



PAN AMERICAN
— SILVER —

Unaudited Condensed Interim Consolidated Financial Statements and Notes

FOR THE THREE AND NINE MONTHS ENDING SEPTEMBER 30, 2022

| | September 30, 2022 | December 31, 2021 |
|----------------------------------------------------------|-----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents (Note 21) | \$ 153,079 | \$ 283,550 |
| Short-term investments (Note 5) | 34,091 | 51,723 |
| Trade and other receivables | 113,814 | 128,150 |
| Income tax receivables | 47,182 | 20,282 |
| Inventories (Note 6) | 438,207 | 500,462 |
| Derivative assets (Note 4a) | 3,819 | 3,995 |
| Prepaid expenses and other current assets | 7,802 | 13,007 |
| | 797,994 | 1,001,169 |
| Non-current assets | | |
| Mineral properties, plant and equipment (Note 7) | 2,215,715 | 2,344,551 |
| Long-term inventories (Note 6) | 26,743 | 25,644 |
| Long-term tax receivables | 8,723 | 8,711 |
| Deferred tax assets | 57,409 | 55,953 |
| Long-term investment (Note 9) | 86,985 | 77,410 |
| Goodwill & other assets | 5,990 | 5,146 |
| Total assets | \$ 3,199,559 | \$ 3,518,584 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 10) | \$ 311,026 | \$ 306,087 |
| Derivative liabilities (Note 4a) | 4,917 | 351 |
| Provisions (Note 11) | 12,211 | 8,041 |
| Lease obligations (Note 12) | 15,201 | 10,663 |
| Debt (Note 13) | 9,895 | 3,400 |
| Income tax payables | 22,647 | 59,133 |
| | 375,897 | 387,675 |
| Non-current liabilities | | |
| Long-term provisions (Note 11) | 232,731 | 240,111 |
| Deferred tax liabilities | 144,123 | 184,785 |
| Long-term lease obligations (Note 12) | 21,700 | 19,898 |
| Long-term debt (Note 13) | 21,669 | 11,900 |
| Deferred revenue (Note 14) | 14,031 | 12,516 |
| Other long-term liabilities (Note 15) | 26,365 | 25,691 |
| Total liabilities | 836,516 | 882,576 |
| Equity (Note 16) | | |
| Issued capital | 3,137,700 | 3,136,214 |
| Share option reserve | 93,227 | 93,375 |
| Investment revaluation reserve (Note 4c) | (32,604) | — |
| Deficit | (840,723) | (598,035) |
| Total equity attributable to Company shareholders | 2,357,600 | 2,631,554 |
| Non-controlling interests | 5,443 | 4,454 |
| Total equity | 2,363,043 | 2,636,008 |
| Total liabilities and equity | \$ 3,199,559 | \$ 3,518,584 |

Contingencies (Note 24); subsequent events (Note 26)

See accompanying notes to the condensed interim consolidated financial statements

APPROVED BY THE BOARD ON NOVEMBER 9, 2022

"signed" Gillian Winckler, Director

"signed" Michael Steinmann, Director

| | Three months ended September 30, | | Nine months ended September 30, | |
|--------------------------------------------------------------------------------|-------------------------------------|------------------|------------------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue (Note 22) | \$ 338,889 | \$ 460,349 | \$ 1,119,246 | \$ 1,210,580 |
| Cost of sales (Note 22) | | | | |
| Production costs (Note 17) | (275,050) | (269,428) | (842,160) | (662,037) |
| Depreciation and amortization | (77,902) | (83,184) | (236,755) | (226,817) |
| Royalties | (7,725) | (8,850) | (27,016) | (29,827) |
| | (360,677) | (361,462) | (1,105,931) | (918,681) |
| Mine operating (loss) earnings (Note 22) | (21,788) | 98,887 | 13,315 | 291,899 |
| General and administrative | (6,765) | (9,080) | (25,973) | (26,597) |
| Exploration and project development | (2,801) | (2,412) | (9,775) | (6,995) |
| Mine care and maintenance (Note 18) | (12,686) | (7,491) | (34,645) | (22,514) |
| Foreign exchange losses | (2,213) | (971) | (10,402) | (5,621) |
| Impairment charges (Note 8) | — | — | (99,064) | — |
| Derivative (losses) gains (Note 4d) | (6,537) | (1,735) | 1,518 | 3,755 |
| Mineral properties, plant and equipment (losses) gains | (606) | 28,462 | (1,305) | 32,718 |
| Gains and income from associates (Note 9) | — | 540 | 45,033 | 4,058 |
| Other income (expense) | 2,321 | (5,052) | 7,052 | (2,494) |
| (Loss) earnings from operations | (51,075) | 101,148 | (114,246) | 268,209 |
| Investment loss (Note 4b) | (12,640) | (25,250) | (17,468) | (53,639) |
| Interest and finance expense (Note 19) | (5,567) | (5,294) | (16,061) | (12,714) |
| (Loss) earnings before income taxes | (69,282) | 70,604 | (147,775) | 201,856 |
| Income tax expense (Note 23) | (1,920) | (50,385) | (20,228) | (117,958) |
| Net (loss) earnings | \$ (71,202) | \$ 20,219 | \$ (168,003) | \$ 83,898 |
| Net (loss) earnings attributable to: | | | | |
| Equity holders of the Company | \$ (71,527) | \$ 20,251 | \$ (168,992) | \$ 83,392 |
| Non-controlling interests | 325 | (32) | 989 | 506 |
| | \$ (71,202) | \$ 20,219 | \$ (168,003) | \$ 83,898 |
| Other comprehensive (loss) earnings, net of taxes | | | | |
| Items that will not be reclassified to net earnings: | | | | |
| Unrealized loss on long-term investment (Note 4c) | \$ (25,487) | \$ — | \$ (37,692) | \$ — |
| Income tax recovery related to long-term investments (Note 23) | 5,088 | — | 5,088 | — |
| Total other comprehensive loss | \$ (20,399) | \$ — | \$ (32,604) | \$ — |
| Total comprehensive (loss) earnings | \$ (91,601) | \$ 20,219 | \$ (200,607) | \$ 83,898 |
| Total comprehensive (loss) earnings attributable to: | | | | |
| Equity holders of the Company | \$ (91,926) | \$ 20,251 | \$ (201,596) | \$ 83,392 |
| Non-controlling interests | 325 | (32) | 989 | 506 |
| | \$ (91,601) | \$ 20,219 | \$ (200,607) | \$ 83,898 |
| (Loss) earnings per share attributable to common shareholders (Note 20) | | | | |
| Basic (loss) earnings per share | \$ (0.34) | \$ 0.10 | \$ (0.80) | \$ 0.40 |
| Diluted (loss) earnings per share | \$ (0.34) | \$ 0.10 | \$ (0.80) | \$ 0.40 |
| Weighted average shares outstanding (in 000's) Basic | 210,531 | 210,299 | 210,503 | 210,282 |
| Weighted average shares outstanding (in 000's) Diluted | 210,531 | 210,419 | 210,503 | 210,431 |

See accompanying notes to the condensed interim consolidated financial statements.

| | Three months ended September 30, | | Nine months ended September 30, | |
|----------------------------------------------------------------------|-------------------------------------|-------------------|------------------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating activities | | | | |
| Net (loss) earnings for the period | \$ (71,202) | \$ 20,219 | \$ (168,003) | \$ 83,898 |
| Income tax expense (Note 23) | 1,920 | 50,385 | 20,228 | 117,958 |
| Depreciation and amortization | 77,902 | 83,184 | 236,755 | 226,817 |
| Gains and income from associates (Note 9) | — | (540) | (45,033) | (4,058) |
| Impairment charges (Note 8) | — | — | 99,064 | — |
| Net realizable value inventory expense (recovery) | 15,096 | 2,456 | 92,309 | (12,933) |
| Accretion on closure and decommissioning provision (Notes 11,19) | 3,711 | 1,868 | 11,131 | 5,606 |
| Investment loss (Note 4b) | 12,640 | 25,250 | 17,468 | 53,639 |
| Interest paid | (1,612) | (1,251) | (4,371) | (3,711) |
| Interest received | 1,279 | 16 | 2,019 | 145 |
| Income taxes paid | (20,365) | (24,043) | (121,084) | (106,395) |
| Other operating activities (Note 21) | 13,445 | (23,534) | 16,493 | (25,550) |
| Net change in non-cash working capital items (Note 21) | 21,604 | 23,007 | (12,965) | (61,406) |
| | \$ 54,418 | \$ 157,017 | \$ 144,011 | \$ 274,010 |
| Investing activities | | | | |
| Payments for mineral properties, plant and equipment | \$ (69,073) | \$ (62,190) | \$ (202,326) | \$ (173,331) |
| Proceeds from disposition of mineral properties, plant and equipment | 445 | 29,935 | 8,209 | 44,731 |
| (Purchase of) proceeds from short-term investments | (325) | 518 | 694 | 1,406 |
| Net proceeds from derivatives | 1,220 | 1,789 | 6,260 | 6,857 |
| | \$ (67,733) | \$ (29,948) | \$ (187,163) | \$ (120,337) |
| Financing activities | | | | |
| Proceeds from common shares issued | \$ 159 | \$ — | \$ 843 | \$ 335 |
| Distributions to non-controlling interests | — | (255) | — | (890) |
| Dividends paid | (23,180) | (21,030) | (73,696) | (50,468) |
| Proceeds from debt (Note 13) | 2,500 | — | 3,300 | — |
| Repayment of debt (Note 13) | (1,635) | (850) | (3,596) | (850) |
| Payment of equipment leases | (4,240) | (3,145) | (11,130) | (8,980) |
| | \$ (26,396) | \$ (25,280) | \$ (84,279) | \$ (60,853) |
| Effects of exchange rate changes on cash and cash equivalents | (2,039) | (1,405) | (3,040) | (2,424) |
| (Decrease) increase in cash and cash equivalents | (41,750) | 100,384 | (130,471) | 90,396 |
| Cash and cash equivalents at the beginning of the period | 194,829 | 157,125 | 283,550 | 167,113 |
| Cash and cash equivalents at the end of the period | \$ 153,079 | \$ 257,509 | \$ 153,079 | \$ 257,509 |

Supplemental cash flow information (Note 21).

See accompanying notes to the condensed interim consolidated financial statements.

| | Attributable to equity holders of the Company | | | | | | Non-controlling interests | Total equity |
|------------------------------------------------------------|-----------------------------------------------|--------------------|----------------------|--------------------------------|--------------------|--------------------|---------------------------|--------------------|
| | Issued shares | Issued capital | Share option reserve | Investment revaluation reserve | Deficit | Total | | |
| Balance, December 31, 2020 | 210,258,667 | \$3,132,140 | \$ 93,409 | \$ — | \$(623,030) | \$2,602,519 | \$ 3,320 | \$2,605,839 |
| Total comprehensive earnings | | | | | | | | |
| Net earnings for the year | — | — | — | — | 97,428 | 97,428 | 1,134 | 98,562 |
| Shares issued on the exercise of stock options | 65,780 | 762 | (143) | — | — | 619 | — | 619 |
| Shares issued as compensation | 133,077 | 3,312 | — | — | — | 3,312 | — | 3,312 |
| Share-based compensation on option grants | — | — | 109 | — | — | 109 | — | 109 |
| Distributions by subsidiaries to non-controlling interests | — | — | — | — | (933) | (933) | — | (933) |
| Dividends paid | — | — | — | — | (71,500) | (71,500) | — | (71,500) |
| Balance, December 31, 2021 | 210,457,524 | \$3,136,214 | \$ 93,375 | \$ — | \$(598,035) | \$2,631,554 | \$ 4,454 | \$2,636,008 |
| Total comprehensive loss | | | | | | | | |
| Net loss for the period | — | — | — | — | (168,992) | (168,992) | 989 | (168,003) |
| Other comprehensive loss | — | — | — | (32,604) | — | (32,604) | — | (32,604) |
| | — | — | — | (32,604) | (168,992) | (201,596) | 989 | (200,607) |
| Shares issued on the exercise of stock options | 65,940 | 1,158 | (315) | — | — | 843 | — | 843 |
| Shares issued as compensation | 14,745 | 328 | — | — | — | 328 | — | 328 |
| Share-based compensation on option grants | — | — | 167 | — | — | 167 | — | 167 |
| Dividends paid | — | — | — | — | (73,696) | (73,696) | — | (73,696) |
| Balance, September 30, 2022 | 210,538,209 | \$3,137,700 | \$ 93,227 | \$ (32,604) | \$(840,723) | \$2,357,600 | \$ 5,443 | \$2,363,043 |

| | Attributable to equity holders of the Company | | | | | | Non-controlling interests | Total equity |
|------------------------------------------------------------|-----------------------------------------------|--------------------|----------------------|--------------------------------|--------------------|--------------------|---------------------------|--------------------|
| | Issued shares | Issued capital | Share option reserve | Investment revaluation reserve | Deficit | Total | | |
| Balance, December 31, 2020 | 210,258,667 | \$3,132,140 | \$ 93,409 | \$ — | \$(623,030) | \$2,602,519 | \$ 3,320 | \$2,605,839 |
| Total comprehensive earnings | | | | | | | | |
| Net earnings for the period | — | — | — | — | 83,392 | 83,392 | 506 | 83,898 |
| Shares issued on the exercise of stock options | 31,072 | 405 | (70) | — | — | 335 | — | 335 |
| Shares issued as compensation | 9,646 | 325 | — | — | — | 325 | — | 325 |
| Share-based compensation on option grants | — | — | 75 | — | — | 75 | — | 75 |
| Distributions by subsidiaries to non-controlling interests | — | — | — | — | (890) | (890) | — | (890) |
| Dividends paid | — | — | — | — | (50,468) | (50,468) | — | (50,468) |
| Balance, September 30 2021 | 210,299,385 | \$3,132,870 | \$ 93,414 | \$ — | \$(590,996) | \$2,635,288 | \$ 3,826 | \$2,639,114 |

See accompanying notes to the condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

Pan American Silver Corp. is the ultimate parent company of its subsidiary group (collectively, the “Company”, or “Pan American”). Pan American is a British Columbia corporation domiciled in Canada, and its office is at Suite 1440 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6.

The Company is engaged in the production and sale of silver, gold, zinc, lead and copper as well as other related activities, including exploration, extraction, processing, refining and reclamation. The Company’s major products are produced from mines in Canada, Peru, Mexico, Argentina and Bolivia. Additionally, the Company has project development activities in Canada, Peru, Mexico and Argentina, and exploration activities throughout South America, Canada and Mexico. As at September 30, 2022, the Company’s Escobal mine in Guatemala continues to be on care and maintenance pending satisfactory completion of a consultation process led by the Ministry of Energy and Mines in Guatemala. In late February 2022, the Company’s Morococha mine in Peru was placed on care and maintenance due to a requirement to move the processing facilities to allow for the expansion of a neighboring mine.

Principal subsidiaries:

The principal subsidiaries of the Company and their geographic locations at September 30, 2022 were as follows:

| Location | Subsidiary | Ownership Interest | Accounting | Operations and Development Projects Owned |
|-----------|--------------------------------------|--------------------|--------------|-------------------------------------------------------------|
| Canada | Lake Shore Gold Corp. | 100% | Consolidated | Bell Creek and Timmins West mines (together "Timmins mine") |
| Mexico | Plata Panamericana S.A. de C.V. | 100% | Consolidated | La Colorada mine |
| | Compañía Minera Dolores S.A. de C.V. | 100% | Consolidated | Dolores mine |
| Peru | Pan American Silver Huaron S.A. | 100% | Consolidated | Huaron mine |
| | Compañía Minera Argentum S.A. | 92% | Consolidated | Morococha mine |
| | Shahuindo S.A.C. | 100% | Consolidated | Shahuindo mine |
| | La Arena S.A. | 100% | Consolidated | La Arena mine |
| Bolivia | Pan American Silver (Bolivia) S.A. | 95% | Consolidated | San Vicente mine |
| Guatemala | Pan American Silver Guatemala S.A. | 100% | Consolidated | Escobal mine |
| Argentina | Minera Tritón Argentina S.A. | 100% | Consolidated | Manantial Espejo & Cap-Oeste Sur Este mines |
| | Minera Joaquin S.R.L. | 100% | Consolidated | Joaquin mine |
| | Minera Argenta S.A. | 100% | Consolidated | Navidad project |

2. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 - *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and have been condensed with certain disclosures from the Company's audited consolidated financial statements for the year ended December 31, 2021 (the "2021 Annual Financial Statements") omitted. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the 2021 Annual Financial Statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, STANDARDS, AND JUDGEMENTS

a) Changes in accounting policies

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the 2021 Annual Financial Statements.

b) Future changes in accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. Management is still evaluating and does not expect any such pronouncements to have a material impact on the Company's consolidated financial statements upon adoption.

c) Significant judgements

In preparing the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2022, the Company applied the critical judgements and estimates disclosed in Note 5 of its 2021 Annual Financial Statements.

4. FINANCIAL INSTRUMENTS

a) Financial assets and liabilities by categories

| September 30, 2022 | Amortized cost | FVTPL | FVTOCI | Total |
|------------------------------------------------------------------------|----------------|-----------|-----------|------------|
| Financial Assets: | | | | |
| Cash and cash equivalents | \$ 153,079 | \$ — | \$ — | \$ 153,079 |
| Trade receivables from provisional concentrates sales ⁽¹⁾ | — | 26,539 | — | 26,539 |
| Receivables not arising from sale of metal concentrates ⁽¹⁾ | 70,953 | — | — | 70,953 |
| Short-term investments | — | 34,091 | — | 34,091 |
| Long-term investment ⁽²⁾ | — | — | 86,985 | 86,985 |
| Derivative assets | — | 3,819 | — | 3,819 |
| | \$ 224,032 | \$ 64,449 | \$ 86,985 | \$ 375,466 |
| Financial Liabilities: | | | | |
| Derivative liabilities | \$ — | \$ 4,917 | \$ — | \$ 4,917 |
| Debt | \$ 31,564 | \$ — | \$ — | \$ 31,564 |

(1) Included in Trade and other receivables.

(2) Comprised of the Company's investment in Maverix Metals Inc. ("Maverix") (Note 9).

| December 31, 2021 | Amortized cost | FVTPL | FVTOCI | Total |
|------------------------------------------------------------------------|----------------|-----------|--------|------------|
| Financial Assets: | | | | |
| Cash and cash equivalents | \$ 283,550 | \$ — | \$ — | \$ 283,550 |
| Trade receivables from provisional concentrates sales ⁽¹⁾ | — | 40,020 | — | 40,020 |
| Receivables not arising from sale of metal concentrates ⁽¹⁾ | 76,902 | — | — | 76,902 |
| Short-term investments | — | 51,723 | — | 51,723 |
| Derivative assets | — | 3,995 | — | 3,995 |
| | \$ 360,452 | \$ 95,738 | \$ — | \$ 456,190 |
| Financial Liabilities: | | | | |
| Derivative liabilities | \$ — | \$ 351 | \$ — | \$ 351 |
| Debt | \$ 15,300 | \$ — | \$ — | \$ 15,300 |

(1) Included in Trade and other receivables.

b) Short-term investments recorded at fair value through profit or loss ("FVTPL")

The Company's short-term investments are recorded at FVTPL. The losses from short-term investments for the three and nine months ended September 30, 2022 and 2021 were as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---------------------------------------------------|-------------------------------------|-------------|------------------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| Unrealized losses on short-term investments | \$ (12,339) | \$ (25,443) | \$ (17,862) | \$ (54,147) |
| Realized (losses) gains on short-term investments | (301) | 193 | 394 | 508 |
| | \$ (12,640) | \$ (25,250) | \$ (17,468) | \$ (53,639) |

c) Financial assets recorded at fair value through other comprehensive income ("FVTOCI")

The Company's long-term investments are recorded at fair value through other comprehensive income ("OCI"). The losses from long-term investments for the three and nine months ended September 30, 2022 and 2021 were as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|--------------------------------------------------------|-------------------------------------|------|------------------------------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| Unrealized loss on long-term investment ⁽¹⁾ | \$ (25,487) | \$ — | \$ (37,692) | \$ — |

(1) Excludes income tax recovery, recorded through OCI, related to long-term investments of \$5.1 million and \$5.1 million for the three and nine months ended September 30, 2022, respectively. There were no amounts recorded in the comparative periods.

d) Derivative instruments

The Company's derivatives are comprised of foreign currency and commodity contracts. The (losses) gains on derivatives for the three and nine months ended September 30, 2022 and 2021 were comprised of the following:

| | Three months ended September 30, | | Nine months ended September 30, | |
|----------------------------------|-------------------------------------|------------|------------------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Realized gains on derivatives | \$ 1,220 | \$ 1,789 | \$ 6,260 | \$ 6,857 |
| Unrealized losses on derivatives | (7,757) | (3,524) | (4,742) | (3,102) |
| | \$ (6,537) | \$ (1,735) | \$ 1,518 | \$ 3,755 |

e) Fair value information
i) Fair Value Measurement

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

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability based on unobservable market data.

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

| | At September 30, 2022 | | At December 31, 2021 | |
|------------------------------------------------------|-----------------------|-----------|----------------------|-----------|
| | Level 1 | Level 2 | Level 1 | Level 2 |
| Assets and Liabilities: | | | | |
| Short-term investments | \$ 34,091 | \$ — | \$ 51,723 | \$ — |
| Long-term investment ⁽¹⁾ | 86,985 | — | — | — |
| Trade receivables from provisional concentrate sales | — | 26,539 | — | 40,020 |
| Derivative assets | — | 3,819 | — | 3,995 |
| Derivative liabilities | — | (4,917) | — | (351) |
| | \$ 121,076 | \$ 25,441 | \$ 51,723 | \$ 43,664 |

(1) Comprised of the Company's investment in Maverix Metals Inc. ("Maverix") (Note 9).

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

ii) Valuation Techniques

Short-term and long-term investments

The Company's short-term and long-term investments are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy and are primarily equity securities. The fair value of the equity securities is calculated using the quoted market price multiplied by the quantity of shares held by the Company.

Derivative assets and liabilities

The Company's derivative assets and liabilities were comprised of foreign currency and commodity contracts which are valued using observable market prices.

Receivables from provisional concentrate sales

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

f) Financial Instruments and related risks

The Company has exposure to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are:

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk
 1. Currency risk
 2. Interest rate risk
 3. Price risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

i) Credit Risk

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

The Company has concentrate contracts to sell the zinc, lead, copper and silver concentrates produced by the Huaron, San Vicente and La Colorada mines. Concentrate contracts are a common business practice in the mining industry. The terms of the concentrate contracts may require the Company to deliver concentrate that has a value greater than the payment received at the time of delivery, thereby introducing the Company to credit risk of the buyers of concentrates. Should any of these counterparties not honour purchase arrangements, or should any of them become insolvent, the Company may incur losses for products already shipped and be forced to sell its concentrates on the spot market or it may not have a market for its concentrates and therefore its future operating results may be materially adversely impacted. At September 30, 2022, the Company had receivable balances associated with buyers of its concentrates of \$26.5 million (December 31, 2021 - \$40.0 million). The vast majority of the Company's concentrate is sold to a limited number of concentrate buyers.

Doré production from La Colorada, Dolores, Manantial Espejo, Shahuindo, La Arena, and Timmins is refined under long-term agreements with fixed refining terms at seven separate refineries worldwide. The Company generally retains the risk and title to the precious metals throughout the process of refining and therefore is exposed to the risk that the refineries will not be able to perform in accordance with the refining contract and that the Company may not be able to fully recover precious metals in such circumstances. At September 30, 2022, the Company had approximately \$11.6 million (December 31, 2021 - \$52.3 million) of value contained in precious metal inventory at refineries. The Company maintains insurance coverage against the loss of precious metals at the Company's mine sites, in-transit to refineries and while at the refineries. Risk is transferred to the refineries upon delivery.

The Company maintains trading facilities with several banks and bullion dealers for the purposes of transacting the Company's metal sales. None of these facilities are subject to margin arrangements. The Company's trading activities can expose the Company to the credit risk of its counterparties to the extent that the trading positions have a positive mark-to-market value. However, the Company maintains an active credit management and monitoring program to minimize the risk of excessive credit risk concentration with any single counterparty.

Refined silver and gold are sold in the spot market to various bullion traders and banks. Credit risk may arise from these activities if the Company is not paid for metal at the time it is delivered, as required by spot sale contracts.

Supplier advances for products and services yet to be provided are a common practice in some jurisdictions in which we operate. These advances represent a credit risk to us to the extent that suppliers do not deliver products or perform services as expected. As at September 30, 2022, we had made \$16.3 million of supplier advances (December 31, 2021 - \$11.2 million), which are reflected in "Trade and other receivables" on the consolidated statements of financial position.

Management constantly monitors and assesses the credit risk resulting from its refining arrangements, concentrate sales and commodity contracts with its refiners, supplier advances, trading counterparties and customers. Furthermore, management carefully considers credit risk when allocating prospective sales and refining business to counterparties. In making allocation decisions, management attempts to avoid unacceptable concentration of credit risk to any single counterparty.

The Company invests its cash and cash equivalents, which also has credit risk, with the objective of maintaining safety of principal and providing adequate liquidity to meet all current payment obligations.

ii) **Liquidity Risk**

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

into account its anticipated cash flows from operations, its holdings of cash and short-term investments, and its committed loan facilities.

There was no significant change to the Company's exposure to liquidity risk during the three and nine months ended September 30, 2022.

iii) Market Risk

1. Currency Risk

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

At September 30, 2022, the Company had outstanding positions on its foreign currency exposure of Mexican peso ("MXN"), Peruvian sol ("PEN") and Canadian dollar ("CAD") purchases. The Company recorded the following derivative gains and losses on currencies for the three and nine months ended September 30, 2022:

| | Three months ended September 30, | | Nine months ended September 30, | |
|--------------------------------|-------------------------------------|------------|------------------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Mexican peso gains (losses) | \$ 394 | \$ (517) | \$ 750 | \$ (574) |
| Peruvian sol (losses) gains | (743) | (1,812) | 961 | (3,999) |
| Canadian dollar (losses) gains | (4,628) | (816) | (5,038) | 98 |
| | \$ (4,977) | \$ (3,145) | \$ (3,327) | \$ (4,475) |

2. Interest Rate Risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The average interest rate earned by the Company during the three and nine months ended September 30, 2022 on its cash and short-term investments was 3.92% and 3.85% (2021 - 1.37% and 0.69%, respectively).

On August 10, 2021 the Company entered into a Sustainability-Linked Credit Facility ("SL-Credit Facility") (Note 13). There were no amounts drawn during the three and nine months ended September 30, 2022 and 2021 on the SL-Credit Facility.

From May 2022 to September 2022, the Company entered into USD denominated promissory notes which incurred an average interest rate of 5.6% during the three and nine months ended September 30, 2022. In June 2021 and May 2022, the Company entered into term loans (the "Loans") for the purpose of certain construction financing (Note 13). The Loans incurred an average interest rate of 2.8% during the three and nine months ended September 30, 2022 (2021 - 3.6%).

At September 30, 2022, the Company had \$36.9 million in lease obligations (December 31, 2021 - \$30.6 million) that are subject to an annualized interest rate of 9.7% (2021 - 10.6%).

3. Price Risk

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

The Company mitigates the price risk associated with its base metal production by committing some of its forecasted base metal production from time to time under forward sales and option contracts. The Board of Directors continually assesses the Company's strategy towards its base metal exposure, depending on market conditions.

At September 30, 2022, the Company had outstanding derivative positions on its exposure to zinc and diesel. The Company recorded the following derivative gains and losses on commodities for the three and nine months ended September 30, 2022:

| | Three months ended September 30, | | Nine months ended September 30, | |
|-----------------------|-------------------------------------|----------|------------------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Zinc (losses) gains | (23) | — | 1,760 | — |
| Copper gains (losses) | — | 261 | — | (896) |
| Diesel gains (losses) | (624) | 1,149 | 4,214 | 9,126 |
| Other | \$ (913) | \$ — | \$ (1,129) | \$ — |
| | \$ (1,560) | \$ 1,410 | \$ 4,845 | \$ 8,230 |

5. SHORT-TERM INVESTMENTS

| | September 30, 2022 | | | December 31, 2021 | | |
|------------------------|--------------------|-----------|--------------------------------------|-------------------|-----------|--------------------------------------|
| | Fair Value | Cost | Accumulated unrealized holding gains | Fair Value | Cost | Accumulated unrealized holding gains |
| Short-term investments | \$ 34,091 | \$ 20,781 | \$ 13,310 | \$ 51,723 | \$ 20,419 | \$ 31,304 |

6. INVENTORIES

Inventories consist of:

| | September 30, 2022 | December 31, 2021 |
|---------------------------------------------------|-----------------------|----------------------|
| Concentrate inventory | \$ 27,052 | \$ 30,647 |
| Stockpile ore | 28,055 | 43,216 |
| Heap leach inventory and in process | 257,977 | 286,266 |
| Doré and finished inventory | 57,588 | 81,448 |
| Materials and supplies | 94,278 | 84,529 |
| Total inventories | \$ 464,950 | \$ 526,106 |
| Less: current portion of inventories | \$ (438,207) | \$ (500,462) |
| Non-current portion of inventories ⁽¹⁾ | \$ 26,743 | \$ 25,644 |

(1) Inventories at Escobal mine, which include \$19.4 million (December 31, 2021 - \$18.3 million) in supplies with the remainder attributable to metals, have been classified as non-current pending the restart of operations.

Total inventories held at net realizable value amounted to \$142.9 million at September 30, 2022 (December 31, 2021 - \$203.7 million).

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Mineral properties, plant and equipment consist of:

| | September 30, 2022 | | | December 31, 2021 | | |
|--------------------------------------------|--------------------|-----------------------------------------|----------------|-------------------|-----------------------------------------|----------------|
| | Cost | Accumulated Depreciation and Impairment | Carrying Value | Cost | Accumulated Depreciation and Impairment | Carrying Value |
| Producing properties: | | | | | | |
| Huaron, Peru | \$ 228,759 | \$ (145,963) | \$ 82,796 | \$ 224,700 | \$ (141,902) | \$ 82,798 |
| Morococha, Peru ⁽⁵⁾ | 254,576 | (174,758) | 79,818 | 277,105 | (188,821) | 88,284 |
| Shahuindo, Peru | 622,161 | (164,487) | 457,674 | 590,096 | (132,727) | 457,369 |
| La Arena, Peru | 247,739 | (132,429) | 115,310 | 208,306 | (105,006) | 103,300 |
| La Colorada, Mexico | 395,625 | (200,885) | 194,740 | 355,471 | (185,684) | 169,787 |
| Dolores, Mexico ⁽¹⁾ | 1,761,821 | (1,545,344) | 216,477 | 1,738,040 | (1,350,908) | 387,132 |
| Manantial Espejo, Argentina ⁽²⁾ | 521,812 | (516,619) | 5,193 | 518,931 | (500,244) | 18,687 |
| San Vicente, Bolivia | 155,286 | (117,181) | 38,105 | 151,045 | (110,829) | 40,216 |
| Timmins, Canada | 355,630 | (126,874) | 228,756 | 335,488 | (103,903) | 231,585 |
| Other | 29,542 | (20,981) | 8,561 | 29,804 | (19,664) | 10,140 |
| | \$ 4,572,951 | \$ (3,145,521) | \$ 1,427,430 | \$ 4,428,986 | \$ (2,839,688) | \$ 1,589,298 |
| Non-Producing Properties: | | | | | | |
| Land | \$ 6,373 | \$ (871) | \$ 5,502 | \$ 6,373 | \$ (871) | \$ 5,502 |
| Navidad, Argentina ⁽³⁾ | 566,577 | (376,101) | 190,476 | 566,577 | (376,101) | 190,476 |
| Escobal, Guatemala | 259,849 | (2,800) | 257,049 | 257,390 | (1,842) | 255,548 |
| Timmins, Canada | 63,019 | — | 63,019 | 63,018 | — | 63,018 |
| Shahuindo, Peru | 1,376 | — | 1,376 | 3,549 | — | 3,549 |
| La Arena, Peru | 117,000 | — | 117,000 | 117,005 | — | 117,005 |
| Minefinders, Mexico ⁽⁴⁾ | 77,210 | (37,453) | 39,757 | 78,443 | (36,975) | 41,468 |
| La Colorada, Mexico | 91,414 | — | 91,414 | 55,370 | — | 55,370 |
| Morococha, Peru ⁽⁵⁾ | 1,724 | — | 1,724 | 2,981 | — | 2,981 |
| Other | 33,295 | (12,327) | 20,968 | 32,426 | (12,090) | 20,336 |
| | \$ 1,217,837 | \$ (429,552) | \$ 788,285 | \$ 1,183,132 | \$ (427,879) | \$ 755,253 |
| Total | \$ 5,790,788 | \$ (3,575,073) | \$ 2,215,715 | \$ 5,612,118 | \$ (3,267,567) | \$ 2,344,551 |

(1) Includes previously recorded impairment charges of \$635.5 million at September 30, 2022 (December 31, 2021 - \$536.4 million).

(2) Includes previously recorded impairment charges of \$173.4 million at September 30, 2022 (December 31, 2021 - \$173.4 million).

(3) Includes previously recorded impairment charges of \$386.1 million at September 30, 2022 (December 31, 2021 - \$386.1 million).

(4) Includes previously recorded impairment charges of \$37.0 million at September 30, 2022 (December 31, 2021 - \$37.0 million).

(5) Morococha was placed on care and maintenance in February 2022.

Dispositions

On March 29, 2022, the Company received a \$7.0 million payment from an arm's length party to be applied to certain costs associated with the closure and reclamation of the Morococha mine processing facility. This payment was included in proceeds from disposition of mineral properties, plant and equipment.

8. IMPAIRMENT

The Company's impairment expense in respect of the following CGUs for the three and nine months ended September 30, 2022 were as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|----------------------------|-------------------------------------|------|------------------------------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| Dolores impairment expense | \$ — | \$ — | \$ 99,064 | \$ — |

Impairment testing

The Company reviews each of its cash generating units ("CGU"), represented by its principal producing mining properties and significant development projects, for indicators of impairment each period end. The CGU carrying amount for purposes of this assessment includes the carrying value of the mineral properties plant and equipment and goodwill less deferred tax liabilities and closure and decommissioning liabilities related to each CGU.

On June 30, 2022 the Company identified an impairment indicator in the Dolores Mine CGU due to the year-to-date 2022 silver and gold production being less than that expected by management, driven by an ore reconciliation shortfall experienced in a recent higher grade phase of the Dolores open pit, which is expected to affect production for the remainder of the year combined with inflationary pressures that have particularly affected this short-life asset. Accordingly, management completed a recoverable value assessment of the Dolores Mine CGU. As a result, the Company recognized an impairment expense of \$99.1 million, against the carrying value of the CGU at June 30, 2022, and recorded an NRV adjustment of \$55.4 million (Note 6) (Collectively, the "Dolores Impairment").

The recoverable amount was determined applying a fair value less cost to sell methodology based on future after-tax cash flows expected to be derived from Dolores Mine discounted with a 6% weighted average cost of capital, a Level 3 fair value measurement. The projected cash flows used in impairment testing are significantly affected by changes in assumptions for metal prices, changes in the amount of recoverable reserves, production costs estimates and capital expenditures estimates. For the three and nine months ended September 30, 2022, the Company's impairment testing incorporated the following key assumptions:

a) Pricing Assumptions

Metal pricing included in the cash flow projections is based on consensus analyst pricing. The metal price assumptions used in the impairment assessment were the following:

| | At June 30, 2022 | |
|--------------------|----------------------|-----------------------|
| | 2022-2025 Average | 2026 and long-term |
| Gold (per ounce) | \$ 1,802 | \$ 1,651 |
| Silver (per ounce) | 23.56 | 21.77 |

b) Additional Dolores-specific assumptions affecting the recoverable amount assessment

In 2022, the recoverable amount of the Dolores Mine CGU was negatively impacted by the following:

- i) the updated mineral resource and remaining life of mine plan has a reduction in the assumed grades for a certain phase to be mined in 2022, this was informed by 2022 year-to-date silver and gold production being less than expected due to lower than expected grades encountered in this certain section of the open pit;
- ii) inflationary pressures, which have particularly affected this shorter-life asset where most of the mining will be completed in the next two years;
- iii) the suspension of underground mining operations in Q2 2022 due to inflationary cost pressures, and the subsequent reclassification of underground mineral reserves to mineral resources; and,
- iv) a reduction in the expected duration of economic leaching to the year 2030.

9. LONG-TERM INVESTMENT

The following table shows a continuity of the Company's long-term investment, classified as financial assets measured at FVTOCI and equity investees:

| | FVTOCI | | Investment in Associate | |
|------------------------------------------------------|---------|----------|-------------------------|-----------|
| | Maverix | | Maverix | Total |
| At December 31, 2020 | \$ | — | \$ 71,560 | \$ 71,560 |
| Acquisition of shares in associate | | — | 2,616 | 2,616 |
| Equity pick-up from equity investees | | — | 4,510 | 4,510 |
| Dilution losses | | — | (34) | (34) |
| Adjustment for change in ownership interest | | — | (22) | (22) |
| Dividends received | | — | (1,220) | (1,220) |
| At December 31, 2021 | \$ | — | \$ 77,410 | \$ 77,410 |
| Equity pick-up from equity investees | | — | 413 | 413 |
| Dividends received | | — | (325) | (325) |
| Loss of significant influence | | 124,677 | (77,498) | 47,179 |
| Investment revaluation reserve fair value adjustment | | (37,692) | — | (37,692) |
| At September 30, 2022 | \$ | 86,985 | \$ — | \$ 86,985 |

Investment in Maverix:

On March 31, 2022, the Company determined that it no longer held significant influence over Maverix due to declining to exercise its right to nominate a representative to serve as a director on Maverix's Board of Directors and accordingly the Company no longer has the power to participate in the financial and operating policy decisions of Maverix. As a result, the Company recorded a \$44.6 million gain concurrent with the redesignation of its investment in Maverix from Investment in Associate, accounted using the "equity method" whereby the Company's recorded into income its ownership proportion of Maverix estimated earnings, into a long-term financial asset recorded at FVTOCI.

The Company's share of Maverix income or loss was recorded based on its 17% interest up until March 31, 2022, representing the Company's fully diluted ownership.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

| | September 30, 2022 | | December 31, 2021 | |
|------------------------------------------------|--------------------|---------|-------------------|---------|
| Trade account payables ⁽¹⁾ | \$ | 75,282 | \$ | 77,461 |
| Royalty payables | | 25,369 | | 24,113 |
| Other accounts payable and accrued liabilities | | 122,731 | | 107,207 |
| Payroll and severance liabilities | | 66,898 | | 64,968 |
| Value added tax liabilities | | 9,319 | | 12,006 |
| Other tax payables | | 11,427 | | 20,332 |
| | \$ | 311,026 | \$ | 306,087 |

- (1) No interest is charged on the trade accounts payable ranging from 30 to 60 days from the invoice date. The Company has policies in place to ensure that all payables are paid within the credit terms.

11. PROVISIONS

| | 2022 |
|-------------------------------------------------|-------------------|
| Closure and decommissioning, December 31, 2021 | \$ 242,861 |
| Revisions in estimates and obligations incurred | (13,433) |
| Reclamation expenditures | (2,570) |
| Accretion expense (Note 19) | 11,131 |
| Closure and decommissioning, September 30, 2022 | \$ 237,989 |
| Litigation | 6,953 |
| Total provisions, September 30, 2022 | \$ 244,942 |

| Provision classification: | September 30, 2022 | December 31, 2021 |
|---------------------------|-----------------------|----------------------|
| Current | \$ 12,211 | \$ 8,041 |
| Non-Current | 232,731 | 240,111 |
| | \$ 244,942 | \$ 248,152 |

12. LEASES

Right-of-use Assets ("ROU")

The following table summarizes changes in ROU Assets for the nine months ended September 30, 2022, which have been recorded in mineral properties, plant and equipment on the condensed interim consolidated statements of financial position:

| | Nine months ended September 30, 2022 |
|-------------------------------|--------------------------------------------|
| Opening net book value | \$ 29,496 |
| Additions | 18,894 |
| Depreciation | (11,166) |
| Other | (2,913) |
| Closing net book value | \$ 34,311 |

Lease obligations

The following table presents a reconciliation of the Company's undiscounted cash flows at September 30, 2022 and December 31, 2021 to their present value for the Company's lease obligations:

| | September 30, 2022 | December 31, 2021 |
|-------------------------------------------|-----------------------|----------------------|
| Within one year | \$ 15,846 | \$ 11,690 |
| Between one and five years | 19,861 | 16,676 |
| Beyond five years | 15,017 | 16,934 |
| Total undiscounted lease obligations | 50,724 | 45,300 |
| Less future interest charges | (13,823) | (14,739) |
| Total discounted lease obligations | 36,901 | 30,561 |
| Less current portion of lease obligations | (15,201) | (10,663) |
| Non-current portion of lease obligations | \$ 21,700 | \$ 19,898 |

13. DEBT

Debt consists of:

| | September 30, 2022 | December 31, 2021 |
|-------------------------------|-----------------------|----------------------|
| Loans | \$ 28,264 | \$ 15,300 |
| Promissory notes | 3,300 | — |
| Total debt | 31,564 | 15,300 |
| Less: current portion of debt | (9,895) | (3,400) |
| Non-current portion of debt | \$ 21,669 | \$ 11,900 |

From May 2022 to September 2022, the Company entered into Peruvian USD denominated promissory notes with a local financial institution in Peru, maturing in under 30 days, to provide short-term funding for the purpose of certain construction activities in advance of entering into term loans. In June 2021 and May 2022, the Company entered into Peruvian USD denominated five-year Loans with that same local financial institution for construction financing. The promissory notes bear a 5.6% interest rate per annum and the June 2021 loan bears a 3.6% interest rate per annum and requires quarterly repayments while the May 2022 loan bears 2.2% interest per annum and requires monthly repayments.

On August 10, 2021, Pan American entered into an amendment agreement to amend and extend its \$500 million Credit Facility, with a maturity date of February 1, 2023, into a \$500 million SL-Credit Facility. The SL-Credit Facility features a mechanism that allows for pricing adjustments on drawn and undrawn balances based on the Company's sustainability performance ratings and scores published by MSCI and S&P Global, leaders in ESG and Corporate Governance research and ratings. The SL-Credit Facility matures on August 8, 2025. In addition, the financial covenants include the requirement for the Company to maintain: (i) a leverage ratio less than or equal to 3.5:1; and (ii) an interest coverage ratio more than or equal to 3.0:1. The SL-Credit Facility were undrawn at September 30, 2022 and December 31, 2021. As of September 30, 2022, the Company was in compliance with all covenants required by the SL-Credit Facility.

The SL-Credit Facility can be drawn down at any time to finance the Company's working capital requirements, acquisitions, investments and for general corporate purposes. The borrowing costs under the Company's SL-Credit Facility are based on the Company's leverage ratio subject to pricing adjustments based on the Company's sustainability performance ratings and scores at either (i) LIBOR plus 1.825% to 2.80% or; (ii) The Bank of Nova Scotia's Base Rate on U.S. dollar denominated commercial loans plus 0.825% to 1.80%. Undrawn amounts under the SL-Credit Facility are subject to a stand-by fee of 0.41% to 0.63% per annum, dependent on the Company's leverage ratio and subject to pricing adjustments based on sustainability performance ratings and scores.

The Company did not draw from the SL-Credit Facility during the three and nine months ended September 30, 2022 and 2021 and incurred \$0.5 million and \$1.6 million for the three and nine months ended September 30, 2022 (2021 - \$0.5 million and \$1.6 million, respectively) in standby charges on undrawn amounts included in interest and finance expense.

14. DEFERRED REVENUE

On July 11, 2016 the Company recognized a deferred revenue liability from its sale of precious metal streams to Maverix whereby the Company will sell 100% of the future gold production from La Colorada and 5% of the future gold production from La Bolsa, which is in the exploration stage, respectively (the "Streams").

The deferred revenue related to the Streams will be recognized as revenue by Pan American as the gold ounces are delivered to Maverix and increased by \$2.5 million during the three months ended March 31, 2022 to record the deferred revenue previously not recognized while using the equity method of accounting after concluding that it no longer held significant influence of Maverix. The deferred revenue liability was \$14.0 million at September 30, 2022 (December 31, 2021 - \$12.5 million).

15. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of:

| | September 30, 2022 | December 31, 2021 |
|--------------------------------|-----------------------|----------------------|
| Deferred credit ⁽¹⁾ | \$ 20,788 | \$ 20,788 |
| Other tax payables | 10 | 16 |
| Severance liabilities | 5,567 | 4,887 |
| | \$ 26,365 | \$ 25,691 |

(1) Represents the obligation to deliver future silver production of Navidad pursuant to a silver stream contract.

16. SHARE CAPITAL AND EMPLOYEE COMPENSATION PLANS

a. Stock options and common shares issued as compensation ("Compensation Shares")

For the three and nine months ended September 30, 2022, the total share-based compensation expense relating to stock options and compensation shares was \$1.3 million and \$3.9 million (2021 - \$0.9 million and \$3.0 million, respectively) and is presented as a component of general and administrative expense.

- *Stock options*

The Company did not grant any stock options during the three and nine months ended September 30, 2022 or the comparative periods in 2021.

During the three and nine months ended September 30, 2022, the Company issued 12,245 and 65,940 common shares in connection with the exercise of options (2021 – nil and 31,072 common shares, respectively).

- *Compensation Shares*

During the three and nine months ended September 30, 2022, the Company issued nil and 14,745 common shares, respectively, to Directors in lieu of Directors' fees of \$nil and \$0.3 million (2021 – nil and 9,646 common shares in lieu of fees of \$nil and \$0.3 million, respectively).

The following table summarizes changes in stock options for the nine months ended September 30, 2022 and year ended December 31, 2021:

| | Stock Options | |
|---------------------------------|-----------------|---------------------------------------|
| | Options | Weighted Average Exercise Price CAD\$ |
| As at December 31, 2020 | 317,417 | \$ 18.78 |
| Granted | 53,115 | 30.70 |
| Exercised | (65,780) | 11.77 |
| Expired | (2,162) | 41.62 |
| Forfeited | (23,587) | 32.27 |
| As at December 31, 2021 | 279,003 | \$ 21.38 |
| Exercised | (65,940) | 16.23 |
| Expired | (4,324) | 41.62 |
| Forfeited | (6,073) | 31.71 |
| As at September 30, 2022 | 202,666 | \$ 22.32 |

The following table summarizes information about the Company's stock options outstanding at September 30, 2022:

| Range of Exercise Prices CAD\$ | Options Outstanding | | | Options Exercisable | |
|-----------------------------------|------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------|------------------------------------------------------|------------------------------------------------|
| | Number Outstanding as at September 30, 2022 | Weighted Average Remaining Contractual Life (years) | Weighted Average Exercise Price CAD\$ | Number Outstanding as at September 30, 2022 | Weighted Average Exercise Price CAD\$ |
| \$9.76 - \$17.11 | 13,602 | 0.2 | \$ 9.76 | 13,602 | \$ 9.76 |
| \$17.12 - \$24.46 | 113,367 | 2.8 | \$ 18.47 | 113,367 | \$ 18.47 |
| \$24.47 - \$31.81 | 68,789 | 5.6 | \$ 29.43 | 21,050 | \$ 26.54 |
| \$31.82 - \$39.48 | 6,908 | 5.2 | \$ 39.48 | 3,455 | \$ 39.48 |
| | 202,666 | 3.6 | \$ 22.32 | 151,474 | \$ 19.29 |

b. PSUs

The Company recorded a \$0.1 million recovery and a \$0.4 million expense for PSUs for the three and nine months ended September 30, 2022 (2021 - a \$0.3 million recovery and \$0.3 million expense, respectively) and is presented as a component of general and administrative expense.

At September 30, 2022, the following PSUs were outstanding:

| PSU | Number Outstanding | Fair Value |
|---------------------------------|-----------------------|------------|
| As at December 31, 2020 | 255,559 | \$ 8,870 |
| Granted | 79,417 | 2,049 |
| Paid out | (117,328) | (4,539) |
| Change in value | — | (901) |
| As at December 31, 2021 | 217,648 | \$ 5,479 |
| Granted | 11,614 | 186 |
| Change in value | — | (1,844) |
| As at September 30, 2022 | 229,262 | \$ 3,821 |

c. RSUs

The Company recorded a \$0.1 million and \$1.2 million expense for RSUs for the three and nine months ended September 30, 2022 (2021 - nil and \$1.4 million, respectively) and is presented as a component of general and administrative expense.

At September 30, 2022, the following RSUs were outstanding:

| RSU | Number Outstanding | Fair Value |
|---------------------------------|-----------------------|------------|
| As at December 31, 2020 | 396,572 | \$ 13,730 |
| Granted | 240,366 | 5,818 |
| Paid out | (197,320) | (4,829) |
| Forfeited | (13,218) | (329) |
| Change in value | — | (3,699) |
| As at December 31, 2021 | 426,400 | \$ 10,691 |
| Forfeited | (9,574) | (154) |
| Change in value | — | (3,638) |
| As at September 30, 2022 | 416,826 | \$ 6,899 |

d. Issued share capital

The Company is authorized to issue 400,000,000 common shares without par value.

e. Dividends

The Company declared the following dividends for November 9, 2022 and the nine months ended September 30, 2022 and 2021:

| Declaration Date | Record Date | Dividend per common share |
|---------------------------------|--------------------|----------------------------------|
| November 9, 2022 ⁽¹⁾ | November 21, 2022 | \$ 0.10 |
| August 10, 2022 | August 22, 2022 | \$ 0.11 |
| May 11, 2022 | May 24, 2022 | \$ 0.12 |
| February 23, 2022 | March 7, 2022 | \$ 0.12 |
| November 9, 2021 | November 22, 2021 | \$ 0.10 |
| August 10, 2021 | August 23, 2021 | \$ 0.10 |
| May 12, 2021 | May 25, 2021 | \$ 0.07 |
| February 17, 2021 | March 1, 2021 | \$ 0.07 |

(1) These dividends were declared subsequent to the quarter ended September 30, 2022 and have not been recognized as distributions to owners during the period presented.

f. CVRs

As part of the acquisition of Tahoe Resources Inc. on February 22, 2019, the Company issued 313,887,490 Contingent Value Rights ("CVRs"), with a term of 10 years, which are convertible into 15,600,208 common shares upon the first commercial shipment of concentrate following the restart of operations at the Escobal mine. As of September 30, 2022, there were 313,883,990 CVRs outstanding which were convertible into 15,600,034 common shares (December 31, 2021 - 313,883,990 CVRs convertible into 15,600,034 common shares).

17. PRODUCTION COSTS

Production costs are comprised of the following:

| | Three months ended September 30, | | Nine months ended September 30, | |
|-----------------------------------------------|-----------------------------------------|-------------|----------------------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| Materials and consumables | \$ 108,939 | \$ 106,428 | \$ 308,806 | \$ 289,868 |
| Salaries and employee benefits ⁽²⁾ | 77,552 | 77,427 | 230,015 | 242,869 |
| Contractors | 68,082 | 59,905 | 175,623 | 153,156 |
| Utilities | 12,639 | 11,258 | 42,680 | 34,233 |
| Other expense (recovery) | 2,489 | (1,569) | 11,386 | 24,081 |
| Changes in inventories ⁽¹⁾ | 5,349 | 15,979 | 73,650 | (82,170) |
| | \$ 275,050 | \$ 269,428 | \$ 842,160 | \$ 662,037 |

(1) Includes write-downs of \$15.1 million and \$92.3 million for the three and nine months ended September 30, 2022 (2021 – write-downs of \$2.5 million and recoveries of \$12.9 million, respectively) and were included in cost of sales.

(2) Includes \$9.4 million of mine closure severances at Manantial Espejo for the three and nine months ended September 30, 2022 with no amounts recorded during the comparative periods in 2021.

18. MINE CARE AND MAINTENANCE

| | Three months ended September 30, | | Nine months ended September 30, | |
|-----------|-----------------------------------------|-------------|----------------------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| Escobal | \$ 5,826 | \$ 5,711 | \$ 18,743 | \$ 17,585 |
| Morococho | 4,685 | — | 11,574 | — |
| Navidad | 2,175 | 1,780 | 4,328 | 4,929 |
| | \$ 12,686 | \$ 7,491 | \$ 34,645 | \$ 22,514 |

19. INTEREST AND FINANCE EXPENSE

| | Three months ended September 30, | | Nine months ended September 30, | |
|-----------------------------|-------------------------------------|----------|------------------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Interest expense | \$ 1,202 | \$ 1,013 | \$ 3,111 | \$ 2,838 |
| Finance fees | 654 | 2,413 | 1,819 | 4,270 |
| Accretion expense (Note 11) | 3,711 | 1,868 | 11,131 | 5,606 |
| | \$ 5,567 | \$ 5,294 | \$ 16,061 | \$ 12,714 |

20. EARNINGS PER SHARE (BASIC AND DILUTED)

| For the three months ended September 30, | 2022 | | | 2021 | | |
|------------------------------------------|----------------------------------------|---------------------------------|---------------------|----------------------------------------|---------------------------------|---------------------|
| | Earnings ⁽¹⁾ (Numerator) | Shares (000's) (Denominator) | Per-Share Amount | Earnings ⁽¹⁾ (Numerator) | Shares (000's) (Denominator) | Per-Share Amount |
| Net (loss) earnings for the period | \$ (71,527) | | | \$ 20,251 | | |
| Basic (loss) earnings per share | \$ (71,527) | 210,531 | \$ (0.34) | \$ 20,251 | 210,299 | \$ 0.10 |
| Effect of Dilutive Securities: | | | | | | |
| Stock Options | — | — | | — | 120 | |
| Diluted (loss) earnings per share | \$ (71,527) | 210,531 | \$ (0.34) | \$ 20,251 | 210,419 | \$ 0.10 |

(1) Net earnings attributable to equity holders of the Company.

| For the nine months ended September 30, | 2022 | | | 2021 | | |
|-----------------------------------------|----------------------------------------|---------------------------------|---------------------|----------------------------------------|---------------------------------|---------------------|
| | Earnings ⁽¹⁾ (Numerator) | Shares (000's) (Denominator) | Per-Share Amount | Earnings ⁽¹⁾ (Numerator) | Shares (000's) (Denominator) | Per-Share Amount |
| Net earnings for the period | \$ (168,992) | | | \$ 83,392 | | |
| Basic earnings per share | \$ (168,992) | 210,503 | \$ (0.80) | \$ 83,392 | 210,282 | \$ 0.40 |
| Effect of Dilutive Securities: | | | | | | |
| Stock Options | — | — | | — | 149 | |
| Diluted earnings per share | \$ (168,992) | 210,503 | \$ (0.80) | \$ 83,392 | 210,431 | \$ 0.40 |

(1) Net earnings attributable to equity holders of the Company.

Potentially dilutive securities excluded in the diluted earnings per share calculation were 210,688 and 234,406 out-of-the-money options (2021 – 11,929 for both periods), respectively, for the three and nine months ended September 30, 2022. Also excluded for the three and nine months ended September 30, 2022 were CVRs potentially convertible into 15,600,034 common shares (2021 – CVRs potentially convertible into 15,600,034 common shares for both periods).

21. SUPPLEMENTAL CASH FLOW INFORMATION

The following tables summarize other adjustments for non-cash income statement items, changes in operating working capital items and significant non-cash items:

| Other operating activities | Three months ended September 30, | | Nine months ended September 30, | |
|-------------------------------------------------------------------|-------------------------------------|-------------|------------------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| Adjustments for non-cash income statement items: | | | | |
| Unrealized foreign exchange losses | \$ 3,806 | \$ 1,285 | \$ 9,678 | \$ 5,060 |
| Interest expense (Note 19) | 1,202 | 1,013 | 3,111 | 2,838 |
| Losses (gains) on derivatives (Note 4d) | 6,537 | 1,735 | (1,518) | (3,755) |
| Share-based compensation expense | 1,294 | 895 | 3,917 | 3,025 |
| Losses (gains) on sale of mineral properties, plant and equipment | 606 | (28,462) | 1,305 | (32,718) |
| | \$ 13,445 | \$ (23,534) | \$ 16,493 | \$ (25,550) |

| Changes in non-cash operating working capital items: | Three months ended September 30, | | Nine months ended September 30, | |
|------------------------------------------------------|-------------------------------------|-----------|------------------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| Trade and other receivables | \$ 19,589 | \$ 5,947 | \$ 11,029 | \$ (2,623) |
| Inventories | (10,517) | 12,561 | (26,602) | (65,802) |
| Prepaid expenses | 3,004 | 3,287 | 5,635 | 5,533 |
| Accounts payable and accrued liabilities | 9,250 | 8,615 | (2,118) | 9,748 |
| Provisions | 278 | (7,403) | (909) | (8,262) |
| | \$ 21,604 | \$ 23,007 | \$ (12,965) | \$ (61,406) |

| Cash and Cash Equivalents | September 30, 2022 | December 31, 2021 |
|---------------------------|-----------------------|----------------------|
| Cash in banks | \$ 153,079 | \$ 283,550 |

22. SEGMENTED INFORMATION

The Company reviews its segment reporting to ensure it reflects the operational structure of the Company and enables the Company's Chief Operating Decision Maker ("CODM") to review operating segment performance. We have determined that each producing mine and significant development property represents an operating segment. The Company has organized its reportable and operating segments by significant revenue streams and geographic regions.

Significant information relating to the Company's reportable operating segments is summarized in the table below:

For the three months ended September 30, 2022

| Segment/ Country | Operation | Revenue | Production costs and royalties | Depreciation | Mine operating earnings (losses) | Capital expenditures ⁽¹⁾ |
|-----------------------------|--------------------------|-------------------|--------------------------------------|------------------|-------------------------------------------|----------------------------------------|
| Silver Segment: | | | | | | |
| Mexico | La Colorada | \$ 33,517 | \$ 24,548 | \$ 4,882 | \$ 4,087 | \$ 32,439 |
| Peru | Huaron | 31,459 | 27,594 | 3,148 | 717 | 3,753 |
| | Morococha ⁽²⁾ | 93 | (624) | — | 717 | 364 |
| Bolivia | San Vicente | 20,360 | 15,833 | 2,323 | 2,204 | 265 |
| Argentina | Manantial Espejo | 23,475 | 34,959 | 5,662 | (17,146) | 973 |
| Guatemala | Escobal | — | — | — | — | 647 |
| Total Silver Segment | | 108,904 | 102,310 | 16,015 | (9,421) | 38,441 |
| Gold Segment: | | | | | | |
| Mexico | Dolores | 68,503 | 68,136 | 32,395 | (32,028) | 5,310 |
| Peru | Shahuindo | 60,192 | 36,523 | 10,428 | 13,241 | 10,549 |
| | La Arena | 42,704 | 28,505 | 9,005 | 5,194 | 9,679 |
| Canada | Timmins | 58,586 | 47,301 | 9,560 | 1,725 | 8,715 |
| Total Gold Segment | | 229,985 | 180,465 | 61,388 | (11,868) | 34,253 |
| Other segment: | | | | | | |
| Canada | Pas Corp | — | — | 92 | (92) | 88 |
| Argentina | Navidad | — | — | — | — | 16 |
| Other | Other | — | — | 407 | (407) | 515 |
| Total | | \$ 338,889 | \$ 282,775 | \$ 77,902 | \$ (21,788) | \$ 73,313 |

(1) Includes payments for mineral properties, plant and equipment and payment of equipment leases.

(2) Morococha was placed on care and maintenance in February 2022.

For the three months ended September 30, 2021

| Segment/ Country | Operation | Revenue | Production costs and royalties | Depreciation | Mine operating earnings (losses) | Capital expenditures ⁽¹⁾ |
|-----------------------------|------------------|-------------------|--------------------------------|------------------|----------------------------------|-------------------------------------|
| Silver Segment: | | | | | | |
| Mexico | La Colorada | \$ 43,977 | \$ 28,274 | \$ 6,436 | \$ 9,267 | \$ 18,750 |
| Peru | Huaron | 43,448 | 25,701 | 3,264 | 14,483 | 2,744 |
| | Morococha | 26,499 | 18,686 | 3,441 | 4,372 | 2,142 |
| Bolivia | San Vicente | 11,302 | 9,196 | 1,423 | 683 | 1,480 |
| Argentina | Manantial Espejo | 35,009 | 32,253 | 3,503 | (747) | 1,353 |
| Guatemala | Escobal | — | — | — | — | 141 |
| Total Silver Segment | | 160,235 | 114,110 | 18,067 | 28,058 | 26,610 |
| Gold Segment: | | | | | | |
| Mexico | Dolores | 104,494 | 54,138 | 27,962 | 22,394 | 11,214 |
| Peru | Shahuindo | 82,672 | 36,265 | 14,230 | 32,177 | 7,551 |
| | La Arena | 47,616 | 25,380 | 11,212 | 11,024 | 8,258 |
| Canada | Timmins | 65,332 | 48,385 | 11,229 | 5,718 | 11,461 |
| Total Gold Segment | | 300,114 | 164,168 | 64,633 | 71,313 | 38,484 |
| Other segment: | | | | | | |
| Canada | Pas Corp | — | — | 113 | (113) | 83 |
| Argentina | Navidad | — | — | — | — | 5 |
| Other | Other | — | — | 371 | (371) | 153 |
| Total | | \$ 460,349 | \$ 278,278 | \$ 83,184 | \$ 98,887 | \$ 65,335 |

(1) Includes payments for mineral properties, plant and equipment and payment of equipment leases.

For the nine months ended September 30, 2022

| Segment/ Country | Operation | Revenue | Production costs and royalties | Depreciation | Mine operating earnings (losses) | Capital expenditures ⁽¹⁾ |
|-----------------------------|--------------------------|---------------------|--------------------------------|-------------------|----------------------------------|-------------------------------------|
| Silver Segment: | | | | | | |
| Mexico | La Colorada | \$ 112,865 | \$ 70,964 | \$ 15,027 | \$ 26,874 | \$ 67,532 |
| Peru | Huaron | 105,114 | 73,645 | 8,997 | 22,472 | 9,987 |
| | Morococha ⁽²⁾ | 22,059 | 20,533 | 2,332 | (806) | 1,024 |
| Bolivia | San Vicente | 63,333 | 48,841 | 7,422 | 7,070 | 6,542 |
| Argentina | Manantial Espejo | 84,053 | 94,254 | 18,283 | (28,484) | 3,624 |
| Guatemala | Escobal | — | — | — | — | 1,468 |
| Total Silver Segment | | 387,424 | 308,237 | 52,061 | 27,126 | 90,177 |
| Gold Segment: | | | | | | |
| Mexico | Dolores | 235,505 | 243,498 | 98,600 | (106,593) | 31,238 |
| Peru | Shahuindo | 183,528 | 102,079 | 30,278 | 51,171 | 24,699 |
| | La Arena | 122,919 | 73,184 | 24,571 | 25,164 | 36,580 |
| Canada | Timmins | 189,870 | 142,178 | 29,625 | 18,067 | 29,167 |
| Total Gold Segment | | 731,822 | 560,939 | 183,074 | (12,191) | 121,684 |
| Other segment: | | | | | | |
| Canada | Pas Corp | — | — | 302 | (302) | 263 |
| Argentina | Navidad | — | — | — | — | 45 |
| Other | Other | — | — | 1,318 | (1,318) | 1,287 |
| Total | | \$ 1,119,246 | \$ 869,176 | \$ 236,755 | \$ 13,315 | \$ 213,456 |

(1) Includes payments for mineral properties, plant and equipment and payment of equipment leases.

(2) Morococha was placed on care and maintenance in February 2022.

For the nine months ended September 30, 2021

| Segment/ Country | Operation | Revenue | Production costs and royalties | Depreciation | Mine operating earnings (losses) | Capital expenditures ⁽¹⁾ |
|-----------------------------|------------------|---------------------|--------------------------------|-------------------|----------------------------------|-------------------------------------|
| Silver Segment: | | | | | | |
| Mexico | La Colorada | \$ 83,748 | \$ 47,984 | \$ 13,826 | \$ 21,938 | \$ 42,601 |
| Peru | Huaron | 117,622 | 68,212 | 8,703 | 40,707 | 6,905 |
| | Morococha | 79,661 | 56,462 | 10,440 | 12,759 | 6,898 |
| Bolivia | San Vicente | 58,346 | 41,883 | 6,780 | 9,683 | 2,871 |
| Argentina | Manantial Espejo | 87,536 | 78,291 | 9,847 | (602) | 5,002 |
| Guatemala | Escobal | — | — | — | — | 437 |
| Total Silver Segment | | 426,913 | 292,832 | 49,596 | 84,485 | 64,714 |
| Gold Segment: | | | | | | |
| Mexico | Dolores | 269,981 | 120,837 | 82,386 | 66,758 | 28,469 |
| Peru | Shahuindo | 183,468 | 80,776 | 30,309 | 72,383 | 19,262 |
| | La Arena | 146,727 | 62,038 | 32,116 | 52,573 | 35,484 |
| Canada | Timmins | 183,491 | 135,381 | 31,180 | 16,930 | 33,639 |
| Total Gold Segment | | 783,667 | 399,032 | 175,991 | 208,644 | 116,854 |
| Other segment: | | | | | | |
| Canada | Pas Corp | — | — | 351 | (351) | 248 |
| Argentina | Navidad | — | — | — | — | 84 |
| Other | Other | — | — | 879 | (879) | 411 |
| Total | | \$ 1,210,580 | \$ 691,864 | \$ 226,817 | \$ 291,899 | \$ 182,311 |

(1) Includes payments for mineral properties, plant and equipment and payment of equipment leases.

At September 30, 2022

| Segment/Country | Operation | Assets | Liabilities | Net assets |
|-----------------------------|------------------|---------------------|-------------------|---------------------|
| Silver Segment: | | | | |
| Mexico | La Colorada | \$ 357,785 | \$ 60,683 | \$ 297,102 |
| Peru | Huaron | 112,397 | 49,705 | 62,692 |
| | Morococha | 106,765 | 32,930 | 73,835 |
| Bolivia | San Vicente | 83,145 | 43,446 | 39,699 |
| Argentina | Manantial Espejo | 46,529 | 35,405 | 11,124 |
| Guatemala | Escobal | 290,986 | 19,638 | 271,348 |
| Total Silver Segment | | 997,607 | 241,807 | 755,800 |
| Gold Segment: | | | | |
| Mexico | Dolores | 435,677 | 137,006 | 298,671 |
| Peru | Shahuindo | 610,704 | 200,525 | 410,179 |
| | La Arena | 324,125 | 109,848 | 214,277 |
| Canada | Timmins | 401,816 | 69,630 | 332,186 |
| Total Gold Segment | | 1,772,322 | 517,009 | 1,255,313 |
| Other segment: | | | | |
| Canada | Pas Corp | 142,176 | 27,796 | 114,380 |
| Argentina | Navidad | 194,689 | 2,639 | 192,050 |
| | Other | 92,765 | 47,265 | 45,500 |
| Total | | \$ 3,199,559 | \$ 836,516 | \$ 2,363,043 |

At December 31, 2021

| Segment/Country | Operation | Assets | Liabilities | Net assets |
|-----------------------------|---------------------------------|---------------------|-------------------|---------------------|
| Silver Segment: | | | | |
| Mexico | La Colorada | \$ 299,038 | \$ 52,934 | \$ 246,104 |
| Peru | Huaron | 117,514 | 59,975 | 57,539 |
| | Morococha | 124,607 | 40,494 | 84,113 |
| Bolivia | San Vicente | 88,924 | 53,264 | 35,660 |
| Argentina | Manantial Espejo ⁽¹⁾ | 78,240 | 29,155 | 49,085 |
| Guatemala | Escobal | 287,811 | 19,833 | 267,978 |
| Total Silver Segment | | 996,134 | 255,655 | 740,479 |
| Gold Segment: | | | | |
| Mexico | Dolores | 750,220 | 193,638 | 556,582 |
| Peru | Shahuindo | 591,164 | 199,450 | 391,714 |
| | La Arena | 317,371 | 106,799 | 210,572 |
| Canada | Timmins | 419,106 | 62,196 | 356,910 |
| Total Gold Segment | | 2,077,861 | 562,083 | 1,515,778 |
| Other segment: | | | | |
| Canada | Pas Corp | 176,006 | 16,492 | 159,514 |
| Argentina | Navidad | 193,077 | — | 193,077 |
| | Other ⁽¹⁾ | 75,506 | 48,346 | 27,160 |
| Total | | \$ 3,518,584 | \$ 882,576 | \$ 2,636,008 |

(1) Recast comparative to be consistent with current presentation.

| Product Revenue | Three months ended September 30, | | Nine months ended September 30, | |
|-------------------------|-------------------------------------|-------------------|------------------------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Refined silver and gold | \$ 258,629 | \$ 338,325 | \$ 826,033 | \$ 881,829 |
| Zinc concentrate | 25,979 | 22,733 | 82,463 | 81,234 |
| Lead concentrate | 33,938 | 52,098 | 119,262 | 105,833 |
| Copper concentrate | 8,402 | 39,683 | 48,455 | 99,130 |
| Silver concentrate | 11,941 | 7,510 | 43,033 | 42,554 |
| Total | \$ 338,889 | \$ 460,349 | \$ 1,119,246 | \$ 1,210,580 |

23. INCOME TAXES

Income tax recognized in net earnings is comprised of the following:

| | Three months ended September 30, | | Nine months ended September 30, | |
|----------------------------------------|-------------------------------------|-----------|------------------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Current income tax expense | \$ 15,128 | \$ 45,421 | \$ 57,352 | \$ 97,890 |
| Deferred income tax (recovery) expense | (13,208) | 4,964 | (37,124) | 20,068 |
| Income tax expense | \$ 1,920 | \$ 50,385 | \$ 20,228 | \$ 117,958 |

Income tax recognized as a component of the investment revaluation reserve is comprised of the following:

| | Three months ended September 30, | | Nine months ended September 30, | |
|------------------------------------------------------|-------------------------------------|------|------------------------------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| Income tax recovery related to long-term investments | 5,088 | — | 5,088 | — |

Income tax expense differs from the amounts that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the items shown on the following table, which results in effective tax rates that vary considerably from the comparable period. The main factors that impacted the effective tax rate for the three and nine months ended September 30, 2022 and the comparable periods for 2021 were changes in the recognition of certain deferred tax assets primarily due to the Dolores impairment, foreign exchange rate fluctuations, mining taxes paid, and withholding taxes remitted on payments from foreign subsidiaries. The Company expects that these and other factors will continue to cause fluctuations in effective tax rates in the future.

Reconciliation of Effective Income Tax Rate

| | Three months ended September 30, | | Nine months ended September 30, | |
|---------------------------------------------------------------------------|-------------------------------------|-----------|------------------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Earnings (loss) before taxes and non-controlling interest | \$ (69,282) | \$ 70,604 | \$ (147,775) | \$ 201,856 |
| Statutory Canadian income tax rate | 27.00 % | 27.00 % | 27.00 % | 27.00 % |
| Income tax (recovery) expense based on above rates | \$ (18,706) | \$ 19,063 | \$ (39,899) | \$ 54,501 |
| Increase (decrease) due to: | | | | |
| Non-deductible expenditures | 1,135 | 1,735 | 3,746 | 4,482 |
| Foreign tax rate differences | (1,076) | 6,539 | (10,718) | 14,375 |
| Change in net deferred tax assets not recognized ⁽¹⁾ | 11,067 | 11,113 | 8,259 | 18,407 |
| Derecognition of deferred tax assets previously recognized ⁽²⁾ | — | — | 50,356 | — |
| Effect of other taxes paid (mining and withholding) | 2,936 | 5,977 | 10,747 | 19,984 |
| Effect of foreign exchange on tax expense | 9,204 | 8,293 | (2,392) | 10,776 |
| Non-taxable impact of foreign exchange | 9 | (340) | 3,688 | 1,157 |
| Change in non-deductible portion of reclamation liabilities | (2,839) | (1,767) | (2,243) | (3,208) |
| Other | 190 | (228) | (1,316) | (2,516) |
| Income tax expense | \$ 1,920 | \$ 50,385 | \$ 20,228 | \$ 117,958 |

(1) Includes deferred taxes related to amounts recorded in other comprehensive income for the three and nine months ended September 30, 2022 of \$5.1 million with no amounts recognized in the comparative periods.

(2) Attributable to the loss of tax attributes as a result of the Dolores Impairment (Note 8).

24. CONTINGENCIES

The Company is subject to various legal, tax, environmental and regulatory matters that arise in the ordinary course of business activities. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavorably to the Company. In the opinion of management none of these matters are expected to have a material adverse effect on the results of operations or financial conditions of the Company. Since December 31, 2021, there have been no significant changes to these contractual obligations and commitments.

25. RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with the Company's subsidiaries have been eliminated on consolidation. Maverix ceased to be a related party after March 31, 2022 after the Company determined that it no longer held significant influence (Note 9). There were no other related party transactions for the three and nine months ended September 30, 2022 and 2021.

26. SUBSEQUENT EVENTS

The following significant events occurs subsequent to September 30, 2022:

Announced Arrangement Agreement with Yamana Gold Inc.

On November 8, 2022, the Company and Agnico Eagle Limited ("Agnico Eagle") entered into an arrangement agreement with Yamana Gold Inc. ("Yamana") pursuant to which Pan American will acquire all of the issued and outstanding common shares of Yamana and Yamana would sell its Canadian assets, primarily the Canadian Malartic mine, to Agnico Eagle (the "Transaction"). The Transaction will be completed by way of plan of arrangement.

The consideration for the Transaction consists of:

- a. Approximately 153.5 million common shares of the Company;
- b. \$1.0 billion in cash contributed by Agnico Eagle; and,
- c. Approximately 36.1 million common shares of Agnico Eagle.

The Transaction remains subject to simple majority approval (i.e. 50% +1) by the Company's shareholders, 66 2/3% approval of the Transaction by Yamana's shareholders, certain regulatory approvals, and court-approval of the plan of arrangement, as well as satisfaction of customary closing conditions. Subject to satisfaction of these conditions, the Transaction is expected to close in the first quarter of 2023.

Under the terms of the Transaction, the Company agreed to provide Yamana with \$150 million towards a termination fee payable to Gold Fields Limited ("Gold Fields) in connection with the now terminated acquisition proposal of Yamana by Gold Fields. The Company has drawn down on its \$500 million revolving sustainability-linked credit facility to fund its obligation towards the Yamana termination fee payment to Gold Fields.