, and applicable interest rates, which directly impacts our costs of financing, and which are subject to economic, financial, competitive and other factors beyond our control. Unexpected delays in production, the suspension of our mining licenses, or other operational problems could impact our ability to service the debt and make necessary capital expenditures when the debt becomes due. If we are unable to generate such cash flow to timely repay any debt outstanding, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets, applicable interest rates, and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. The Company's board of directors will determine whether to pay cash dividends on its issued and outstanding shares. The declaration of dividends will depend upon the Company's future earnings, its capital requirements, its financial condition and other relevant factors. The Company's board does not intend to declare any dividends on its shares for the foreseeable future. It is anticipated that the Company will retain any earnings to finance the growth of its business and for general corporate purposes.

Limited Supplies and Supply Chain Disruptions

Our operations depend on an uninterrupted supply of reagents, production inputs, and other supplies and resources such as skilled personnel. Supply may be interrupted due to a shortage or the scarce nature of inputs, especially with regard to chemical reagents. Supply might also be interrupted due to transportation and logistics associated with the remote location of some of our operations, and government restrictions or regulations which delay importation of necessary items. COVID 19 has had a significant impact on global supply chains, which has impacted our ability to source supplies required for our operations and has increased the costs of those supplies. Russia's invasion of the Ukraine has also had significant impacts on the supply of certain goods and fuels. Any interruptions to the procurement and supply of reagents, production inputs and other supplies, or the availability of skilled personnel, as well as increasing rates of inflation, could have an adverse impact on our future cash flows, earnings, results of operations, and financial condition.

Competitive Conditions

The mining industry is very competitive, particularly with respect to properties that produce, or are capable of producing, silver, zinc, lead, copper and other metals. Mines have limited lives and, as a result, the Company continually seeks to replace and expand mineral reserves through the acquisition of new properties. In addition, there is a limited supply of desirable mineral lands available in areas where we would consider conducting exploration and/or production activities. Because we face strong competition for new properties from other mining companies, some of which have greater financial resources than we do, we may be unable to acquire attractive new mining properties on terms that we consider acceptable.

Competition for resources is intense, particularly affecting the availability of manpower, drill rigs, mining equipment, and production equipment. Competition in the mining business for limited sources of capital could adversely impact our ability to acquire and develop suitable silver mines, silver developmental projects, silver producing companies, or properties having significant exploration potential. As a result, there can be no assurance that our acquisition and exploration programs will yield new mineral reserves to replace or expand current mineral reserves, or that we will be able to maintain production levels in the future.

Our competitive position is largely determined by our costs compared to other producers throughout the world and our ability to maintain our financial integrity through the lows of the metal price cycles. Costs are governed to a large extent by the location, grade, and nature of mineral reserves as well as by operating and management skills. In contrast with diversified mining companies, we focus on silver and zinc production, development, and exploration, and are therefore subject to unique competitive advantages and disadvantages related to the price of silver and zinc and to a lesser extent other base metal by-products. If silver and zinc prices substantially increase, we will be in a relatively stronger competitive position than diversified mining companies that produce, develop, and explore for other minerals in addition to silver and zinc. Conversely, if silver and zinc prices substantially decrease, we may be at a competitive disadvantage to diversified mining companies.

Employee Recruitment, Retention and Human Error

Recruiting and retaining qualified personnel is critical to our success. We are dependent on the services of key executives including the Company's Executive Chairman the President of our Bolivian operations and other highly skilled and experienced executives and personnel focused on managing our interests. The number of persons skilled in acquisition, exploration, and development of mining properties is limited and competition for such persons is intense. As our business activity grows, we will require additional key financial, administrative, and mining personnel as well as additional operations staff. In addition, as a result of the implementation of COVID-19 related restrictions, technology, and the growth in work from home or hybrid employment arrangements, employees have become more mobile and available to a wider pool of employers and industries, presenting further challenges in retaining key personnel. There can be no assurance that we will be successful in attracting, training, and retaining qualified personnel as competition for persons with these skill sets increases. If we are not successful in attracting, training, and retaining qualified personnel, the efficiency of our operations could be impaired, which could have an adverse impact on the Company's future cash flows, earnings, results of operations, and financial condition.

Even when efforts to attract and retain qualified personnel and consultants to manage our interests are successful, people are fallible and human error and mistakes could result in significant uninsured losses to us. These could include, but are not limited to, loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, erroneous or incomplete filings or non-fulfillment of other obligations, significant tax liabilities in connection with any tax planning effort we might undertake or mistakes in interpretation and implementation of tax laws and practices, and legal claims for errors or mistakes by our personnel.

Employee Relations

Our employees and contractors are free to pursue collective bargaining and unions have been established at many of our operations. Although we have reached agreements with our various unions and place significant emphasis on maintaining positive relationships with the unions and employees, we have experienced labour strikes and work stoppages in the past. Should they occur, some labour strikes and work stoppages have the potential to materially affect our operations and thereby adversely impact our future cash flows, earnings, production, and financial conditions.

Economic Dependence

We have 2 customers that account for 100% of the concentrate and silver and zinc sales revenue. The Company has 2 customers that accounted for 100% of total sales in 2022. The loss of certain of these customers or curtailment of purchases by such customers could have a material adverse effect on our results of operations, financial condition, and cash flows.

General Economic Conditions

General economic conditions may adversely affect our growth, profitability and ability to obtain financing. Events in global financial markets in the past several years have had a profound impact on the global economy, particularly with the injection of monetary support and the massive increase in government debt in response to the COVID-19 pandemic since early 2020. Many industries, including the silver and zinc mining industry, have been and continue to be impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, inflation and significant interest rate increases, currency devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market confidence and liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth, profitability and ability to obtain financing. A number of issues related to economic conditions could have a material adverse effect on our business, financial condition and results of operations, including:

- inflation, volatility and other pressures in credit markets could impact the cost and availability of financing and our overall liquidity;
- the volatility of silver, zinc, lead, copper and other metal prices would impact our revenues, profits, losses and cash flow;
- recessionary pressures could adversely impact demand for our production;
- volatile energy, commodity and consumables prices and currency exchange rates could impact our production costs;
- Russia’s invasion of the Ukraine, the threat of expanded conflict in Europe and the impact on geo-political stability and the global economy; and
- the devaluation and volatility of global stock markets could impact the valuation of our equity and other securities.

As noted, COVID-19 had a dramatic impact on many countries and on the global economy. The ongoing efforts against the spread of COVID-19, including with respect to recent mutations, may result in further governmental restrictions that could impact economies around the world, reduce the availability of workforces, and drive up consumer costs for supplies and services. While vaccines have been successful in combating the virus, these vaccines have not been made available or distributed adequately or equitably in some jurisdictions. Furthermore, vaccines do not fully prevent against the spread of the disease, nor is the long-term efficacy or impact of the currently available vaccines known. The presence of COVID-19 and its continued spread may have ongoing negative impacts on our business and financial performance, and such impacts could be material.

Compliance

We are subject to complex laws and regulatory regimes that differ in the various jurisdictions in which we operate and are sometimes extra-jurisdictional in application. Ensuring that such laws and regulatory requirements are understood and followed by our personnel is difficult and we may inadvertently fail to comply with such laws and requirements or they may be contravened by our personnel. We have established programs, policies, controls, training, and monitoring to reduce and mitigate risks in certain areas, including anti-corruption compliance. In this respect, we have adopted a Code of Ethical Conduct and an Anti-Corruption Policy, developed a training program, implemented internal controls, to identify potential risks, and taken other steps to reduce the risk of non-compliance with applicable anti-corruption laws, including in the United States and Canada. However, there is no guarantee such programs, policies, controls, training or monitoring will prevent violations of the law, particularly by individual employees or agents. Violations of such laws, particularly those relating to corruption, could lead to the imposition of substantial fines, penalties or other civil or criminal prosecution or sanctions, and could severely damage our reputation. Such fines, penalties, and sanctions, and any damage to our reputation, could have a material adverse effect on our business.

Climate Change

There is significant evidence of the effects of climate change on our planet and an intensifying focus on addressing these issues. We recognize that climate change is a global challenge that may have both favorable and adverse effects on our business in a range of possible ways. Mining and processing operations are energy intensive and result in a carbon footprint either directly or through the purchase of fossil-fuel based electricity. As such, we are impacted by current and emerging policy and regulation relating to greenhouse gas emission levels, energy efficiency, and reporting of climate-change related risks. While some of the costs associated with reducing emissions may be offset by increased energy efficiency, technological innovation, or the increased demand for our metals as part of technological innovations, the current regulatory trend may result in additional transition costs at some of our operations. Governments are introducing climate-change legislation and treaties at the international, national, and local levels, and regulations relating to emission levels and energy efficiency are evolving and becoming more rigorous. Current laws and regulatory requirements are not consistent across the jurisdictions in which we operate, and regulatory uncertainty is likely to result in additional complexity and cost in our compliance efforts. Public perception of mining is, in some respects, negative and there is increasing pressure to curtail mining in many jurisdictions as a result, in part, of perceived adverse effects of mining on the environment and on local communities. Concerns around climate change may also affect the market price of our shares as institutional investors and others may divest interests in industries that are thought to have more environmental impacts. While we are committed to operating responsibly and reducing the negative effects of our operations on the environment, our ability to reduce emissions and energy and water usage by increasing efficiency and adopting new innovation is constrained by technological advancement, operational factors, and economics. Adoption of new technologies, the use of renewable energy, and infrastructure and operational changes necessary to reduce water usage may also increase our costs significantly. Concerns over climate-change, and our ability to respond to regulatory requirements and societal pressures, may have significant impacts on our operations and our reputation and may even result in reduced demand for our products.

The physical risks of climate-change could also adversely impact our operations. These risks include, among other things, extreme weather events, resource shortages, changes in rainfall and storm patterns and intensities, water shortages, changing sea levels, and extreme temperatures. Climate-related events such as mudslides, floods, droughts, and fires can have significant impacts, directly and indirectly, on our operations and could result in damage to our facilities, disruptions in accessing our sites with labour and essential materials or in shipping products from our mines, risks to the safety and security of our personnel and to communities, shortages of required supplies such as fuel and chemicals, inability to source enough water to supply our operations, and the temporary or permanent cessation of one or more of our operations. There is no assurance that we will be able to anticipate, respond to, or manage the risks associated with physical climate-change events and impacts, and this may result in material adverse consequences to our business and to our financial results.

Information and Cyber Security

The secure processing, maintenance, and transmission of information and data is critical to our business. Furthermore, we and our third-party service providers collect and store sensitive data in the ordinary course of our business, including personal information of our employees, as well as proprietary and confidential business information relating to ourselves and in some cases, our customers, suppliers, investors and other stakeholders. With the increasing dependence and interdependence on electronic data communication and storage, including the use of cloud-based services and personal devices, we are exposed to evolving technological risks relating to this information and data. These risks include targeted attacks on our systems or on systems of third parties that we rely on, failure or non-availability of a key information technology systems, or a breach of security measures designed to protect our systems. While we employ security measures in respect of our information and data, including implementing systems to monitor and detect potential threats, the performance of periodic audits, and penetration testing, we cannot be certain that we will be successful in securing this information and data and there may be instances where we are exposed to malware, cyber-attacks or other unauthorized access or use of our information and data. Any data breach or other improper or unauthorized access or use of our information could have a material adverse effect on our business and could severely damage our reputation, compromise our network or systems and result in a loss or escape of sensitive information, a misappropriation of assets or incidents of fraud, disrupt our normal operations, and cause us to incur additional time and expense to remediate and improve our information systems. In addition, we could also be subject to legal and regulatory liability in connection with any such cyber-attack or breach, including potential breaches of laws relating to the protection of personal information. Stakeholder Confidence

Stakeholder Confidence

Our business and operations require us to develop and maintain strong and trusting relationships with key stakeholders, including local communities, Indigenous peoples, governments, unions, and other groups and institutions. Poor management of these relationships, inadequate attention to matters of importance to these stakeholders, and operating in a manner that is perceived as unethical or damaging to the environment or to people could result in an erosion of trust and confidence in us and have negative impacts on our business and our financial and operating results. It can also affect our reputation more broadly, including with shareholders, government bodies, NGOs and other interest groups, the media, and the general public. A loss of trust and confidence and negative public opinion could impact our ability to obtain permits, licenses and other approvals, impede our efforts to find growth opportunities, materially increase our costs and expenses, result in legal claims and challenges, decrease the price of our shares and create negative market sentiment, all of which could have material impacts on our business and profitability. Since 2020, the importance of ESG performance requirements, standards and reporting has increased significantly across all stakeholder groups. While the Company has in place numerous programs and commitments with respect to ESG, there is no assurance that the Company will be able to adequately address all ESG pressures and potential requirements to maintain stakeholder confidence.

Acquisitions and Integration

An element of our business strategy is to make selected acquisitions. For example, in October 2021, the Company, entered into the Purchase Agreement with Glencore to acquire all of Glencore´s Bolivian assets. The Arrangement closed in the first quarter of 2022. We expect to continue to evaluate acquisition opportunities on a regular basis and intend to pursue those opportunities that we believe are in our long-term best interests. The success of our acquisitions will depend upon a number of factors, including the adequacy, completeness, analysis and interpretation of information obtained during due diligence, our ability to effectively manage the integration and operations of entities once we complete an acquisition, and our ability, in some cases, to make improvements or advancements that we anticipated. The process of managing acquired businesses may involve unforeseen difficulties and risks and may require a disproportionate amount of management resources and expenditures. There can be no assurance that we will be able to successfully manage the integration and operations of businesses we acquire, or that the anticipated benefits of our acquisitions will be realized.

In addition to acquisitions, we might enter into joint venture, option and similar arrangements which, among other things, also require an investment in time and capital, and are subject to risks associated with due diligence matters. We also occasionally make investments in other mining companies, such as our investments in Zacatecas Silver Corp. Such arrangements may depend, in part, on other parties and may be speculative in nature or by means of payment to certain sell/purchase of certain non-strategic assets. There is no guarantee that any of these arrangements will be successful or that we will recover any capital or other investments made in relation thereto.

Accounting Policies and Internal Controls

As a publicly listed company, the Company is subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is material. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, the Company's inability to file required periodic reports on a timely basis, loss of market confidence, delisting of its securities and/or governmental or private actions against the Company. There can be no assurance that the Company will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-à-vis privately held and larger public competitors.

The Company prepares its financial reports in accordance with International Financial Reporting Standards. In preparation of its financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance in this regard.

Litigation

The Company is party to, and may become party to, litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company is, or becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating, could negatively impact the value of the Common Shares, and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.