



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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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, 2023 and 2022 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 May 1, 2024.

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 1111 West Hastings Street, 15th Floor, Vancouver, British Columbia, Canada V6E 2J3. 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, 2023, the Company had acquired ownership including mining concession rights to the following mineral properties:

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 feed 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.

Mexico:

- The Zimapan mine (the "Zimapan Mine" or "Zimapan") and process plant complex located in Hidalgo, Mexico; and,
- The La Pechuga Property and the Santa Gorgonia Prospect, which are exploration properties located in Mexico.

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 audited 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 (the "Acquisition") 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 audited consolidated financial statements for the year ended December 31, 2023); the Soracaya Project; as well as the San Lucas ore sourcing and trading business.

The Acquisition 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.

In accordance with the Share Purchase Agreement ("SPA") dated March 18, 2022, consideration for the acquisition comprised of: \$2,106 cash consideration payable prior to September 30, 2022; \$90,000 deferred cash consideration payable in four annual installments from March 18, 2022, 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 (1) the total profits on sale of the inventory acquired, estimated to be \$5,055, and (2) the amount of VAT receivable from the Bolivian government, estimated to be \$52,862, 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 \$nil during the year ended December 31, 2023. For the year ended December 31, 2022, the Company incurred \$3,600 of transaction costs, including the issuance of 3,077,317 common shares with a fair value of \$1,000 (C\$0.41 per common share), which are recorded as a separate line item in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss).

On May 10, 2023, the Company signed amendments to the SPA ("Amended SPA"). In the Company's 2022 audited annual consolidated financial statements, the Company recognized the Amended SPA as part of the original Acquisition consideration payable and in its final Purchase Price Allocation ("PPA").

During the year ended December 31, 2023, the Company identified an error related to the final consideration payable to Glencore for the Acquisition as recorded in its 2022 audited annual consolidated financial statements as originally filed.

Sinchi Wayra and Illapa Acquisition (continued)

Management has since concluded that the terms and conditions outlined in the Amended SPA should not have been recognized as part of the Acquisition consideration payable as at December 31, 2022, but rather it should have been recorded subsequently when the Amended SPA was signed. Accordingly, the PPA and the consideration payable as at Acquisition Date as presented in the 2022 audited annual consolidated financial statements were misstated. The Company restated the 2022 audited annual consolidated financials to correct this error.

During the year ended December 31, 2023, the Company also identified an error related to the reversal of deferred income tax liabilities at December 31, 2022 that was originally recognized as part of the Acquisition. The Company should have reversed \$1.7 million in deferred tax liabilities as at December 31, 2022 that had been recognized at the Acquisition Date related to deferred revenue and the decommissioning and restoration provision.

The 2022 comparatives have been restated in the Company's consolidated financial statements and the quarterly disclosures in this MD&A as a result of the above mentioned items. Refer to Note 2 in the 2023 audited consolidated financial statements for the effects of the restatements.

Consideration payable was subsequently adjusted for the terms and conditions outlined in the Amended SPA in the second quarter of 2023, which gave rise to a gain on adjustment to consideration payable of \$933.

The Company entered into a binding term sheet (the "Term Sheet") dated March 28, 2024 with Glencore, subject to the approval of the TSX-V, to amend the SPA and Amended SPA in connection with the Acquisition. Pursuant to the Term Sheet, the Company and Glencore have agreed to the following terms:

- The total consideration payable by the Company to Glencore under the Term Sheet will be in lieu of all present and future amounts owing or payable by the Company under the SPA and Amended SPA entered into pursuant to the Acquisition as disclosed in Note 12.
- Subject to the Acceleration Option (as defined below), the Company will pay up to \$80,000 in cash to Glencore in eight equal annual instalments of \$10,000 each (the "Base Purchase Price") with the first payment being made on or before November 1, 2025.
- The Company can exercise an option to accelerate the payment of the outstanding balance of the Base Purchase Price in full at any time, such prepayment amount will be \$40,000 if exercised prior to November 1, 2025 and shall decrease by \$2,000 for each annual instalment of \$10,000 that has been paid by the Company (the "Acceleration Option").
- The Company grants to Glencore a contingent value right (the "CVR") whereby the Company will pay Glencore a monthly payment of \$1,333 (the "CVR Payment"), subject to a total cap of \$77,700, in the event that in any calendar month after the date the parties enter into the Term Sheet, the average LME spot price of zinc (or the highest open hedge price if the Hedging Option (as defined below) has been exercised) in the calendar month is at least \$3,850 per tonne (the "Base Price"). The CVR Payment will increase by \$83 for each increase of \$100 per tonne above the Base Price and up to a price of \$5,049.99 per tonne.
- In addition to the CVR Payment, in the event the average LME spot price of zinc (or the highest open hedge price if the Hedging Option has been exercised) in a calendar month is at least \$5,050 per tonne (the "Additional Payment Price"), Glencore will be entitled to certain additional payments (the "Additional Payments"), which will increase for each increase of \$100 per tonne above the Additional Payment Price.

Sinchi Wayra and Illapa Acquisition (continued)

- Upon the occurrence of the monthly average zinc LME spot price exceeding the Base Price, Glencore can require the Company to hedge a limited amount of zinc production from its Bolivian mining operations (so long as the hedging price would exceed the Base Price) subject to certain conditions (the “Hedging Option”).
- The CVR and Additional Payments will be effective from the date of the Term Sheet until December 31, 2032. The Additional Payments and the Hedging Option will terminate once the Company is no longer obligated to make CVR Payments.
- The Company and Glencore will use good faith efforts to finalize, execute and deliver definitive agreements (the “Definitive Agreements”) containing the terms and provisions outlined in the Term Sheet and other customary terms.

The consideration payable at March 28, 2024 will be replaced in its entirety by the value of the consideration payable determined in accordance with the Term Sheet, comprising of the Base Purchase Price and the CVR.

Management has undertaken a valuation exercise as at March 28, 2024, based on the Term Sheet, and determined a fair value of the Base Purchase Price of approximately \$30 million, net of a fair value of approximately \$5 million related to the fair value of the Acceleration Option and a fair value of the CVR of \$1.4 million. The Company expects a material gain on the adjustment to consideration payable for the three month period ended March 31, 2024.

The fair value of the Base Purchase Price was estimated using a discounted cash flow method to calculate the net present value of the expected cash flows. A discount rate of 20% was used based on various qualitative and quantitative considerations. The fair value of the CVR was calculated using a Monte Carlo Simulation with key inputs and assumptions including the zinc spot price (\$2,502 per tonne), expected price of zinc at the maturity date, risk-free rate, daily mean reversion parameter, daily volatility and credit spread.

The value of the CVR is highly sensitive to movements in the price of zinc. For example, on April 22, 2024 the spot price of zinc was \$2,792 per tonne generating a fair value of the CVR of \$6.8 million using a Monte Carlo Simulation. The Company will revalue the Base Purchase Price and CVR at each period end with changes in fair value being recognized in the consolidated statement of income and comprehensive income within “Finance (costs) income”.

As at December 31, 2023 the Company had a working capital deficiency of \$43.2 million. Management expects the impact of the Term Sheet to positively impact the Company's working capital.

Refer to Note 2, 5, 12 and 27 of the Annual Consolidated Financial Statements for the years ended December 31, 2023 and 2022.

2023 Annual Highlights

	2023	2022 ⁽¹⁾⁽²⁾⁽⁸⁾	2021	Change '23 vs '22
Operational				
Material Processed (tonnes milled)	1,883,446	1,646,272	730,411	14%
Silver Equivalent Produced (ounces) ⁽³⁾	22,641,052	18,112,725	3,170,053	25%
Silver Ounces Produced	7,004,582	5,599,223	1,289,171	25%
Zinc Tonnes Produced	91,616	72,533	12,003	26%
Lead Tonnes Produced	12,369	10,065	3,204	23%
Copper Tonnes Produced	1,254	1,287	1,073	(3%)
Silver Equivalent Sold (payable ounces) ⁽⁴⁾	16,105,327	19,612,692	2,931,535	(18%)
Cash Cost of Production per Tonne ⁽⁵⁾	93.10	117.99	53.16	(21%)
Cash Cost per Silver Equivalent Ounce Sold (\$/oz) ⁽⁵⁾	18.96	17.58	19.62	8%
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (\$/oz) ⁽⁵⁾	22.69	20.05	24.53	13%
Average Realized Price per Ounce of Silver Equivalent Sold (\$/oz) ⁽⁵⁾⁽⁶⁾	22.90	20.93	23.89	9%
Financial				
Revenues	251,256	278,594	53,334	(10%)
Gross Profit	34,600	22,874	8,526	51%
Net Income (loss)	16,148	(18,506)	(11,565)	209%
Net Earnings (Loss) Per Share - Basic (\$/share)	0.05	(0.05)	(0.03)	206%
Adjusted EBITDA ⁽⁵⁾	50,980	15,140	713	237%
Cash and Cash Equivalent	4,947	4,609	938	7%
Working Capital (Deficiency)	(43,168)	(80,018)	(19,821)	(43%)

2023 Annual Production Summary - By Mine

	Caballo					Total
	Bolivar ⁽⁷⁾	Porco ⁽⁷⁾	Blanco Group	San Lucas	Zimapan	
Material Processed (tonnes milled)	293,083	190,837	316,718	313,506	769,303	1,883,446
Silver Equivalent Produced (ounces) ⁽³⁾	4,792,832	2,560,057	4,960,043	6,018,502	4,309,617	22,641,052
Silver Ounces Produced	1,973,778	665,215	1,544,561	1,464,180	1,356,846	7,004,582
Zinc Tonnes Produced	17,523	11,901	20,355	28,418	13,419	91,616
Lead Tonnes Produced	1,461	778	3,237	2,178	4,715	12,369
Copper Tonnes Produced	N/A	N/A	N/A	N/A	1,254	1,254
Average head grades per mine:						
Silver (g/t)	228	126	166	172	75	135
Zinc (%)	6.60	6.61	6.92	9.87	2.31	5.45
Lead (%)	0.68	0.54	1.33	1.05	0.77	0.87
Copper (%)	N/A	N/A	N/A	N/A	0.32	0.32
Silver Equivalent Sold (payable ounces) ⁽⁴⁾	2,798,472	1,305,115	2,956,128	5,756,049	3,289,563	16,105,327

Notes for both tables above:

- (1) On March 18, 2022 the Company closed the acquisition of all Bolivian assets from Glencore and the results of the Bolivian Operations are included in the consolidated results of the Company from that date.
- (2) Bolivian production from March 18, 2022 to December 31, 2022.
- (3) Silver Equivalent Produced (ounces) have been calculated using prices of \$21.86/oz, \$1.52/lb, \$0.91/lb and \$3.67/lb for silver, zinc, lead and copper respectively applied to the metal production divided by the silver price as stated here.
- (4) 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 Bolivar, Porco, the Caballo Blanco Group, San Lucas and Zimapan.
- (5) 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, and 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.
- (6) Average Realized Price per Ounce of Silver Equivalent Sold is prior to all treatment, smelting and refining charges.
- (7) Bolivar and Porco are presented at 100% whereas the Company records 45% of revenues and expenses in its consolidated financial statements.
- (8) The net loss (income), net loss (income) per share, Adjusted EBITDA, and working capital deficiency were amended as a result of the restatement related to the Sinchi Wayra and Illapa Acquisition (refer to the "Sinchi Wayra and Illapa Acquisition" in the "Company Overview" section for further details)

Management Business Overview and Outlook

The Company's focus for 2024 will be:

- To issue Technical reports in compliance with Canadian Securities Administrators, National Instrument 43-101, Standards for Disclosures of Mineral Projects, for all active operations;
- At Caballo Blanco, execute cost savings and production enhancing opportunities made possible by completion of the Integration Ramp.
- At Zimapan, capitalize on cost saving and revenue enhancing opportunities made possible by operational restructuring completed in 2023.
- To streamline and identify synergies among all mining operations, including potential consolidation of common services between operating units;
- To prioritize preparation and development of consolidated high value mining areas for the 2024 production plan.
- Increase mine exploration programs to expand resources at Zimapan, Porco, and Caballo Blanco Mines.

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

Selected Annual and Quarterly Production Results

	2023-Q4	2023-Q3	2023-Q2	2023-Q1	2023-YTD	2022-YTD	Change Q4 vs Q3	Change '23 vs. '22
Material Processed (tonnes milled)								
Bolivar ⁽⁴⁾⁽⁵⁾	74,742	77,298	66,689	74,353	293,083	210,847	(3%)	39%
Porco ⁽⁴⁾⁽⁵⁾	47,057	47,786	46,085	49,909	190,837	153,377	(2%)	24%
Caballo Blanco Group ⁽⁴⁾	79,768	76,864	74,268	85,817	316,718	213,886	4%	48%
San Lucas ⁽⁴⁾	83,343	73,456	85,258	71,448	313,506	246,007	13%	27%
Zimapan	204,507	192,158	171,668	200,970	769,303	822,155	6%	(6%)
Total	489,417	467,563	443,969	482,497	1,883,446	1,646,271	5%	14%
Silver Equivalent Produced (ounces) ⁽¹⁾								
Bolivar ⁽⁴⁾⁽⁵⁾	1,239,099	1,343,000	961,580	1,249,153	4,792,832	3,520,959	(8%)	36%
Porco ⁽⁴⁾⁽⁵⁾	565,611	625,401	689,902	679,144	2,560,057	2,142,943	(10%)	19%
Caballo Blanco Group ⁽⁴⁾	1,193,534	1,118,711	1,211,475	1,436,322	4,960,043	3,330,354	7%	49%
San Lucas ⁽⁴⁾	1,596,427	1,399,187	1,827,724	1,195,164	6,018,502	5,135,886	14%	17%
Zimapan	1,162,558	1,183,606	878,854	1,084,600	4,309,617	3,982,583	(2%)	8%
Total	5,757,229	5,669,905	5,569,535	5,644,383	22,641,052	18,112,725	2%	25%
Silver Ounces Produced								
Bolivar ⁽⁴⁾⁽⁵⁾	490,269	502,931	424,664	555,914	1,973,778	1,402,289	(3%)	41%
Porco ⁽⁴⁾⁽⁵⁾	142,625	165,066	195,509	162,015	665,215	518,986	(14%)	28%
Caballo Blanco Group ⁽⁴⁾	350,050	319,674	399,811	475,026	1,544,561	1,139,576	10%	36%
San Lucas ⁽⁴⁾	350,770	362,443	495,344	255,623	1,464,180	1,244,089	(3%)	18%
Zimapan	386,023	378,748	271,133	320,942	1,356,846	1,294,283	2%	5%
Total	1,719,738	1,728,863	1,786,461	1,769,520	7,004,582	5,599,223	(1%)	25%
Zinc Tonnes Produced								
Bolivar ⁽⁴⁾⁽⁵⁾	4,673	5,214	3,323	4,313	17,523	13,243	(10%)	32%
Porco ⁽⁴⁾⁽⁵⁾	2,667	2,891	3,098	3,245	11,901	10,171	(8%)	17%
Caballo Blanco Group ⁽⁴⁾	5,095	4,805	4,804	5,650	20,355	12,779	6%	59%
San Lucas ⁽⁴⁾	7,801	6,454	8,315	5,848	28,418	24,252	21%	17%
Zimapan	3,540	3,731	2,741	3,407	13,419	12,087	(5%)	11%
Total	23,777	23,095	22,281	22,463	91,616	72,533	3%	26%
Lead Tonnes Produced								
Bolivar ⁽⁵⁾⁽⁶⁾	357	449	302	353	1,461	974	(20%)	50%
Porco ⁽⁵⁾⁽⁶⁾	157	190	214	217	778	713	(17%)	9%
Caballo Blanco Group ⁽⁵⁾	685	684	825	1,043	3,237	2,540	(0%)	27%
San Lucas ⁽⁵⁾	548	522	635	473	2,178	1,914	5%	14%
Zimapan	1,383	1,526	849	957	4,715	3,923	(9%)	20%
Total	3,130	3,370	2,824	3,043	12,369	10,065	(7%)	23%
Silver Equivalent Sold (payable ounces) ⁽²⁾								
Bolivar ⁽⁴⁾⁽⁵⁾	833,405	784,713	408,571	771,783	2,798,472	3,579,214	6%	(22%)
Porco ⁽⁴⁾⁽⁵⁾	260,035	285,286	351,919	407,875	1,305,115	2,258,846	(9%)	(42%)
Caballo Blanco Group ⁽⁴⁾	882,023	609,415	762,023	702,667	2,956,128	3,448,726	45%	(14%)
San Lucas ⁽⁴⁾	933,859	1,285,739	1,978,767	1,557,683	5,756,049	6,703,747	(27%)	(14%)
Zimapan	904,540	857,628	586,507	940,887	3,289,563	3,622,159	5%	(9%)
Total	3,813,863	3,822,782	4,087,787	4,380,895	16,105,327	19,612,692	(0%)	(18%)

Selected Annual and Quarterly Production Results (continued)

	2023-Q4	2023-Q3	2023-Q2	2023-Q1	2023-YTD	2022-YTD	Change Q4 vs Q3	Change '23 vs. '22
Cash Cost of Production per Tonne⁽³⁾								
Bolivar, Porco, and Caballo Blanco Group ⁽⁴⁾⁽⁵⁾	110.30	95.77	116.13	91.23	102.99	140.08	15%	(26)%
San Lucas ⁽⁴⁾	140.37	183.92	151.34	148.86	155.49	294.08	(24)%	(47)%
Zimapan	61.11	57.10	57.58	53.65	57.37	49.77	7%	15%
Total	94.87	93.73	100.25	84.11	93.10	117.99	1%	(21)%
Cash Cost per Silver Equivalent Ounce Sold⁽³⁾								
Bolivar, Porco, and Caballo Blanco Group ⁽⁴⁾⁽⁵⁾	16.61	19.55	14.73	13.61	16.10	17.94	(15)%	(10)%
San Lucas ⁽⁴⁾	19.88	24.94	21.62	20.45	21.76	17.35	(20)%	25%
Zimapan	18.00	20.97	23.62	19.41	20.18	17.05	(14)%	18%
Total	17.74	21.68	19.34	17.29	18.96	17.58	(18)%	8%
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold⁽³⁾								
Bolivar, Porco, and Caballo Blanco Group ⁽⁴⁾⁽⁵⁾	20.07	25.00	19.32	17.41	20.37	20.87	(20)%	(2)%
San Lucas ⁽⁴⁾	20.44	25.17	21.71	20.50	21.95	17.54	(19)%	25%
Zimapan	22.39	23.32	29.49	22.45	23.92	19.29	(4)%	24%
Total	21.37	25.98	22.89	20.77	22.69	20.05	(18)%	13%
Underground development (m)	10,573	10,838	10,922	10,573	42,906	34,455	(2)%	25%
Core Drilling (m)	2,545	3,452	1,692	1,939	9,628	6,738	(26)%	43%

⁽¹⁾ Silver Equivalent Produced (ounces) have been calculated, for all periods presented, using prices of \$21.86/oz, \$1.52/lb, \$0.91/lb and \$3.67/lb for silver, zinc, lead, and copper, respectively applied to the metal production divided by the silver price as stated here.

⁽²⁾ Silver Equivalent Sold (payable ounces) have been calculated using the Average Realized Price per Ounce of Silver Equivalent Sold in the Non-GAAP Measures section, applied to the payable metal content of the concentrates sold from Bolivar, Porco, the Caballo Blanco Group, San Lucas and Zimapan.

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

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

Silver Equivalent Ounces Produced

2023 vs 2022

YTD 2022, 1,646,271 tonnes of material was processed, and 18,112,725 silver equivalent ounces was produced, and in YTD 2023 1,883,446 tonnes of material was produced and 22,641,052 silver equivalent ounces was produced. While total material processed in 2023 was 14% more compared to YTD 2022, total silver equivalent ounce production was up 25%. Annual 2023 production results benefitted from a full Q1 2023 production from the Bolivian operations. Annual 2022 figures are affected by the partial quarter of Bolivian production in Q1 2022. On March 18, 2022, the Company closed the acquisition of the Bolivian assets from Glencore and the results of the operations of the Bolivian assets are included from that date.

Q4 2023 vs Q3 2023

Santacruz processed 489,417 tonnes of material in Q4 2023, a 5% increase from the previous quarter. Silver equivalent ounce production increased 2% to 5,757,228 including 1,719,738 ounces of silver, 23,777 tonnes of zinc, 3,130 tonnes of lead, and 290 tonnes of copper. While average throughputs, head grades and recoveries varied slightly across all operations, the increase in material processed at Zimapan, and increases in mineralized material purchased by San Lucas drove consistent metal production quarter-on-quarter.

Cash Cost of Production per Tonne

2023 vs 2022

Consolidated cash cost of production per tonne of mineralized material processed was \$93.10 in YTD 2023 compared to \$117.99 in YTD 2022. Significant decreases in unit production costs at the Bolivian operations, a result of higher production rates and cost saving initiatives have driven the consolidated net reduction in cash costs of 21% per tonne.

Q4 2023 vs Q3 2023

Consolidated cash cost of production per tonne of mineralized material processed remained stable with a slight increase of 1%. Cash cost per tonne at San Lucas decreased 24%, which was offset by the 15% increase at all other Bolivian operations. In Mexico, cost of sales remained stable for the quarter as full production resumed at Zimapan after recovering from a two-week haulage stoppage that took place during Q3 2023.

Cash Cost per Silver Equivalent Ounce Sold

2023 vs 2022

Cash cost per silver equivalent ounce sold was \$18.96 in 2023 compared to \$17.58 in 2022. This 8% increase in cash cost was due primarily to a 18% decrease in silver equivalent ounces sold, partly offset by a 5% decrease in unit operating costs. While the metal production increased 25% for the same period, silver equivalent ounces sold decreased by 18% mainly due to Bolivia's pre-Acquisition inventories sold in Q2 and Q3 2022 which accounted for approximately 80% of the total decrease in silver equivalent ounces sold. The other 20% of the total decrease in silver equivalent ounces sold can be attributed to the silver equivalent conversion ratio of base metals to silver, which was higher due to the changes in realized metal prices and resulted in the additional reduction of silver equivalent ounces sold.

Q4 2023 vs Q3 2023

Consolidated results for Q4 2023 show an 18% decrease in cash costs per silver equivalent ounce sold compared to Q3 2023. This decrease is primarily a result of lower unit operating costs for San Lucas and Zimapan, and higher sales from our Bolivian mining operations. At Zimapan, the lower unit costs are a result of the operational restructuring that began in Q3 2023. Consolidated silver equivalent ounces sold held steady quarter-on-quarter.

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

2023 vs 2022

2023 AISC per silver equivalent ounce sold was \$22.69, compared to 2022 of \$20.05. This 13% increase in unit cost was due primarily to the 18% decrease in silver equivalent ounces sold (most of which was not production related and due to Bolivia's pre-Acquisition inventories sold in Q2 and Q3 2022), higher sustaining general and administrative expenses, and higher capital expenditures primarily related to the integration ramp at Caballo Blanco, which was a significant capital expenditure during 2023 (and was completed in January 2024), but partly offset by 5% lower unit operating costs. 18% decrease in silver equivalents sold which is a function of realized metal prices.

Q4 2023 vs Q3 2023

Consolidated AISC per silver equivalent ounce sold decreased 18% quarter-on-quarter to \$21.37, mainly a result of lower unit operating costs, partly offset by higher sustaining general and administrative expenses and higher capital expenditures mostly related to the integration ramp at Caballo Blanco.

Bolivar Mine

Bolivar Production Table ⁽⁴⁾	2023 Q4	2023 Q3	Change Q4 vs Q3	2023-YTD	2022-YTD ⁽¹⁾	Change '23 vs. '22
Material Processed (tonnes milled)	74,742	77,298	(3%)	293,083	210,847	39%
Silver Equivalent Produced (ounces) ⁽²⁾	1,239,099	1,343,000	(8%)	4,792,832	3,520,959	36%
Silver Equivalent Sold (payable ounces) ⁽³⁾	833,405	784,713	6%	2,798,472	3,579,214	(22%)
Production						
Silver (ounces)	490,269	502,931	(3%)	1,973,778	1,402,289	41%
Zinc (tonnes)	4,673	5,214	(10%)	17,523	13,243	32%
Lead (tonnes)	357	449	(20%)	1,461	974	50%
Average Grade						
Silver (g/t)	223	221	1%	228	230	(1%)
Zinc (%)	6.86	7.41	(7%)	6.60	6.88	(4%)
Lead (%)	0.67	0.79	(15%)	0.68	0.65	5%
Metal Recovery						
Silver (%)	92	92	-%	92	90	2%
Zinc (%)	91	91	-%	91	91	-%
Lead (%)	72	74	(3%)	73	71	2%

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

⁽²⁾ Silver Equivalent Produced (ounces) in 2023 have been calculated, for all periods presented, using prices of \$21.86/oz, \$1.52/lb and \$0.91/lb for silver, zinc, and lead, respectively applied to the metal production divided by the silver price as stated here.

⁽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 2023.

⁽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 1,000 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.

Currently the mine is producing about 25,000 tonnes per month mineralized material, and 900 meters per month combined primary and secondary development. At the same time, mineralized material from the San Lucas feed sourcing business is providing production flexibility and allowing the plant to operate efficiently.

The Bolivar mill has been in continuous production since 1993. The mill receives feed from two sources; the Bolivar Mine which contributes about 80% and toll feed purchased through the San Lucas feed sourcing business which contributes the other 20%. Total plant throughput was about 31,600 tonnes per month this past quarter. 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 San Lucas feed but generally not found in the company feed.

Since the acquisition of the Bolivian Assets, production performance has steadily improved and stabilized at Bolivar, with small variations in the mined grade impacting the metal production.

Bolivar Mine (continued)

2023 vs 2022

Annual 2023 production results benefitted from a full Q1 2023 production from the Bolivar mine. Annual 2022 figures are affected by the partial quarter of Bolivar production in Q1 2022. On March 18, 2022, the Company closed the acquisition of the Bolivian assets from Glencore and the results of the operations are included from that date.

Q4 2023 vs Q3 2023

Bolivar processed 74,742 tonnes of mineralized material in Q4 2023, a 3% decrease when compared to the 77,298 tonnes processed in Q3 2023.

In Q4 2023, Bolivar produced 1,239,099 silver equivalent ounces, consisting of 490,269 ounces of silver, 4,673 tonnes of zinc and 357 tonnes of lead. The 8% decrease in metal production is a combination of lower tonnage processed, lower zinc and lead grades, and a slight decrease in lead recoveries. Although Silver Equivalent ounces produced dropped, the Silver Equivalent ounces sold increased by 6% due to realized metal pricing.

Porco Mine

Porco Production Table ⁽⁴⁾	2023-Q4	2023-Q2	Change Q4 vs Q3	2023-YTD	2022-YTD ⁽¹⁾	Change '23 vs. '22
Material Processed (tonnes milled)	47,057	47,786	(2%)	190,837	153,377	24%
Silver Equivalent Produced (ounces) ⁽²⁾	565,611	625,401	(10%)	2,560,057	2,142,943	19%
Silver Equivalent Sold (payable ounces) ⁽³⁾	260,035	285,286	(9%)	1,305,115	2,258,846	(42%)
Production						
Silver (ounces)	142,625	165,066	(14%)	665,215	518,986	28%
Zinc (tonnes)	2,667	2,891	(8%)	11,901	10,171	17%
Lead (tonnes)	157	190	(17%)	778	713	9%
Average Grade						
Silver (g/t)	112	119	(6%)	126	120	6%
Zinc (%)	6.01	6.40	(6%)	6.61	7.05	(6%)
Lead (%)	0.46	0.52	(12%)	0.54	0.61	(12%)
Metal Recovery						
Silver (%)	84	90	(7%)	86	88	(3%)
Zinc (%)	94	95	(1%)	94	94	-%
Lead (%)	73	76	(4%)	76	77	(1%)

⁽¹⁾ On March 18, 2022, the Company acquired 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 \$21.86/oz, \$1.52/lb, and \$0.91/lb for silver, zinc, and lead, respectively applied to the metal production divided by the silver price as stated here 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 2023.

⁽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 16,000 tonnes of mineralized material, and 630 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 using more selective shrinkage stoping.

The process plant is fed by both the mine (approximately 40%), and toll feed from the San Lucas feed sourcing business (60%). The plant processed approximately 27,100 tonnes per month.

The Porco Mine continues to experience the presence of illegal miners in the area and we are working together with COMIBOL to find a long term solution to this matter.

In mid-October, the SAG mill motor at Porco was removed to be rebuilt. A 25-day period of approximately 50% grinding capacity followed as the Company was able to feed the ball mills directly with fine material until the rebuilt motor was reinstalled and full production was attained on November 14, 2023. While the Company expected production at Porco to be reduced during the quarter, increased throughput in December was able to significantly offset the reductions experienced in October and November as result of the SAG mill maintenance.

2023 vs 2022

Annual 2023 production results benefitted from a full Q1 2023 production from the Porco mine. Annual 2022 figures are affected by the partial quarter of Porco production in Q1 2022. On March 18, 2022, the Company closed the acquisition of the Bolivian assets from Glencore and the results of the operations are included from that date.

Q4 2023 vs Q3 2023

Porco processed 47,057 tonnes in Q4 2023, a slight decrease from the previous quarter.

Porco Mine (continued)

In Q4 2023, metal produced was 565,611 silver equivalent ounces, consisting of 142,625 ounces of silver, 2,667 tonnes of zinc and 157 tonnes of lead. The decrease in average mined grades contributed to compounding lower metal recoveries and resulted in 10% lower metal production when compared to Q3 2023.

Caballo Blanco Group

Caballo Blanco Group Production Table	2023-Q4	2023-Q3	Change Q4 vs Q3	2023	2022 ⁽¹⁾	Change '23 vs. '22
Material Processed (tonnes milled)	79,768	76,864	4%	316,718	213,886	48%
Silver Equivalent Produced (ounces) ⁽²⁾	1,193,534	1,118,711	7%	4,960,043	3,330,354	49%
Silver Equivalent Sold (payable ounces) ⁽³⁾	882,023	609,415	45%	2,956,128	3,448,726	(14%)
Production						
Silver (ounces)	350,050	319,674	10%	1,544,561	1,139,576	36%
Zinc (tonnes)	5,095	4,805	6%	20,355	12,779	59%
Lead (tonnes)	685	684	1%	3,237	2,540	27%
Average Grade						
Silver (g/t)	149	144	3%	166	184	(9%)
Zinc (%)	6.87	6.80	1%	6.92	6.53	6%
Lead (%)	1.11	1.22	(9%)	1.32	1.54	(14%)
Metal Recovery						
Silver (%)	92	90	2%	91	91	-%
Zinc (%)	93	92	1%	93	92	1%
Lead (%)	77	73	6%	77	77	-%

⁽¹⁾ On March 18, 2022, the Company acquired 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 \$21.86/oz, \$1.52/lb, and \$0.91/lb for silver, zinc, lead respectively applied to the metal production divided by the silver price as stated here.

⁽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 2023.

⁽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.

As a unit, Caballo Blanco produces about 26,000 tonnes of mineralized material and 1,330 meters development per month. Approximately 60% of mine production is generated by conventional shrinkage and cut and 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 away in dump trucks.

The mineralized material is sourced from three separate mines, all quite different but mining the same structure. The Colquechaquita ("COC") mine produced 7,700 tonnes of feed and 370 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.

Tres Amigos mine ("TAM") 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 11,000 tonnes of feed along with 550 meters of development monthly. The selectivity of the mining method also provides a higher head grade to the plant.

An important capital project for 2023 was the integration ramp connecting the TAM and COC mines, which was completed in early 2024. This is expected to facilitate increased productivity from COC and total production from the Caballo Blanco Group of mines by providing trackless access to COC and eliminating the bottleneck created by the current shaft. The integration ramp consists of approximately 1,177 meters of development, including primary ramp and auxiliary drives.

The Reserva mine uses long hole sublevel stoping to produce 8,000 tonnes and 410 meters development per month. Reserva produces from multiple levels of a single vein structure.

The Don Diego Process Plant processes mineralized material from Caballo Blanco group of mines and San Lucas feed sourcing business. The total throughput averaged approximately 34,300 tonnes per month, 77% coming from the Caballo Blanco mines and 23% from San Lucas. Grades from both sources are fairly similar at the Don Diego Plant with the San Lucas feed being higher in zinc whereas mine feed is slightly higher in lead and silver.

Caballo Blanco Group (continued)

2023 vs 2022

Annual 2023 production results benefitted from a full Q1 2023 production from the Caballo Blanco Group of mines. Annual 2022 figures are affected by the partial quarter of Caballo Blanco production in Q1 2022. On March 18, 2022, the Company closed the acquisition of the Bolivian assets from Glencore and the results of the operations are included from that date.

Q4 2023 vs Q3 2023

Caballo Blanco processed slightly more mineralized material in Q4 2023 compared to Q3 2023 and produced 1,193,534 silver equivalent ounces, consisting of 350,050 ounces of silver, 5,095 tonnes of zinc and 685 tonnes of lead. The slight increase in silver and zinc grades and recoveries resulted in an increase in production for these metals. The decrease in the lead grade was offset by an increase in recoveries, resulting in lead production being in line with the previous quarter.

San Lucas

San Lucas Production Table	2023-Q4	2023-Q3	Change Q4 vs Q3	2023-YTD	2022-YTD ⁽¹⁾	Change '23 vs. '22
Material Processed (tonnes milled)	83,343	73,456	13%	313,506	246,007	27%
Silver Equivalent Produced (ounces) ⁽²⁾	1,596,427	1,399,187	14%	6,018,502	5,135,886	17%
Silver Equivalent Sold (payable ounces) ⁽³⁾	933,859	1,285,739	(27%)	5,756,049	6,703,747	(14%)
Production						
Silver (ounces)	350,770	362,443	(3%)	1,464,180	1,244,089	18%
Zinc (tonnes)	7,801	6,454	21%	28,418	24,252	17%
Lead (tonnes)	548	522	5%	2,178	1,914	14%
Average Grade						
Silver (g/t)	157	183	(14%)	172	185	(7%)
Zinc (%)	10.16	9.55	6%	9.87	10.80	(8%)
Lead (%)	0.99	1.06	(6%)	1.05	1.13	(7%)
Metal Recovery						
Silver (%)	83	84	(1%)	85	85	-%
Zinc (%)	92	92	-%	92	92	-%
Lead (%)	66	67	(1%)	66	69	(4%)

⁽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 \$21.86/oz, \$1.52/lb, and \$0.91/lb for silver, zinc, and lead, respectively applied to the metal production divided by the silver price as stated here 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 2023.

⁽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.

The San Lucas feed sourcing business utilizes the excess 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 feed and methods used in extraction. Once the mineralized material is sampled and the purchase is finalized, it is blended and processed.

Generally, the mineralized material from the San Lucas feed sourcing business is campaigned through each plant and kept separate from mine feed. From the three different plants, the approximate split is 45% at Porco, 28% at Don Diego and 27% 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 business appeals to local miners and additional agreements are being negotiated to increase feed sourced. Expansion of milling capacity is a focus for 2024.

2023 vs 2022

Annual 2023 production results benefitted from a full Q1 2023 production from San Lucas. Annual 2022 figures are affected by the partial quarter of San Lucas production in Q1 2022. On March 18, 2022, the Company closed the acquisition of the Bolivian assets from Glencore and the results of the operations are included from that date.

Q4 2023 vs Q3 2023

San Lucas milled 13% more tonnes in Q4 2023. Since San Lucas purchases feed from regional suppliers, tonnes milled and material grades are anticipated to vary throughout the year. Mine production slightly decreased at Bolivar and Porco during the quarter, which enabled additional mineralized material from San Lucas to be processed.

Silver equivalent ounces produced in Q4 2023 was 1,596,427, a 14% increase over Q3, and consisted of 350,770 ounces of silver, 7,801 tonnes of zinc and 548 tonnes of lead. Q4 2023 experienced a decrease in silver and lead grades from the previous quarter, which was offset by the increase in material processed and resulted in silver and lead production being in line with the previous quarter. The increase in zinc grades resulted in the increase in zinc production.

Zimapan Mine

Zimapan Production Table	2023-Q4	2023-Q3	Change Q4 vs Q3	2023-YTD	2022-YTD	Change '23 vs. '22
Material Processed (tonnes milled)	204,507	192,158	6%	769,303	822,155	(6%)
Silver Equivalent Produced (ounces) ⁽¹⁾	1,162,558	1,183,606	(2%)	4,309,617	3,982,583	8%
Silver Equivalent Sold (payable ounces) ⁽²⁾	904,540	857,628	5%	3,289,563	3,622,159	(9%)
Production						
Silver (ounces)	386,023	378,748	2%	1,356,846	1,294,283	5%
Zinc (tonnes)	3,540	3,731	(5%)	13,419	12,087	11%
Lead (tonnes)	1,383	1,526	(9%)	4,715	3,923	20%
Copper (tonnes)	290	252	15%	1,254	1,287	(3%)
Average Grade						
Silver (g/t)	79	80	(1%)	75	73	3%
Zinc (%)	2.29	2.49	(8%)	2.31	2.13	8%
Lead (%)	0.83	0.97	(15%)	0.77	0.66	18%
Copper (%)	0.30	0.29	5%	0.32	0.37	(12%)
Metal Recovery						
Silver (%)	74	76	(3%)	73	67	9%
Zinc (%)	75	78	(3%)	76	69	9%
Lead (%)	82	82	-%	79	73	8%
Copper (%)	47	46	3%	50	42	18%
Cash Cost of Production per Tonne (\$/t) ⁽³⁾	61.11	57.10	7%	57.37	49.77	15%
Cash Cost per Silver Equivalent Ounce Sold (\$/oz) ⁽³⁾	18.00	20.97	(14%)	20.18	17.05	18%
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (\$/oz) ⁽³⁾	22.39	23.32	(4%)	23.92	19.29	24%

⁽¹⁾ Silver Equivalent Produced (ounces) have been calculated, for all periods presented, using prices of \$21.86/oz, \$1.52/lb, \$0.91/lb and \$3.67/lb for silver, zinc, lead, and copper, respectively applied to the metal production divided by the silver price as stated here plus the respective concentrate produced by Zimapan multiplied by the respective silver content.

⁽²⁾ 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 2023 and 2022.

⁽³⁾ 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.

The Zimapan operation produces feed from the Carrizal and Monte mines, which are connected by a 7.4 kilometre underground access and haulage tunnel which terminates at the San Francisco process plant. Mining methods used include long hole and cut and fill stoping. The plant processes about 72,000 tonnes per month and produces three concentrates using differential flotation. Tailings Storage Facility and other support facilities are located adjacent and downstream of the plant location.

Steadily increasing mine and plant production has assisted in reducing unit costs and offsetting the impact of metal and supply price volatility. Higher metallurgical recoveries in 2023 resulting from focused attention to this issue during the year had a significant impact on metal production. Metallurgy became a primary focus because new ore bodies at Monte were being mined more intensively, and changes in the mine plan presented metallurgical challenges, which are currently being addressed with an in-house metallurgical test program. Several specific deposits have been identified and characterized metallurgically, prompting adjustments to blending strategy, thus helping to increase recoveries.

2023 vs 2022

YTD 2023 material processed was 6% lower than YTD 2022. However, silver equivalent ounce production increased to 4,309,617 which is 8% higher than YTD 2022. This was predominantly a result of increased metal recovery at the plant along with significant increases in mined lead and zinc grades in 2023.

Zimapan Mine (continued)

Q4 2023 vs Q3 2023

The Zimapan mine is realizing benefits from a shift in mining strategy to higher grade areas, which is part of the ongoing optimization of the mine plan in response to metals prices. In Q4 2023, full production resumed at Zimapan after recovering from a two-week haulage stoppage that took place in Q3 2023. Major maintenance to the grinding circuit allowed for maximum plant throughput and two new underground loaders arrived at the mine in September, which enabled more efficient mining operations. Zimapan processed 204,507 tonnes of material, a 6% increase when compared to the previous quarter.

Silver equivalent ounces produced during the quarter was 2% lower than the previous quarter, 1,162,558 ounces consisting of 386,023 ounces silver, 3,540 tonnes of zinc, 1,383 tonnes of lead, and 290 tonnes of copper. Silver, lead and zinc average grades decreased from the previous quarter, while copper average head grades increased slightly. Quarter-on-quarter silver, lead and zinc recoveries decreased from the previous quarter, while copper recoveries increased.

In Q4 2023, the Company completed the focused third-party operations review, internal audit, NI 43-101 resource review, and metallurgical test program. Implementation of recommendations based on findings from these reviews have helped to redefine priorities at Zimapan and support plans going forward.

Other properties

Soracaya is an approximately eight-hectare exploration asset located approximately 200 km south south-west of Potosi and 4.4 km from the San Vicente mine (owned by Pan American Silver). Verification of the resource to NI 43-101 standards is currently in progress as well as some claim maintenance work underground.

Qualified Person and Technical Disclosures

All scientific and technical disclosure contained in this MD&A was reviewed and approved by Wayne Corso, a consultant to 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

Quarters ended December 31, 2023 and 2022

	2023 Q4	2022 Q4 ⁽¹⁾	Change '23 vs '22
Revenues	57,616	64,309	(10%)
Mine operating costs			
Cost of sales	(41,647)	(66,619)	(37%)
Depletion, depreciation and amortization	(6,865)	8,549	180%
Impairment on mineral properties, plant and equipment	(7,554)	-	100%
Gross profit	1,550	6,239	(75%)
General and administrative expenses	(4,805)	(2,351)	104%
Share-based payments	(28)	(170)	(84%)
Operating (loss) income	(3,283)	3,718	(188%)
Finance costs	(57)	(5,444)	(99%)
Gain (loss) on foreign exchange	3,279	(23)	14,357%
Gain on disposal of assets held for sale	14,649	-	100%
Fair value (loss) gain on marketable securities	(234)	(161)	45%
Transaction costs for the Sinchi Wayra and Illapa business acquisition	-	(1,578)	(100%)
Impairment on mineral properties, plant and equipment	-	(4,538)	(100%)
Income (loss) before tax	14,354	(8,026)	279%
Income tax (expense) recovery	1,917	3,712	(48%)
Net income (loss) for the period	16,271	(4,314)	477%
Other comprehensive income (loss)			
Currency translation differences	1,067	(3,407)	131%
Comprehensive income (loss) for the period	17,338	(7,721)	325%
Net income (loss) per share:			
Basic and diluted	0.05	(0.01)	
Weighted average number of common shares:			
Basic	350,991,138	344,585,717	
Diluted	352,084,018	344,585,717	

⁽¹⁾ The net loss (income) and net loss (income) per share were amended as a result of the restatement related to the Sinchi Wayra and Illapa Acquisition (refer to the "Sinchi Wayra and Illapa Acquisition" in the "Company Overview" section for further details)

Revenues for the quarter ended December 31, 2023, were \$57,616, a decrease of \$6,693 compared to Q4 2022. The decrease can be explained as follows:

- A decrease of \$8,920 in Bolivian revenues to \$44,046 in Q4 2023 from \$52,966 in Q4 2022, which was mainly due to a 27% decrease in sales volume which resulted in a \$15.1 million decrease in revenues, partly offset by 7% increase in average realized silver price that increased revenues by \$6.2 million (net of revaluation adjustments of prior period lots in the current period).
- An increase of \$2,261 in Zimapan revenues to \$13,570 in Q4 2023 from \$11,309 in Q4 2022, mainly due to a 13% increase in sales volume which increased revenues by \$1.9 million. Additionally, an increase in average realized silver price increased revenues by \$0.3 million (net of revaluation adjustments of prior period lots in the current period).

Quarters ended December 31, 2023 and 2022 (continued)

Cost of sales for the quarter ended December 31, 2023, was \$41,647, a decrease of \$24,972 compared to Q4 2022. The decrease can be explained as follows:

- A decrease of \$23,883 in Bolivia cost of sales to \$31,040 in Q4 2023 from \$54,923 in Q4 2022, which was mainly due to a decrease in unit production cost by 23% which resulted in a decrease in cost of sales by \$12.7 million, and a decrease in sales volume by 27% which decreased cost of sales by \$11.2 million.
- A decrease of \$1,089 in Zimapan cost of sales mainly due to a 20% decrease in unit production costs which decreased cost of sales by \$2.6 million. This was partly offset by the 13% increase in sales volume which resulted in an increase in cost of sales of \$1.5 million.

Depletion, depreciation and amortization for the quarter ended December 31, 2023, was \$6,865, an increase of \$15,414 compared with Q4 2022, which was mainly attributable to the change in depletion, depreciation and amortization for Bolivia based on the fair value of the mineral properties, plant and equipment as at the Acquisition date that was finalized in Q4 2022.

Impairment for the quarter ended December 31, 2023, was \$7,554 compared to \$nil in Q4 2022. In Q4 2023, the Company recorded an impairment loss related to its Porco operation as the recoverable amount was less than the carrying value.

Gross profit for the quarter ended December 31, 2023, was \$1,550, a decrease of \$4,689 compared with Q4 2022, due to the variances described above.

General and administrative expenses for the quarter ended December 31, 2023, were \$4,805, an increase of \$2,454 compared to Q4 2022, which was primarily due to an increase in salaries and benefits and interest and penalties on Mexico income taxes owing.

Finance costs for the quarter ended December 31, 2023, were \$57, a decrease of \$5,387 compared to Q4 2022. The decrease was primarily related to the \$2.4 million accretion on the non-current receivable from COMIBOL for its obligation to pay their portion of the committed funding related to the plant and equipment investment and a gain on change in fair value of consideration payable of \$3,853.

Gain on foreign exchange for the quarter ended December 31, 2023, was \$3,279 compared to a loss of \$23 in Q4 2022. As Bolivia is experiencing a US dollar shortage, the Bolivian financial institutions are paying a higher BOL/USD rate than the official rate of 6.96 BOL/USD to import USD into Bolivia. The gain from the depreciation of the Bolivian Bolivar was partially offset by losses from the appreciation of the Mexican Peso against the USD from Q4 2022 to Q4 2023.

Transaction costs for Sinchi Wayra and Illapa Business acquisition for the quarter ended December 31, 2023, were \$nil compared to \$1,578 in Q4 2022, a decrease of \$1,578. All of the transaction costs were incurred in 2022, the same year the acquisition took place.

Gain on disposal of assets held for sale for the quarter ended December 31, 2023, were \$14,649 compared to \$nil in Q4 2022. On November 30, 2023, the Company completed the sale of its 100% interest in Santacruz Holdings ("SCH"), a Canadian holding company which had 100% ownership in Impulsora Minera Santacruz, S.A. de C.V. ("IMSC"), to a private Mexican group. IMSC held the Rosario Project that was placed on care and maintenance in 2021, and had net liabilities of \$14,706 as at the date of the sale. The Company received sales proceeds of \$1 and incurred transaction costs of \$58, which resulted a gain of \$14,649 being recognized.

Impairment for the quarter ended December 31, 2023, was \$nil compared to \$4,538 in Q4 2022. In Q4 2022, the Company adopted a plan to sell the shares of IMSC. The Company assessed the carrying amount of all of the assets and liabilities of IMSC for impairment prior to classifying IMSC as assets held for sale, as the decision to sell IMSC is a triggering event for

Quarters ended December 31, 2023 and 2022 (continued)

impairment assessment. The Company concluded that the carrying value of the property, plant and equipment should be fully impaired.

Fair value loss on marketable securities for the quarter ended December 31, 2023, was \$234 compared to a loss of \$161 in Q4 2022.

Years ended December 31, 2023, 2022, and 2021

	2023	2022 ⁽¹⁾	2021	Change '23 vs '22
Revenues	251,256	278,594	53,334	(10%)
Mine operating costs				
Cost of sales	(187,275)	(241,073)	(40,671)	(22%)
Depletion, depreciation and amortization	(21,827)	(14,647)	(4,137)	49%
Impairment on mineral properties, plant and equipment	(7,554)	-	-	100%
Gross profit	34,600	22,874	8,526	51%
General and administrative expenses	(26,423)	(21,552)	(11,932)	23%
Share-based payments	(229)	(1,256)	(3,363)	(82%)
Operating income (loss)	7,948	66	(6,769)	11,942%
Finance costs	(4,489)	(4,996)	(3,497)	(10%)
Gain on foreign exchange	10,328	620	126	1,566%
Gain on disposal of assets held for sale	14,649	-	-	100%
Fair value loss on marketable securities	(2,054)	(1,544)	2,083	33%
Transaction costs for the Sinchi Wayra and Illapa business acquisition	-	(3,600)	-	(100%)
Impairment on mineral properties, property, plant and equipment	-	(4,538)	-	(100%)
Gain on sale of Zacatecas properties	-	-	911	N/A
Loss on Rosario Project transaction	-	-	(1,095)	N/A
Income (loss) before tax	26,382	(13,992)	(8,241)	289%
Income tax expense	(10,234)	(4,514)	(3,324)	127%
Net income (loss) for the year	16,148	(18,506)	(11,565)	187%
Other comprehensive (loss) income				
Currency translation differences	(2,894)	380	106	862%
Comprehensive income (loss) for the year	13,254	(18,126)	(11,459)	173%
Net loss per share:				
Basic and diluted	0.05	(0.05)	(0.04)	
Weighted average number of common shares:				
Basic	349,941,159	339,100,644	308,017,196	
Diluted	352,299,217	339,100,644	308,017,196	

⁽¹⁾ The net loss (income) and net loss (income) per share were amended as a result of the restatement related to the Sinchi Wayra and Illapa Acquisition (refer to the "Sinchi Wayra and Illapa Acquisition" in the "Company Overview" section for further details)

Revenues for the year ended December 31, 2023, were \$251,256, a decrease of \$27,338 compared with the year ended December 31, 2022. The decrease can be explained as follows:

- A decrease of \$26,993 in Bolivian revenues from \$224,215 in 2022 to \$197,222 in 2023, which was mainly attributed to the following factors:
 - A total decrease in Q2, Q3 and Q4 sales volume of 23% (after removing the effect of the pre-Acquisition inventories sold in Q2 and Q3 2022), but partly offset by a 250% increase in Q1 sales volume as the financial results of the Bolivian Assets includes a full 3 months in 2023 compared to about half a month in 2022 (Acquisition date on March 18, 2022). This resulted in a net decrease in revenues of \$57.3 million.

Years ended December 31, 2023, 2022, and 2021 (continued)

- The decrease in the sales volume for Q2 and Q3 is not related to production changes from the comparative periods but rather due to the sale of pre-acquisition inventories in Q2 and Q3 2022.
- This was partly offset by 9% increase in average realized silver price which resulted in an increase in revenues of \$30.3 million.
- A decrease of \$311 in Zimapan revenues from \$54,345 in 2022 to \$54,034 in 2023, mainly due to a 9% decrease in sales volume which resulted in a decrease in revenues of \$9.4 million. This was partly offset by a 13% increase in average realized silver price which increased revenues by \$9.1 million.

Cost of sales for the year ended December 31, 2023, was \$187,275, a decrease of \$53,798 compared with the year ended December 31, 2022. The decrease can be explained as follows:

- A decrease of \$55,858 in Bolivia cost of sales from \$197,967 in 2022 to \$142,109 in 2023, which was mainly due to the following factors:
 - A total decrease in Q2, Q3 and Q4 sales volume of 23% (after removing the effect of the pre-acquisition inventories sold in Q2 and Q3 2022), but partly offset by a 18% increase in Q1 sales volume as the financial results of the Bolivian Assets includes a full 3 months in 2023 compared to about half a month in 2022 (Acquisition date on March 18, 2022). This resulted in a net decrease in cost of sales of \$35.2 million; and
 - A 10% decrease in unit production costs which further decreased cost of sales by \$20.7 million.
 - The decrease in the sales volume for Q2 and Q3 was not related to production changes from the comparative periods but rather due to the sale of pre-acquisition inventories in Q2 and Q3 2022.
- An increase of \$2,060 in Zimapan cost of sales. While the 9% decrease in sales volume resulted in a decrease in cost of sales of \$4.0 million, a 15% increase in unit production costs contributed to an increase in cost of sales by \$6.0 million.

Depletion, depreciation and amortization for the year ended December 31, 2023, was \$21,827, an increase of \$7,180 compared with the year ended December 31, 2022, which was mainly attributable to the fact that the financial results of the Bolivian Assets were only consolidated starting March 18, 2022, in the prior year compared to a full twelve months in 2023.

Impairment for year ended December 31, 2023, was \$7,554 compared to \$nil in the year ended December 31, 2022. In 2023, the Company recorded an impairment loss related to its Porco operation as the recoverable amount was less than the carrying value.

Gross profit for the year ended December 31, 2023, was \$34,600, an increase of \$11,726 compared with the year ended December 31, 2022, due to the factors described above.

General and administrative expenses for the year ended December 31, 2023, were \$26,423, an increase of \$4,871 compared to the year ended December 31, 2022. Salaries and benefits were \$4.1 million higher due to the fact that the financial results of the Bolivian Assets were only consolidated starting March 18, 2022, in 2022 compared to a full twelve months in 2023, higher headcount in 2023 which included the addition of a permanent CFO and COO since September 2022, and general salary increase year over year. Additionally, Mexico tax penalties increased by \$1.6 million. These were partly offset by lower corporate administration expenses by \$1.2 million.

Finance costs for the year ended December 31, 2023, were \$4,489, a decrease of \$507 compared to the year ended December 31, 2022. There was a \$2.4 million increase in accretion expense on the consideration payable to Glencore for the Bolivian Acquisition as 2023 included four quarters of accretion compared to only nine and a half months of accretion in 2022. This was partly offset by a \$2.4 million accretion on the non-current receivable from COMIBOL for its obligation to pay their portion of the committed funding related to the plant and equipment investment, a \$1.2 million decrease in interest expense, a gain associated with the consideration payable related to the terms of the Amended SPA of \$933 and a gain on change in fair value of consideration payable of \$3,853.

Years ended December 31, 2023, 2022, and 2021 (continued)

Gain on foreign exchange for the year ended December 31, 2023, was \$10,328 compared to \$620 in the year ended December 31, 2022. As Bolivia is experiencing a US dollar shortage, the Bolivian financial institutions are paying a higher BOL/USD rate than the official rate of 6.96 BOL/USD to import USD into Bolivia. The gain from the depreciation of the Bolivian Bolivar was partially offset by losses from the appreciation of the Mexican Peso against the USD from Q4 2022 to Q4 2023.

Transaction costs for Sinchi Wayra and Illapa Business acquisition for the year ended December 31, 2023, were \$nil compared to \$3,600 in the year ended December 31, 2022, as all of the transaction costs were incurred in 2022, the same year the acquisition took place.

Impairment for year ended December 31, 2023, were \$nil compared to \$4,538 in the year ended December 31, 2022. In 2022, the assets for the Rosario Project were fully impaired following the decision to sell IMSC in Q4 2022.

Gain on disposal of assets held for sale for the year ended December 31, 2023, were \$14,649 compared to \$nil in the year ended December 31, 2022. On November 30, 2023, the Company completed the sale of its 100% interest in SCH, a Canadian holding company which had 100% ownership in IMSC, to a private Mexican group. IMSC held the Rosario Project that was placed on care and maintenance in 2021, and had net liabilities of \$14,706 as at the date of the sale. The Company received sales proceeds of \$1 and incurred transaction costs of \$58, which resulted a gain of \$14,649 being recognized.

Fair value loss on marketable securities for the year ended December 31, 2023, was \$2,054 compared to \$1,544 in the year ended December 31, 2022. During the year ended December 31, 2023, the market value of the underlying securities decreased from C\$0.75 to C\$0.12 per share.

Summary of Quarterly Results

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

	2023				2022			
	Q4	Q3	Q2 ⁽²⁾	Q1 ⁽²⁾	Q4 ⁽²⁾	Q3	Q2	Q1
Revenues	57,616	64,408	63,854	65,378	64,309	53,516	128,388	32,381
Mine operating costs	48,512	57,014	52,878	50,698	58,070	72,854	100,431	24,365
Gross profit (loss)	1,550	7,394	10,976	14,680	6,239	(19,338)	27,957	8,016
Operating expenses	(4,833)	(7,757)	(7,218)	(6,844)	(2,521)	(9,285)	(8,527)	(2,475)
Net income (loss)	16,271	(4,298)	4,351	(176)	(4,314)	(18,788)	3,834	762
Net income (loss) per share ⁽¹⁾	0.05	(0.01)	0.01	(0.00)	(0.01)	(0.06)	0.01	0.00

⁽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.

⁽²⁾ The net (loss) income and net (loss) income per share were amended as a result of the restatement related to the Sinchi Wayra and Illapa Acquisition (refer to the "Sinchi Wayra and Illapa Acquisition" in the "Company Overview" section for further details)

The Company acquired the Sinchi Wayra and Illapa business on March 18, 2022. 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, 2023, the Company had cash and cash equivalents of \$4,947 (December 31, 2022 - \$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.

Liquidity (continued)

For the year ended December 31, 2023, the Company reported net income of \$16,148 (year ended December 31, 2022 - net loss of \$18,506). As at December 31, 2023, the Company had a working capital deficiency of \$43,168 (December 31, 2022 - \$80,018).

The Company has non-current loans payable of \$748 (December 31, 2022 - \$4,258), and non-current consideration payable to Glencore of \$113,351 (December 31, 2022 - \$67,370). In addition, the Company has an accumulated deficit of \$140,300 (December 31, 2021 - \$156,448) and a shareholders' equity of \$5,415 (December 31, 2022 - deficit of \$9,280).

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.

As disclosed in the Sinchi Wayra and Illapa Acquisition section of this MD&A the Company entered into a Term Sheet with Glencore on March 28, 2024. The Company expects to record a material gain on adjustment of consideration payable in the three month period ended March 31, 2024 and also anticipates an improvement in its working capital position due to the reduction in the current portion of consideration payable.

	Year ended December 31,	
	2023	2022
Cash flow		
Cash generated by operating activities	29,767	29,372
Cash used by investing activities	(23,130)	(2,344)
Cash used by financing activities	(6,301)	(23,336)
Increase in cash and cash equivalents	336	3,692
Effect of exchange rate on cash and cash equivalents held in foreign currencies	2	(6)
Cash in assets held for sale	-	(15)
Cash and cash equivalents, beginning of the period	4,609	938
Cash and cash equivalents, end of period	4,947	4,609

The Company's cash flows from operating, investing, and financing activities during the year ended December 31, 2023, are summarized as follows:

Cash generated by operating activities of \$29,767, primarily due to:

- \$42,292 in cash flows from operating activities before movements in working capital items; and,
- \$12,525 net decrease in non-cash working capital items during the period.

Cash used by investing activities of \$23,130, primarily related to:

- \$21,669 spent on the purchase of property, plant and equipment;
- \$1,741 decrease related to assets held for sale, and,
- \$279 proceeds from the sale of marketable securities.

Cash used by financing activities of \$6,301, primarily consists of:

- \$1,212 of proceeds from the exercise of warrants and options; and,
- \$7,513 net repayment on loans payable and lease liability payments.

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 compliance with covenants for the Trafigura Loan Facility. As at December 31, 2023 the Company was not compliant with financial covenants associated with the Trafigura Loan Facility however the Company was granted a waiver for non-compliance with these financial covenants subsequent to December 31, 2023.

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, 2023 and 2022, the Company incurred the following charges for directors, officers, and other members of key management of the Company, as well as for companies controlled by directors and officers of the Company:

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Management and consulting fees	646	533	2,571	2,119
Share-based compensation	28	133	229	786
	674	666	2,800	2,905

Of the \$646 and \$2,571 in management and consulting fees incurred with related parties during the three and twelve months ended December 31, 2023, \$28 and \$101, respectively (2022 - \$28 and \$100, respectively) was related to directors' fees and \$618 and \$2,470, respectively (2022 - \$505 and \$2,019, respectively), was related to management fees.

As at December 31, 2023, directors and officers or their related companies were owed \$27 (December 31, 2022 - \$43) in respect of the services rendered. These are non-interest bearing with standard payment terms.

A total of \$nil of the leases payable remains outstanding as at December 31, 2023 (December 31, 2022 - \$38) that were owed to a company owned by the Executive Chairman.

Key management includes directors of the Company, the CEO, the CFO, the Executive Chairman, and other members of key management. 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

See discussion of the Term Sheet dated March 28, 2024 described in the Company Overview section of this MD&A.

Material Accounting Estimates and Judgments

Refer to Note 4 of the 2023 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 2023 annual audited consolidated financial statements for a detailed discussion.

Financial Instruments and Other Instruments

December 31, 2023	Amortized cost	FVTPL	Total
	\$	\$	\$
Financial assets			
Cash and cash equivalents	4,947	-	4,947
Marketable securities	-	60	60
Trade and other receivables	47,812	18,558	66,370
	52,759	18,618	71,377
Financial liabilities			
Trade payables and accrued liabilities	51,973	-	51,973
Consideration payable	147,886	15,102	162,988
Loans payable	17,775	-	17,775
Other liabilities	18,243	-	18,243
	235,877	15,102	250,979
December 31, 2022 (restated)	Amortized cost	FVTPL	Total
Financial assets			
Cash and cash equivalents	4,609	-	4,609
Marketable securities	-	2,769	2,769
Trade and other receivables	48,351	16,916	65,267
	52,960	19,685	72,645
Financial liabilities			
Trade payables and accrued liabilities	69,441	-	69,441
Consideration payable	143,380	18,157	161,537
Loans payable	22,215	-	22,215
Other liabilities	17,304	-	17,304
	252,340	18,157	270,497

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, 2023, 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.

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.

Financial instruments and other instruments (continued)

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, 2023			December 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$	\$
Assets						
Marketable securities	60	-	-	2,769	-	-
Trade and other receivables	18,558	-	-	16,916	-	-
	18,618	-	-	19,685	-	-
Liabilities						
Consideration payable (restated)	-	-	15,102	-	-	18,157
	-	-	15,102	-	-	18,157

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, 2022.

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, 2023, the Company had receivable balances associated with buyers of its concentrates of \$18,558 (December 31, 2022 - \$16,916). The vast majority of the Company's concentrate is sold to well-known concentrate buyers.

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

	December 31, 2023	December 31, 2022
	\$	\$
Cash and cash equivalents	4,947	4,609
Trade and other receivables	66,370	65,267
Prepaid expenses and deposits	5,536	5,803

Financial instruments and other instruments (continued)

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	48,555	3,418	-	-	51,973
Consideration payable	37,016	38,857	97,272	4,149	177,294
Loans payable	14,812	3,066	-	-	17,878
Lease payments	1,833	56	37	-	1,926
	102,216	45,397	97,309	4,149	249,071

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 income by approximately \$140, a 1% change in the US dollar exchange rate relative to the Mexican peso would change the Company's net loss by approximately \$13, and a 1% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$45.

Financial instruments and other instruments (continued)

The Company's financial assets and liabilities as at December 31, 2023 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	78	4,341	352	176	4,947
Marketable securities	60	-	-	-	60
Trade and other receivables	-	48,235	18,106	29	66,370
	138	52,576	18,458	205	71,377
Financial liabilities					
Trade payables and accrued liabilities	36	31,547	-	20,390	51,973
Consideration payable	-	-	162,988	-	162,988
Loans payable	-	16,825	950	-	17,775
Other liabilities	-	11,121	3,615	3,507	18,243
	36	59,493	167,553	23,897	250,979
Net financial assets (liabilities)	102	(6,917)	(149,095)	(23,692)	(179,602)

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, 2023, 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, 2023, a change of 1% increase or decrease of market interest rate would impact the Company's income or loss by approximately \$198.

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, 23,714,400 common shares issuable under stock options and 14,720,000 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.

Internal controls over financial reporting and disclosure controls and procedures (continued)

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.

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 (continued)

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 (loss) and comprehensive income (loss) 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.

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 (continued)

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

Three Months Ended December 31, 2023					
	Bolivia Operating Mines ⁽¹⁾	San Lucas ⁽¹⁾	Zimapan	Corporate/ other	Total ⁽¹⁾
Cost of sales	24,891	15,402	10,607	-	50,899
Transportation and other selling cost	(5,143)	(1,504)	(1,011)	-	(7,657)
Royalty	(2,904)	(611)	-	-	(3,515)
Inventory change	5,386	(1,588)	2,904	-	6,702
Cash Cost of Production (A)	22,230	11,699	12,500	-	46,429
Cost of sales	24,891	15,402	10,607	-	50,899
Concentrate treatment, smelting and refining cost	7,910	3,160	5,677	-	16,747
Cash Cost of Silver Equivalent Sold (B)	32,801	18,562	16,284	-	67,646
Sustaining capital expenditures	4,628	-	3,113	-	7,741
General and administrative expenses	1,903	528	881	2,518	5,831
Accretion of decommissioning and restoration provision	303	-	(20)	-	283
All-in Sustaining Cash Cost (C)	39,635	19,090	20,258	2,518	81,501
Material processed (tonnes milled) (D)	201,568	83,343	204,507	-	489,417
Silver Equivalent Sold (payable ounces) (E)	1,975,463	933,859	904,540	-	3,813,863
Cash Cost per Silver Equivalent Ounce Sold (B/E)	16.61	19.88	18.00	-	17.74
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (C/E)	20.07	20.44	22.39	-	21.37
Cash Cost of Production per tonne (A/D)	110.30	140.37	61.11	-	94.87

⁽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.

Three Months Ended December 31, 2022					
	Bolivia Operating Mines ⁽¹⁾	San Lucas ⁽¹⁾	Zimapan	Corporate/ other	Total ⁽¹⁾
Cost of sales	38,464	25,862	11,696	-	76,022
Transportation and other selling cost	(5,714)	(2,194)	(747)	-	(8,655)
Royalty	(3,317)	(1,499)	-	-	(4,816)
Inventory change	398	(781)	851	-	468
Cost of sales adjustments ⁽²⁾	(8,088)	-	-	-	(8,008)
Cash Cost of Production (A)	21,743	21,388	11,800	-	54,930
Cost of sales	38,464	25,862	11,696	-	76,022
Cost of sales adjustments ⁽²⁾	(8,088)	-	-	-	(8,088)
Concentrate treatment, smelting and refining cost	7,046	10,065	3,237	-	20,348
Cash Cost of Silver Equivalent Sold (B)	37,422	35,927	14,933	-	88,281
Sustaining capital expenditures	7,030	-	793	-	7,823
General and administrative expenses	481	(516)	1,299	1,193	2,457
Accretion of decommissioning and restoration provision	494	-	12	-	506
All-in Sustaining Cash Cost (C)	45,427	35,411	17,036	1,193	99,067
Material processed (tonnes milled) (D)	192,282	75,381	214,963	-	482,626
Silver Equivalent Sold (payable ounces) (E)	2,022,876	1,935,444	799,853	-	4,758,173
Cash Cost per Silver Equivalent Ounce Sold (B/E)	18.50	18.56	18.67	-	18.55
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (C/E)	22.46	18.30	21.30	-	20.82
Cash Cost of Production per tonne (A/D)	113.08	283.73	54.89	-	113.82

⁽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⁾ 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.

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 (continued)

	Year Ended December 31, 2023				
	Bolivia Operating Mines ⁽¹⁾	San Lucas ⁽¹⁾	Zimapan	Corporate/ other	Total ⁽¹⁾
Cost of sales	116,886	67,437	45,166	-	229,489
Transportation and other selling cost	(20,734)	(7,909)	(3,597)	-	(32,240)
Royalty	(12,406)	(4,312)	-	-	(16,718)
Inventory change	(1,286)	(6,468)	2,567	-	(5,187)
Cash Cost of Production (A)	82,460	48,748	44,136	-	175,344
Cost of sales	83,958	100,367	45,166	-	229,490
Concentrate treatment, smelting and refining cost	29,731	24,898	21,208	-	75,838
Cash Cost of Silver Equivalent Sold (B)	113,689	125,265	66,374	-	305,328
Sustaining capital expenditures	23,810	-	5,862	-	29,672
General and administrative expenses	5,352	1,072	5,976	16,527	28,927
Accretion of decommissioning and restoration provision	963	-	465	-	1,428
All-in Sustaining Cash Cost (C)	143,813	126,337	78,678	16,527	365,355
Material processed (tonnes milled) (D)	800,638	313,506	769,303	-	1,883,446
Silver Equivalent Sold (payable ounces) (E)	7,059,715	5,756,049	3,289,563	-	16,105,327
Cash Cost per Silver Equivalent Ounce Sold (B/E)	16.10	21.76	20.18	-	18.96
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (C/E)	20.37	21.95	23.92	-	22.69
Cash Cost of Production per tonne (A/D)	102.99	155.49	57.37	-	93.10

⁽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.

	Year Ended December 31, 2022				
	Bolivia Operating Mines ⁽¹⁾	San Lucas ⁽¹⁾	Zimapan	Corporate/ other	Total ⁽¹⁾
Cost of sales	157,101	83,094	43,106	-	283,301
Transportation and other selling cost	(19,665)	(7,628)	(2,599)	-	(29,892)
Royalty	(11,648)	(4,397)	-	-	(16,045)
Inventory change	(27,487)	492	410	-	(26,585)
Cost of sales adjustment ⁽²⁾	(17,319)	785	-	-	(16,534)
Cash Cost of Production (A)	80,982	72,346	40,917	-	194,245
Cost of sales	157,101	83,094	43,107	-	283,302
Cost of sale adjustment ⁽²⁾	(17,319)	785	-	-	(16,534)
Concentrate treatment, smelting and refining cost	26,841	32,438	18,658	-	77,937
Cash Cost of Silver Equivalent Sold (B)	166,623	116,317	61,765	-	344,705
Sustaining capital expenditures	21,205	37	2,904	-	24,145
General and administrative expenses	4,827	1,234	4,689	11,940	22,690
Accretion of decommissioning and restoration provision	1,161	-	528	-	1,689
All-in Sustaining Cash Cost (C)	193,816	117,588	69,886	11,940	393,229
Material processed (tonnes milled) (D)	578,110	246,007	822,154	-	1,646,271
Silver Equivalent Sold (payable ounces) (E)	9,286,786	6,703,747	3,622,159	-	19,612,692
Cash Cost per Silver Equivalent Ounce Sold (B/E)	17.94	17.35	17.05	-	17.58
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (C/E)	20.87	17.54	19.29	-	20.05
Cash Cost of Production per tonne (A/D)	140.08	294.08	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⁾ 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.

Average Realized Price per Ounce of Silver Equivalent Sold

Revenues are presented as the sum of invoiced revenues related to delivered shipments of zinc, lead 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	
	December 31,		December 31,	
	2023	2022	2023	2022
Revenues	68,945	78,457	293,034	332,517
Add back: Treatment, smelting and refining charges	16,747	20,348	75,839	77,937
Gross Revenues	85,692	98,805	368,873	410,454
Silver Equivalent Sold (ounces)	3,813,863	4,758,173	16,105,327	19,612,692
Average Realized Price per Ounce of Silver Equivalent Sold⁽²⁾	22.47	20.77	22.90	20.93
Average Market Price per Ounce of Silver per London Silver Fix	23.18	21.18	23.38	21.75

⁽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, and Caballo Blanco Group⁽¹⁾ (“Bolivia Operating Mines”)

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Revenues	37,694	38,172	130,339	170,653
Add back: Treatment, smelting and refining charges	7,910	7,046	29,732	26,841
Gross Revenues	45,604	45,218	160,071	197,494
Silver Equivalent Sold (ounces)	1,975,463	2,022,876	7,059,715	9,286,786
Average Realized Price per Ounce of Silver Equivalent Sold⁽²⁾	23.09	22.35	22.67	21.27
Average Market Price per Ounce of Silver per London Silver Fix	23.18	21.18	23.38	21.75

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

San Lucas⁽¹⁾

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Revenues	17,681	28,941	108,661	107,484
Add back: Treatment, smelting and refining charges	3,160	10,065	24,898	32,438
Gross Revenues	20,841	39,006	133,559	139,922
Silver Equivalent Sold (ounces)	933,859	1,935,444	5,756,049	6,703,747
Average Realized Price per Ounce of Silver Equivalent Sold⁽²⁾	22.32	20.15	23.20	20.87
Average Market Price per Ounce of Silver per London Silver Fix	23.18	21.18	23.38	21.75

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

⁽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.

Average Realized Price per Ounce of Silver Equivalent Sold (continued)

Zimapan Mine

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Revenues	13,570	11,343	54,034	54,379
Add back: Treatment, smelting and refining charges	5,677	3,237	21,208	18,658
Gross Revenues	19,247	14,580	75,242	73,037
Silver Equivalent Sold (ounces)	904,540	799,853	3,289,563	3,622,159
Average Realized Price per Ounce of Silver Equivalent Sold ⁽¹⁾	21.28	18.23	22.87	20.16
Average Market Price per Ounce of Silver per London Silver Fix	23.18	21.18	23.38	21.75

⁽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, 2023, and 2022.

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Net income (loss) for the period	16,271	(4,314)	16,148	(18,506)
Income tax expense (recovery)	(1,917)	(1,983)	10,234	6,243
Interest expense (income)	(254)	(834)	(584)	(947)
Interest expense, carrying and finance charges on loans payable	886	(272)	1,773	2,785
Amortization and depletion of mineral properties, plant and equipment	6,865	(8,549)	21,827	14,647
Foreign exchange (gain) loss	(3,279)	23	(10,328)	(620)
Unrealized loss on marketable securities	234	161	2,054	1,544
Share-based payments expense	28	386	229	1,256
Accretion expense	2,083	4,178	7,967	8,497
Gain on adjustment to consideration payable	3,071	-	(933)	-
Other expense (income)	624	9,586	2,593	241
Adjusted EBITDA	24,612	(1,618)	50,980	15,140

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 2024, 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; terms of the Definitive Agreements; the potential maximum consideration payable to Glencore pursuant to the Definitive Agreements; 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 pandemics 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; Glencore and the Company will be able to negotiate the terms of the Definitive Agreements; that the Company will receive all required regulatory approvals; that the market price of zinc may be above certain minimum thresholds for the payment of the CVR payments and Additional Payments; 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; required regulatory approvals; 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

Cautionary note regarding forward-looking information (continued)

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; that Glencore and the Company may not be able to reach an agreement regarding the terms of the Definitive Agreements; that changes to the market price of zinc may affect the total consideration payable to Glencore pursuant to the Definitive Agreements; 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

Risk Factors (continued)

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 2023, 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.

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

Risk Factors (continued)

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

Risk Factors (continued)

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 - Natural Disasters, Terrorist Acts, Health Crises including Pandemics, Other Disruptions or Dislocations, whether those effects are Local, Nationwide or Global".

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.

Risk Factors (continued)

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;

Risk Factors (continued)

- 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.

Risk Factors (continued)

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 as 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

Risk Factors (continued)

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,

Risk Factors (continued)

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 including Pandemics, Other Disruptions or Dislocations, 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.

Global markets have been adversely impacted by emerging infectious diseases and/or the threat of outbreaks of viruses, other contagions or epidemic diseases. 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.

Risk Factors (continued)

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

Risk Factors (continued)

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 2023. 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, 2023, we had receivable balances associated with buyers of its concentrates of \$18,558 (2022 - \$16,916).

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, 2023, the Company had made \$5,536 of supplier advances (2022 - \$5,803), 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.

Risk Factors (continued)

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

Risk Factors (continued)

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,

Risk Factors (continued)

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 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

Risk Factors (continued)

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 Business Conduct and Ethics, 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

Risk Factors (continued)

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

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

Risk Factors (continued)

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.

Additional Information

Additional information relating to the Company is on SEDAR+ at www.sedarplus.ca.