MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2023

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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 unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2023 and the notes thereto of Santacruz Silver Mining Ltd. ("the Company" or "Santacruz") which have been prepared in accordance with International Accounting Standard ("IAS") 34, *"Interim Financial Reporting",* and audited consolidated financial statements of the Company as at and for the year ended December 31, 2022, as some disclosures from the annual consolidated financial statements have been condensed or omitted.

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 August 18, 2023.

Company Overview

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

The Company is engaged in the operation, acquisition, exploration and development of mineral properties in Latin America, with a primary focus on silver and zinc, but also including lead and copper. As at June 30, 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 ore sourcing and trading business ("San Lucas").
- Illapa ("Illapa"), with its operations held under an association agreement with Corporación Minera de Bolivia ("COMIBOL") a Bolivian state-owned entity comprising:
  - the Bolivar mine (the "Bolivar Mine" or "Bolivar") and process plant complex; and
  - the Porco mine (the "Porco Mine" or "Porco") and process plant complex.

Mexico:

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

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 unaudited condensed interim consolidated financial statements).

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

Sinchi Wayra and Illapa Acquisition

On March 18, 2022 (the "Acquisition Date"), the Company acquired 100% ownership of Sinchi Wayra and Illapa from Glencore plc ("Glencore"). Sinchi Wayra and Illapa consist of the following mineral properties and businesses located in Bolivia (collectively, the "Bolivian Assets"): the producing Tres Amigos, Reserva and Colquechaquita mines; the producing Bolivar and Porco mines held in partnership with COMIBOL (Illapa holds a 45% interest – see Note 3(f) to the audited consolidated financial statements for the year ended December 31, 2022); the Soracaya Project; as well as the San Lucas ore sourcing and trading business.

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

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

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

The Company incurred acquisition-related costs of $nil and $nil during the three and six months ended June 30, 2023, respectively (2022 - $27 and $2,290, respectively), which are recorded as a separate line item in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). During the year ended December 31, 2022, the Company incurred $3,600, including the issuance of 3,077,317 common shares with a fair value of $1,000 (C$0.41 per common share).

2023 Second Quarter Highlights

	2023-Q2	2023-Q1	Change Q2 vs Q1	2022-Q2	Change Q2 vs Q2	2023-YTD	2022-YTD	Change '23 vs '22
Operational								
Material Processed (tonnes milled)	443,969	482,497	(8%)	435,119	2%	926,466	662,689	40%
Silver Equivalent Produced (ounces) [(1)]	5,569,535	5,644,383	(1%)	4,922,055	13%	11,213,918	6,535,775	72%
Silver Ounces Produced	1,786,461	1,769,520	1%	1,410,485	27%	3,555,981	1,880,314	89%
Lead Tonnes Produced	2,824	3,043	(7%)	2,825	-%	5,867	4,169	41%
Zinc Tonnes Produced	22,281	22,463	(1%)	20,433	9%	44,744	26,591	68%
Copper Tonnes Produced	297	415	(28%)	329	(10%)	712	537	33%
Silver Equivalent Sold (payable ounces) [(2)]	4,087,787	4,380,895	(7%)	8,605,909	(93%)	8,468,682	10,470,647	(19%)
Cash Cost of Production per Tonne [(3)]	88.61	85.71	3%	110.06	(19%)	87.17	97.96	(11%)
Cash Cost per Silver Equivalent Ounce Sold ($/oz) [(3)]	19.34	17.29	12%	15.40	26%	18.29	15.79	16%
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold ($/oz) [(3)]	22.89	20.76	10%	17.14	34%	21.80	17.67	23%
Average Realized Price per Ounce of Silver Equivalent Sold ($/oz) [(3)] [(4)]	22.00	22.03	-%	21.09	4%	22.02	21.55	2%
Financial								
Revenues	63,854	65,378	(2%)	128,388	(50%)	129,232	160,769	(20%)
Gross Profit	10,976	14,680	(25%)	27,957	(61%)	25,656	35,973	(29%)
Net Income (loss)	1,353	(949)	243%	3,834	(65%)	404	4,596	(91%)
Net Earnings (Loss) Per Share – Basic ($/share)	0.00	0.00	-%	0.01	(66%)	0.00	0.01	(66%)
Adjusted EBITDA [(3)]	9,138	12,602	(27%)	25,440	(65%)	21,740	31,543	(31%)
Cash and Cash Equivalent	7,720	11,988	(36%)	4,804	61%	7,720	4,804	61%
Working Capital (Deficiency)	(20,484)	(14,319)	(43%)	(64,313)	65%	(34,803)	(67,011)	48%

Second Quarter 2023 Production Summary – By Mine

	Bolivar [(5)]	Porco [(5)]	Caballo Blanco Group	San Lucas	Zimapan	Consolidated
Material Processed (tonnes milled)	66,689	46,085	74,268	85,258	171,668	443,969
Silver Equivalent Produced (ounces) [(1)]	961,580	689,902	1,211,475	1,827,724	878,854	5,569,535
Silver Ounces Produced	424,664	195,509	399,811	495,344	271,133	1,786,461
Lead Tonnes Produced	302	214	825	635	849	2,824
Zinc Tonnes Produced	3,323	3,098	4,804	8,315	2,741	22,281
Copper Tonnes Produced	N/A	N/A	N/A	N/A	297	297
Average head grades per mine:						
Silver (g/t)	217	154	182	216	69	147
Zinc (%)	5.57	7.15	6.98	10.69	2.25	5.66
Lead (%)	0.62	0.58	1.44	1.21	0.67	0.88
Copper (%)	N/A	N/A	N/A	N/A	0.33	0.33
Silver Equivalent Sold (payable ounces) [(2)]	408,571	351,919	762,023	1,978,767	586,507	4,087,787

Notes for both tables above:

(1) Silver Equivalent Produced (ounces) have been calculated using prices of $21.86/oz, $0.91/lb, $1.52/lb and $3.67/lb for silver, lead, zinc 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 stated in the table above, applied to the payable metal content of the concentrates sold from Zimapan, Bolivar, Porco, the Caballo Blanco Group, and San Lucas.

(3) The Company reports non-GAAP measures, which include Cash Cost of Production per Tonne, Cash Cost per Silver Equivalent Ounce Sold, All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold, Average Realized Price per Ounce of Silver Equivalent Sold, 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.

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

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

Management Business Overview and Outlook

The Company's focus for the second half of 2023 will be:

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

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

Overview of Operating Results

Selected Quarterly Production Results

	2023-Q2	2023-Q1	2022-Q4	2022-Q3	2022-Q2	2022-Q1	Change Q2 vs Q1	Change Q2 23 vs. Q2 22
Material Processed (tonnes milled)								
Bolivar (4)(5)	66,689	74,353	73,441	78,461	49,333	9,612	(10%)	35%
Porco (4)(5)	46,085	49,909	50,679	47,717	44,744	10,237	(8%)	3%
Caballo Blanco Group (4)	74,268	85,817	68,162	64,307	75,748	5,669	(13%)	(2%)
San Lucas (4)	85,258	71,448	75,381	94,706	65,280	10,640	19%	31%
Zimapan	171,668	200,970	214,963	215,765	200,014	191,413	(15%)	(14%)
Consolidated	**443,969**	**482,497**	**482,626**	**500,956**	**435,119**	**227,571**	**(8%)**	**2%**
Silver Equivalent Produced (ounces) (1)								
Bolivar (4)(5)	961,580	1,249,153	1,245,560	1,309,339	818,119	147,941	(23%)	18%
Porco (4)(5)	689,902	679,144	686,801	628,846	662,110	165,186	2%	4%
Caballo Blanco Group (4)	1,211,475	1,436,322	1,149,907	969,111	1,128,889	82,447	(16%)	7%
San Lucas (4)	1,827,724	1,195,164	1,675,707	1,881,679	1,345,563	232,937	53%	36%
Zimapan	878,854	1,084,600	986,153	1,043,847	967,374	985,209	(19%)	(9)%
Consolidated	**5,569,535**	**5,644,383**	**5,744,128**	**5,832,822**	**4,922,055**	**1,613,720**	**(1%)**	**13%**
Silver Ounces Produced								
Bolivar (4)(5)	424,664	555,914	503,824	572,205	276,518	49,742	(24%)	54%
Porco (4)(5)	195,509	162,015	165,834	150,212	167,465	35,476	21%	17%
Caballo Blanco Group (4)	399,811	475,026	412,955	328,859	371,662	26,099	(16%)	8%
San Lucas (4)	495,344	255,623	410,152	505,043	277,754	51,140	94%	78%
Zimapan	271,133	320,942	301,172	368,654	317,086	307,371	(16%)	(14%)
Consolidated	**1,786,461**	**1,769,520**	**1,793,937**	**1,924,973**	**1,410,485**	**469,828**	**1%**	**27%**
Lead Tonnes Produced								
Bolivar (5)(6)	302	353	365	346	220	43	(14%)	37%
Porco (5)(6)	214	217	225	213	224	51	(1%)	(4%)
Caballo Blanco Group (5)	825	1,043	778	736	957	70	(21%)	(14%)
San Lucas (5)	635	473	611	683	540	80	34%	18%
Zimapan	849	957	921	1,019	884	1,099	(11%)	(4%)
Consolidated	**2,824**	**3,043**	**2,900**	**2,997**	**2,825**	**1,343**	**(7%)**	**-%**
Zinc Tonnes Produced								
Bolivar (4)(5)	3,323	4,313	4,622	4,603	3,403	615	(23%)	(2%)
Porco (4)(5)	3,098	3,245	3,265	2,996	3,094	816	(5%)	-%
Caballo Blanco Group (4)	4,804	5,650	4,345	3,739	4,370	326	(15%)	10%
San Lucas (4)	8,315	5,848	7,893	8,575	6,645	1,139	42%	25%
Zimapan	2,741	3,407	2,986	2,917	2,921	3,263	(20%)	(6%)
Consolidated	**22,281**	**22,463**	**23,111**	**22,830**	**20,433**	**6,159**	**(1%)**	**9%**
Silver Equivalent Sold (payable ounces) (2)								
Bolivar (4)(5)	408,571	771,783	1,035,569	677,880	1,753,482	112,283	(47)%	(77)%
Porco (4)(5)	351,919	407,875	397,102	394,893	1,318,218	148,633	(14)%	(73)%
Caballo Blanco Group (4)	762,023	702,667	590,205	742,043	1,881,251	235,227	8%	(59)%
San Lucas (4)	1,978,767	1,557,683	1,935,444	1,515,434	2,766,110	486,759	27%	(28)%
Zimapan	586,507	940,887	799,853	1,053,622	886,848	881,836	(38)%	(34)%
Consolidated	**4,087,787**	**4,380,895**	**4,758,173**	**4,383,872**	**8,605,909**	**1,864,738**	**(7)%**	**(53)%**

	2023-Q2	2023-Q1	2022-Q4	2022-Q3	2022-Q2	2022-Q1	Change Q2 vs Q1	Change ’23 vs. ‘22
Cash Cost of Production per Tonne [3]								
Bolivar, Porco, Caballo Blanco Group and San Lucas [4][5]	108.16	108.59	175.13	213.15	161.04	215.77	-%	(33)%
Zimapan	57.58	53.65	54.90	45.72	50.14	48.19	7%	15%
Consolidated	**88.61**	**85.71**	**121.58**	**141.04**	**110.06**	**74.82**	**3%**	**(19)%**
Cash Cost per Silver Equivalent Ounce Sold [3]								
Bolivar, Porco, Caballo Blanco Group and San Lucas [4][5]	18.63	16.71	19.48	21.34	15.20	17.76	11%	23%
Zimapan	23.62	19.41	18.67	15.50	17.13	17.35	22%	38%
Consolidated	**19.34**	**17.29**	**19.34**	**19.93**	**15.40**	**17.57**	**12%**	**26%**
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold [3]								
Bolivar, Porco, Caballo Blanco Group and San Lucas [4][5]	20.67	18.81	21.37	25.00	16.18	19.00	10%	28%
Zimapan	29.49	22.45	21.27	17.56	19.89	18.94	31%	48%
Consolidated	**22.89**	**20.76**	**21.60**	**24.04**	**17.14**	**20.11**	**10%**	**34%**
Underground development (m)	10,922	10,573	10,653	10,423	9,807	3,572	3%	11%
Core Drilling (m)	1,692	1,939	1,725	1,865	1,295	1,853	(13)%	31%

(1) Silver Equivalent Produced (ounces) have been calculated, for all periods presented, using prices of $21.86/oz, $0.91/lb, $1.52/lb and $3.67/lb for silver, lead, zinc 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 Zimapan, Bolivar, Porco, the Caballo Blanco Group, and San Lucas.

(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 the 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.

YTD 2023 vs YTD 2022

YTD 2022 numbers 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 in the consolidated operational and financial results of the Company from that date.

Silver Equivalent Ounces Produced

Q2 2023 vs Q2 2022

During the quarter, the Company processed 443,969 tonnes and silver equivalent ounces produced was 5,569,535. During the same period last year, 435,119 tonnes of material was processed, and 4,922,055 silver equivalent ounces was produced. While total material processed was relatively consistent when comparing Q2 2023 to Q2 2022, the larger proportion of production originating from higher grade operations, especially San Lucas, resulted in an increase in silver equivalent ounces produced.

Q2 2023 vs Q1 2023

The Company processed 443,969 tonnes of material in Q2 2023, a slight decrease from the previous quarter. Silver equivalent ounces produced of 5,569,535 included 1,786,461 ounces of silver, 2,824 tonnes of lead, 22,281 tonnes of zinc and 297 tonnes of copper. The slight decrease in material processed was offset by an increase in silver production from San Lucas, which resulted in silver equivalent ounce production being in line with the previous quarter.

Cash Cost of Production per Tonne

Q2 2023 vs Q2 2022
Consolidated cash cost of production per tonne of mineralized material processed was $88.61 in Q2 2023 compared to $110.06 for the same period last year. Since acquiring the Bolivian assets, the steady increase in unit production costs at Zimapan have been offset by significant decreases in unit production costs at the Bolivian operations for a net reduction cash costs of 11% per tonne.

Q2 2023 vs Q1 2023
Consolidated cash cost of production per tonne of mineralized material processed increased slightly due to the increase in unit production costs at Zimapan which produced fewer feed tonnes due to a two week haulage stoppage that took place in June. This occurred when a trucking contractor imposed a temporary work stoppage over a contract dispute, which reduced ore extraction from the Monte mine. In addition, Zimapan experienced higher costs due to several compounding factors including an unfavourable exchange rate, and issues with concentrate quality. The concentrate quality issues have been subsequently resolved and are not expected to affect production in Q3 2023.

Overall, the Company is maintaining operating costs and production stability.

Cash Cost per Silver Equivalent Ounce Sold

Q2 2023 vs Q2 2022
Cash cost per silver equivalent ounce sold in Q2 2023 was $19.34, and was $15.40 for the same period last year. In Q2 2022, the Company sold stockpiled concentrate due to the new offtake agreement terms for zinc concentrate effective Q2 2022 that changed the shipping terms from Free on Board (“FOB”) to Delivered at Place Unloaded (“DPU”) basis, which resulted in revenue from the stockpiled concentrate being recognized in Q2 2022. In addition, some mining costs associated with the stockpiled concentrate was incurred in Q1 2022. The combination of these factors reduced the cash cost per silver ounce sold.

Q2 2023 vs Q1 2023
Consolidated results for Q2 2023 show a 12% increase in cash costs per silver equivalent ounce sold compared to Q1 2023. This increase is primarily a result of 7% lower ounces sold because of the lower metal production in Q2 2023.

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

Q2 2023 vs Q2 2022
Q2 2023 AISC per silver equivalent ounce sold was $22.89, compared to Q2 2022 of $17.14. The amount of stockpiled concentrate sold in Q2 2022, as explained above, had a positive effect on AISC per silver equivalent ounce sold in that quarter.

Q2 2023 vs Q1 2023
Consolidated AISC per silver equivalent ounce sold increased 10% quarter-on-quarter to $22.89, mainly a result of the 7% decrease in silver equivalent ounces sold. Bolivian consolidated AISC per silver equivalent ounce sold increased slightly versus Q1 2023, however the increase at Zimapan resulting from lower sales volume due to lower production increased the consolidated Q2 2023 AISC per silver equivalent ounce sold.

Bolivar Mine [4]

Bolivar Production Table	2023 Q2	2023 Q1	Change Q2 vs Q1	2023 YTD	2022 YTD [1]	Change '23 vs. '22
Material Processed (tonnes milled)	66,689	74,353	(10%)	141,042	58,944	139%
Silver Equivalent Produced (ounces) [2]	961,580	1,249,153	(23%)	2,210,733	764,229	189%
Silver Equivalent Sold (payable ounces) [3]	408,571	771,783	(47)%	1,180,354	1,865,765	(37)%
Production						
Silver (ounces)	424,664	555,914	(24%)	980,578	326,260	201%
Lead (tonnes)	302	353	(14%)	655	263	149%
Zinc (tonnes)	3,323	4,313	(23%)	7,636	4,018	90%
Average Grade						
Silver (g/t)	217	250	(13%)	233	192	21%
Lead (%)	0.62	0.65	(5%)	0.63	0.62	2%
Zinc (%)	5.57	6.40	(13%)	5.98	7.21	(17%)
Metal Recovery						
Silver (%)	91	93	(2%)	92	87	6%
Lead (%)	74	73	1%	73	73	-%
Zinc (%)	90	91	(1%)	90	92	(2%)

(1) On March 18, 2022, the Company acquired the 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, $0.91/lb, $1.52/lb and $3.67/lb for silver, lead, and zinc, 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 2022.
(4) Bolivar is presented at 100% whereas the Company records 45% of revenues and expenses in its consolidated financial statements.

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

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

Currently the mine is producing about 22,500 tonnes per month mineralized material, and 660 meters per month combined primary and secondary development. At the same time, feed sourcing from the San Lucas ore 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 ore sourcing business which contributes the other 20%. Total plant throughput was about 27,200 tonnes per month in 2022. The mill processes the two types of feed separately which allows for an analysis and reporting of processing for each feed type. The mill utilizes different reagent strategies for the toll and company feed sources, primarily due to pyrrhotite which is found in the toll feed but generally not found in the company feed.

Since the acquisition of the Bolivian Assets, production performance has steadily improved and stabilized at Bolivar, with small variations in the mined grade impacting the metal production. The key focus for 2023 will be on increasing stoping selectivity in order to reduce dilution and send higher grade feed to the mill.

2023 vs 2022

YTD 2022 numbers 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 in the consolidated operational and financial results of the Company from that date. However, production at Bolivar has been steadily increasing since Q2 2022 especially with the development of Rosario zone, to current levels.

Q2 2023 vs Q1 2023

Quarter-on-quarter Bolivar processed 10% less material. Water handling issues in the higher grade Central zone caused a reduction in secondary development, which resulted in mining transitioning into lower grade areas during the initial months of Q2. During this time, water handling infrastructure was upgraded, and mining in higher grade areas was able to resume, resulting in production and average grade mined increasing during the final month of Q2. The completion of this project should alleviate production interruptions experienced from this area in Q2 and allow for more consistent production going forward.

In Q2 2023 Bolivar metal production consisted of 961,580 silver equivalent ounces; 424,664 ounces of silver, 302 tonnes of lead and 3,323 tonnes of zinc. This 23% reduction in metal output was a result of the compounding effect of less material processed and lower grades mined during the initial months of the quarter. Recoveries were in line with the previous quarter.

Porco Mine [4]

Porco Production Table	2023-Q2	2023-Q1	Change Q2 vs Q1	2023-YTD	2022-YTD[1]	Change '23 vs. '22
Material Processed (tonnes milled)	46,085	49,909	(8%)	95,994	54,981	75%
Silver Equivalent Produced (ounces) [2]	689,902	679,144	2%	1,369,046	630,701	117%
Silver Equivalent Sold (payable ounces) [3]	351,919	407,875	(14)%	759,794	1,466,851	(48)%
Production						
Silver (ounces)	195,509	162,015	21%	357,524	202,941	76%
Lead (tonnes)	214	217	(1%)	431	276	57%
Zinc (tonnes)	3,098	3,245	(5%)	6,343	3,910	62%
Average Grade						
Silver (g/t)	154	122	26%	138	133	4%
Lead (%)	0.58	0.58	-%	0.58	0.66	(12%)
Zinc (%)	7.15	6.89	4%	7.02	7.86	(11%)
Metal Recovery						
Silver (%)	86	83	4%	84	85	(1%)
Lead (%)	80	75	7%	77	76	1%
Zinc (%)	94	94	-%	94	95	(1%)

(1) On March 18, 2022, the Company acquired the Bolivar, Porco, the Caballo Blanco Group, and San Lucas.
(2) Silver Equivalent Produced (ounces) in 2022 have been calculated, for all periods presented, using prices $21.86/oz, $0.91/lb, $1.52/lb and $3.67/lb silver, lead, and zinc, 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 2022.
(4) Porco is presented at 100% whereas the Company records 45% of revenues and expenses in its consolidated financial statements.

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

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

Similar to Bolivar, the process plant is also fed by the mine (approximately 55%), and toll feed from the San Lucas ore sourcing business (45%). The plant processed approximately 28,800 tonnes per month in 2022. Lower mine feed grades over the last two quarters have had some impact on metal recoveries. Similar to Bolivar, the focus for 2023 at Porco is to send higher grade feed to the plant by more selective mining techniques to minimize dilution.

2023 vs 2022

YTD 2022 numbers 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 in the consolidated operational and financial results of the Company from that date. Incremental production increases have been gained at Porco since Q2 2022, while maintaining head grade.

Q2 2023 vs Q1 2023

Porco processed 46,085 tonnes in Q2 2023, a slight decrease from the previous quarter. The presence of illegal mining activity underground impacted both primary and secondary development productivity. The presence of illegal miners will at times impact operations, however we are working with COMIBOL to resolve this issue.

In Q2 2023, metal produced was 689,902 silver equivalent ounces, consisting of 195,509 ounces of silver, 214 tonnes of lead and 3,098 tonnes of zinc. During the quarter, average grades and metal recoveries increased across the board. The 26% increase in silver grades coupled with increased silver recovery of 4% significantly offset the reduction in material processed, resulting in a significant increase in silver ounces produced and stable silver equivalent ounce production quarter-on-quarter.

Caballo Blanco Group

Caballo Blanco Group Production Table	2023-Q2	2023-Q1	Change Q2 vs Q1	2023-YTD	2022-YTD[1]	Change ’23 vs. ‘22
Material Processed (tonnes milled)	74,268	85,817	(13%)	160,085	81,417	97%
Silver Equivalent Produced (ounces) [2]	1,211,475	1,436,322	(16%)	2,647,797	968,161	173%
Silver Equivalent Sold (payable ounces) [3]	762,023	702,667	8%	1,464,690	2,116,478	(31)%
Production						
Silver (ounces)	399,811	475,026	(16%)	874,837	397,761	120%
Lead (tonnes)	825	1,043	(21%)	1,868	1,027	82%
Zinc (tonnes)	4,804	5,650	(15%)	10,454	4,696	123%
Average Grade						
Silver (g/t)	182	187	(3%)	184	161	14%
Lead (%)	1.44	1.50	(4%)	1.47	1.60	(8%)
Zinc (%)	6.98	7.01	-	6.99	6.16	13%
Metal Recovery						
Silver (%)	92	92	-	92	92	-
Lead (%)	77	81	(5%)	79	78	1%
Zinc (%)	93	94	(1%)	93	94	(1%)

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

(2) Silver Equivalent Produced (ounces) in 2022 have been calculated, for all periods presented, using prices of \$21.86/oz, \$0.91/lb, \$1.52/lb and \$3.67/lb for silver, lead, and zinc, 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 2022.

As a unit, Caballo Blanco produces about 19,000 tonnes of mineralized material and 1,025 meters development per month. Approximately 60% of mine production is generated by conventional shrinkage and cut 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 6,500 tonnes feed and 265 meters development per month by a mix of conventional and trackless mining. This mine is limited mainly by the small shaft from which it is accessed.

An important capital project for 2023 is the integration ramp connecting the Tres Amigos (“TAM”) and COC mines. 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, and is more than 60% complete. This project remains on track for completion in Q1 2024. Improvements in mining execution to reduce dilution at Reserva are in process as well as limited mechanization of deeper resources at COC.

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

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

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

2023 vs 2022

YTD 2022 numbers 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 in the consolidated operational and financial results of the Company from that date. Production has been steady since Q2 2022, with grades equal or better than past production for a steady increase in metal production over the year.

Q2 2023 vs Q1 2023

Caballo Blanco milled 13% less material in Q2 2023 compared to Q1 2023 which was an anomalous quarter with regard to material milled, and since acquiring this asset just over a year ago, Caballo Blanco has steadily improved its mining production.

Silver equivalent ounces produced during the quarter was 1,211,475 ounces which consisted of 399,811 ounces of silver, 825 tonnes of lead and 4,804 tonnes of zinc. Average head grades and metal recoveries were in line or slightly less when compared to Q1 2023, however the reduction in tonnes milled resulted in a decrease in all metals produced.

San Lucas

San Lucas Production Table	2023-Q2	2023-Q1	Change Q2 vs Q1	2023-YTD	2022-YTD[1]	Change '23 vs. '22
Material Processed (tonnes milled)	85,258	71,448	19%	156,706	75,920	106%
Silver Equivalent Produced (ounces) [2]	1,827,724	1,195,164	53%	3,022,888	1,186,359	155%
Silver Equivalent Sold (payable ounces) [3]	1,978,767	1,557,683	27%	3,536,450	3,252,869	9%
Production						
Silver (ounces)	495,344	255,623	94%	750,967	328,894	128%
Lead (tonnes)	635	473	34%	1,108	620	79%
Zinc (tonnes)	8,315	5,848	42%	14,163	7,784	82%
Average Grade						
Silver (g/t)	216	125	73%	171	162	6%
Lead (%)	1.21	0.94	29%	1.07	1.13	(5%)
Zinc (%)	10.69	8.90	20%	9.80	11.31	(13%)
Metal Recovery						
Silver (%)	84	89	(6%)	86	87	(1%)
Lead (%)	62	70	(12%)	66	70	(6%)
Zinc (%)	91	92	(1%)	92	92	-%

(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, $0.91/lb, $1.52/lb and $3.67/lb for silver, lead, and zinc, 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 2022.

The San Lucas ore 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 ore and methods used in extraction. Once the material is sampled and the purchase is finalized, it can be blended and processed.

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

Expansion of toll milling capacity is a focus for this year.

2023 vs 2022

YTD 2022 numbers 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 in the consolidated operational and financial results of the Company from that date.

Q2 2023 vs Q1 2023

San Lucas milled 19% more tonnes quarter-on-quarter. Since San Lucas purchases feed from regional suppliers, tonnes milled and material grades are anticipated to vary throughout the year.

Silver equivalent ounces produced in Q2 2023 was 1,827,724, a 53% increase over Q1, consisting of 495,344 ounces of silver, 635 tonnes of lead and 8,315 tonnes of zinc. Q2 2023 experienced a significant increase in silver and zinc grades from the previous quarter, which was partially offset by slight decreases in silver and lead recoveries. The Company is working towards increasing quarterly production for San Lucas by sourcing additional processing capacity.

Zimapan Mine

Zimapan Production Table	2023-Q2	2023-Q1	Change Q2 vs Q1	2023-YTD	2022-YTD	Change '23 vs. '22
Material Processed (tonnes milled)	171,668	200,970	(15%)	372,638	391,427	(5%)
Silver Equivalent Produced (ounces) (1)	878,854	1,084,600	(19%)	1,963,454	1,952,583	1%
Silver Equivalent Sold (payable ounces) (2)	586,507	940,887	(38%)	1,527,394	1,768,684	(14%)
Production						
Silver (ounces)	271,133	320,942	(16%)	592,075	624,458	(5%)
Lead (tonnes)	849	957	(11%)	1,806	1,983	(9%)
Zinc (tonnes)	2,741	3,407	(20%)	6,148	6,184	(1%)
Copper (tonnes)	297	415	(28%)	712	537	33%
Average Grade						
Silver (g/t)	69	70	(1%)	70	70	(1%)
Lead (%)	0.67	0.63	6%	0.65	0.67	(3%)
Zinc (%)	2.25	2.20	2%	2.22	2.18	2%
Copper (%)	0.33	0.38	(13%)	0.35	0.34	3%
Metal Recovery						
Silver (%)	71	71	-%	71	71	-%
Lead (%)	74	76	(3%)	75	76	(1%)
Zinc (%)	71	77	(8%)	74	73	1%
Copper (%)	53	54	(2%)	54	40	35%
Cash Cost of Production per Tonne ($/t) (3)	57.58	53.65	7%	55.61	49.16	13%
Cash Cost per Silver Equivalent Ounce Sold ($/oz) (3)	23.62	19.41	22%	21.51	17.24	25%
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold ($/oz) (3)	29.49	22.45	31%	25.97	19.42	34%

(1) Silver Equivalent Produced (ounces) have been calculated, for all periods presented, using prices of $21.86/oz, $0.91/lb, $1.52/lb and $3.67/lb for silver, lead, zinc 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 2022 and 2021.

(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 sources feed from the Carrizal and El 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. The plant processes about 75,000 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. However steadily declining metallurgical recoveries have been the focus. Mining new orebodies more intensively at Mina Monte presented metallurgical challenges, which are currently being addressed with an ongoing third-party metallurgical test program. Several specific deposits have been identified and characterized metallurgically, prompting adjustments to the mine plan and blending strategy, thus helping to increase recoveries.

2023 vs 2022

YTD 2023 material processed was 15% lower than the same period in 2022. However, silver equivalent ounce production held steady at 1,963,454 which is 22% higher than YTD 2022. While YTD 2023 silver, lead and zinc average grades and recoveries were in line with YTD 2022, the significant increase in copper recovery, 34%, combined with the slightly higher copper grades helped to maintain total silver equivalent ounce production. The higher-grade copper feeds and metallurgical recoveries continue to be a real benefit.

Q2 2023 vs Q1 2023

Material processed decreased 15% quarter-over-quarter and is the main contributing factor to lower metal production in Q2 2023. The decrease is a result of unscheduled maintenance on the crushing plant in April coupled with separate shortages of water and power which impacted production for two weeks during that same month. Additionally, in June a trucking contractor imposed a work stoppage over a contract dispute, which reduced ore extraction from Monte mine. The work stoppage lasted two weeks and haulage has resumed.

Silver equivalent ounces produced during the quarter was 878,854 ounces consisting of 271,133 ounces silver, 849 tonnes of lead, 2,741 tonnes of zinc and 297 tonnes of copper. Silver, lead and zinc average head grades were in line with the previous quarter, while copper average head grades decreased 13% due to the reduced production from Monte mine. Quarter-on-quarter silver, lead and copper recoveries were in line or slightly lower that the previous quarter, while zinc recoveries decreased 8%, all in response to multiple operating interruptions and changes to process feed blends throughout the quarter.

Mine development continues to focus on opening higher grade stoping areas in Carrizal mine and maintaining low-cost production at the Monte mine. A metallurgical testing program is ongoing, and interim results are being applied to plant processes to maximize metal recoveries and concentrate quality.

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 Vincente 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, Chief Operating Officer of the Company, who is a Qualified Person, as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

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

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

Overview of Financial Results

For the quarters ended June 30, 2023 and 2022

	2023 Q2	2022 Q2	Change '23 vs '22
Revenues	63,854	128,388	(50%)
Mine operating costs			
Cost of sales	47,878	93,826	(49%)
Depletion, depreciation and amortization	5,000	6,605	(24%)
Gross profit	**10,976**	**27,957**	**(61%)**
General and administrative expenses	(7,154)	(8,266)	(13%)
Share-based payments	(64)	(261)	(75%)
Operating income	**3,758**	**19,430**	**(81%)**
Finance (expense) income	(3,663)	2,798	(224%)
Gain on foreign exchange	4,626	202	2190%
Transaction costs for the Sinchi Wayra and Illapa Business acquisition	-	(27)	(100%)
Fair value loss on marketable securities	(553)	(1,999)	(72%)
Income (loss) before tax	**4,168**	**20,404**	**(80%)**
Income tax expense	(2,815)	(16,570)	(83%)
Net income for the period	**1,353**	**3,834**	**(65%)**
Other comprehensive income (loss)			
Currency translation differences	(259)	505	(151%)
Comprehensive income for the period	**1,094**	**4,339**	**(75%)**
Net loss per share:			
Basic and diluted	0.00	0.01	(66%)
Weighted average number of common shares:			
Basic	350,912,143	339,536,896	3%
Diluted	350,912,143	343,691,469	2%

Revenues for the quarter ended June 30, 2023, were $63,854, a decrease of $64,534 compared to Q2 2022. The decrease can be explained as follows:

- A decrease of $59,081 in Bolivian revenues to $55,863 in Q2 2023 from $114,944 in Q2 2022, which was mainly attributable to the following factors:
  - In Q2 2022, the Company recorded a non-recurring positive revenue adjustment for Bolivia of $47.4 million due to the new offtake agreement terms for zinc concentrate effective April 1, 2022 which changed the shipping terms from Free on Board ("FOB") to Delivered at Place Unloaded ("DPU") basis. This affected the timing of revenue recognition between Q3 2022 and Q2 2022;
  - A 19% decrease in sales volume (normalized for the change in shipping terms in Q2 2022), which resulted in a $17.8 million decrease in revenues; and
  - These factors were partly offset by a higher average silver price which increased revenues by $3.5 million (net of revaluation adjustments of prior period lots in the current period).
- A decrease of $5,453 in Zimapan revenues to $7,991 in Q2 2023 from $13,444 in Q2 2022, mainly due to a 34% decrease in sales volume, a direct result of the lower production from the operational issues experienced during Q2 2023 as described in the *Overview of Operating Results* section, which negatively impacted sales revenues by approximately $6.5 million. This was partly offset by a higher average silver price which increased revenues by approximately $0.8 million (net of revaluation adjustments of prior period lots in the current period).

Cost of sales for the quarter ended June 30, 2023, was $47,878, a decrease of $45,948 compared with Q2 2022. The decrease can be explained as follows:

- A decrease of $45,416 in Bolivia cost of sales to $37,924 in Q2 2023 from $83,340 in Q2 2022, which was mainly attributable to the following factors:
  - The change in shipping terms for Bolivia's zinc concentrate sales in Q2 2022 as described above which resulted in a decrease in cost of sales by $28.2 million;
  - A 19% decrease in sales volume (normalized for the change in shipping terms in Q2 2022), which resulted in a $17.0 million.
- A decrease of $533 in Zimapan cost of sales. While a 34% decrease in sales volume resulted in a decrease in cost of sales of $3.6 million, the increase in unit production costs almost offset this decrease.

Depletion, depreciation and amortization for the quarter ended June 30, 2023, was $5,000, a decrease of $1,605 compared with Q2 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.

Gross profit for the quarter ended June 30, 2023, was $10,976, a decrease of $16,981 compared with Q2 2022, due to the variances described above.

General and administrative expenses for the quarter ended June 30, 2023, was $7,154, a decrease of $1,112 compared to Q2 2022, which was primarily due to a decrease in interest charges incurred and inflationary adjustments on income tax balances owing to the Mexican tax authorities.

Finance costs for the quarter ended June 30, 2023, was $3,663, an increase of $6,461 compared to Q2 2022. The increase was primarily driven by a decrease in other income of $4.0 million as Q2 2022 included a non-recurring reversal of Bolivian lease liabilities and an increase of $1.5 million related to non-deductible medical insurance expenses for Bolivian employees.

Gain on foreign exchange for the quarter ended June 30, 2023, was a gain of $4,626 compared to $202 in Q2 2022, which was mainly due to the appreciation of the BOL and MXN against the USD towards the end of the quarter. Additionally, 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.

Transaction costs for Sinchi Wayra and Illapa Business acquisition for the quarter ended June 30, 2023, was $nil compared to $27 in Q2 2022, a decrease of $27. The majority of the transaction costs were incurred in 2022, the same year the acquisition took place.

Unrealized loss on marketable securities for the quarter ended June 30, 2023, was a loss of $553 compared to $1,999 in Q2 2022.

For the six months ended June 30, 2023 and 2022

	2023 Q2	2022 Q2	Change '23 vs '22
Revenues	129,232	160,769	(20%)
Mine operating costs			
Cost of sales	93,592	116,252	(19%)
Depletion, depreciation and amortization	9,984	8,544	17%
Gross profit	**25,656**	**35,973**	**(29%)**
General and administrative expenses	(13,892)	(10,302)	35%
Share-based payments	(170)	(700)	(76%)
Operating income	**11,594**	**24,971**	**(54%)**
Finance (expense) income	(6,437)	5,096	(226%)
Gain on foreign exchange	3,737	955	291%
Transaction costs for the Sinchi Wayra and Illapa Business acquisition	-	(2,290)	(100%)
Fair value loss on marketable securities	(1,791)	(1,630)	10%
Income (loss) before tax	**7,103**	**27,102**	**(74%)**
Income tax benefit (expense)	(6,699)	(22,506)	(70%)
Net income for the period	**404**	**4,596**	**(91%)**
Other comprehensive income (loss)			
Currency translation differences	(1,694)	965	(276%)
Comprehensive (loss) income for the period	**(1,290)**	**5,561**	**(123%)**
Net loss per share:			
Basic and diluted	(0.00)	0.01	(72%)
Weighted average number of common shares:			
Basic	348,873,776	335,131,556	4%
Diluted	348,873,776	335,131,556	4%

Revenues for the six months ended June 30, 2023, were $129,232, a decrease of $31,537 compared with the six months ended June 30, 2022. The decrease can be explained as follows:

- A decrease of $25,089 in Bolivian revenues from $132,082 in 2022 to $106,993 in 2023, which was mainly attributed to the following factors:
  - The new offtake agreement terms for Bolivia's zinc concentrate in Q2 2022 as explained previously which resulted in a positive revenue adjustment in 2022 of $47.4 million;
  - This was partly offset by the fact that the financial results of the Bolivian Assets were only consolidated starting March 18, 2022 in 2022 (approximately three and a half months) compared to a full six months in 2023.
- A decrease of $6,394 in Zimapan revenues from $28,687 in 2022 to $22,293 in 2023, mainly due to a 14% decrease in sales volume, a direct result of the lower production from the operational issues experienced during Q2 2023 as described in the *Overview of Operating Results* section, which negatively impacted sales by approximately $5.4 million.

Cost of sales for the six months ended June 30, 2023, was $93,592, a decrease of $22,660 compared with the six months ended June 30 2022. The decrease can be explained as follows:

- A decrease of $24,703 in Bolivia cost of sales from $96,002 in Q2 2022 to $71,299 in Q2 2023, which was mainly due to the following factors:
  - The new offtake agreement terms for Bolivia's zinc concentrate in Q2 2022 as explained previously which resulted in a decrease in cost of sales by $28.2 million;
  - A decrease in unit production costs which decreased cost of sales by $6.6 million;

- These factors were partly offset by the fact that the financial results of the Bolivian Assets were only consolidated starting March 18, 2022 in 2022 (approximately three and a half months) compared to a full six months in 2023.

- An increase of $2,043 in Zimapan cost of sales. While the 14% decrease in sales volume resulted in a decrease in cost of sales of $2.8 million, the increase in unit production costs contributed to an increase in cost of sales by $4.8 million.

Depletion, depreciation and amortization for the six months ended June 30, 2023, was $9,984, an increase of $1,440 compared with the six months ended June 30, 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 period compared to a full six months in 2023.

Gross profit for the six months ended June 30, 2023, was $25,656, a decrease of $10,317 compared with the six months ended June 30, 2022 due to the factors described above.

General and administrative expenses for the six months ended June 30, 2023, was $13,892, an increase of $3,590 compared to the six months ended June 30, 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 period compared to a full six months in 2023.

Finance costs for the six months ended June 30, 2023, was $6,437, an increase of $11,533 compared to the six months ended June 30, 2022. The increase was mainly due to a decrease in other income of $4.0 million as Q2 2022 included a non-recurring reversal of Bolivian lease liabilities, an increase of $3.0 million related to non-deductible medical insurance expenses for Bolivian employees, and an increase of $3.3 million in accretion of consideration payable to Glencore due to two quarters' of accretion in 2023 compared to only three and a half months of accretion in 2022.

Gain on foreign exchange for the six months ended June 30, 2023, was $3,737 compared to $955 in the six months ended June 30, 2022 mainly due to the appreciation of the BOL and MXN against the USD towards the end of the quarter.

Transaction costs for Sinchi Wayra and Illapa Business acquisition for the six months ended June 30, 2023, was $nil compared to $2,290 in the six months ended June 30, 2022 as the majority of the transaction costs were incurred in 2022, the same year the acquisition took place.

Unrealized loss on marketable securities for the six months ended June 30, 2023, was a $1,791 compared to a $1,630 in the six months ended June 30, 2022.

Summary of Quarterly Results

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

	2023		2022				2021	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	63,854	65,378	64,309	53,516	128,388	32,381	13,821	14,601
Mine operating costs	52,878	50,698	58,070	72,854	100,431	24,365	13,685	11,424
Gross profit (loss)	10,976	14,680	6,239	(19,338)	27,957	8,016	136	3,177
Operating expenses	(7,154)	(6,738)	(917)	(10,889)	(8,527)	(2,475)	(6,898)	(2,754)
Net income (loss)	1,353	(949)	(8,069)	(18,788)	3,834	762	(10,450)	(3,849)
Net income (loss) per share (1)	0.00	(0.00)	(0.02)	(0.06)	0.01	0.00	(0.03)	(0.01)

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

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

Liquidity, Capital Resources and Contractual Obligations

Liquidity

As at June 30, 2023, the Company had cash and cash equivalents of $7,720. The Company's cash and cash equivalents are not exposed to liquidity risk and there is no restriction on the ability of the Company to use these funds to meet its obligations.

For the three and six months ended June 30, 2023, the Company reported net income of of $1,353 and $404, respectively. As at June 30, 2023, the Company has a working capital deficiency of $20,484 (December 31, 2022 – working capital $5,362). Included within this working capital deficiency is net liabilities of $17,653 of IMSC that are held for sale. The sale of IMSC is expected to be completed by the end of the fourth quarter of 2023.

The Company has non-current loans payable of $2,086 (December 31, 2022 - $4,258), and non-current consideration payable to Glencore of $126,928 (December 31, 2022 - $148,095). In addition, the Company has an accumulated deficit of $159,799 (December 31, 2021 - $160,203) and a shareholders' deficiency of $12,943 (December 31, 2022 –$13,035).

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.

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Cash flow				
Cash generated by operating activities	6,457	26,479	17,965	25,104
Cash (used by) provided by investing activities	(6,752)	(6,074)	(9,786)	3,088
Cash (used by) provided by financing activities	(3,975)	(24,316)	(5,070)	(24,324)
(Decrease) Increase in cash and cash equivalents	(4,270)	(3,911)	3,109	3,868
Effect of exchange rate on cash and cash equivalents held in foreign currencies	2	(8)	2	(2)
Cash and cash equivalents, beginning of the year	11,988	8,723	4,609	938
Cash and cash equivalents, end of period	**7,720**	**4,804**	**7,720**	**4,804**

The Company's cash flows from operating, investing and financing activities during the six months ended June 30, 2023 are summarized as follows:

Cash generated by operating activities of $17,695, primarily due to:

- $25,657 in cash flows from operating activities before movements in working capital items;
- $7,962 net decrease in non-cash working capital items during the period.

Cash used by investing activities of $9,786, primarily related to:

- $7,357 spent on mine development expenditures;
- $3,127 spent on the purchase of property, plant and equipment;
- $471 proceeds on the disposition of property, plant and equipment; and
- $227 proceeds from the sale of marketable securities.

Cash used by financing activities of $5,070, primarily consists of:

- $1,212 of proceeds from the exercise of warrants and options;
- $6,122 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 June 30, 2023 and December 31, 2022, the Company was fully in compliance with these covenants.

Off-balance Sheet Arrangements

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

Transactions with Related Parties

During the three and six months ended June 30, 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		Six months ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Management and consulting fees	**852**	129	**1,948**	260
Share-based compensation	**64**	196	**170**	525
	916	325	**2,118**	**785**

Of the $852 and $1,948 in management and consulting fees incurred with related parties during the three and six months ended June 30, 2023, $24 and $48, respectively (2022 - $24 and $50, respectively) was related to directors' fees and $919 and $1,900 respectively (2022 - $105 and $210, respectively), was related to management fees.

As at June 30, 2023, directors and officers or their related companies were owed $24 (December 31, 2022 - $43) in respect of the services rendered. These are non-interest bearing with standard payment terms.

A total of $38 of the leases payable remains outstanding as at June 30, 2023 (December 31, 2022 - $38) and are 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

None.

Critical accounting estimates and judgments

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

Accounting Policies including changes in accounting policies and initial adoption

Refer to Note 3 of the Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2023 and 2022 for a detailed discussion.

Financial instruments and other instruments

June 30, 2023	Amortized cost	FVTPL	Total
	$	$	$
Financial assets			
Cash and cash equivalents	7,720	-	7,720
Marketable securities	-	1,007	1,007
Trade and other receivables	134,574	14,667	149,241
	142,294	15,674	157,968
Financial liabilities			
Trade payables and accrued liabilities	67,885	-	67,885
Consideration payable	141,314	18,917	160,231
Loans payable	17,685	-	17,685
Other liabilities	17,138	-	17,138
	244,022	**18,917**	**262,939**

December 31, 2022			
Financial assets			
Cash and cash equivalents	4,609	-	4,609
Marketable securities	-	2,769	2,769
Trade and other receivables	113,870	16,916	130,786
	118,479	19,685	138,164
Financial liabilities			
Trade payables and accrued liabilities	69,441	-	69,441
Consideration payable	137,387	18,326	155,713
Loans payable	22,215	-	22,215
Other liabilities	17,304	-	17,304
	246,347	**18,326**	**264,673**

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 June 30, 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.

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:

	June 30, 2023			December 31, 2022		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
	$	$	$	$	$	$
Assets						
Marketable securities	1,007	-	-	2,769	-	-
Trade and other receivables	14,667	-	-	16,916	-	-
	15,674	**-**	**-**	**19,685**	**-**	**-**
Liabilities						
Consideration payable	-	-	18,917	-	-	18,326
	-	**-**	**18,917**	**-**	**-**	**18,326**

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

The methodology and assessment of inputs for determining the fair value of financial assets and liabilities as well as the levels of hierarchy for the Company's financial assets and liabilities measured at fair value remains unchanged from that at December 31, 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 June 30, 2023, the Company had receivable balances associated with buyers of its concentrates of $14,667 (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:

	June 30, 2023	December 31, 2022
	$	$
Cash and cash equivalents	**7,720**	4,609
Trade and other receivables	**149,241**	130,786
Prepaid expenses and deposits	**6,681**	5,803

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	64,467	3,418	-	-	67,885
Consideration payable	31,471	39,167	100,027	4,611	175,276
Loans payable	15,917	2,809	-	-	18,726
Operating lease payments	428	533	901	-	1,862
	112,283	**45,927**	**100,928**	**4,611**	**263,750**

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 $57, a 1% change in the US dollar exchange rate relative to the Mexican peso would change the Company's net loss by approximately $70, and a 1% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately $25.

The Company's financial assets and liabilities as at June 30, 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	242	5,692	1,786	-	7,720
Marketable securities	1,007	-	-	-	1,007
Trade and other receivables	-	114,239	29,551	5,451	149,241
	1,249	119,931	31,337	5,451	157,968
Financial liabilities					
Trade payables and accrued liabilities	78	67,560	-	247	67,885
Consideration payable	-	-	160,231	-	160,231
Loans payable		16,553	1,132	-	17,685
	78	84,113	161,363	247	245,801
Net financial assets (liabilities)	**1,171**	**35,818**	**(130,026)**	**5,204**	**(87,833)**

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 June 30, 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 June 30, 2023, a change of 1% increase or decrease of market interest rate would impact the Company's income or loss by approximately $180.

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 103,750,218 common shares issuable under share purchase warrants.

Internal controls over financial reporting and disclosure controls and procedures

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

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

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

Non-GAAP Measures

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

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

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

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

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

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

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

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 June 30, 2023			
	Bolivia Consolidated[1]	Zimapan	Corporate/ other	Consolidated[]
Cost of sales	49,163	9,953	-	59,116
Transportation and other selling cost	(7,483)	(730)	-	(8,213)
COMIBOL expense	-	-	-	-
Royalty	(4,701)	-	-	(4,701)
Inventory change	(7,522)	660	-	(6,862)
Cash Cost of Production (A)	**29,457**	**9,883**	**-**	**39,340**
Cost of sales	49,163	9,953	-	59,116
Concentrate treatment, smelting and refining cost	16,053	3,898	-	19,951
Cash Cost of Silver Equivalent Sold (B)	**65,217**	**13,851**	**-**	**79,067**
Sustaining capital expenditures	5,798	1,211	-	7,009
General and administrative expenses	1,439	2,074	3,923	7,436
Accretion of decommissioning and restoration provision	(84)	161	-	76
All-in Sustaining Cash Cost (C)	**72,369**	**17,296**	**3,923**	**93,588**
Material processed (tonnes milled) (D)	272,301	171,668	-	443,969
Silver Equivalent Sold (payable ounces) (E)	3,501,280	586,507	-	4,087,787
Cash Cost per Silver Equivalent Ounce Sold (B/E)	**18.63**	**23.62**	**-**	**19.34**
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (C/E)	**20.67**	**29.49**	**-**	**22.89**
Cash Cost of Production per tonne (A/D)	**108.18**	**57.57**	**-**	**88.61**

(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 June 30, 2022			
	Bolivia Consolidated[1]	Zimapan	Corporate/ other	Consolidated
Cost of sales	98,533	10,486	-	109,019
Transportation and other selling cost	(8,494)	(678)	-	(9,172)
Royalty	(6,212)	-	-	(6,212)
Inventory change	(37,520)	220	-	(37,300)
Cost of sale adjustment[2]	(8,446)	-	-	(8,446)
Cash Cost of Production (A)	**37,861**	**10,028**	**-**	**47,889**
Cost of sales	98,533	10,486	-	109,019
Cost of sale adjustment[2]	(8,446)	-	-	(8,446)
Concentrate treatment, smelting and refining cost	27,251	4,710	-	31,961
Cash Cost of Silver Equivalent Sold (B)	**117,338**	**15,196**	**-**	**132,534**
Sustaining capital expenditures	5,290	576	-	5,866
General and administrative expenses	1,955	1,701	4,979	8,635
Accretion of decommissioning and restoration provision	301	170	-	471
All-in Sustaining Cash Cost (C)	**124,885**	**17,643**	**4,979**	**147,506**
Material processed (tonnes milled) (D)	235,105	200,014	-	435,119
Silver Equivalent Sold (payable ounces) (E)	7,719,061	886,848	-	8,605,909
Cash Cost per Silver Equivalent Ounce Sold (B/E)	**15.20**	**17.13**	**-**	**15.40**
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (C/E)	**16.18**	**19.89**	**-**	**17.14**
Cash Cost of Production per tonne (A/D)	**161.04**	**50.14**	**-**	**110.06**

(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.

	Six Months Ended June 30, 2023			
	Bolivia Consolidated[1]	**Zimapan**	**Corporate/ other**	**Consolidated**
Cost of sales	92,504	22,293	-	114,797
Transportation and other selling cost	(15,016)	(1,567)	-	(16,583)
COMIBOL expense	-	-	-	-
Royalty	(8,832)	-	-	(8,832)
Inventory change	(8,563)	(61)	-	(8,624)
Cash Cost of Production (A)	**60,093**	**20,665**	**-**	**80,758**
Cost of sales	92,504	22,293	-	114,797
Concentrate treatment, smelting and refining cost	30,255	9,817	-	40,072
Cash Cost of Silver Equivalent Sold (B)	**122,760**	**32,110**	**-**	**154,869**
Sustaining capital expenditures	11,573	2,695	-	14,268
General and administrative expenses	2,595	3,296	9,034	14,925
Accretion of decommissioning and restoration provision	213	315	-	528
All-in Sustaining Cash Cost (C)	**137,140**	**38,416**	**9,034**	**184,590**
Material processed (tonnes milled) (D)	553,828	372,638	-	926,466
Silver Equivalent Sold (payable ounces) (E)	6,941,288	1,527,394	-	8,468,682
Cash Cost per Silver Equivalent Ounce Sold (B/E)	**17.69**	**21.02**	**-**	**18.29**
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (C/E)	**19.76**	**25.15**	**-**	**21.80**
Cash Cost of Production per tonne (A/D)	**108.50**	**55.46**	**-**	**87.17**

(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.

	Six Months Ended June 30, 2022			
	Bolivia Consolidated[1]	**Zimapan**	**Corporate/ other**	**Consolidated**
Cost of sales	112,828	20,250	-	133,079
Transportation and other selling cost	(9,385)	(1,104)	-	(10,489)
Royalty	(6,114)	-	-	(6,114)
Inventory change	(43,221)	106	-	(43,115)
Cost of sales adjustment[2]	(8,446)	-	-	(8,446)
Cash Cost of Production (A)	**45,663**	**19,252**	**-**	**64,915**
Cost of sales	112,828	20,250	-	133,079
Cost of sale adjustment[2]	(8,446)	-	-	(8,446)
Concentrate treatment, smelting and refining cost	30,411	10,247	-	40,658
Cash Cost of Silver Equivalent Sold (B)	**134,794**	**30,497**	**-**	**165,291**
Sustaining capital expenditures	6,163	1,323	-	7,486
General and administrative expenses	2,237	2,177	7,104	11,518
Accretion of decommissioning and restoration provision	365	349	-	714
All-in Sustaining Cash Cost (C)	**143,559**	**34,347**	**7,104**	**185,009**
Material processed (tonnes milled) (D)	271,262	391,427	-	662,689
Silver Equivalent Sold (payable ounces) (E)	8,701,963	1,768,684	-	10,470,647
Cash Cost per Silver Equivalent Ounce Sold (B/E)	**15.49**	**17.24**	**-**	**15.79**
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (C/E)	**16.50**	**19.42**	**-**	**17.67**
Cash Cost of Production per tonne (A/D)	**168.34**	**49.18**	**-**	**97.96**

(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 lead, zinc and copper concentrates, after having deducted treatment, smelting and refining charges.

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

Consolidated[1]

	Three months ended		Six months ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Revenues	69,992	149,512	146,369	184,955
Add back: Treatment, smelting and refining charges	19,951	31,961	40,073	40,658
Gross Revenues	**96,498**	**181,473**	**186,441**	**225,613**
Silver Equivalent Sold (ounces)	4,087,787	8,605,909	8,468,682	10,470,647
Average Realized Price per Ounce of Silver Equivalent Sold [2]	**22.00**	**21.09**	**22.02**	**21.55**
Average Market Price per Ounce of Silver per London Silver Fix	**24.23**	**22.65**	**23.39**	**23.29**

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

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

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

	Three months ended		Six months ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Revenues	62,001	136,068	124,063	156,262
Add back: Treatment, smelting and refining charges	16,053	27,251	30,255	30,411
Gross Revenues	**78,054**	**163,313**	**154,318**	**186,673**
Silver Equivalent Sold (ounces)	3,501,280	7,719,061	6,941,288	8,701,963
Average Realized Price per Ounce of Silver Equivalent Sold [2]	**22.29**	**21.16**	**22.23**	**21.45**
Average Market Price per Ounce of Silver per London Silver Fix	**24.23**	**22.65**	**23.39**	**23.29**

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

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

Zimapan Mine

	Three months ended		Six months ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Revenues	7,991	13,444	22,239	28,687
Add back: Treatment, smelting and refining charges	3,898	4,710	9,817	10,247
Gross Revenues	**11,889**	**18,154**	**32,056**	**38,934**
Silver Equivalent Sold (ounces)	586,507	886,848	1,527,394	1,768,684
Average Realized Price per Ounce of Silver Equivalent Sold [1]	**20.27**	**20.47**	**20.99**	**22.01**
Average Market Price per Ounce of Silver per London Silver Fix	**24.23**	**22.65**	**23.39**	**23.29**

(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 six months ended June 30, 2023 and 2022.

	Three months ended		Six months ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Net income (loss) for the period	1,353	3,834	404	4,596
Income tax expense	2,815	16,058	6,699	22,506
Interest income	(103)	(33)	(477)	(95)
Interest expense, carrying and finance charges on loans payable	813	298	559	772
Amortization and depletion of mineral properties, plant and equipment	5,000	6,605	9,984	8,544
Foreign exchange (gain) loss	(4,626)	(202)	(3,737)	(955)
Unrealized loss (gain) on marketable securities	553	1,999	1,791	1,630
Share-based payments expense	64	261	170	700
Accretion expense	2,997	1,556	5,588	2,178
Other income (expense)	272	(4,936)	759	(8,333)
Adjusted EBITDA	**9,138**	**25,440**	**21,740**	**31,543**

Cautionary note regarding forward-looking information

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

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

The Company cautions the reader that forward-looking statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements or information contained in this MD&A and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, some of which are described in the "Risks Factors" section of the MD&A for the year ended December 31, 2022 without limitation: fluctuations in silver, zinc, lead and copper prices; fluctuations in prices for energy inputs; fluctuations in currency markets (such as the MXN, BOL and CAD versus the USD); risks related to the technological and operational nature of the Company's business; changes in national and local government, legislation, taxation, controls or regulations and political, legal or economic developments in Canada, the United States, Mexico, Bolivia or other countries where the Company may carry on business, some of which might prevent or cause the suspension or discontinuation of mining activities, including the risk of expropriation related to certain of our operations, particularly in Bolivia; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected geological or structural formations, pressures, cave-ins and flooding); risks relating to the credit worthiness or financial condition of suppliers, refiners and other parties with whom the Company does business; inadequate insurance, or inability to obtain insurance, to cover these risks and hazards; employee relations; relationships with and claims by the local communities and indigenous populations; availability and increasing costs associated with mining inputs and labour; the Company's ability to secure our mine sites or maintain access to our mine sites due to criminal activity, violence, or civil and labour unrest; the speculative nature of mineral exploration and development, including the risk of obtaining or retaining necessary licenses and permits; challenges to, or difficulty in maintaining, the Company's title to properties and continued ownership thereof; diminishing quantities or grades of mineral reserves as properties are mined; global financial conditions; the Company's ability to complete and successfully integrate acquisitions, and to mitigate other business combination risks; the actual results of current exploration activities, conclusions of economic evaluations, and changes in project parameters to deal with unanticipated economic or other factors; increased competition in the mining industry for properties, equipment, qualified personnel, and their costs; having sufficient cash to pay obligations as they come due; the duration and effects of the coronavirus and COVID-19 variants, and any other epidemics or pandemics on our operations and workforce, and their effects on global economies and society. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described, or intended. Investors are cautioned against attributing undue certainty or reliance on forward-looking statements or information. Forward-looking statements and information are designed to help readers understand Management's current views of our near- and longer-term prospects and may not be appropriate for other purposes. The Company does not intend, and does not assume any obligation, to update or revise forward-looking statements or information to reflect changes in assumptions or in circumstances or any other events affecting such statements or information, other than as required by applicable law.