ANDEAN
PRECIOUS METALS

Consolidated Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN UNITED STATES DOLLARS)

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited consolidated statements of financial position of Andean Precious Metals Corp. (the “Company”) as at December 31, 2023 and 2022 and the related consolidated statements of operations and comprehensive income, changes in shareholders’ equity and cash flows for the years ended December 31, 2023 and 2022 were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the audited annual consolidated financial statements, including responsibility for significant judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

Management maintains accounting systems and internal controls to produce reliable consolidated financial statements and provide reasonable assurance that assets are properly safeguarded.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board of Directors carries out this responsibility through its Audit Committee. The Audit Committee meets periodically with management and the Company’s independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to recommending the consolidated financial statements to the Board of Directors for approval.

The consolidated financial statements have been audited by KPMG LLP, Chartered Professional Accountants, on behalf of the shareholders. Their report follows.

Original signed by:

Alberto Morales
Chief Executive Officer

Original signed by:

Juan Carlos Sandoval
Chief Financial Officer

March 26, 2024

INDEPENDENT AUDITOR'S REPORT

March 26, 2024

To the Shareholders of Andean Precious Metals Corp.

Opinion

We have audited the consolidated financial statements of Andean Precious Metals Corp. and its subsidiaries (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statement of income (loss) and other comprehensive income (loss) for the years then ended
- the consolidated statement of changes in equity for the years then ended
- the consolidated statement of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and December 31, 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of acquisition-date fair value of property, plant and equipment related to the acquisition of Golden Queen Mining LLC

Description of the matter

We draw attention to Note **5** to the financial statements. On November 24, 2023, the Entity completed the acquisition of a 100% interest in Golden Queen Mining LLC (Golden Queen), whose principal asset is the Soledad Mountain mine and heap leach operation. The entity accounted for the acquisition as a business combination.

Why the matter is a key audit matter

We identified the evaluation of acquisition-date fair value of property, plant and equipment (PP&E) related to the acquisition of Golden Queen as a key audit matter. Significant auditor judgment was required to evaluate the significant assumptions to the discounted cash flow model, and value allocated to un-modeled mineralization which included future commodity prices, expected future production costs, capital expenditures, discount rates and estimated quantities of mineral reserves and mineral resources.

How was the matter addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

We compared the future production costs and capital expenditures included in the discounted cash flow model to a third party technical report and to actual historical costs incurred.

We evaluated the Entity's estimate of mineral reserves and mineral resources by comparing the information to the third party technical report.

We assessed the competence, capabilities and objectivity of the individuals who prepared the mineral reserves and mineral resources information, including the industry and regulatory standards they applied.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the future commodity prices, and discount rate assumptions, by comparing to assumptions that were independently developed using publicly available third-party sources and data for comparable entities.
- Assessing the value of un-modeled mineralization, by comparing the assumption to the implied value per ounce from comparable market transactions.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as the date of auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.
We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.
We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this independent auditor’s report is Lee Hodgkinson.

Toronto, Canada

March 26, 2024

Andean Precious Metals Corp.
Consolidated Statements of Financial Position
(in thousands of US dollars, except per share amounts)

	Notes		December 31, 2023		December 31, 2022
ASSETS					
Current					
Cash and cash equivalents		**$**	**64,907**	$	80,729
Marketable securities and other investments	6		**5,162**		5,338
Accounts receivables	7		**888**		198
Inventories	8		**68,391**		11,720
Other current assets	9		**15,251**		11,315
Total current assets			**154,599**		109,300
Non-Current					
Property, plant and equipment	10		**92,353**		16,565
Long term inventory	8		**3,047**		-
Deferred income tax asset	17		**6,156**		5,353
Other assets	9		**13,735**		2,639
Total non-current assets			**115,291**		24,557
Total assets		**$**	**269,890**	$	133,857
LIABILITIES					
Current					
Accounts payable and accrued liabilities	11	**$**	**29,719**	$	13,113
Short-term debt	12		**8,870**		-
Current income taxes payable	17		**7,353**		1,794
Current portion of provisions for reclamation	13		**9**		436
Other liabilities	14		**8,285**		3,682
Total current liabilities			**54,236**		19,025
Non-Current					
Long term debt	12		**38,588**		-
Provisions for reclamation	13		**26,726**		20,017
Deferred income tax liability	17		**13,430**		-
Other liabilities	14		**4,941**		388
Total non-current liabilities			**83,685**		20,405
Total liabilities			**137,921**		39,430
EQUITY					
Issued capital	18		**22,826**		23,160
Accumulated other comprehensive loss			**390**		390
Contributed surplus	16		**2,322**		2,986
Retained earnings			**106,431**		67,891
Total equity			**131,969**		94,427
Total liabilities and equity		**$**	**269,890**		133,857

Contingencies (note 22)
Subsequent event (note 26)

Approved on behalf of the Board:

Original signed by:
Alberto Morales ***Peter Gundy***

(in thousands of US dollars, except per share amounts)

For the years ended December 31,	Notes		2023		2022
Revenue	15	$	**125,324**	$	108,049
Cost of sales	16(a)		**(105,892)**		(91,133)
Depreciation and depletion	10		**(5,231)**		(7,212)
Gross operating income			**14,201**		9,704
General and administrative	16(b)		**(13,491)**		(14,909)
Exploration and evaluation			**(688)**		(3,615)
Income (loss) from operations			**22**		(8,820)
Other income	16(c)		**4,059**		832
Finance costs	16(d)		**(2,014)**		(1,279)
Purchase Gain of Golden Queen	5		**36,512**		-
Foreign exchange gain (loss)			**4,347**		(807)
Net income (loss) before income taxes			**42,926**		(10,074)
Income taxes					
Current income tax (expense) recovery	17		**(7,032)**		624
Deferred income tax recovery (expense)	17		**2,646**		(641)
Net income (loss)		$	**38,540**	$	(10,091)
Earnings per share:					
Basic net income (loss) per share	19		0.24		(0.06)
Diluted net income (loss) income per share	19		0.22		(0.06)
Weighted average number of common shares outstanding					
Basic			**157,720,394**		157,911,600
Diluted			**178,107,059**		157,911,600

Andean Precious Metals Corp.
Consolidated Statements of Cash Flows
(in thousands of US dollars)

For the years ended December 31,	**Notes**		**2023**		2022
Net income (loss)		**$**	**38,540**	$	(10,091)
Adjustments:					
Depreciation and depletion	10		**5,231**		7,212
Accretion on provision for reclamation	13		**1,360**		993
Share-based compensation	18(b)		**668**		2,158
Unrealized derivative gain			**(139)**		-
Loss on disposal of equipment	16		**516**		-
Purchase Gain of Golden Queen			**(36,512)**		-
Net change in fair value of marketable securities	6		**1,257**		(713)
Reclamation payments			**(385)**		-
Current income taxes expense (recovery)	17		**7,032**		(624)
Deferred income taxes (recovery) expense	17		**(2,646)**		641
Foreign exchange (gain) loss			**(4,347)**		807
Operating cashflow before changes in non-cash working capital			**10,575**		383
Changes in non-cash working capital	24(a)		**(6,409)**		(3,123)
Net cash provided from (used in) operating activities			**4,166**		(2,740)
Investing activities					
Acquisition of Golden Queen	5		**(7,778)**		-
Expenditures on property, plant and equipment	10(b)		**(6,017)**		(2,204)
Investment in marketable securities and other investments	6		**(1,220)**		(1,520)
Net cash used in investing activities			**(15,015)**		(3,724)
Financing activities					
Lease payments			**-**		(150)
Shares repurchased for cancellations	18(a)		**(1,660)**		(198)
Proceeds from disposal marketable securities	6		**139**		1,072
Payment of debt	12		**(7,799)**		-
Net cash (used in) provided from financing activities			**(9,320)**		724
Effect of exchange rate changes on cash			**4,347**		(807)
Net decrease in cash during the period			**(15,822)**		(6,547)
Cash, beginning of year			**80,729**		87,276
Cash, end of year		**$**	**64,907**	$	80,729

Consolidated Statements of Changes in Equity

(in thousands of US dollars, except common share amounts)

	Notes	Number of common shares		Issued capital		Contributed surplus		Retained earnings		Accumulated other comprehensive loss (income)		Total equity
Balance, January 1, 2023		**158,032,756**	**$**	**23,160**	**$**	**2,986**	**$**	**67,891**	**$**	**390**	**$**	**94,427**
Shares repurchased for cancellation	18(a)	(2,838,100)		(1,660)		-		-		-		(1,660)
Vested RSUs	18(b)	1,509,444		1,326		(1,332)		-		-		(6)
Share-based compensation	18(b)	-		-		668		-		-		668
Net income for the year		-		-		-		38,540		-		38,540
Balance, December 31, 2023		**156,704,100**	**$**	**22,826**		**2,322**	**$**	**106,431**	**$**	**390**	**$**	**131,969**
Balance, January 1, 2022		**157,473,506**	**$**	**22,564**	**$**	**1,622**	**$**	**77,982**	**$**	**390**	**$**	**102,558**
Shares repurchased for cancellation		(322,000)		(198)		-		-		-		(198)
Vested RSUs		881,250		794		(794)		-		-		-
Share-based compensation		-		-		2,158		-		-		2,158
Net loss for the year		-		-		-		(10,091)		-		(10,091)
Balance, December 31, 2022		**158,032,756**	**$**	**23,160**		**2,986**	**$**	**67,891**	**$**	**390**	**$**	**94,427**

1. NATURE OF OPERATIONS

Andean Precious Metals Corp. (the “Company” or “Andean”) was incorporated on June 25, 2020, under the laws of British Columbia, Canada. On August 31, 2023, the Shareholders approved the continuance of business from British Columbia to Ontario and the applicable Bylaws of the Company in accordance with the *Business Corporation Act* (Ontario). The Company’s common shares are listed on the TSX Venture Exchange (“TSXV”) under the symbol APM. Andean’s common shares also trade on the OTCQB Venture Market (“OTCQX”) under the symbol ANPMF.

The Company owns a 100% interest in, through direct and indirect interests, Empresa Minera Manquiri S.A. ("Manquiri") which is the operator of the San Bartolomé processing facility, near Potosí, Bolivia. The Company is engaged in the exploration, exploitation, treatment, refining and commercialization of doré containing silver and gold, which it extracts from its own mining rights and through purchased third-party material.

On November 24, 2023, through its wholly owed subsidiary Soledad Holdings, Inc., the Company completed the acquisition of a 100% interest in Golden Queen Mining Company, LLC (“Golden Queen”) whose principal asset is the Soledad Mountain mine and heap leach operation located in Kern County, California, United States of America, from Auvergne Umbrella LLC.

The address of the Company’s registered office is 181 Bay Street, Suite 4400, Toronto Ontario, M5J 2T3. The Company’s ultimate controlling shareholder is PMB Partners LP, a Canadian partnership.

2. BASIS OF PRESENTATION

a) Statement of compliance

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The policies set out below have been consistently applied to all years presented. These consolidated financial statements were approved and authorized for issuance by the Company’s board of directors (the “Board of Directors”) on March 26, 2024.

b) Overview

These consolidated financial statements have been prepared on a going concern basis under the historical cost basis, except for certain financial assets and liabilities that are measured at fair value. The consolidated financial statements are presented in US dollars with all amounts rounded to the nearest thousand, except where otherwise noted. References to C$ are to Canadian dollars.

(in thousands of US dollars, unless otherwise noted)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. All intercompany balances, transactions, income and expenses and gains or losses have been eliminated on consolidation. Subsidiaries consist of entities from which the Company is exposed, or has rights, to variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The Company reassesses whether it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the elements of control. If the Company loses control over a subsidiary, it derecognizes the related assets, liabilities, non-controlling interest and other components of equity, while any resulting gain or loss is recognized in the statements of (loss) income. Any investment retained is recognized at fair value.

The following are the significant subsidiaries included in the consolidated financial statements.

Name	Property & Location	December 31, 2023	December 31, 2022	Accounting Method
Golden Queen Mining Company, LLC	Soledad Mountain, USA	100%	-	Consolidation
Andean PM AB (formerly Ag-Mining Investments AB)	Stockholm, Sweden	100%	100%	Consolidation
Mojave Investments AB	Stockholm, Sweden	100%	-	Consolidation
Soledad Holdings Inc.	Delaware, USA	100%	-	Consolidation
Empresa Minera Manquiri S.A.	San Bartolome, Bolivia	100%	100%	Consolidation
Minera Pukaraju S.A. ("Pukaraju")	San Pablo, Bolivia	0%	100%	Consolidation
Andean Metals SA de C.V.	Monterrey, Mexico	100%	100%	Consolidation
1295229 B.C Limited	Vancouver, Canada	`100%	100%	Consolidation

b) Business Combinations

Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed, including contingent liabilities, are recognized at their fair values at the acquisition date. The acquisition date is the date at which the Company obtains control over the acquiree, which is generally the date that consideration is transferred, and the Company acquires control of the assets and assumes the liabilities of the acquiree.

Acquisition-related costs are expensed as incurred. The excess of the consideration transferred over the fair value of the net assets acquired is recorded as goodwill. A bargain purchase gain is recorded through the consolidated statements of income (loss) and comprehensive income (loss) if the cost of the acquisition is less than the fair values of the identifiable net assets acquired. Determination of whether operations acquired, and liabilities assumed constitute the acquisition of a business or asset may require the Company to make certain judgments as to whether or not the assets acquired, and liabilities assumed include the inputs, processes and outputs necessary to constitute a business.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any contingent or deferred consideration is measured at fair value at the date of acquisition.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will not exceed one year from the acquisition date.

c) *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Chief Executive Officer of the Company.

d) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and short-term investments with original maturities of approximately three months. Cash and cash equivalents are classified as financial assets carried at amortized cost. Cash that is held in escrow, or otherwise restricted from use, is excluded and is reported separately from cash and cash equivalents.

e) *Restricted cash*

Cash which is subject to legal or contractual restrictions on its use is classified separately as restricted cash.

f) *Financial instruments*

i. Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

ii. Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting date. All other financial assets are measured at their fair values at each subsequent reporting date, with any changes recorded through profit or loss or through other comprehensive income (loss) (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- FVTOCI, when the change in fair value is attributable to changes in the Company’s credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial instruments are classified and measured as follows:

	Classification
Financial assets	
Cash and cash equivalents	Amortized cost
Restricted cash	Amortized cost
Marketable securities	FVTPL
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Subscription receipt liabilities	Amortized cost
Due to related parties	Amortized cost
Debt	Amortized cost

g) Derivative instruments and hedge accounting

The Company may enter into derivative instruments to mitigate economic exposures to commodity prices, interest rates and currency exchange rate fluctuations. When the Company elects to use hedge accounting, the Company formally documents relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking all derivatives to specific assets and liabilities recognized or forecasted transactions. At the inception of the hedge and on an ongoing basis, the Company assesses whether the derivative hedge instruments that are used in the hedging relationship are highly effective in offsetting changes in fair values of cash flows of the hedged items.

Derivative instruments are classified as either hedges of highly probable forecasted transactions ("cash flow hedges") or non-hedge derivatives.

Non-hedge Derivatives

Unless the derivative instruments qualify for hedge accounting, and management undertakes appropriate steps to designate them as such, they are designated as FVTPL and measured at fair value with gains or losses arising from changes in the fair value recorded in the Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) in the period they occur. Fair values for derivative instruments classified as FVTPL are determined using valuation techniques. The valuations use assumptions based on prevailing market conditions on the reporting date.

The Company assesses whether a contract contains embedded derivatives when it becomes party to the contract. Embedded derivatives identified in financial liabilities or non-financial instrument contracts are recognized separately unless they are considered to be closely related to the host contract. Embedded derivatives that are separated from their host contracts are recorded in the Consolidated Statement of Financial Position at fair value, and mark-to-market adjustments on these instruments are included in the Consolidated Statement of Income (Loss) and Comprehensive Income (Loss).

Derivative assets and liabilities are shown separately in the Consolidated Statement of Financial Position unless there is a legal right to offset and intent to settle on a net basis. Derivative instruments are classified as current or non-current assets or liabilities in the Consolidated Statement of Financial Position, depending on their contractual maturity dates.

h) *Marketable securities*

Marketable securities consist of common shares and warrants to purchase common shares of a publicly traded company, which have been designated as FVTPL and are recorded in the Consolidated Statement of Financial Position at fair value. For common shares, fair value is determined by reference to the quoted market closing prices in active markets. For warrants, fair value is determined by using the Black-Scholes pricing model by reference to the quoted market closing prices in active markets.

i) *Inventories*

Inventories of stockpiled ore, heap leach ore, in-process inventory, doré, and metal at third-party refineries are stated at the lower of cost and net realizable value. Net realizable value is the amount estimated to be obtained from sale of the inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

Stockpiled ore, including heap leach on the pad, is ore that has been extracted from the mine and is available for further processing. Costs are added to the cost of stockpiles based on the current mining cost per unit mined and removed at the average cost per unit of the stockpiled ore.

In-process inventories represent materials that are in the process of being converted to doré. Variances between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to NRV are accounted for on a prospective basis.

When inventories are sold, the carrying amount is recognized as an expense in the period in which the related revenue is recognized. Any write-down of inventories to NRV or reversals of previous write-downs are recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) in the period that the write-down or reversal occurs. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs to sell.

Consumables supplies and spare parts inventory consist of consumables used in operations, such as fuel, chemicals, reagents and spare parts, which are valued at the lower of average cost and net realizable value and, where appropriate, less a provision for obsolescence. Costs include acquisition, freight and other directly attributable costs. Net realizable value is estimated based on replacement costs.

j) *Property plant and equipment*

Property, plant and equipment are measured at cost less accumulated depreciation and amortization. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Major overhauls and the cost of replacement of a component of plant and mobile equipment are capitalized and depreciated over the average expected life between major overhauls. All other replacement spares and other costs relating to maintenance of mobile equipment are charged to the cost of production.

All expenditures undertaken in the development, construction, installation and/or completion of mine production facilities to extract, treat, gather, transport and store of minerals are capitalized and initially classified as “Construction in progress”. Construction in progress assets is not depreciated until they are completed and available for use.

Effective from the point that they are ready for their intended use, plant and equipment; furniture and equipment; equipment under finance leases; corporate equipment and mineral properties are amortized on a straight-line basis or using the units-of production method over the shorter of the estimated economic life of the asset or mineral property. The method of depreciation is determined based on that which best represents the use of the assets.

The mineral reserve and resource estimates for each operation are the prime determinants of the life of a mine at Golden Queen and life of operation at Manquiri. In general, an ore body where a mineralization is reasonably well defined is amortized over its proven and probable mineral reserves. Non-reserve material may be included in the depreciation calculations in limited circumstances where there is a high degree of confidence in economic extraction. Changes in the estimate of mineral reserves and resources will result in changes to depreciation and will be accounted for on a prospective basis over the remaining life of mine.

k) Exploration and evaluation

Exploration activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration expenditures, which include costs associated with researching and analyzing historical data, gathering data, exploration drilling and sampling, determining infrastructural requirements and preparing financial viability studies, are expensed until the Company concludes that it is more likely than not that economically recoverable mineral resources exist.

Exploration and evaluation costs of mineral properties, including the cost of acquiring mining rights and expenses directly related to the exploration and evaluation of the mining properties are expensed in the year they are incurred.

l) Impairment of non-financial assets

Property, plant and equipment are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. To measure recoverable amounts, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units or “CGU”). The recoverable amount is the higher of an asset’s fair value less costs to sell and value-in-use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of income.

At each financial position reporting date, the carrying amounts of the Company’s assets, including mineral properties under exploration and mineral properties under development, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

m) Provisions for reclamation

The Company recognizes a provision for reclamation when a legal or constructive obligation exists to dismantle, remove or restore its assets, including any obligation to rehabilitate environmental damage on its mineral properties. Provisions for reclamation are recognized as incurred. Provisions for reclamation are discounted using a rate reflecting risks specific to the liability, and the unwinding of the discount is included in finance costs. At the time of establishing the liability, a corresponding asset is capitalized and is depreciated over future production from the mining property to which it relates. The liabilities are reviewed on a regular basis for changes in cost estimates, discount rates and operating lives.

n) Revenue recognition

The Company’s primary source of revenue is from the sale of refined silver and gold metal content in doré bars produced from the San Bartolomé project and the Golden Queen mine under contracts with third party refiners, who refine the doré bars on the Company's behalf. A doré bar is a semi-pure alloy of silver and gold. Delivery of doré to the refiners is completed at the mine site when control has been passed as contractually agreed with the buyer.

Control over the refined silver and gold produced from doré is transferred to the customer upon delivery to the customer's bullion account. Refined metals are sold at spot prices and revenue is recognized on the trade settlement date.

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognized when control has transferred, which is generally considered to occur when title passes to the customer. Once the title has passed to the customer, the significant risks and rewards of ownership have been transferred and the customer is able to direct the use of and obtain substantially all of the remaining benefits from the goods.

o) Provision for statutory labour obligations

Certain employee benefits are specifically payable when employment is terminated. The expected costs of these benefits are accrued in the period of employment. Changes arising from adjustments are charged or credited to other comprehensive income in the period in which they arise.

p) Earnings per share

The Company calculates basic earnings per share ('EPS") by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if holders with rights to convert instruments to common shares exercise these rights. Diluted net income (loss) per share is calculated using the treasury stock method. In applying the treasury stock method, restricted share units with conditional vesting and employee stock options, with an exercise price greater than the average quoted market price of the common shares for the period outstanding are not included in the calculation of diluted net income (loss) per share as the impact is anti-dilutive. Potentially dilutive instruments are not considered in calculating the diluted loss per share, as their effect would be anti-dilutive.

q) Share-based payments

The Company has a long-term incentive plan, an omnibus incentive plan (the "Omnibus Plan"), under which it may issue stock options ("stock options" or "options") and restricted share units ("RSUs").

Stock Options

Stock options are equity-settled share-based compensation awards. The fair value of stock options at the grant date is estimated using the Black-Scholes option pricing model. Compensation expense is recognized over the stock option vesting period based on the number of units options estimated to vest. This expense is recognized as share-based compensation expense with a corresponding increase in contributed surplus. When options are exercised, the proceeds received by the Company, together with the amount in contributed surplus, are credited to common shares.

RSUs Plan

Pursuant to the terms of an RSU Award Agreement governing an RSU grant, Participants will receive, upon vesting of the RSUs, cash or common shares of the Company, issued from treasury, at the Company's discretion. RSUs granted under the Omnibus Plan are equity-settled share-based compensation awards. The RSUs vest over three years whereby 33% vest on each anniversary of the grant date. Compensation expense is recognized over the vesting period based on the number of units to vest. The expense is recognized as share-based compensation expense with a corresponding increase in contributed surplus.

Discretionary RSUs are granted to certain employees of the Company and are settled in equity at the time of the grant. Discretionary RSUs vesting dates are defined by the Board of Directors at the time of the grant.

Compensation expense is recognized over the vesting period based on the number of units to vest. The expense is recognized as share-based compensation expense with a corresponding increase in contributed surplus.

The Company currently has RSUs vesting based on time, market and non-market conditions. The fair value of the RSUs is expensed over the vesting period specific to the grant or at the grant date for those that vest immediately.

For time-based RSUs, initial fair value on grant date is based on the five-day volume-weighted average price of the Company's common shares prior to grant date. For market based RSUs, initial fair value is measured using a Monte Carlo simulation to determine probability of vesting. For non-market based RSUs, initial fair value is measured using management's estimates of probability of vesting at the grant date.

r) Income taxes

The income tax expense or benefit for the period consists of two components: current and deferred.

Current income tax is the expected tax payable on the taxable profit for the year. The tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Deferred income tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities in the consolidated statements of financial position and the corresponding tax basis used in the computation of taxable profit. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted by the statements of financial position date and are expected to apply when the related future income tax asset is realized or the future income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent it is probable future taxable profits will be available against which they can be utilized. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. Income tax expense is recognized in the consolidated statement of income and comprehensive income except to the extent it relates to a business combination or other items recognized directly in equity.

Deferred tax assets and/or liabilities are not recognized on temporary differences that arise in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and with respect to taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

s) Recent accounting pronouncements

New and amended IFRS standards that are effective for the current year:

In the current year, the Company has applied a number of new amendments to existing IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

In May 2023, the International Accounting Standards Board issued International Tax Reform – Pillar Two Model Rules, which amended IAS 12, Income Taxes (IAS 12). The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments apply to income taxes arising from changes to tax law enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development("OECD"). The amendments became effective upon issuance, except for certain disclosure requirements which became effective for annual reporting periods beginning on or after January 1, 2023.

Future changes in accounting policies not yet effective in the current period.

Certain pronouncements were issued by IASB or the IFRS Interpretations Committee (“IFRIC”) that are mandatory for accounting periods after December 31, 2023. Pronouncements that are not applicable to the Company have been excluded from this note.

In April 2021, the IASB issued amendments to IAS 1- Presentation of Financial Statements (“IAS 1”). The amendments to IAS 1 clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. Classification is unaffected by the expectations that the entity will exercise its right to defer settlement of a liability. Lastly, the amendments clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets. The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted.

The Company will adopt the amendment on the date it becomes effective and based on the currently available information, the Company does anticipate impact from this amendment the Company’s consolidated financial statements.

In May 2023, the IASB issued amendments to IAS 7 requiring entities to provide qualitative and quantitative information about their supplier finance arrangements. In connection with the amendments to IAS 7, the IASB also issued amendments to IFRS 7 requiring entities to disclose whether they have accessed, or have access to, supplier finance arrangements that would provide the entity with extended payment terms or the suppliers with early payment terms. These amendments are effective on January 1, 2024, and are not expected to have a significant impact on the Company’s financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS.

a) Critical Accounting policy judgements

The critical judgments made by management of the Company in the application of the accounting policies that are presented in note 3 and have the most significant effect on the amounts recognized in these consolidated financial statements are as follows:

i. Impairment of non-financial assets

Management of the Company has assessed its CGU to be its Bolivian operations site (the San Bartolomé project), and its Golden Queen operations, which are the lowest level for which cash inflows and outflows are expected to be largely independent of those of other assets.

Significant judgment is required in assessing indicators of impairment or impairment reversal of long-lived assets.

The Company completes an evaluation at each reporting period of potential indicators of impairment or impairment reversal. In making this determination, the Company considers both external and internal sources of information to determine whether there is an indicator of impairment, and, accordingly whether quantitative testing is required. External sources of information management consider includes changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its property, plant and equipment. This includes long-term commodity prices and discount rates. Internal sources of information management consider includes the manner in which property, plant and equipment are being used or are expected to be used and indications of economic performance of the assets. This includes estimated future production levels, operating and capital costs.

i. Functional currency

The functional currency for each of the Company’s subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgments to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

ii. Income taxes

Judgment is required in determining whether deferred tax assets are recognized. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

b) Significant estimates and uncertainties

Estimates are continuously evaluated and are based on management's experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised.

Areas that require significant estimates and assumptions as the basis for determining the stated amounts include, but are not limited to the following:

i. Mineral reserve and mineral resource estimates

The Company estimates its mineral reserves and mineral resources based on information compiled by qualified persons as defined by National Instrument ("NI") 43-101. Estimates of proven and probable mineral reserves and measured and indicated mineral resources are used in the calculation of depreciation, depletion and determination, when applicable, of the recoverable amount of CGUs, and for forecasting the timing of reclamation and closure cost expenditures. There are numerous uncertainties inherent in estimating mineral reserves and resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in forecast commodity prices, foreign exchange rates, operating expense or recovery rates may change the economic status of mineral reserves and resources and may, ultimately, result in mineral reserve and resources estimates being revised. Changes in estimates of mineral reserves and mineral resources could impact depreciation and depletion rates, asset carrying amounts and the provision for reclamation and closure costs.

ii. Inventories

The measurement of inventory including the determination of its net realizable value, especially as it relates to material in stockpiles, involves the use of estimates. Estimation is required in determining the tonnage, recoverable silver contained therein, and in determining the remaining costs of completion to bring inventory to its saleable form. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories. Further, in determining the net realizable value of material in stockpiles, the Company estimates future metal selling prices, production forecasts, realized grades and recoveries, timing of processing, and future costs to convert the inventories into saleable form. Reductions in metal price forecasts, increases in estimated future costs to convert, reductions in the amount of recoverable ounces, and a delay in timing of processing can result in a write down of the carrying amounts of the Company's work in process and material in stockpiles inventory

iii. Provision for reclamation

Provision for reclamation is recognized in the period in which they arise and are stated as the present value of estimated future costs taking into account inflation and discounted at a credit-adjusted risk-free rate. These estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. In view of uncertainties concerning environmental rehabilitation, the ultimate costs could be materially different from the amounts estimated. It is possible that the Company's estimate of the provision for reclamation could change as a result of change in regulations, the extent of environmental remediation required, the means and technology of reclamation activities or cost estimates. Any such changes could materially impact the estimated provision for site reclamation and closure. Changes in estimates are accounted for prospectively from the period the estimate is revised.

iv. Fair value of assets and liabilities acquired

On the acquisition of a set of assets and liabilities, the acquiror must determine whether the set of activities or asset acquired includes the inputs and processes applied to those inputs necessary to constitute a business as defined in IFRS 3 - *Business Combinations.* If an acquired set of assets and liabilities includes goodwill, the set is presumed to be a business. Transactions accounted for as business combinations may result in goodwill or a bargain purchase gain and transaction costs are expensed. Transactions accounted for as asset acquisitions do not result in goodwill or a bargain purchase gain and transaction costs are capitalized as part of the assets acquired.

Estimating the fair value of the assets and liabilities acquired, requires management to make estimates and assumptions related to items such as future production levels, operating and capital costs, long-term commodity prices, discount rates, and closure and environmental remediation costs. These estimates and assumptions are subject to risk and uncertainty.

5. ACQUISITION OF GOLDEN QUEEN MINING COMPANY

On November 24, 2023, the Company completed the acquisition (the "Acquisition"), of a 100% interest in Golden Queen, whose principal asset is the Soledad Mountain mine and heap leach operation located in Kern County, California, United States of America, from Auvergne Umbrella LLC.

The acquisition price of $17.8 million included $5 million plus net working capital adjustments of $2.8 million in upfront cash consideration paid out of the Company's cash on hand plus two deferred payments of $5 million each. The deferred milestone payments are payable in cash or common shares of the Company, at the Company's option, $5 million on the 12-month anniversary and $5 million on the 22-month anniversary of closing.

The $5 million payable on each of the 12- and 22-month anniversary dates, if the company decides in its sole discretion to make such payment in common shares, will be priced at the volume weighted average price of the Company's common shares on the TSXV for a 20 consecutive trading day period ending on the second trading day immediately preceding the applicable anniversary, after applying the Bank of Canada exchange rate on the date that is two business days prior to the date of issuance. The issuance of the common shares is subject to TSXV and other regulatory approvals.

Given the deferred payments relate to future payments, the liability was recognized at fair value at the acquisition date. At the acquisition date of November 24, 2023, the Company recognized in the consolidated statement of financial position a liability $9.2 million representing the present value of the $10.0 million deferred payments, assumed a discount rate of 5.99%. As of December 31, 2023, the fair value of the liability of $9.3 million with changes in fair value of $45 thousand was recognized in finance costs line item of consolidated statements of income.

As part of the Acquisition, the Company, through Golden Queen, retained a $51.6 million Main Street Priority Loan ("MSPL") with CommerceWest Bank of California. The MSPL bears interest at the 3-month Secured Overnight Financing Rate ("SOFR") plus 3% and is payable monthly.

Concurrently with the closing of the Acquisition, a principal payment of $7.5 million and $0.2 million of accrued interest was paid by the Company, through Golden Queen, reducing the total amount owing on the MSPL from $51.6 million to $43.8 million. A second principal payment of $7.5 million and accrued interest is due on November 24, 2024, with the remaining principal balance and accrued interest due upon maturity on November 24, 2025.
The Company determined that the Acquisition was a business combination in accordance with the definition in IFRS 3, *Business Combinations* ("IFRS 3"), and as such has accounted for it in accordance with this standard, with the

(in thousands of US dollars, unless otherwise noted)

Company being the accounting acquirer on the acquisition date of November 24, 2023.

The aggregate purchase consideration for the acquired assets, net of the liabilities assumed is as follows:

Initial cash payment	$	**7,778**
Fair value of the deferred payments		**9,227**
Consideration transferred November 24, 2023	$	**17,005**

The Company incurred acquisition related costs of $4.6 million during the year ended December 31, 2023, mainly relating to external legal, financial and advisory fees and due diligence costs, which were recognized in general and administrative expenses in the consolidated statements of statements of income (loss).

The acquisition of 100% ownership interest of Golden Queen gives the Company power and ability to govern the financial and operating policies of Golden Queen to obtain synergistic benefits from its mining activities and exposure to variable returns, hence establishing control. There are no other arrangements in place that impact the decision-making processes for Golden Queen.

. The table below presents the fair values of the assets acquired and liabilities assumed at the date of acquisition.

Fair value of net assets acquired		**November 24,2023 (Preliminary)**
Current assets		
Accounts receivable	$	222
Inventories		59,300
Property plant and equipment		74,971
Other assets		6,258
Total assets	$	140,751
Liabilities assumed		
Accounts payable and accrued liabilities	$	13,815
Provision for reclamation		5,915
Deferred tax liabilities		15,273
Debts		52,232
Total liabilities	$	87,235
Total fair value of net assets acquired		**53,516**

The Company's management has made significant judgements, estimates and assumptions in the determination of the fair value of the assets and liabilities acquired, including future commodity prices, expected future production costs, capital expenditures, discount rates and estimated quantities of mineral reserves and mineral resources. These estimates and assumptions are subject to risk and uncertainty. Actual results may differ from estimates and assumptions made as the estimation process is inherently uncertain. The fair values of the assets acquired, and liabilities assumed are preliminary and are subject to adjustment based on further analysis and evaluation over the course of the measurement period, which will not exceed twelve months from the acquisition date. Where preliminary values are used in accounting for a business combination, they may be materially adjusted retrospectively in subsequent periods. In particular, the Company will continue to evaluate new information about the facts and circumstances that existed as of the acquisition date pertaining to the fair value of property, plant and equipment, inventories, and reclamation provisions.

Company engaged an external third-party valuator to assist in the determination of the fair value of the acquired assets and liabilities. A discounted cash flow model was used to estimate the fair values of the producing property, where expected future cash flows were based on estimates of future production and commodity prices, operating costs and forecast capital expenditures based on the respective life of mine plan as at the acquisition date. A market approach, based on the fair value per unit of metal method was used to determine the fair value of unmodelled resources.

(in thousands of US dollars, unless otherwise noted)

The fair values of the precious metal inventories have been calculated using the expected revenue less cost to complete, less any royalty charges applicable.

Property, plant and equipment comprise various on-site machinery and equipment including mobile equipment and other capital assets. The fair value was determined by an independent valuation firm, which used the cost (replacement value) and market approaches in determining the fair value.

Expected future cash flows related to the reclamation and closure cost provisions are based on estimates of the future expenditures required to settle the obligation for disturbances at the acquisition date, and discount rates.

The Company recognized a bargain purchase gain of $36.5 million ("Purchase Gain"), equal to the excess of the preliminary fair value of the net assets acquired over the total consideration in Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). The Purchase Gain of $36.5 million was mainly related to mineral properties, plant and equipment and inventories, net of the associated deferred tax liabilities. Prevailing market conditions existing during the time of the negotiations benefited the Company and resulted in the Company recognizing the Purchase Gain reflected in these financial statements.

The Company's consolidated financial statements include $13.3 million in revenues and net income before income taxes of $ 0.4 million from Golden Queen for the period from November 24 to December 31, 2023. If the transaction had been completed on January 1, 2023, Golden Queen would have contributed additional revenues of $91.3 million, for the period of January 1, 2023 to December 31, 2023. Consolidated revenues including pre-acquisition of Golden Queen could have been $216.7 million for the year ended December 31, 2023.

6. MARKETABLE SECURITIES AND OTHER INVESTMENTS

		2023		2022
Opening balance	$	**5,338**	$	4,177
Additions		**1,220**		1,520
Disposal		**(139)**		(1,072)
Realized gain (loss) on disposal		**25**		(448)
Net book value		**6,444**		4,177
Change in fair value		**(1,282)**		1,161
	$	**5,162**	$	5,338

7. ACCOUNTS RECEIVABLE

		2023		2022
Gold and silver sales receivable	$	**287**	$	198
Other receivables		**601**		-
	$	**888**	$	198

Below is an aged analysis of the Company's amounts receivable:

		2023		2022
Less than 1 month	$	**287**	$	198
1-3 months		**601**		-
	$	**888**	$	198

The Company has not recorded any allowance for credit losses for the periods presented above.

(in thousands of US dollars, unless otherwise noted)

8. INVENTORIES

		2023		2022
Material in stockpiles	$	**2,558**		1,515
In-process inventory		**52,593**		456
Metal at third-party refinery		**195**		121
Doré		**2,929**		1,531
Precious metals inventory		**58,275**		3,623
Material and supplies		**13,163**		8,097
Total inventories	$	**71,438**		11,720

Current	$	**68,391**	$	11,720
Non-current		**3,047**		-
	$	**71,438**	$	11,720

During the years ended December 31, 2023 and 2022, the Company did not recognize any cash and non-cash inventory write-downs included in cost of sales and depreciation and depletion.

9. OTHER ASSETS

		2023		2022
Other current assets				
VAT receivables [(a)]	$	**5,426**	$	8,937
Prepaid expenses [(b)]		**7,709**		2,044
Derivative financial assets (note 20)		**138**		-
Others		**1,978**		334
	$	**15,251**	$	11,315

		2023		2022
Non-current other current assets				
VAT receivables [(a)]	$	**7,210**	$	2,441
Deferred charges [(c)]		**1,058**		-
Restricted cash [(d)]		**5,044**		198
Others		**423**		-
	$	**13,735**	$	2,639

a) VAT receivables

The following table summarizes the changes in VAT assets:

		2023		2022
Balance, beginning of the year	$	**11,378**	$	11,187
Additions		**10,333**		17,067
Recoveries		**(3,423)**		(10,474)
Certificates utilized		**(5,652)**		(6,402)
Balance, end of the year	$	**12,636**	$	11,378

Current	$	**5,426**	$	8,937
Non-current		**7,210**		2,441
	$	**12,636**	$	11,378

(in thousands of US dollars, unless otherwise noted)

VAT receivables consist of VAT collectible and VAT certificates due from Bolivia taxation authorities and harmonized services tax from Canada Revenue Agency. As VAT is certified, the Company receives VAT certificates from the Bolivian taxation authorities. Such VAT certificates can be used to repay taxes or can be sold for cash at a small discount. The Company has historically experienced delays in receiving VAT certificates. The Company is in communication with the Bolivian Tax Authorities and there is an expectation for the VAT certificates to be issued. VAT which the Company does not expect to recover within the next 12 months has been classified as long-term assets. As at December 31, 2023, the Company had $1.8 million of VAT Certificates on hand (December 31, 2022- $4.1 million).

b) Prepaid

		2023		2022
Prepaid supplies	**$**	**2,438**	$	761
Prepaid insurance		**1,378**		597
Prepaid mineral ore supplies		**3.346**		428
Prepaid taxes and others		**547**		258
	$	**7,709**	$	2,044

c) Deferred charges

On September 12, 2023, the Company, along with its wholly owned subsidiary, Empresa Minera Manquiri, S.A (“Manquiri”) entered into a Master Service Agreement (the “ Agreement”) with Silver Elephant Mining Corp. (“Silver Elephant”) and several of its subsidiaries (collectively referred as “Silver Elephant Elephant””).

Under the Agreement, Manquiri has the right to purchase 800,000 tonnes of oxide material from the Paca silver project (“Paca”). The Agreement will expire on the earlier of (i) January 31, 2029, or (ii) when a total of 800,000 tonnes of oxide material have been delivered to the Manquiri’s facility (the “Term”).

Total cash consideration of $5 million, consists of a non-refundable amount of $1.2 million on closing the transaction (“initial consideration”) and during the term of the Agreement, Silver Elephant will be reimbursed for certain operating costs and Manquiri will eventually pay Silver Elephant for the oxide materials purchase at an amount equal to the total operating costs less any amounts paid during production. Manquiri will also pay an additional future cash consideration of $3.8 million if and when certain milestones are met during the term of the agreement. In addition to the cash consideration, Manquiri will pay certain additional cash payments (the “Additional Consideration”), based on the LBMA PM Fix silver price averages (“silver price”):

(i) $1,000,000 payable immediately by Manquiri if the silver price is $28/oz in any given 260 day trading interval during the Term; and

(ii) $1,000,000 payable immediately by Manquiri if the silver price is $32/oz in any given 150 day trading interval during the Term.

As of December 31, 2023, the initial consideration of $1.2 million was accounted for as a deferred charge asset that related to future receipt of oxide material and amortized using the units of production method over the life of the project.

The Company has not recognized any liability for the other consideration of $3.8 million or the contingent payments, since the liabilities only materialize after the achievement of certain milestones, specifically Silver Elephant satisfactorily obtaining all necessary licenses, approvals, environmental permits incidental for the mining of the oxide materials from the Paca deposit. *Please see note 26 Subsequent Events for further information*.

d) Restricted cash

Restricted cash consists of reclamation surety cash deposits and restricted cash for employee claims.

(in thousands of US dollars, unless otherwise noted)

As of December 31, 2023, of the $5.0 million of the restricted cash, $4.8 million was deposited by Golden Queen with a reputable Tiered 1 financial institution as collateral for reclamation surety related to the Company's reclamation obligations and surety facility that is required by the Lahontan Regional Water Quality Control Board and the Bureau of Land Management, the State office of Mine Reclamation and Kern County, California, USA.

10. PROPERTY, PLANT AND EQUIPMENT

		Buildings plant and equipment		Mobile Equipment		Mineral properties		Construction in progress		Total
Cost										
January 1, 2022	**$**	**21,764**	**$**	**552**	**$**	**44,612**	**$**	**2,272**	**$**	**69,200**
Additions		2,204		-		-		-		2,204
Disposals		(2)		-		-		-		(2)
Transfers		448		-		-		(448)		-
Change in decommissioning liability		-		-		886		-		886
December 31, 2022	**$**	**24,414**	**$**	**552**	**$**	**45,498**	**$**	**1,824**	**$**	**72,288**
Acquisition of Golden Queen		**33,825**		**22,420**		**18,497**		**229**		**74,971**
Additions		**1,259**		**349**		**-**		**7,435**		**9,043**
Disposals		**-**		**(516)**		**-**		**-**		**(516)**
Transfers		**-**		**3,177**		**-**		**(3,177)**		**-**
Change in decommissioning liability		**-**		**-**		**(608)**		**-**		**(608)**
December 31, 2023	**$**	**59,498**	**$**	**25,982**	**$**	**63,387**	**$**	**6,311**	**$**	**155,178**
Accumulated depreciation										
January 1, 2022	**$**	**14,318**	**$**	**265**	**$**	**33,922**	**$**	**-**	**$**	**48,505**
Charge for the year		**3,197**		**100**		**3,923**		**-**		**7,220**
Disposals		**(2)**		**-**		**-**		**-**		**(2)**
December 31, 2022	**$**	**17,513**	**$**	**365**	**$**	**37,845**	**$**	**-**	**$**	**55,723**
Charge for the year		**3,765**		**539**		**2,798**		**-**		**7,102**
Disposals		**-**		**-**		**-**		**-**		**-**
December 31, 2023	**$**	**21,278**	**$**	**904**	**$**	**40,643**	**$**	**-**	**$**	**62,825**
Net book value										
Balance December 31, 2022	**$**	**6,901**	**$**	**187**	**$**	**7,653**	**$**	**1,824**	**$**	**16,565**
Balance December 31, 2023	**$**	**38,220**	**$**	**25,078**	**$**	**22,744**	**$**	**6,311**	**$**	**92,353**

Depreciation and depletion charge for the year are reflected as follows:

		2023		2022
Costs of sales	$	**5,231**	$	7,212
Included in inventories		**1,871**		8
	$	**7,102**	$	7,220

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2023		2022
Accounts payable	$	**23,669**	$	7,631
Accrued liabilities		**5,177**		4,288
Interest payables		**76**		-
Other taxes payable		**797**		1,194
	$	**29,719**	$	13,113

(in thousands of US dollars, unless otherwise noted)

12. DEBT

		2023		2022
Equipment finance note payable [a]	$	**3,639**	$	-
MSPL [b]		**43,819**		-
	$	**47,458**	$	-
Short- term	$	**8,870**	$	-
Long-term		**38,588**		-
	$	**47,458**	$	-

The following table reconciles the beginning and ending carrying amounts of the Company's debts:

Year end December 31, 2023

		MSPL Payable		Equipment Financing Note Payable		Total
Assumed debts of Golden Queen	$	51,552	$	680	$	52,232
Loan payable on new equipment purchased		-		3,025		3,025
Payments		(7,733)		(66)		(7,799)
	$	43,819	$	3,639	$	47,458
Short term	$	7,733	$	1,137	$	8,870
Long-term		36,086		2,502		38,588
	$	43,819	$	3,639	$	47,458

a) Loan Payable-Equipment

As part of the Acquisition (note 5), on November 24, 2023, the Company assumed Golden Queen's equipment financing loan payable owed to Road Machinery LLC ("Road Machinery"), a Komatsu's mobile truck dealer, in relation to the mobile fleet equipment for the Golden Queen mine. The assumed loan payable is secured by the underlying assets and has a remaining term of 7 months. The loan bears interest at 6.5% and has a monthly payment of $70 thousand, including principal and interest.

On December 1, 2023, Golden Queen entered into a new purchase financing arrangement with Road Machinery to finance two new mobile trucks. The equipment loan is for the period of January 10, 2024, to December 10, 2028. The loan bears interest at 6.99% and has a monthly payment of $60 thousand, including principal and interest. The equipment loan is secured by the underlying assets.

(in thousands of US dollars, unless otherwise noted)

Scheduled principal loan repayments are as follows:

	2024	2025	2026	2027	2028	Total
Equipment loan	$ 1,137	$ 562	$ 602	$ 646	692	$ 3,639

b) MSPL Payable

As the Acquisition, Golden Queen retained $51.6 million of the MSPL with CommerceWest Bank of California ("CommerceWest"). The MSPL was entered into on November 24, 2020, with CommerceWest as part of Federal Reserve's Main Street Priority Lending Facility program. The MSPL bears interest at the 3-month SOFR rate plus 3%. Interest for the first year was deferred and added to the outstanding principal amount on the first anniversary date. Beginning December 24, 2021, accrued interest is payable monthly for the remainder of the loan on the first anniversary date. The MSPL is secured by the Deed of Trust and all business assets of Golden Queen.

A first principal payment of $7.5 million and $0.2 million of accrued interest was paid concurrent with the closing of the Acquisition, reducing the total amount owing on the MSPL from $51.6 million to $43.8 million. A second principal payment of $7.5 million is due on November 24, 2024, with the remaining principal balance due upon maturity on November 24, 2025.

The loan agreements contain negative and affirmative covenants, including restriction on liens on property and sales of assets, minimum cash deposit. The covenants require Golden Queen to maintain compliance of certain ratio levels, including maintaining a minimum current ratio of 4.5:1 and minimum tangible net asset of $110.0 million. Prior to December 31, 2023, CommerceWest agreed to waive the minimum cash deposit requirement for the Q4 2023, Q1 2024 and Q2 2024. Golden Queen is in compliance with all other financial covenants as of the reporting date of December 31, 2023.

13. PROVISION FOR RECLAMATION

The Company reclamation provision includes both asset retirement obligations and environmental remediation liabilities. Reclamation provision estimates are based on current legislation and third-party estimates. Assumptions based on current economic conditions, which the Company believes are reasonable, have been used to estimate the reclamation provision. However, actual reclamation costs will ultimately depend on future economic conditions and costs for the necessary reclamation work. Changes in reclamation provision estimates during the period reflect changes in cash flow estimates as well as assumptions including discount and inflation rates.

	2023	2022
Manquiri	$ **19,086**	$ 20,453
Golden Queen	**7,649**	-
	$ **26,735**	$ 20,453
Current	**$ 9**	$ 436
Non-current	**26,726**	20,017
	$ 26,735	$ 20,453

The Company estimates of future reclamation obligations are based on standards that meet reclamation regulatory requirements. are based on following key assumptions:

Discount rate

For the year ended December 31, 2023 the nominal risk-free interest rates used in discounting the reclamation provision were 6.16% and 4.58% at Manquiri operations and Golden Queen, respectively. For the year ended December 31, 2022 the nominal risk-free interest rate used in discounting the reclamation provision was 6.23% at Manquiri. The discount rate used to measure provision for reclamation under IFRS is based on current borrowing rates, approximating a credit-adjusted risk-free rate of the applicable country and of term that matches the period of reclamation costs being incurred.

(in thousands of US dollars, unless otherwise noted)

Inflation rate

For the year ended December 31, 2023 the inflation rates used in the reclamation provision were 2.12% and 2.0% at Manquiri operations and Golden Queen, respectively. For the year ended December 31, 2022 the inflation rate used in the reclamation provision was 3.17% at Manquiri.

Undiscounted costs

The Company estimates of future asset retirement obligations are based on standards that meet reclamation regulatory requirements. The Company estimates its total undiscounted future reclamation costs to be as shown below, including estimates assumed from Golden Queen related to the Acquisition – Note 5:

		Manquiri		**Golden Queen**		**Total**
Undiscounted costs						
December 31, 2023	**$**	**23,446**	**$**	**19,557**	**$**	**43,003**
December 31, 2022	$	24,948	$	-	$	24,948

The following table reconciles the beginning and ending carrying amounts of the Company's provision for reclamation. The settlement of the provision is estimated to occur through 2061.

		2023		2022
Balance, beginning of year	**$**	**20,453**	$	18,574
Assumed liability of Golden Queen		**5,915**		-
Accretion		**1,360**		1,094
Payments		**(404)**		(102)
Change in estimate		**(589)**		887
Balance, end of year	**$**	**26,735**	$	20,453
Current	**$**	**9**	$	436
Non-current		**26,726**		20,017
	$	**26,735**	$	20,453

The Company is required by US federal and state laws to provide financial assurance sufficient to allow a third party to implement approved closure and reclamation plans at Golden Queen mine if the Company is unable to do so. The laws govern the determination of the scope, cost of the closure, reclamation obligation and the amount and forms of financial assurance. As of December 31, 2023, the Company has provided the appropriate regulatory authorities in the US with $12.0 million in reclamation bonds for mine closure obligations, partially secured by a cash deposit of $4.8 million.

(in thousands of US dollars, unless otherwise noted)

14. OTHER LIABILITIES

		2023		2022
Statutory labour obligation [(a)]	$	**3,562**	$	3,682
Deferred payments -Acquisition of Golden Queen (note 5)		**9,272**		-
Other provisions		**392**		388
	$	**13,226**	$	4,070

Statutory labour obligations	**$**	**3,562**	$	3,682
Deferred payments -Acquisition of Golden Queen (note 5)		**4,723**		-
Current	$	**8,285**		3,682
Deferred payments -Acquisition of Golden Queen (note 5)	**$**	**4,549**		-
Other provisions		**392**		388
Non-current	**$**	**4,941**	$	388

a) *Statutory labour obligation*

The Company has a legal obligation in Bolivia to pay employees severance payments based on the years of service provided by an employee without regard to the cause of termination. The employees have the right to request payments after 5 years of cumulative years of service.

15. REVENUE

The breakdown of sales by commodity is as follows:

		2023		2022
Silver	**$**	**120,203**	$	103,804
Gold		**5,090**		4,245
Aggregate		**31**		-
	$	**125,324**	$	108,049

For the years ended December 31, 2023, and 2022, the Company and its subsidiaries only had one customer. This customer was considered to have low default risk and has had no historical defaults. As of December 31, 2023, the outstanding trade receivable balance for this customer was $0.3 million (December 31, 2022 - $0.2 million).

16. EXPENSES

a) Cost of sales

		2023		2022
Mining and ore purchases	**$**	**43,532**	$	35,063
Processing		**41,854**		38,963
Other production costs		**11,956**		9,696
Direct costs [(i)]		**97,342**		83,722
Mining royalty taxes [(ii)]		**7,574**		7,954
Inventory adjustments		**976**		(543)
	$	**105,892**	$	91,133

(i) Direct costs include $14.1 million in employee costs and benefits expense (December 31, 2022- $13.2 million) and operation support costs for the year ended December 31, 2023 of $0.1 million (December 31, 2022 - $ $1.7 million).

(ii) Mining royalty taxes refer to sales and exportation taxes payable to government authorities.

(in thousands of US dollars, unless otherwise noted)

b) General and administrative

		2023		2022
Salaries and office administration [(i)]	**$**	**7,066**	$	8,597
Share based compensation		**666**		2,156
Transaction costs-Golden Queen (Note 5)		**4,598**		-
Corporate development costs		**-**		1,883
Other expenses (note 23)		**565**		-
Management fee (note 23)		**-**		1,705
Community relations		**596**		568
	$	**13,491**	$	14,909

(i) Includes $3.0 million in employee costs and benefits expense (December 31, 2022 - $2.3 million)

c) Other income (loss)

		2023		2022
Uncollected VAT and VAT adjustments	**$**	**113**	$	(303)
Change in fair value of marketable securities (note 6)		**(1,257)**		1,161
Interest income		**2,750**		828
Other expenses		**(25)**		(854)
Unwinding of forward contract (note 20(ii))		**2,339**		-
Change in fair value of derivative instrument (note 9)		**139**		-
	$	**4,059**	$	832

d) Finance costs

		2023		2022
Accretion on decommissioning liability (note 13)	**$**	**1,360**	$	1,094
Accretion of deferred payments-Golden Queen (note 5)		**45**		-
Interest and banking expenses		**609**		185
	$	**2,014**	$	1,279

17. INCOME TAXES

a) Income taxes

Taxation on income comprises current and deferred income tax. Current income tax is generally the expected tax payable on the taxable income for the year calculated using rates enacted or substantively enacted at the statements of financial position date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred income tax is recognized using the liability method, based on temporary differences between consolidated financial statements carrying amounts of assets and liabilities and their respective income tax bases.

The Company operates in a specialized industry and in several tax jurisdictions. As a result, its income is subject to various rates of taxation. The breadth of its operations and the global complexity of tax regulations require assessments of uncertainties and judgements in estimating the taxes the Company will ultimately pay. The final taxes paid may be dependent upon many factors, including, but not limited to, negotiations with taxing authorities in various jurisdictions, outcomes of tax litigation and resolution of disputes arising from federal, provincial, state and local tax audits.

The resolution of these uncertainties and the associated final taxes may result in adjustments to the Company's tax assets and liabilities.

The Company estimates deferred income taxes based upon temporary differences between the assets and liabilities that it reports in its consolidated financial statements and the tax basis of its assets and liabilities as determined under applicable tax laws. The amount of deferred tax assets recognized is generally limited to the extent that it is probable that taxable profit will be available against which the related deductible temporary differences can be utilized. Therefore, the amount of the deferred income tax asset recognized and considered unrealizable could be reduced if projected income is not achieved.

(in thousands of US dollars, unless otherwise noted)

The income tax rate in Bolivia remains unchanged from the prior year at 32.5%, while US income tax rate is 28%.

The components of income tax (expense)/recovery for the year are as follows:

		2023		, 2022
Income tax expense (recovery)	$	**7,032**	$	(624)
Deferred tax (recovery) expense		**(2,646)**		641
Net income tax expense	**$**	**4,386**	$	17

The tax on the Company's income before tax differs from the amount that would arise using the Canadian statutory income tax rate applicable to income of the consolidated entities as follows:

		2023		2022
Income (loss) before taxes at statutory rates	**$**	**6,414**	$	(10,074)
Tax rate		**26.5%**		26.5%
Tax expense (recovery) at statutory rates	**$**	**1,700**	$	(2,670)
Items that cause an increase:				
Impact of foreign tax rates		**76**		10
Non-deductible expenses		**676**		364
Deferred tax assets not recognized		**1,934**		2,313
Income tax expense	**$**	**4,386**	$	17

b) Deferred tax assets (liabilities).

The Company's net deferred tax liabilities arise from the following items:

		2023		2022
Property, plant & equipment	**$**	**4,163**	$	4,580
Provisions & other		**1,993**		773
Deferred tax assets -Bolivia	**$**	**6,156**	$	5,353

Property, plant & equipment	**$**	**(15,812)**	$	-
Provisions & other		**2,382**		-
Deferred tax liability-USA	**$**	**(13,430)**	$	5,353

(in thousands of US dollars, unless otherwise noted)

The movement in deferred tax assets for the year is as follows:

		2023	, 2022
Opening net deferred tax assets	**$**	**5,353** $	5,994
Deferred tax on acquisition of Golden Queen		**(15,273)**	-
Deferred tax (expense)/benefit recorded in the consolidated statement of income (loss)		**2,646**	(641)
Ending net deferred tax (liability) assets	**$**	**(7,274)** $	5,353

As of December 31, 2023 deferred income taxes have not been recognized in respect of the following tax losses and deductible temporary differences, as management does not yet consider their utilization to be probable in the foreseeable future:

		2023	2022
Canadian tax losses (expiring 2045)	**$**	**11,375** $	10,366
Swedish tax losses		**8,958**	8,113
Bolivian exploration		**-**	5,324
USA temporary differences in reclamation provision		**2,141**	-
Other		**1,210**	790
	$	**23,684** $	24,593

The Company has not recognized deferred taxes in respect of temporary differences of $122.9 million in 2023 (December 31, 2022– $82,500) related to its investment in subsidiaries, as this is not expected to reverse in the foreseeable future.

18. ISSUED CAPITAL

a) Authorized share capital

The Company has an unlimited number of common shares without par value authorized for issue. The Company does not currently pay dividends and entitlement will only arise upon declaration.

Common shares issued.

During the year ended December 31, 2022, the Company issued 881,250 common shares with a value of $0.8 million, to satisfy the exercised of RSUs vested associated with the Omnibus Plan granted to certain senior management of the Company.

During the year ended December 31, 2023, the Company issued 1,509,444 common shares with a value of $1.3 million to satisfy the exercise of RSUs, associated with the Company’s Omnibus Plan, granted to certain former senior management of the Company.

Common shares purchased for cancellation.

On September 21, 2022, the Company initiated a common share repurchase program to purchase up to 7,895,706 of its outstanding common shares, representing up to 5% of the total number of common shares outstanding as at September 15, 2022, expiring on the earlier of September 20, 2023 and the date on which the Company has acquired the maximum number of common shares allowable under the Normal Course Issuer Bid (“NCIB”) or the date on which the Company otherwise decides not to make any further repurchases under the NCIB.

From the commencement of the NCIB to December 31, 2022, the Company acquired and cancelled 322,000 common shares through this program at an average cost of C$0.82 per share for a total cost of $0.2 million (C$0.3 million).

During the year ended December 31, 2023, the Company acquired and cancelled 2,838,100 common shares purchased through the Normal Course Issuer Bid at an average cost of C$0.78 per share for a total cost of $1.7 million (C$2.2 million).

(in thousands of US dollars, unless otherwise noted)

Since the inception of the NCIB in the fall of 2022 to December 31, 2023, a total of 3,160,100 common shares at an average purchase price of C$0.79 have been repurchased and cancelled for a total of $1.9 million (C$2.5 million). The total consideration received for the cancelled shares, including transaction costs, was treated as a reduction to common share capital.

On December 21, 2023, the TSXV approved the renewal of the NCIB, to purchase up to 7,833,291 of its outstanding common shares , representing up to 5% of the 156,665,833 issued and outstanding Shares as at December 4, 2023, expiring on the earlier of December 20, 2024 and the date on which the Company has acquired the maximum number of common shares allowable under the NCIB or the date on which the Company otherwise decides not to make any further repurchases under the NCIB.

For the year ended December 31, 2023 and December 31, 2022 the cancellation of these common shares impacted the calculation of basic and diluted weighted average common shares.

As of December 31, 2023, there were 156,704,100 issued and outstanding common shares (December 31, 2022- 158,032,756).

b) Share based payment.

The Company has an Omnibus Plan pursuant to which it may issue stock options and RSUs. The impact of share-based compensation as of and for the years ended December 31, 2023 and 2022 is summarized as follows:

		2023		2022
Stock options	**$**	**162**	$	341
RSUs		**506**		1,817
	$	**668**	$	2,158

***(i)* Stock options**

The number of shares reserved for issuance under the Company's Omnibus Plan is limited to 15,791,423, being 10% of the number of common shares which are issued and outstanding as of the date of adoption of the Omnibus Plan. Under the Omnibus Plan, the Board of Directors determine the term of a stock option to a maximum of 10 years, the period of time during which the options may vest and become exercisable as well as the option exercise price which shall not be less than the closing price of the Company's shares on the TSXV on the date immediately preceding the date of grant. The Compensation Committee determines and makes recommendations to the Board of Directors as to the recipients of, and nature and size of, share-based compensation awards in compliance with applicable securities law, stock exchange and other regulatory requirements.

A summary of changes in the Company's outstanding stock options is presented below:

	Number	**Weighted average exercise price (C$)**
Balance, January 1, 2023	2,313,913	$1.15
Granted	65,455	0.88
Expired	(100,000)	(1.15)
Forfeited	(1,213,913)	(1.15)
Balance, December 31, 2023	1,065,455	1.13

(in thousands of US dollars, unless otherwise noted)

The following table summarizes information on stock options outstanding and exercisable as at December 31, 2023:

Grant date	Weighted average contractual life	Number of unvested options	Exercise Price (C$)	Number of vested options	Expiry date
March 29, 2021	2.24	-	$1.15	200,000	March 29, 2026
September 12,2022	3.70	-	$1.15	600,000	September 12, 2027
November 24, 2022	3.90	-	$1.15	200,000	November 24, 2027
April 14, 2023	1.29	65,455	$0.88	-	April 15, 2026
		65,455		1,000,000	

The weighted average fair value at grant date of the Company's stock options granted during the year ended December 31, 2023, was C$0.50 per share (2022 – C$0.39).

The Company used the Black-Scholes option pricing model to estimate fair value using the following assumptions:

	2023	2022
Expected stock price volatility [a]	**111.78%**	79% - 85%
Risk free interest rate	**3.89%**	3.18% - 3.63%
Expected life	**1 – 5 years**	1 - 5 years
Expected forfeiture rate	**0%**	0%
Expected dividend yield	**0%**	0%
Share-based payments included in general and administrative expenses	**162**	341
	162	341

[a] The expected stock price volatility was based on the Company's share price movement.

(ii) **RSUs**

The outstanding RSUs as of December 31, 2023 are as follows:

	Number outstanding	**Fair value**
Balance, January 1, 2023	**2,112,913**	**$ 412**
Granted	2,885,494	1,289
Common shares issued	(1,558,212)	(54)
Forfeited	(400,000)	(1,326)
Balance, December 31, 2023	**3,040,195**	**360**

Included in the RSUs granted are 600,000 units that are going to be settled in cash. These cash settled RSUs are accounted for under the liability method using the Monte Carlo simulation option pricing model and vest 50% within 12 months of the grant day if certain market conditions are met and the remaining 50% within 24 months if certain market conditions are met. As of December 31, 2023 the liability balance of $18 thousand was included in the accrued liabilities attributable to the cash settled RSUs.

During the year ended December 31, 2023, $0.5 million was recognized as compensation expense (December 31, 2022 – $1.8 million).

(in thousands of US dollars, unless otherwise noted)

19. NET INCOME (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed similarly except that the weighted average number of common shares is increased to reflect all dilutive instruments.

For the year ended December 31, 2023, all outstanding options to purchase shares of common shares and 1,707,282 RSUs were excluded from the respective computations of diluted income per share due to the exercise prices being greater than the average market price of the Company's common shares for the respective periods.

For the years ended December 31, 2022, all outstanding options to purchase shares of common shares and RSUs were excluded from the respective computations of diluted loss per share, as the Company was in a loss position, and all potentially dilutive instruments were anti-dilutive and therefore not included in the calculation of diluted net loss per share.

Below is a reconciliation of the basic and diluted weighted average number of common shares and the computations for basic and diluted net (loss) income per share for the years ended December 31, 2023, and 2022.

		2023		2022
Net income (loss)	**$**	**38,540**	$	(10,091)
Impact of RSUs treated as equity-settled		**44**		-
Impact of potential issuable common shares-Golden Queen		**45**		-
Net income (loss) for the purposes of diluted earnings per share	**$**	**38,629**	$	(10,091)
Weighted average number of common shares outstanding – basic		**157,720,394**		157,911,600
Dilutive RSUs		**23,138**		-
Dilutive potential issuable common shares- Golden Queen [(a)]		**20,363,527**		-
Weighted average number of common shares outstanding – diluted		**178,107,059**		157,911,600
Net income (loss) per share – basic	**$**	**0.24**	$	(0.06)
Net income (loss) per share – diluted	**$**	**0.22**	$	(0.06)

a. *When an entity has issued a contract that may be settled in ordinary common shares or cash at the entity's option, the entity shall presume that the contract will be settled in ordinary common shares, and the resulting potential ordinary common shares shall be included in diluted earnings per share if the effect is dilutive. As of December 31, 2023, the Company recognized in the consolidated statement of financial position a liability $9.3 million representing the present value of the $10.0 million deferred payments (notes 5 and 14).*

   Potential issuable shares, associated with the deferred payments, were determined by dividing $9.3 million liability by the average share price of the Company of $0.60 per share, using the Company's volume average share price of 20 days prior to December 31, 2023.

(in thousands of US dollars, unless otherwise noted)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value measurement of financial assets and liabilities

All financial instruments measured at fair value are categorized into one of three hierarchy levels for which the financial instruments must be grouped based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and,

Level 3 - inputs for the asset or liability that are not based upon observable market data.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

There were no transfers between Level 1 and Level 2 or Level 3 during the years ended December 31, 2023 and December 31, 2022.

Classification and the fair value measurement by level of the financial assets and liabilities in the Statement of Financial Position were as follows:

December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Cash and cash equivalents	$ 64,907	$ -	$ -	$ 64,907
Restricted cash	5,043	-	-	5,043
Trade receivables	-	888	-	888
Zero-cost collar option contracts	-	138	-	138
Marketable securities	5,162	-	-	5,162
Total financial assets	$ 75,112	$ 1,026	$ -	$ 76,138
Financial Liabilities				
Accounts payable	$ -	$ 29,719	$ -	$ 29,719
Equipment loan payable	-	3,639	-	3,639
MSPL payable	43,436		-	43,436
Deferred payment-Golden Queen (note 14 (b))	-	9,272	-	9,272
Total financial liabilities	$ 43,436	$ 42,630	$ -	$ 86,066

December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Cash and cash equivalents	$ 80,729	$ -	$ -	$ 80,729
Restricted cash	198	-	-	198
Trade receivables	-	198	-	198
Marketable securities	5,338	-	-	5,338
Total financial assets	$ 86,265	$ 198	$ -	$ 86,463
Financial Liabilities				
Accounts payable	$	$ 13,113	$ -	$ 13,113
Total financial liabilities	$ -	$ 13,113	$ -	$ 13,113

Valuation techniques

Marketable securities

Marketable securities representing shares of publicly traded entities and are classified as financial assets at fair value through profit or loss. Marketable securities are recorded at fair value using quoted market prices (classified within Level 1 of the fair value hierarchy).

Deferred payments- Golden Queen

The Company records its deferred payments at fair value determined based on estimating the present value of the future payments using a discount rate at measurement date. Accretion expense over the term of the payments deferred are recorded in other income (expense) line of the consolidated statements of income (loss).

Financial risk management

The Company's primary business activities consist of the acquisition, exploration, development and processing operations in Bolivia and mining of mineral resource properties in the USA. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, commodity price risk, currency risk, liquidity risk, and interest rate risk. The Company's risk management program strives to evaluate the unpredictability of financial and commodity markets and its objective is to minimize the potential adverse effects of such risks on the Company's financial performance, where financially feasible to do so. When deemed material, these risks may be monitored by the Company's finance group and they are regularly discussed with the Board of Directors or one of its committees.

i. Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the consolidated financial statements.

The Company's credit risk is predominantly limited to cash and cash equivalent balances held in financial institutions, trade receivables and other receivables. The maximum exposure to credit risk is equal to the carrying value of such financial assets.

The objective of managing counterparty credit risk is to minimize potential losses in financial assets. The Company assesses the quality of its counterparties, considering their credit worthiness and reputation, past performance and other factors.

The Company's cash is only deposited with or held by highly rated financial institutions. To manage credit and liquidity risk, the Company invests only in highly rated investment grade instruments that have maturities of one year or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

Silver and gold sales are made to one international organization specializing in the precious metals markets. The Company believes the international organization to be of sound credit worthiness, and to date, all receivables have been settled in accordance with agreed upon terms and conditions.

ii. Commodity price risk

The Company is exposed to price risk associated with the volatility of the market price of commodities, in particular silver and gold, and also to many consumables that are used in the production of silver and gold.

The prices of most commodities are determined in international markets and as such the Company has limited or no ability to control or predict the future level of most commodity prices. In some instances, the Company may have the ability to enter into derivative financial instruments to manage the Company's exposure to changes in the price of commodities such as gold, silver, oil and electricity.

Zero- cost collar contracts

In April 2023, to mitigate the risks associated with fluctuating silver prices, the Company entered into a zero-cost collar to hedge the price on a portion of silver associated with the San Bartolomé production. The collar contracts were written at an average put strike price of $23 per ounce and an average call strike price of $30 per ounce, for 200,000 ounces per month beginning August 2023 through to December 2023. The silver collar contracts are not designated as hedges and were measured at fair value, determined based on forward silver prices, at the end of each reporting period, with changes in fair value recognized in other income or expense.

In December 2023 entered into new a zero-cost collar to hedge the price on 300,000 ounces of silver associated with the San Bartolomé mine's production and 6,000 ounces of gold from the Golden Queen mine. The silver collar contracts were written at an average put strike price of $23 per ounce and an average call strike price of $30 per ounce, for 100,000 ounces per month beginning January 2024 through to March 2024. The gold collar contracts were written at an average put strike price of $2,000 per ounce and an average call strike price of $2,212 per ounce, for 2,000 ounces per month beginning January 2024 through to March 2024

Gains and losses resulting from the settlement of these derivatives are recorded directly to revenue, as the forward sales contracts do not qualify for hedge accounting, and the associated cash flows are classified in operating activities. The silver and gold collar contracts are measured at fair value, determined based on forward silver prices, at the end of each reporting period, with changes in fair value recognized in other income or expense.

As of December 31, 2023, 300,000 ounces of silver collars and 6,000 ounces of gold collars were unsettled (December 31, 2022- nil) and are expected to settle by the end of the first quarter of 2024. The aggregate fair value of the position as of December 31, 2023, was an asset of $138 (December 31, 2022 - nil) included in other current assets in the statement of financial position.

The fair value of zero-costs collar contracts was determined based on option pricing models, gold and silver future forward prices.

Silver sales forward

During the second quarter of 2023, the Company entered into silver sales forward contracts for the delivery of 1,025,000 ounces of silver at an average price of $25.75 per ounce. As a result of the decrease in the silver price, the forward contracts were unwound, and net cash settled in May 2023. The unwinding of silver forward contracts resulted in the Company recognizing a realized gain of $2.3 million for year ended December 31, 2023, in other income or loss line item of consolidated statements of income (loss).

iii. Currency risk

The Company's functional currency is the US dollar. The Company is exposed to currency risk associated with the volatility of the currencies of the countries it operates in, relative to the US dollar, primarily with respect to the Bolivian Boliviano, Mexican Peso and Canadian dollar.

The Bolivian Boliviano has been fixed against the US dollar at a rate of 6.96 Bolivian Bolivianos to US dollars since 2008. There can be no guarantees that the Boliviano will continue to be fixed to the US dollar.

The Company does not currently hedge the exposure to the Mexican Peso and Canadian dollar. Based on Canadian dollar denominated assets and liabilities as at December 31, 2023, 10% strengthening of the US dollar against the Mexican Peso and Canadian dollar and 10% weakening of the US dollar against the Mexican Peso and Canadian dollar would have resulted in a $0.1 million loss and a $61 thousands loss, respectively (December 31, 2022-$0.6 million gain and a $0.7 million loss)

(in thousands of US dollars, unless otherwise noted)

iv. *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements and its exploration and production plans.

In the normal course of business, the Company enters into contracts and performs business activities that give rise to commitments for future minimum payments. The Company has no concentrations of liquidity risk.

As of December 31, 2023, the Company had cash, marketable securities and VAT certificates of $71.9 million, other current assets of $81.6 million and current liabilities of $54.2 million (December 31, 2022- cash, marketable securities and VAT certificates of $90.1 million, other current assets of $19.1 million and current liabilities of $15.2 million). Current working capital of the Company is $99.2 million (December 31, 2022-$94.0 million). The Company believes its cash on hand and cash flow from the Company's operations will be sufficient to fund its anticipated operating cash requirements and capital expenditures through to at least the end of 2024.

v. *Interest rate risk*

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's outstanding equipment loan debt bear interest at fixed rates and MSPL bears interest at variable and are therefore exposed to changes in future cash flows attributable to changes in market interest rates.

The Company is exposed to interest rate risk on its cash and cash equivalents. The cash and cash equivalent interest earned is based on bank account interest rates which may fluctuate. As at December 31, 2023, certain of the cash and cash equivalents were comprised of interest-bearing assets. A 100-basis point change in the interest rate would result in an increase or decrease of approximately $0.6 million in interest earned by the Company.

The Company's exposure to the risk of changes in market interest rates also relates to the Company's MSPL debt obligations that have floating interest rates. A 100-basis point change in the interest rate would result in an increase or decrease of approximately $0.4 million in interest expense.

The Company does not enter into derivative contracts, interest rate swaps or other instruments to actively manage these risks.

21. CAPITAL MANAGEMENT

Capital is defined as equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern and to maximize returns for shareholders over the long-term.

		2023		2022
Equity	**$**	**131,969**	$	94,427
Debt		**47,458**		-
		179,427		94,427
Cash and cash equivalents		**(64,907)**		(80,729
Marketable securities		**(5,162**		(5,338)
VAT Certificates		**(1,828)**		(4,103)
	$	**107,530**	$	4,257

The Company's future operating cash flow and cash position are highly dependent on gold and silver prices, as well as other factors. Taking into consideration the Company's current cash position, volatile equity markets, and global uncertainty in the capital markets, the Company is continually reviewing expenditures and assessing business opportunities to enhance liquidity in order to ensure adequate liquidity and flexibility to support its growth strategy, while continuing production at its current processing facility and mine operations. A period of continuously low precious metal prices may necessitate the curtailment of spending as well as production from mining operations. In addition, in such a price environment, the Company may be required to adopt one or more alternatives to increase liquidity, the Company may issue new shares through private placements, asset acquisitions or return of capital to shareholders.

(in thousands of US dollars, unless otherwise noted)

In addition to the requirement to maintain sufficient cash balances to fund continuing operations, the Company must maintain sufficient cash to fund the interest expense on the long-term debt outstanding (note 12). As part of the Company's capital management activities, the Company monitors interest coverage ratios and leverage ratios.

22. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company and its subsidiaries may become defendants in certain employment claims and other litigation. The Company records a liability when it is probable that a loss has been incurred and the amount is reliably estimable. The Company is involved in litigation and disputes arising in the normal course of operations. Management is of the opinion that the outcome of any potential litigation will not have a material adverse impact on the Company's financial position or results of operations.

A summary of undiscounted liabilities and future operating commitments at December 31, 2023, are as follows:

	Note	**Total**	**Less than 1 year**	**1-2 years**	**3-5 years**	**Greater than 5 years**
MSPL Payable	12(b)	**$ 43,819**	$ 7,733	$ 36,086	$ -	$ -
Equipment loan	12(a)	**3,639**	1,137	1,164	1,338	-
Undiscounted provision for reclamation	13	**43,003**	9	65	23,372	19,557
Deferred payments	5	**10,000**	5,000	5,000		
Silver Elephant	9(c) & 26	**3,800**	1,800	2,000	-	-
		$ 104,261	**$ 15,679**	**$ 44,315**	**$ 24,710**	**$ 19,557**

(in thousands of US dollars, unless otherwise noted)

23. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers, including officers at its subsidiaries. Management fees were paid to companies controlled by the Executive Chairman of the Company. The management fees paid includes administrative costs for the corporate office in Mexico and compensation costs and benefits of certain employees in Mexico who provide administrative and operational services to the Company.

The total compensation paid or payable to key management, amounted to:

		2023		2022
Management fees (1) (2) (3)	**$**	**-**	$	3,409
Other expenses (4)		**674**		-
Salaries and benefits		**2,341**		1,617
Severance costs		**-**		776
Share-based compensation		**536**		1,548
	$	**3,551**	$	7,350

(1) Management fees includes administrative costs and compensation costs and benefits of certain employees in Mexico who provide administrative and operational services to the Company.
(2) Management fees included in cost of sales on the consolidated statement of income (loss) and comprehensive income (loss) for year ended December 31, 2023, were $nil (December 31, 2022 - $1.7 million).
(3) Management fees included in general and administrative expenses on the consolidated statement of income and comprehensive income for year ended December 31, 2023, were $nil (December 31, 2022 - $1.7 million).
(4) Other expenses include rental fees for the corporate office in Monterrey, administrative and operations support services and reimbursable expenses for third party technology licenses and fees. (December 31, 2022 - $nil).

24. SUPPLEMENTAL DISCLOSURE

a) *Changes in working capital*

		2023		2022
Increase in inventories	**$**	**1,454**	$	(2,979)
increase in account receivables		**(468)**		(198)
Increase in VAT receivables		**(1,258)**		(191)
Increase in prepaid assets		**(5,665)**		(201)
Increase in other assets		**(1,713)**		(144)
Decrease in other provisions		**(1,561)**		(151)
Increase in accounts payables		**4,275**		1,234
Decrease in income taxes payable		**(1,473)**		(493)
	$	**(6,409)**	$	(3,123)

b) *Expenditures on property, plant and equipment ("PP&E")*

		2023		2022
Additions to PP&E during the period (Note 10)	**$**	**9,043**	$	2,204
Increase debt related to additions to PP&E		**(3,026)**		-
	$	**6,017**	$	2,204

(in thousands of US dollars, unless otherwise noted)

25. SEGMENTED INFORMATION

The Company bases its operating segments on the way information is reported and used by the Company's chief operating decision-maker ("CODM"). The results of operating segments are reviewed by the CODM in order to make decisions about resources to be allocated to the segments and to assess their respective performances.

The following reportable segments identified by the individual mineral processing at San Bartolomé in Bolivia and Golden Queen mining operations in the USA. Corporate activities are not considered a segment and are included as a reconciliation to total consolidated results. Accounting policies for each reported segment are the same as those of the Company. Results from operating activities represents the profit earned by each segment without allocation of corporate costs. Total assets and liabilities do not reflect intercompany balances, which have been eliminated on consolidation.

Year ended December 31, 2023		Bolivia		USA		Corporate		**Total**
Total assets	$	**116,627**	**$**	**147,285**	**$**	**5,978**	**$**	**269,890**
Total liabilities		**41,430**		**93,493**		**2,998**		**137,921**
Net assets	$	**75,197**	**$**	**53,792**	**$**	**2,980**	**$**	**131,969**
Other information								
Additions to property, plant and equipment	$	**5,527**	**$**	**3,516**	**$**	**-**	**$**	**9,043**

Year ended December 31, 2022		Bolivia		USA		Corporate		**Total**
Total assets	$	124,306	$	-	$	9,551	$	133,857
Total liabilities		38,053		-		1,377		39,430
Net assets	$	86,253	$	-	$	8,174	$	94,427
Other information								
Additions to property, plant and equipment	$	2,204	$	-	$	-	$	2,204

Year ended December 31, 2023		Bolivia		USA		Corporate		**Total**
Revenues	$	**112,038**	**$**	**13,286**	**$**	**-**	**$**	**125,324**
Cost of sales		**(93,931)**		**(11,961)**		**-**		**(105,892)**
Depreciation and depletion		**(4,304)**		**(927)**		**-**		**(5,231)**
General and administrative		**(5,581)**		**(3,830)**		**(4,080)**		**(13,491)**
Exploration and evaluation		**(688)**		**-**		**-**		**(688)**
Income from operations	$	**7,534**	**$**	**(3,432)**	**$**	**(4,080)**	**$**	**22**

Year ended December 31, 2022		Bolivia		USA		Corporate		**Total**
Revenues	$	108,049	$	-	$	-	$	108,049
Cost of sales		(91,133)		-		-		(91,133)
Depreciation and depletion		(7,212)		-		-		(7,212)
General and administrative		(5,063)		-		(9,846)		(14,909)
Exploration and evaluation		(3,615)		-		-		(3,615)
Income from operations	$	1,026	$	-	$	(9,846)	$	(8,820)

26. SUBSEQUENT EVENT

(i) Renewal of NCIB

On January 12, 2024, the Company initiated the Automatic Share Purchase Plan ("ASPP") under the NCIB program by authorizing its independent broker to repurchase for cancellation up to 7,833,291 of its common shares or aggregate dollar value of all purchases up to $3.7 million (C$5.0 million) during the period ending December 31, 2024. As of March 25, 2024, the Company has repurchased and cancelled 5,333,291 common shares at an average purchase price of C$0.70 for a total amount of $2.7 million (C$3.6 million). The number of common shares remaining for repurchase under the ASPP authorization is 2,500,000. The Company will recognize a financial liability associated with the total maximum amount that may be repurchased during that period by the broker, with an offsetting entry in the share capital line.

(ii) Revolving Line of Credit

On February 28, 2024 the Company through its wholly-owned subsidiary, Andean PM, AB closed an agreement for a 12-month $25 million renewable secured revolving line of credit ("LOC") with Banco Santander International. The LOC provides for $25 million to be used for general corporate purposes and is secured by short-term investments and cash equivalents. It bears interest on any outstanding borrowings at the 3-month SOFR plus 90 basis points.

(iii) Amendment to Silver Elephant Agreement

Paca Project

The Bolivian environmental authority delayed the required environmental authorization to mine the additional tonnage beyond the original 36,000 tonnes from Temeridad, one of the three mining areas of Silver Elephant, which was subsequently obtained. Also, in January 2024, COMIBOL requested Silver Elephant to replace and sign a new mining agreement with respect to the other two mining areas (Apuradita and Real del Monte). This was signed.

As a result of the two events described above, on January 30, 2024, the Company and Manquiri entered into an amendment agreement with Silver Elephant extending the date to achieve the milestones from January 31, 2024 to April 30, 2024 by paying to Silver Elephant an Extension Fee of $0.2 million (the "Paca CP Outside Date). It also changed the terms of the second non-refundable $1.8 million payment as follows:

(i) First installment of $0.9 million to be paid prior to any further product delivery to Manquiri from January 25, 2024. Andean will have the right to recommence the purchases up to an amount in the aggregate of 90,000 tonnes. This payment was made in March 2024.

(ii) A second installment of $0.9 million is expected to be paid in April 2024.

As of March 25, 2024, Manquiri has paid the first installment, Silver Elephant has signed with COMIBOL the new mining agreement for the Temeridad and Real del Monte mining areas and has filed the environmental request for the Temeridad mining area. Consequently, the Company has reestablished the purchase of products from the three mining areas.